Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Communications, Dated 17 November 2021

The Portfolio Committee on Communications (the Committee), having considered the financial and non-financial performance for the year 2020/21 of the Department of Communications and Digital Technologies (the Department), Sentech, Film and Publications Board (FPB), Broadband Infraco (BBI), Independent Communications Authority of South Africa (ICASA), National Electronic Media of South Africa (NEMISA), Universal Service and Access Agency of South Africa (USAASA)/Universal Service Fund (USAF), South African Broadcasting Corporation SOC Limited (SABC) and .ZADNA, on 9 and 10 November 2021, reports as follows[1]:

1. Introduction

In terms of Chapter 4 of the Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution) gives a mandate to Portfolio Committees to legislate, conduct oversight over the Executive Authority and also facilitate public participation.

1.1 Purpose of the Report

The Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009) sets out the process that allows Parliament to make recommendations to the Minister of Finance as well as the cabinet Minister responsible for the Vote to ensure the effectiveness and efficiency of the use of resources for optimal service delivery.

According to Section 5 of the Money Bills Amendment Procedure and Related Matters Act, the National Assembly, through its Committees, must annually assess the performance of each national Department. The Committee must submit an annual Budgetary Review and Recommendation Report (BRRR) for the Department as it falls under its oversight responsibilities, for tabling in the National Assembly. This process happens every October of each year where the Committee assesses service delivery performance given available resources; evaluate the effective and efficient use and forward allocation of resources; and may make recommendations on the forward use of resources.

The BRRR also sources documents from the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process. The Standing Committee on Appropriations (SCOA) should consider these when it is considering and reporting on the MTBPS to the National Assembly.

Lastly, this performance report is also in line with Section 195 of the Constitution and other legislative prescripts that guide performance management in the public sector to display and promote transparency and accountability to stakeholders and the general public concerning matters under their control.

2. Role and Mandate of the Committee

As part of fiscal accountability, government departments have to table their annual reports before Parliament to account for fiscal expenditure and service delivery performance. The accountability of public officials, the transparency of public decision-making, access to information, and the implementation of enforceable ethical standards and codes all have significant impacts on democratic institutions and poverty reduction strategies.

Accountability is the pillar of democracy and good governance that compels the state, the private sector, and civil society to focus on results, seek clear objectives, develop effective strategies, and monitor and report on performance. It implies that Parliament must hold individuals and organisations responsible for performance, measured as objectively as possible. Therefore the general role of the Committee is to:

(i) Consider legislation referred to it;

[1] The State Information Technology Agency (SITA) and the South African Postal Services (SAPO) had not tabled at the time the Committee considered this report.

(ii) Exercise oversight over the Department and its entities;
(iii) Consider international agreements referred to it;
(iv) Consider Budget Votes of the two Departments;
(v) Facilitate public participation process; and
(vi) Consider all matters referred to it in terms of legislation, the Rules of Parliament and resolutions of the House.

3. Methodology

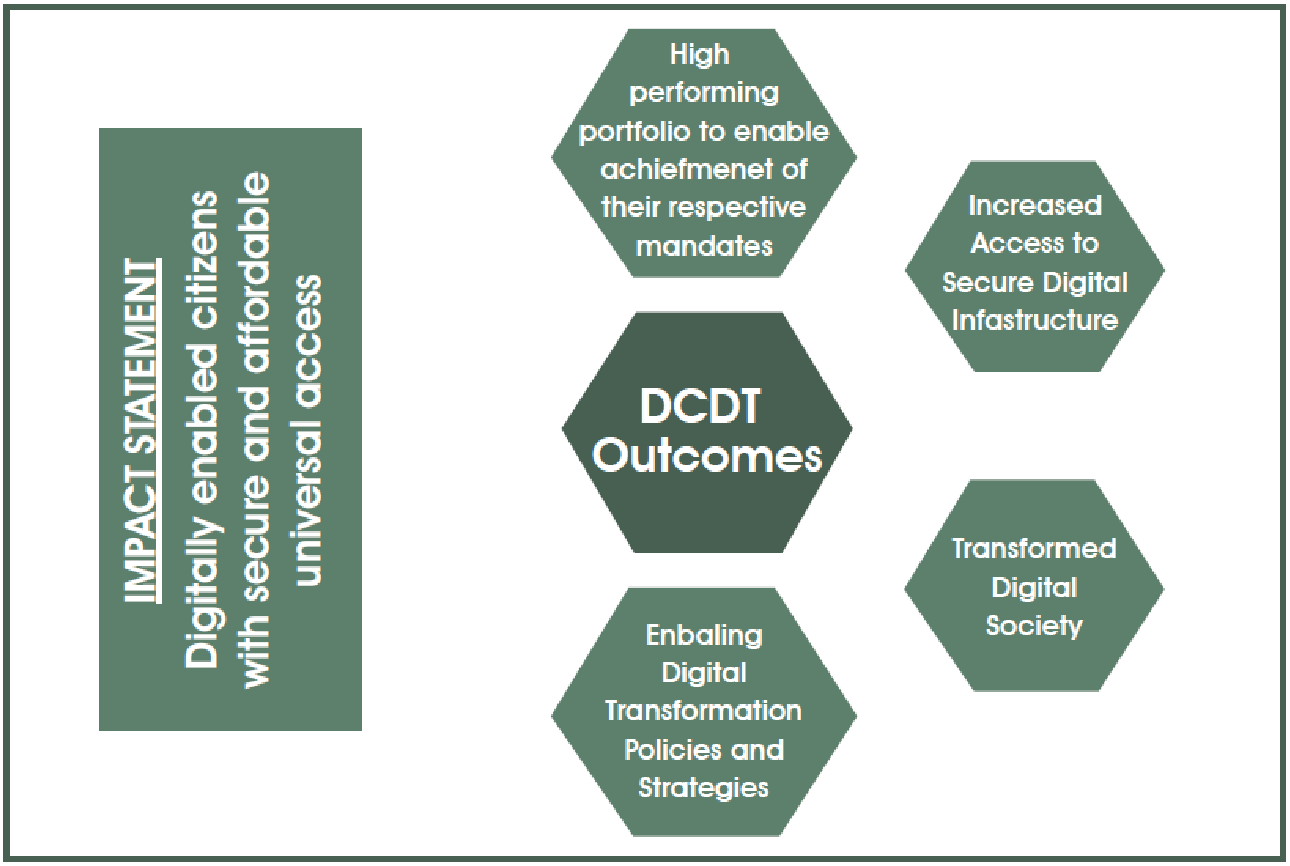
For the period under review, the Committee, in exercising its oversight role, considered the 2020/21 Annual Reports and Financial Statements of the Department; Sentech and .ZDNA, SABC, FPB, Sentech, ICASA, BBI and NEMISA on 9-10 November 2021.
The Auditor-General of South Africa (AGSA) also presented the audit outcomes of the Department and its entities for 2020/21 financial years, and the outcomes are considered herewith.
The Committee also considered the 2020 State-of-the-Nation Address (SoNA), the National Development Plan (NDP), Committee meetings recommendations, oversight reports (from other committees of Parliament), and the 2019/20 Estimates of National Expenditure (ENE). There was no report from the Standing Committee on Appropriations (SCOA) nor was there a report from the Standing Committee on Public Accounts (SCOPA).

4. Outcomes of the Report

This report is aligned to broader government policy framework, New Growth Path (NGP), NDP and the governing party's priorities (job creation, poverty alleviation, combating crime and corruption, rural development, education and health). It reviews the initiatives taken by the Department to ensure that the priorities of the plan are realised.
The report also assesses the financial performance against service delivery performance to ascertain whether the budget allocated to the Department was spent as envisaged and annotated in the APP for the period under review. Finally, it summarises the observations made by the Committee after considering quarterly and annual reports, all other necessary documents, as well as presentations generated using oversight instruments, before making service delivery recommendations.

4.1 Impacts and Outcomes

The Department impact statement is: *Digitally enabled citizens with secure and affordable universal access*. Through this Impact Statement, the Department recognises that the importance of universal access to digital technologies cannot be underestimated, as it enables the citizens to do their work, to socialise, to access government services, become economically active and to hold those in power accountable. However, what is equally important is that such access is secure and affordable to all citizens irrespective of race, class or geographic location. The Department will therefore work towards digitally enabled citizens with secure and affordable universal access to digital technologies and services as a key means towards socio-economic growth.
The following diagram depicts the Impact Statement of the Department and Outcomes as per the Strategic Plan. Progress made towards the achievement of the five-year targets in relation to the outcome indicators are further discussed below.



The progress in achievement of these strategic outcomes will be discussed in Section 7 of this report.

5. Organisational Environment

The 2020/21 financial year saw the establishment of the Department of Communications and Digital Technologies (DCDT) through the merger of the former Department of Communications (DOC) and the Department of Telecommunications and Postal Services (DTPS). It was the first year that the Department commenced with the implementation of its 2020-2025 Strategic Plan and the 2020/21 Annual Performance plan.

During this reporting period, the Department continued functioning in accordance with an interim organisational structure while it focused on developing an organisational structure aligned the new mandate of the Department of Communications and Digital Technologies.

The new organisational structure, which will be implemented in the 2021/22 financial year, will also inform the development of a new budget programme structure for implementation from the 2022/23 financial year onwards.

In terms of acquiring relevant skills to deliver on its mandate, the DCDT is in the process of undertaking a verification of competencies exercise which will be followed by a structured and comprehensive skills audit. Furthermore, the Department has in place a Workplace Skills Plan (WSP) aimed at capacitating employees with requisite skills aligned to the mandate and strategy.

The Department is currently prioritising the implementation of the Integrated Digital Transformation Strategy as we move towards a paperless organisation. This programme will continue within the Department through the digitisation of additional business processes and systems as part of implementing the Integrated Digital Transformation Strategy.

The Department has already consolidated some of the processes and systems which include the review of existing operational policies and procedures. Moreover, the Department will ensure the mainstreaming of critical issues related to designated groups through the Chief Directorate: Gender, Disability, Youth and Children (GDYC). This Unit will also ensure that all Departmental programme, policies and processes are inclusive of issues related to such designated groups and will monitor the Departmental and SOCs Gender, Disability, Youth and Children Responsiveness programmes in line with National targets.

With regard to human resource related matters, as at end of March 2021, the Department of Communications and Digital Technologies had a total head count of 333 staff on its establishment. 298 of these posts were filled, and 35 posts were vacant and funded which equates to a 10.51 percent vacancy rate. The Department was allocated a total adjusted and exclusively earmarked amount of R302.202 million and exclusively earmarked for compensation of employees in the 2020/21 financial year. At the end of March 2021, the Department had spent R270.637 million of its COE budget.

The main reason for the underspending was the non-filling of vacancies as a result of a moratorium on the filling of vacant positions due to the revision of the organisational structure. However, posts that were identified as critical were advertised and filled during the 2020/21 financial year so as to ensure ongoing operations and achievements of strategic priorities.

The impact of COVID-19 has also affected the operations of the Department and have necessitated that the officials work remotely where practically possible, with the exception of critical services. In this regard, the Department has ensured that all officials have the necessary tools of trade to enable them to work effectively from home.

6. Mandate of the Department

The mandate of the Department is to encourage digital inclusion and economic growth, the Department of Communications and Digital Technologies (DCDT) is mandated to facilitate South Africa's digital transformation by creating an enabling policy and regulatory environment.

The Department implements the provisions of the 2016 National Integrated ICT Policy White Paper, particularly the participation of multiple stakeholders for inclusive digital transformation; interventions to reinforce competition and facilitate innovation across the value chain; measures to address issues raised by ICT and convergence; and the establishment of a new national postal policy framework. It also provides for policies to address the digital divide and affordable access, supply-side issues and infrastructure rollout, and demand-side issues to facilitate inclusivity.

The legislative mandate of the Department is embedded in the legislation as reflected below:

The Sentech Act No. 63 of 1996, Former States Posts and Telecommunications Act No. 5 of 1996, Former States Broadcasting Reorganisation Act No. 91 of 1996, Postal Service Act No. 124 of 1998, Department of Communications Rationalisation Act No. 10 of 1998, Electronic Communications and Transactions Act No. 25 of 2002, Electronic Communications Act No. 36 of 2005, Independent Communications Authority of South Africa Act No. 13 of 2000, South African Post Bank Limited Act No. 9 of 2010, South African Post Office SOC Ltd Act No. 22 of 2011, State Information Technology Agency Act No. 88 of 1998, Broadband Infraco Act, Act No. 33 of 2007.

In executing its role, the Department is also guided, amongst others, by:

- The Constitution of the Republic of South Africa Act 108 of 1996;
- The Public Service Act 103 of 1994 as amended; and
- The Public Finance Management Act 1 of 1999 as amended.

6.1 Key Policy Developments and Legislative Changes

There were no major changes to relevant policies or legislation that affected the operations of the Department during the period under review. It must however be noted that following the May 2019 National Elections, the President pronounced the establishment of the National Department of Communications and Digital Technologies. Accordingly, the Presidential Proclamations in Government Gazette dated 14 August 2019 (President Minute: 372) confirmed the transfer of administration, powers and functions entrusted by legislation to the Minister of Communication in terms of Section 97 of the Constitution.

Based on the Presidential Proclamation, the revised legislative mandate is applicable to the newly established Department of Communications and Digital Technologies, which came into operation on 01 April 2020 and will inform the operations of the DCDT going forward.

7. Highlight of Achievement of Institutional Impacts and Outcomes

Enabling Digital Transformation Policies and Strategies

The Department in an effort to develop enabling Digital Transformation Policies and Strategies, has developed the draft South African Post Office SOC Ltd Amendment Bill and the draft South African Broadcasting Corporation SOC Ltd Bill which were submitted to Cabinet for public consultation approval. Furthermore, the Data & Cloud Policy was approved by Cabinet for public comments, and subsequently published for public comments through a gazette on 1 April 2021.
In terms of the Presidential Commission on Fourth Indistrial Revolution (PC 4IR) Report, the Department coordinated the development of the Country Report for 4IR, through the Presidential Commission on Fourth Industrial Revolution. A 4IR Project Management Office was established and operationalised, within the Department, to develop a Strategic Implementation Plan (SIP) focused on the implementation of the recommendations stemming from the PC 4IR Report. The SIP was developed, and consultation has been conducted in eight (8) Provinces and 21 national departments. The finalization and Cabinet approval of the SIP will take place in the 2021/22 financial year. Drafting of the Monitoring and Evaluation Framework for the SIP has also commenced during the reporting period.
The development of relevant policies and strategies as well as the implementation of the 4IR Strategic Implementation Plan supported by strategic partnerships are focused at contributing the outcomes of creating enabling Digital Transformation Policies and Strategies

Increasing Access to secure Digital Infrastructure

As part of increasing access to secure Digital Infrastructure, the Department is tasked with increasing broadband connectivity. Therefore, the Department has concluded the SA Connect Feasibility Study to facilitate broadband connectivity to remaining government facilities. The feasibility study report for Phase 2 funding has been concluded. The feasibility study is undergoing governance processes for approval. Furthermore, the Department has monitored the provision of broadband services to all 970 connected sites.
Going forward, the Department will finalise the Business Case for funding of Phase 2 Broadband Connectivity where the implementation of the Phase 2 additional funded sites and also the implementation of the funded Household Connectivity Programme will be coordinated. Furthermore, the Project Management Office for SA Connect Phase 2 will be established and operationalised.
On the allocation of 4G coverage of high demand spectrum, ICASA issued an Information Memorandum for public consultation on the licensing process for International Mobile Telecommunications (“IMT”) Spectrum in November 2019. ICASA issued an Invitation to Apply for licensing of the High Demand Spectrum and ITA to licence the iECNS and spectrum for WOAN. Regarding the allocation of high demand 5G spectrum to reduce the cost of data and increase access to internet, the Department has developed a draft Policy Direction in line with Section 3 (5) of the Electronic Communication Act.
With regard to coordinating and monitoring of subsidized digital television installations, the Department commenced with decoder rollout plan. An Analogue Switch Off Plan was developed to guide the process to switch off transmitters in provincial sequence. The process to switch off analogue transmitters started on 16 March 2021. The decoder distribution and installation commenced in the targeted Provinces of Free State, Northern Cape, North West and Limpopo.

Transformed Digital Society

In an effort to have in place a transformed digital Society, the Department has monitored the implementation of the National e-Government Strategy and Roadmap, towards digitalization of government services. The Department focused on the implementation of the e-Services portal in collaboration with SITA. The List of priority services was sourced from government departments and uploaded on the National e-Services Portal.
The draft Digital and Future Skills Implementation Programme was developed and consulted with relevant stakeholders. Through NEMISA, the Department facilitated the implementation of training on Coursera online digital skills.
Regarding the Outcome indicator of “Approved Performance Management System for ICASA Councillors,” the Department has developed the draft Performance Management System (PMS) for ICASA Councillors. Going forward the Department will table the Performance Management System for ICASA Councillors in Parliament followed by the Implementation of the Performance Management System for ICASA Councillors.

High Performing portfolio to enable achievement of their respective mandates

The Department has developed the proposed macro-Organisational Structure as part of revising the organisational structure, aligned to the Departments mandate and strategy. With regard to digitising its processes and systems, the Department has developed the Integrated DCDT Digital Transformation Strategy and has also monitored the implementation of priority interventions.

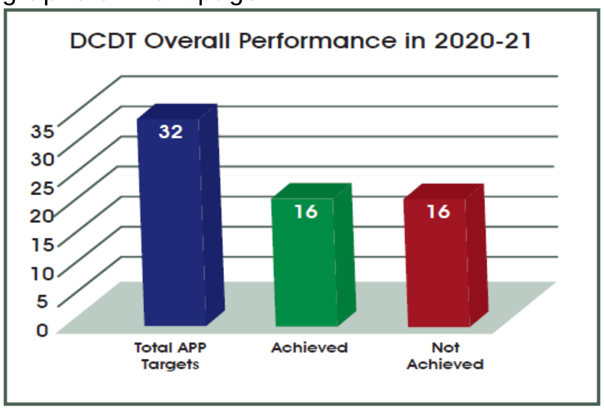
8. Performance Overview

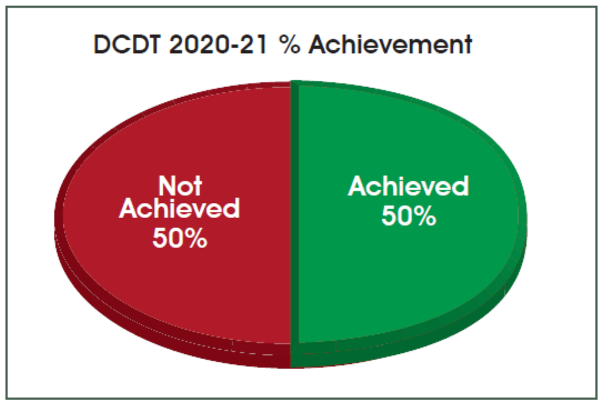
8.1 Description of Service Delivery Environment

During Quarter 1 of the 2020/21 financial year, government had to reprioritise its budget and related programmes in light of COVID-19. In response the fiscal support package, the Department contributed R33 million from its 2020/21 Goods & Services budget allocation and a further R78.3 million from the budget allocated to the Broadcasting Digital Migration Programme. This resulted in a budget cut of R111 million in the 2020/21 financial year.

8.2 Performance Information

In terms of the performance against its 2020/21 Annual Performance Plan, the Department planned to achieve 32 targets within the 2020/21 financial year. Of the 32 planned targets, the Department was able to achieve 16 targets which equates to 50 percent achievement, as depicted in the graphs on next page:





The Department experienced varying levels of under-achievement against planned targets in relation to key programmes such as the Broadcasting Digital Migration, the South African Post Office SOC Ltd Amendment Bill, the South African Broadcasting Corporation SOC Ltd Bill, the Postbank Bill, the State Digital Infrastructure Company Bill and the State Digital Services Company Bill. The 2020/21 financial year was an unprecedented period largely due to the global impact of the COVID-19 pandemic which also required the Department to adjust and adapt accordingly.

8.3 Service Delivery Improvement Plan

The Department of Communications and Digital Technologies only came into existence in the 2020/21 financial year through the merger of the Department of Communications and the Department of Telecommunications and Postal Services. Prior to the merger, the Department of Communications and the Department of Telecommunications and Postal Services had in place their respective Service Delivery Improvement Plans which were being implemented and monitored accordingly. However, following the merger of the two Departments in the 2020/21 financial year, these SDIPs are no longer valid and relevant as the Departments ceased to exist.

After coming into existence, the Department of Communications and Digital Technologies has developed and approved its Service Delivery Model which informs the revision of its organisational structure, aligned to the Department mandate, for approval and implementation in the 2021/22 financial year.

Following the approval of the revised organisational structure, the Department will develop and submit its 2022/2023- 2023/2024 SDIP on 01 April 2022 as stipulated by the DPSA Circular, considering that currently, the DPSA has set aside the 2021/22 financial year for development of the SDIP and consultations with stakeholders The Department derives its legislative mandate from the Electronic Communications Act (2005) and the Electronic Communications and Transactions Act (2002).

8.4 Organisational environment

The 2020/21 financial year saw the establishment of the Department of Communications and Digital Technologies through the merger of the former Department of Communications and the Department of Telecommunications and Postal Services. It was the first year that the Department commenced with the implementation of its 2020-2025 Strategic Plan and the 2020/21 Annual Performance plan. During this reporting period, the Department continued functioning in accordance with an interim organisational structure while it focused on developing an organisational structure aligned the new mandate of the Department of Communications and Digital Technologies.

The new organisational structure, which will be implemented in the 2021/22 financial year, will also inform the development of a new budget programme structure for implementation from the 2022/23 financial year onwards.

In terms of acquiring relevant skills to deliver on its mandate, the Department is in the process of undertaking a verification of competencies exercise which will be followed by a structured and comprehensive skills audit. Furthermore, the Department has in place a Workplace Skills Plan (WSP) aimed at capacitating employees with requisite skills aligned to the mandate and strategy.

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Moreover, the Department will ensure the mainstreaming of critical issues related to designated groups through the Chief Directorate: Gender, Disability, Youth and Children (GDYC). This Unit will also ensure that all Departmental programme, policies and processes are inclusive of issues related to such designated groups and will monitor the Departmental and SOCs Gender, Disability, Youth and Children Responsiveness programmes in line with National targets.

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The main reason for the underspending was the non-filling of vacancies as a result of a moratorium on the filling of vacant positions due to the revision of the organisational structure. However, posts that were identified as critical were advertised and filled during the 2020/21 financial year so as to ensure ongoing operations and achievements of strategic priorities.

The impact of COVID-19 has also affected the operations of the Department and has necessitated that the officials work remotely where practically possible, with the exception of critical services. In this regard, the Department has ensured that all officials have the necessary tools of trade to enable them to work effectively from home.

The activities of the Department are structured into five programmes, which are:

Programme 1: Administration
Programme 2: ICT International Affairs and Trade
Programme 3: ICT Policy Research and Capacity Development
Programme 4: ICT Enterprise Development and Public Entities Oversight
Programme 5: ICT Infrastructure Support
Programme 6: ICT Information Society and Capacity Development

9. Performance by Programme

The Department did not receive a COVID-19 relief package. However, during the onset of the COVID-19 pandemic, the Minister issued multiple Directions on the Risk-Adjusted Strategy for the

Communications and Digital Technologies Sector under Regulation 4(10) of the Regulations made under Section 27(2) of the Disaster Management Act, 2002 (Act No. 57 of 2002).
In order to facilitate implementation of the Directions across the entire Sector, a Programme Management Office was set up as a coordinating mechanism, through which the Department, together with the industry service providers, facilitated the provisioning of services so as to ensure smooth operations of the communications industry as essential services during the disaster period. The composition of the COVID-19 Programme Management Office consisted of Departmental officials from all six Programmes of the Department.

9.1 Programme 1: Administration

The purpose of Programme 1 is to provide strategic leadership, management and support services to the Department. For the period under review, this programme had one strategic objective which is to *create a high performing organisation to enable achievement of the Department's mandate.*
Institutional outcome for Programme 1: Administration is a high-performing Portfolio to enable achievement of their respective mandates.
This programme focused on the outcome of a "High performing Portfolio to enable achievement of their respective mandates". The Department in this regard, was able to develop and implement the Workplace Skills Plan (WSP), aligned to the Department mandate.
Furthermore, the Programme developed the Integrated DCDT Digital Transformation Strategy and monitored the implementation of priority interventions. Such achievements will contribute to the outcome of a high performing organisation as all business units will have well capacitated staff and will focus on digitally delivering services aligned to the mandate of the organisation.

9.1.1 Areas of Underperformance

The Department acknowledges its under-performance on the target related to the Organisational structure, aligned to the strategy, revised and approved for implementation.
The revised organisational structure was not approved due to delays in finalising the Service Delivery Model (SDM). The Department has since finalised the SDM and will finalise the review and approval of the organisational structure for implementation in the 2021/22 Financial Year.

9.1.2 Programme Performance Against Budgets

Spending was R215.9 million in the 2020/21 financial year and R273 million in the 2019/20 financial year. Spending under goods and services declined from R92.6 million in 2019/20 to R72 million in 2020/21 financial year. Spending in Travel and subsistence decreased from R17 million in 2019/20 to R5 million in 2020/21 due to nationwide lock down as announced by the President of the country to curb the spread of COVID-19. Spending rate under this program is at 83 percent.

9.2 Programme 2: ICT International Affairs

The purpose of Programme 2 is to ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.
Institutional outcomes for Programme 2: ICT International Relations and Affairs include enabling digital transformation policies and strategies, an increased access to Secure digital infrastructure and a transformed digital society.
The Programme in its effort to implement the outcome of "enabling Digital Transformation Policies and Strategies," has developed Country Positions related the World Telecommunications Standardization Assembly (WTSA), BRICS ICT Ministerial Meeting as well as Country Positions with regards to the UPU and PAPU.
Furthermore, the Department revised and approved the International Engagement Strategy and has also signed a partnership agreement focusing on the Digital Economy.
The development and advancement of Country Positions as well as the related outcomes, informs the development of enabling policies and strategies. Furthermore, strategic partnerships focused on the digital economy contributes towards the outcome of a transformed digital society.

9.2.1 Areas of Underperformance

The Department acknowledges its areas of under-performance related to the target of developing 3 Country Positions to support the Digital Economy focused on BRICS, UPU and WTSA. Although the BRICS and UPU components were achieved, the WTSA which was planned to have taken place in 2020 was postponed by the ITU until 2022, due the COVID-19 pandemic.

With regards to the area of under-performance on the target related to the development of the Legal Framework for the establishment of the BRICS Institute for Future Networks, the Department will finalise the signing of the Legal Instrument (MoA) for implementation in the 2021/22 Financial Year.

9.2.2 Programme Performance Against Budgets

Spending was R61.5 million in the 2020/21 financial year and R53.1 million in the 2019/20 financial year. There was an increase in transfers and subsidies from R30 million in 2019/20 to R39.5 million in 2020/21 financial year. The variance was mainly due to the rand weakening and resulted in high exchange rates during the transfer of funds for foreign payment to International Organisation for membership fees.

However, spending under goods and services declined from R5.3 million in 2019/20 to R1.9 million in 2020/21 financial year. Spending in Travel and subsistence decreased from R4 million in 2019/20 to R803 thousand in 2020/21 due to nationwide lock down as announced by the President of the country to curb the spread of the COVID-19 pandemic. Spending rate under this program is at 97.4 percent.

9.3 Programme 3: ICT Policy Research and Capacity Development

The purpose of Programme 3 is to develop ICT policies and legislation that support the development of an ICT sector that creates favorable conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICT by the majority of the South African population, in order to bridge the digital divide.

Institutional outcome for Programme 3: ICT Policy Development and Research is enabling Digital transformation policies and strategies.

As its contribution to the Outcome related to “Enabling Digital transformation policies and strategies”, the Programme was able to develop draft policies as well as develop and approve the Digital Economy Masterplan. Furthermore, a report on the coordination of the implementation of identified priority areas of the Digital Economy Masterplan was generated and approved. Such achievements contribute towards creating enabling digital transformation policies and strategies.

9.3.1 Areas of Underperformance

The Department acknowledges its areas of under-performance related to the target of South African Post Office SOC Ltd Amendment Bill submitted to Cabinet for public consultation approval. The Department will submit the Bill to Cabinet for introduction into Parliament during the 2021/22 financial year.

With regards to the area of under-performance on the target related to the Data & Cloud Policy, the Department did not obtain final approval which hindered its implementation. The Department will expedite Cabinet approval and subsequent implementation of the Data and Cloud Policy in the 2021/22 financial year.

With regards to the target related to the facilitation and monitoring of the implementation of PC4IR Report, the Department will ensure that the PC4IR Strategic Implementation Plan is submitted to Cabinet for approval in the 2021/22 financial year.

9.3.2 Programme Performance against budgets

Spending was R36.1 million in the 2020/21 financial year and R33.8 million in the 2019/20 financial year. Spending under goods and services declined from R7.4 million in 2019/20 to R2.4 million in 2020/21 financial year.

Consultants and business advisory decreased from R1.4 million in 2019/20 to R170 thousand in 2020/21 and spending in Travel and subsistence also decreased from R2.9 million in 2019/20 to R334 thousand in 2020/21 due to nationwide lock down as announced by the President of the country to curb the spread of the COVID-19 pandemic. Spending rate under this program is at 68.9 percent.

9.4 Programme 4: ICT Enterprise Development and Public Entities Oversight

The purpose of Programme 4 is to oversee and manage government's shareholding interest in the ICT public entities and state-owned companies, and to facilitate the growth and development of small, medium and micro enterprises in the ICT sector.

Institutional outcomes for Programme 4: ICT Enterprise Development and Public Entity Oversight include a high performing Portfolio to enable achievement of their respective mandates and enabling digital transformation policies and strategies.

Achievement has been made with regards to the Outcome of "High performing Portfolio to enable achievement of their respective mandates". Programme 4 is responsible for the overseeing and managing government's shareholding interest in the ICT public entities and state-owned companies. In this regard, the Department as part of it oversight function, was able to develop quarterly analysis reports on SABC's implementation of the Turnaround Plan.

With regard to the Outcome of "Enabling Digital transformation policies and strategies", although during the reporting period there was no substantial progress, the Department developed the draft Postbank Bill and gazetted the Bill for public consultation.

Through its stringent oversight on the State-Owned Entities and the development of relevant legislation, the Programme contributes to the outcomes related to creating a High performing Portfolio to enable achievement of their respective mandates and Enabling Digital transformation policies and strategies.

9.4.1 Areas of Underperformance

The Department acknowledges its under-performance on the following targets:

Service Delivery performance and compliance of SOEs against strategic plans and relevant prescripts monitored however the tabling of the APPs of SOEs were delayed due to a requirement for further analysis of the APPs to ensure alignment with the revised MTSF and Minister's Performance Agreement. Going forward, the Department will build into its processes additional time for detailed analysis of the APPs of the SOEs to ensure alignment with strategic priorities and timeous tabling as per prescribed timeframes.

Implementation of the Performance Management System for ICASA Councillors facilitated. Going forward, the Department will expedite Cabinet approval of the Performance Management System for ICASA Councillors and work in collaboration with ICASA to ensure implementation.

Postbank Bill submitted to Parliament. In the 2021/22 financial year, the Department will fast track the process of public consultations on the Bill followed by submission of the Bill to Cabinet for approval to introduce it to Parliament.

State Digital Infrastructure Company Bill and the State Digital Services Company Bill submitted to Cabinet for approval to introduce to Parliament. The Department plans to fast track the development of the Business Cases for both Bills within quarter 1 of the 2021/22 financial year followed by the development of the Bills.

9.4.2 Progrmme Performance against budgets

Spending was R5.4 billion in the 2019/20 financial year and R1.8 billion in the 2020/21 financial year. Major reduction of expenditure in the current financial year is due R3.2 billion financial bailout to the SABC to cater for the public broadcaster's long outstanding debts, investment in new and compelling content; and upgrading of dilapidated infrastructure. Spending rate under this program is at 99.7 percent

9.5 Programme 5: ICT Infrastructure Support

The purpose of Programme 5 is to promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

Institutional outcomes for Programme 5: ICT Infrastructure Development and Support include an increased access to secure Digital Infrastructure and enabling digital transformation policies and strategies.

The Department's Programme 5 contributed to the Outcome of "Increased access to secure Digital Infrastructure" in this regard, the National Radio Frequency Plan was revised in line with WRC-19 Outcomes, for subsequent publication by ICASA.

With regards to broadband, the Department during the reporting period, monitored the provision of broadband services to all 970 connected sites. Furthermore, the feasibility study for Phase 2 funding was conducted and the study report was submitted to the Development Bank of South Africa.

With regards to the Outcome of "Enabling Digital Transformation Policies and Strategies" the Programme developed a draft Policy Direction on 5G Spectrum. Regarding the establishment of the Sector Computer Security Incident Response Teams (CSIRTs), a legal entity called COMRIC has been established, which serves as the CSIRT for the mobile operator's sector.

Furthermore, the Hub is exchanging information with COMRIC. The achievements related to the national radio frequency spectrum as well as broadband and cybersecurity contribute to the outcomes related to Increased access to secure Digital Infrastructure and Enabling Digital Transformation policies and strategies, respectively.

9.5.1 Areas of Underperformance

The Department acknowledges its under-performance on the following targets:

- Digital Transformation Centre established. Going forward, the Department will expedite Cabinet approval of the Digital Transformation Centre following which the Digital Transformation Centre Agreement will be signed by relevant stakeholders.
- 860,000 subsidized digital television installations co-ordinated and monitored in three (3) provinces and Distribution of 139 006 vouchers co-ordinated and monitored. In order to ensure the full implementation of the Broadcasting Digital Migration Programme, the Department will work closely with the implementing Entities responsible for the different elements of the BDM Programme as well as ensure coordination and reporting of the BDM implementation plan.
- Final Policy Direction on 5G Spectrum issued. The Department will gazette a draft Policy Direction on 5G Network Deployment, for public consultation in quarter 1 of 2021/22 financial year so as to fast track the finalisation of the final Policy Direction by quarter 3. This is however dependent on the swift finalisation of the current litigation matter.

9.5.2 Progrmme Performance against budgets

Spending was R1.017 billion in the 2020/21 financial year and R381.3 million in the 2019/20 financial year. Spending in goods and services decrease from R247.9 million in 2019/20 to R217.2 million in 2020/21 financial year. Spending in Travel and subsistence decreased from R9.6 million in 2019/20 to R 2.9 million in 2020/21 in the year under review due to nationwide lock down as announced by the President of the country to curb the spread of the corona virus.

The transfer to the Public entities increased from R 301.9 million in 2019/20 to R761.1 million in 2020/21 financial year. These transfers are for the Digital Terrestrial Television Migration project. The variance is mainly due to fund transferred to Universal Service and Access Fund for Broadcasting digital migration project (BDM). Spending rate under this program is at 97.8 percent.

(i) 9.6 Programme 6: ICT Information Society and Capacity Development

The purpose of Programme 6 is to develop and implement strategies to build capabilities to bridge the digital divide.

Institutional outcomes for Programme 6: ICT Information Society and Capacity Development include a transformed digital society and a high performing Portfolio to enable achievement of their respective mandates.

The Departments' Programme 6 contributed to the Outcome of "Transformed digital society". In this regard, the Department monitored the implementation of the National e-Government Strategy and Roadmap, towards digitalisation of government services.

The Department focused on the implementation of the e-Services portal in collaboration with SITA and the Monitoring Report on the Uploading of e-Services on the National e-Services Portal was developed.

The Digital and Future Skills Implementation Programme plan was also developed. This programme also contributed to the Outcome "High performing Portfolio to enable achievement of their respective mandates" by developing the Blueprint for Digital Technology diffusion and the draft Integrated Digital Economy and Society Indicator Model which was developed and approved. The digitising of government services and the provision of digital and future skills directly contributes to the outcome of a transformed digital society while the Digital Economy and Society Indicator Model contributes to a High performing Portfolio to enable achievement of their respective mandates.

Furthermore, the Department has in place a Chief Directorate: Gender, Disability, Youth and Children (GDYC) which focuses on mainstreaming initiatives related to prioritising women, youth and persons with disabilities and Children in policies and programmes of the Department.

9.6.1 Areas of Underperformance

All planned targets were achieved within Programme 6.

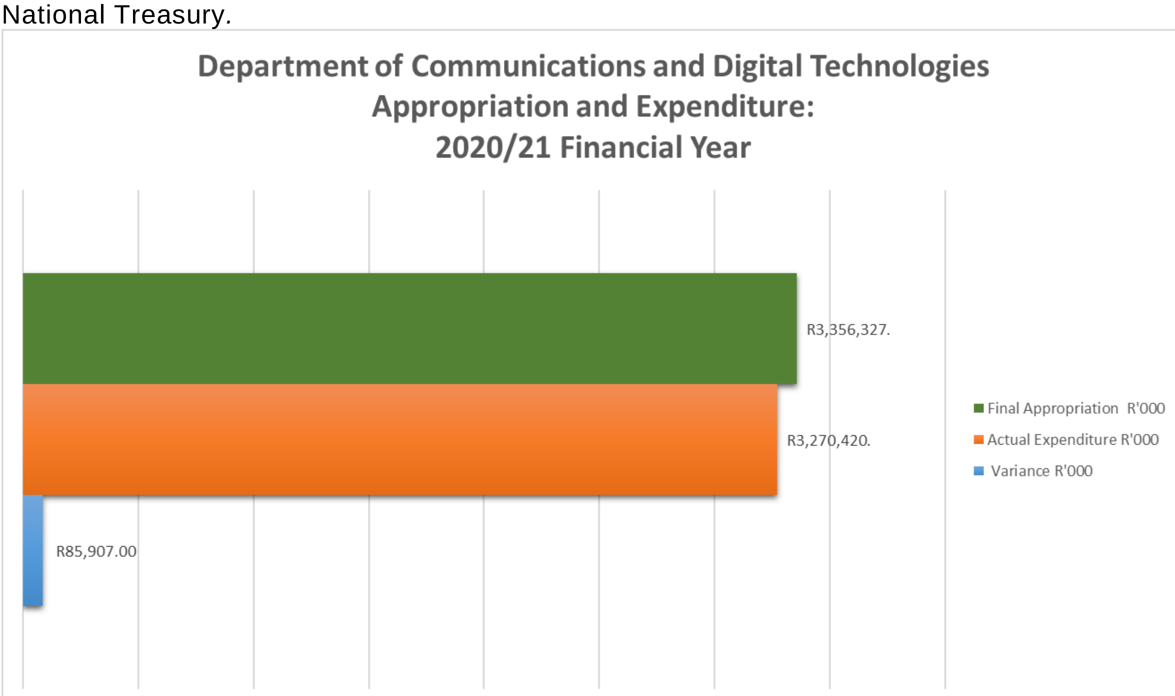
9.6.2 Progrmme Performance against budgets

Spending was R49.8 million in the 2020/21 financial year and R60.6 million in the 2019/20 financial year. Spending under goods and services decreased from R18.5 million in 2019/20 to R9.95 million in 2020/21 financial year. Consultants and business advisory decreased from R1.8 million in 2019/20 to R912 million in 2020/21.

Spending in Travel and subsistence decreased from R9.6 million in 2019/20 to R1 million in 2020/21 due to nationwide lock down as announced by the President of the country to curb the spread of the COVID-19 pandemic. Spending rate under this program is at 66.1percent.

(II) 10. Overview and Assessment of Financial Performance of the Department

Annual appropriation of the Department includes funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments. All funds requested were received in accordance with the drawings approved by National Treasury.



The Department had a total adjusted appropriation of R3.281 billion for the 2020/21 financial year. The adjusted allocation for 2020/21 was decreased by R3.177 billion (49%) as compared to the previous financial year allocation of R6.458 billion. The major reduction of expenditure in the current financial year is due to the R3.2 billion financial bailout to the South African Broadcasting Corporation (SABC) to cater for the public broadcaster's long outstanding debts, investment in new and compelling content; and upgrading of dilapidated infrastructure. Of the total allocation, transfers and subsidies amount to R2.574 billion (78.5%) of the budget. These transfers were mainly to departmental agencies and accounts.

The allocation for goods & services amounted to R372.9 million (11.3%) of the total budget. The allocation for compensation of employees amounted to R302.2 million (9.2%), while R31.8 million (1%) was allocated as payment for capital assets.

The spending for the 2020/21 financial year amounts to R3.165 billion (97%) of the adjusted budget of R3.281 billion, resulting in under-spending of R116.3 million (3%). The underspending was mainly due to payment for capital assets is as a result of vehicles in the procurement process, and slow implementation of the PABX and Digitisation projects.

Underspending under goods and services is mainly due to non-implementation of projects due to slowed down activities of the department as a result of the nationwide lockdown as announced by the President of the country to curb the spread of COVID-19. The underspending on compensation of employees was mainly as a result of critical vacancies not filled due to the merger and moratorium that was put in place until the new organisational structure is finalised. The salary adjustment was not implemented during 2020/21 financial year but was provided for.

The total revenue collected by the Department during the reporting year is derived from sales of goods and services other than capital assets, interest, dividends and rent on land, sales of capital assets and transactions in financial assets and liabilities and amounted to R105.7 billion.

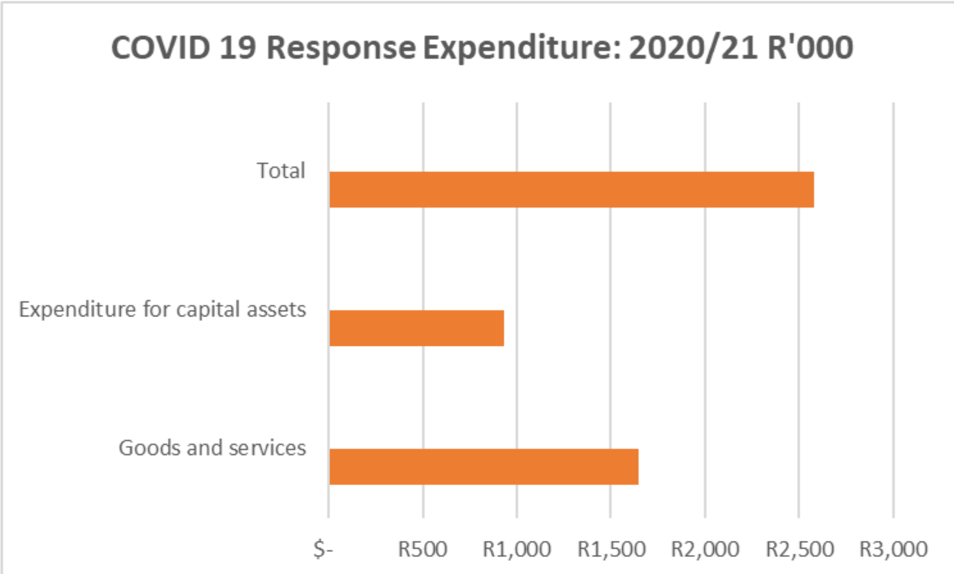
Included in the total revenue is interest received from SABC on the loan in terms of the Section 30(1) of the Exchequer Act (Act No 66 of 1975) at an interest rate of 6.5 percent p.a. payable six monthly on 31 January and 31 July every year. There was significant drop in the dividend collection from Telkom during 2020/21 financial year. This is due to Telkom suspending its dividend policy for the next three years to use the funds to participate in spectrum auction and will prioritise capital investments over dividends pay-out.

A total of R1.750 billion (2019/20: R1.671 billion) was received from ICASA during the 2020/21 financial year of which R245 million (2019/20: R180 million) was surrendered to SARS and R1.5 billion to National Revenue Fund (2019/20: R1.49 billion). DCDT is deemed to be a "conduit" as it only passes administrative fees from ICASA to the NRF and SARS and, therefore, the Department does not record the mentioned amounts as departmental revenue in the Statement of Financial Performance (PER) at year end as this will overstate the department's revenue.

Furthermore, in the financial year 2020/21 the Department received a donation in kind in support of connectivity during covid 19 lockdown and the grant offered to conduct the feasibility study on the SA Connect Phase II totallig R61.1 million.

A total R4.7 million unauthorised expenditure awaiting authorisation per economic classification and was referred to National Treasury to be condoned and the amount was not yet condoned at the end of financial year.

10.1 COVID-19 Response Expenditure



All the expenditure above related to the response to COVID-19 PANDEMIC from April to March 2021. The R18 thousand relates to PPE purchase in March 2020.

10.2 Virements/Roll Overs

Virements as reflected on the Appropriation Statement were applied in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1of 1999) which stipulates that virements may not exceed 8 percent of amount appropriated under that main division. Funds amounting to R20.4 million from programmes 1, 3 and 4 were transferred respectively to Programme 2 and 6. Programme 2 was overspending under compensation of employees. No roll-overs were approved by National Treasury to 2020/21 financial year.

10.3 Unauthorised, Irregular, Fruitless and Wasteful Expenditure

As indicated in the past financial year Annual Report that there is a further possible irregular expenditure amounting to R12.871 million resulting from deviation from SCM process, payment of portable air conditioner and a CSIR contract. This irregular expenditure under assessment, as disclosed in the notes, amount to R12.871 million as mentioned.

The Department did not incur any unauthorised expenditure during the period under review. The irregular expenditure under assessment, as disclosed in the notes, amount to R1.071 million, which was incurred by the Department during the year under review.

No Fruitless and Wasteful expenditure was incurred during the financial year.

11. AGSA Report

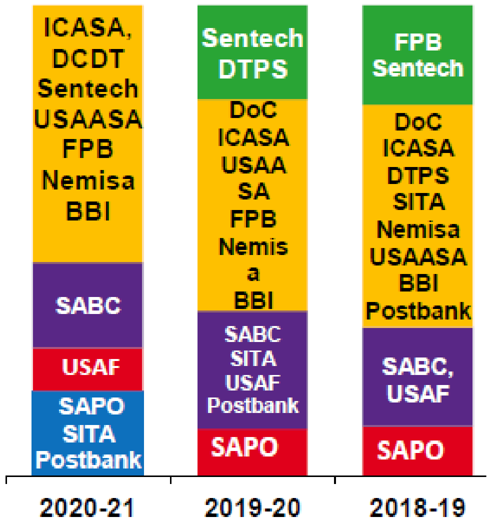
During the 2019/20 financial year, the Department of Telecommunications and Postal Services received a clean audit opinion while the Department of Communications received an unqualified audit opinion with findings.

The newly established Department received an unqualified opinion with findings for the year under review. Furthermore Independent Communications Authority of SA (ICASA), USAASA, Sentech, NEMISA, Film & Publication Board (FPB) and Broadband Infraco (BBI) all received unqualified audits with findings.

In the previous reporting year of 2019/20, Sentech had received an unqualified opinion with no findings and has since regressed for the financial year under review. The 1Universal Service Fund (USAF) has also regressed to a disclaimer with findings for the year under review.

There is a general regression in audit outcomes for the entire portfolio as illustrated below, and it is a general regression over the 2018-19 financial years:

Regression in audit outcomes



The most common non-compliance areas for the portfolio include (i) quality financial statements; (ii) expenditure management: irregular, fruitless and wasteful expenditure; and (iii) consequence management.

For the Department, Programme 5 - ICT infrastructure development and Support was the basis for the Auditor-General's evaluation on the usefulness and reliability of the performance information. In this regards, the Auditor-General was unable to obtain sufficient appropriate audit evidence for the achievement of 12 119 subsidised digital television installations coordinated and monitored in 3 provinces reported against target of 860 000 subsidised digital television installations coordinated and monitored in 3 provinces in the annual performance report, due to the lack of accurate and complete records.

Furthermore, the Auditor-General was unable to confirm the reported achievement by alternative means. Consequently, the Auditor-General was unable to determine whether any adjustments were required to the reported achievement.

11.1 Consequence Management

The Auditor-General was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA.

This was because the newly established Department did not perform investigations into irregular expenditure.

11.2 Internal Control Deficiencies

Management did not perform adequate reviews of financial statements and annual performance report to ensure accurate and complete reporting.

The Department had various acting directors-generals for a period of twelve months. This instability in leadership at the Department contributed to the non-compliance matters reported, and the material misstatements noted in the performance report. The efforts of the acting incumbents, as noted from the audit outcome, are however acknowledged.

12. Future Plans of the Department

- Approval of the organisational structure aligned to the mandate of the new Department.
- Alignment of the budget structure with new organisational structure.

- To compile an HR Plan aligned to the Strategic Plan for the new reconfigured department for the period 2021 to 2023.
- To identify and implement further interventions to improve the climate and culture in the Department.
- Prioritisation of the appointment of female employees in vacant and funded Senior Management positions in the Department to reach the 50 percent target, the prioritisation will be institutionalized through the Employment Equity Plan.
- Prioritisation of the appointment of male employees in vacant and funded non-SMS positions in the Department to reach the 50 percent target, the prioritisation will be institutionalized through the Employment Equity Plan.
- Continued skills development with the focus on priority skills aligned to the mandate, strategy, APP targets of Branches and the 4IR.
  Facilitate the process of submission of PMDS Mid-Term Review for the 2021/22 financial year.

13. Entities of the Department

The following shows the transfer of funds to entities and agencies reporting to the Department of Telecommunications and Postal Services (excluding international organisations):

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
FPB	• Effective Content Regulation aligned to the Constitution • Public Education and Stakeholder Partnering • Research and Development • Efficient and high performing organisation	R100,6 million	R99,0m excluding commitments	FPB achieved 80% of planned targets for the 2020/21 financial year. The achievements included the following: • production of the Content Classification index; • emoluments of the classifiers who have been appointed as independent contractors to classify the films, games and other publications; • enforcing the FP Act to the distributors through issuing non-compliance notices • training of educators, parents and learners on cyber safety, training workshops for the classifiers and industry • Implementation of outreach programmes • Improving stakeholder relations for the FPB.
ICASA	• Access to quality broadband Services Increased • Status of Social Cohesion (inclusive of Diversity of Views) enhanced • Rights of Consumers Protected • Competition in the ICT Sector Promoted	543,7 million	447,4million	• ICASA achieved 89.6% of its targets for the 2020/21 financial year. • ICASA has both monthly and quarterly monitoring system that ensure spending kept on close watch. Forecasting on spending sufficiently done predict overspending future months ahead. • 5G spectrum auctioning at close of 2020/21FY was already set to take place with all regulatory requirements in place.

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
NEMISA	Digital Skills training	R97,4 million	R64,5 million	• NEMISA has achieved 10 out of 11 planned targets, translating to 90%. • Notable achievement includes the training of: - 16 296 citizens in basic digital literacy - 117 learners in creative media practitioners. - 1126 citizens on specialist technology. - 703 government officials in digital transformation advocacy and awareness campaigns. Other key achievements include: • The registering of 10492 -LMS -users on the system • A virtual 3 Day Data Science Innovation Hackathon hosted across all nine (9) provinces. • The development of an evaluation and impact report

USAASA	Progressive realisation of the goal of universal access and universal service in South Africa.	R261,4 million	R64,599 million	The achievement included the: • Filling of the 2 critical vacancies under the organisational structure appointment of Sentech to project manage the BDM rollout of Phase 1 installations of 860 000 set-top-boxes in 3 priority provinces, i.e., Free State, Northern Cape and North West. • The establishment of the Enterprise Risk Maturity Level baseline – a baseline of 43% (level 3) was recorded in quarter 4 and 32% (level 2) in quarter 2 • The mapping capability on establishment of the Geographic Information System was developed and approved by EXCO by year end.

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
USAF	Enhanced access to ICT and digital broadcasting services in identified underserviced areas.	R563,5 million	R30,035 million	• USAF achieved the installation of 12 871 set-top-box kits, compared to 860 000 that were planned. The work done in relation to other targets that were set did not yield any significant results.

SABC	The DCDT funding made it possible for the SABC to deliver the following educational programmes to the citizens of South Africa through Radio and Television: 1. Curriculum content for learners & Educators within a formal education environment (Early Childhood Development, Primary and Secondary Schools, Further Education and Training and Adult Basic Education) 2. Non-formal content for learners outside of a formal learning environment. (Children at home). 3. Informal content for the general public in terms of Democracy, Health, Agriculture, Social Welfare, Youth Development, Social Action campaigns. The programmes were also supported by sign language and subtitling etc.). The SABC also delivered Nation Building programmes to assist in building and strengthening a young democratic South Africa.	R205,8 million	• SABC – Public Broadcaster • TV and Radio Education program – R79m • TV Programme Productions — R3m • Channel Africa – R51m Total = R133m	• SABC's educational programmes are the most watched programmes in South Africa compared to other broadcasters, and our radio programmes are very popular with our listeners. • The SABC's Youth Development programme called Skeem Saam is the third most watched programme in South Africa compared to other broadcasters. • SABC's Children and Educational programmes received 12 SAFTA nominations. • SABC also developed an Online Virtual Academy for high school learners, called SEVA (SABC Education Virtual Academy)

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
	4. Channel Africa, the only international radio service of South Africa, is a platform that supports the government's programmes into the continent in spheres of political, social, and economic. It produces content that informs the African citizens of issues that affect their lives, thereby empowering them to make informed decisions. It assists in the enhancement of the national brand – South Africa – which is critical for business confidence and ultimately economic development for the country. Through its content offering, it creates the Africa that all envisages.			
SAPO	Provision of Universal Postal Service	R492.1 million	R492.1 million	• 529 USO Post Offices operational

SENTECH	Network availability	R264.6 million	R201.5 million	• SENTECH has managed to achieve the 99.8% network availability for the service provision of television and radio services. • Funds are utilised in the managing of analogue and DTT infrastructure (repairs and maintenance) for service provision of uninterrupted quality radio and television service. • The network management has been challenging in the wake of rolling blackouts and vandalism. • The increasing cost of spares and regular maintenance of the analogue equipment has also been a challenge. In the wake of rolling blackouts, we have put in place diesel generators to power the transmitters to keep transmission on.

Additional achievements attributed to Sentech include:

- The cost is monitored on a monthly basis on a set template to calculate the costs when maintenance is carried out.
- The digital frequency migration project funds are required in advance to allow for advance procurement planning of the frequency migration to free up radio frequency spectrum for mobile broadband.

The Department does not have transfer payments made to provinces, municipalities, departmental agencies, higher education institutions, public corporations, private enterprises, foreign governments, non-profit institutions and households. The only payment which is made by the Department is the membership fees which are paid to the International Organisations as indicated in the Annual Report.

13.1 .ZADNA

The .ZA Domain Name Authority (.ZADNA) is a not-for-profit organisation that manages and regulates the .ZA namespace. The .ZADNA is statutory regulator and manager of .ZA Namespace. The Authority must enhance public awareness on the economic and commercial benefits of domain name registration and it complies with international best practice in the administration of the .ZA domain name space; license and regulate registries and registrars and publish guidelines on .ZA domain namespace. .ZADNA is therefore the custodian of the Internet Governance in South Africa. .ZADNA is accountable to the South African Department of Communications and Dgital Technlogies, but does not receive government funding which means it is exempted from complying with the Public Finance Management Act.

Section 65(1) forms the core mandate of .ZADNA, but in addition to it, Section 68 gives .ZADNA an ability to make wide-ranging regulations. In addition, Section 69 of the Act mandated the Minister to promulgate Alternative Dispute Resolution (ADR) Regulations for the resolution of .ZA domain name disputes. .ZADNA is mandated to:

- Comply with international best practice in administration and management of the .za namespace in compliance with international best practice;
- Licensing and regulate registries;
- Licensing and regulate registrars for respective registries;
- Publish guidelines among others; and
- There was a total of 120 targets for the year, and .ZADNA achieved 118 (98%) of the targets. There were 2 targets (2%) that were not achieved are deferred to 2021/2022.

13.1.1 Operational Highlights

In line with 2020/21 Annual Performance Plan, ZADNA performed exceptionally well, and achieved nine of the ten planned targets for the period under review. Some of the highlights include:

- Even with the challenges .ZADNA was faced with the Authority managed a 90 perent achievement rate of its annual targets;
- The 2020/2021 budget was based on the R12.00 per domain name fee and revenue of R16079448.00, wasrealized for the financial year;
- .ZADNA obtained a clean audit outcome for the 2020/21 financial year;
- The .za name space saw a significant growth of the commercial Second Level Domains where the space grew by 77302 for the 2020/2021 financial year, with a total number of 1335285;
- In 2020/2021 .ZADNA continued to provide an expeditious Alternative Decision Resolution process and prompt decisions;
- In the year under review, 16 awareness campaigns were concluded, complimented by 12 media coverages and 15 registrar-reseller training programmes;
- The .ZADNA IT infrastructure used to manage .ZASLDs functioned without any disastrous interruptions duringtheyear; and
- The .ZADNA's governance structures continued to function optimally and provided visionary and principled oversight.

The target that was not achieved is as follows:
Implementation of Registry and Registrar Licensing framework: The target was not achieved because of the absence of the human resource constraints which have been resolved.

13.1.2 Financial Performance and Audit Opinion

.ZADNA received an unqualified audit opinion as has been the case since the financial year. The .ZADNA is self-sustainable and does not receive funding from the Department. It derives its revenue mainly through the Central Registry fees.
The .ZADNA generated revenue from the co.za, net.za, org.za and web.za domain name. For the period ended 31 March 2021, .ZADNA generated R16.079 million. In addition to this, .ZADNA generated additional income amounting to R614 226 through interest earned, Arbitration Disputes Resolutions (ADR) fees, outsurance claim payout and outbonus-Outsurance. The total revenue generated amounted to R16.694 million as compared to R15.289 million generated in the previous financial year.
The total expenditure incurred for the period under the review amounted to R11.221 million as compared to R12.775 million incurred in the previous financial year. The cost drivers are mainly attributed to compensation of employees' related costs and Director's remuneration fees. There were savings realised as the result of vacant positions that are not yet filled and also events and training conducted via online platforms.
The other funds were spent on other operational activities. The .ZADNA expenditure was kept within the budget and no irregular and fruitless expenditure recorded. The net surplus recorded for the period ended 31 March 2021 amounted to R5.472 million.

13.2 Broadband Infraco (BBI)

BBI's legislative mandate is set out in the Broadband Infraco Act No. 33 of 2007 (the Act). Its objectives are to expand the availability and affordability of access to electronic communications including, but not limited to, under-developed and under-serviced areas.

The objects of the Act are aligned with the Electronic Communications Act No. 36 of 2005 and commensurate with international best practice and pricing, through the provision of electronic communications network services and electronic communications services, expand the availability and affordability of access to electronic communications, including (but not limited) to underdeveloped and underserviced areas.

The main objectives of the Company, as set out in the Broadband Infraco, Act include:

- expanding the availability and affordability of access to electronic communications (including but not limited to, under-developed and under-serviced areas) in accordance with the Electronic Communications Act (No. 25 of 2002); and
- the provision of electronic communications network services and electronic communications services in accordance with international best practice and pricing.

The Company has two Shareholders - the Department of Communications and Digital Technologies (DCDT), representing the South African Government (owning 74% of the shares), and the Industrial Development Corporation (IDC) of South Africa Limited who owns 26 percent of the shares.

The social mandate of BBI is to expand the availability and affordability of access to electronic communications, including, but not limited to, underdeveloped and underserviced areas.

Whereas the commercial mandate is to enable competition within the ICT industry To increase investment in ICT infrastructure.

The national mandate purpose is in line with the National Development Plan (NDP) of establishing national, regional, and municipal fibre-optic networks to provide the backbone for broadband access. The NDP aims to “eliminate poverty and reduce inequality by 2030.”

The goal of the South African government is to achieve a universal average download speed of 100 Mbps by 2030. The target to be achieved in a progressive manner, reviewable targets by increasing user experience speed of 5 Mbps in 2016 to 50 percent of population and to 90 percent by 2020.

The Minister of Communications and Digital Technologies has been contracted to ensure that 80 percent of the population have access to the internet by 2024, review the model of SA Connect to increase private sector participation with the Government as a buyer of services, and oversee the implementation of Phase 2 of SA Connect (focusing on 42 000 Government sites to 10Mbs).

BBI is still poised to provide network connectivity that will drive the rollout of broadband infrastructure to rural and under-serviced areas.

BBI has been mandated to provide network connectivity for the SA Connect Project that will drive the rollout of broadband infrastructure to rural and under-serviced areas. The table below reflects targets for existing and targets markets in the public sector.

13.2.1 Operational Highlights

BBI managed to achieve 74 percent of its annual targets, which is the same as achieved in financial year 2019/20 but lower than the 95 percent achieved in financial year 2018/19.

The company did not achieve five (5) targets which is comprised of one repeat external audit findings, one socio economic development and three financial sustainability targets that include new sales contracts, revenue increase year-on-year and improvement of the operating profit, which are interdependent.

The Company contracted with the Shareholders to achieve 19 targets as encapsulated in the Corporate Plan submitted a month before the commencement of the financial year. This occurred prior to the outbreak of the COVID-19 pandemic. The performance for this financial year attests to the resilience of BBI employees who were not only impacted by the pandemic, but also faced the challenges caused by the Company’s OEM supplier for core network equipment.

For an extended period of time during the financial year, the Company could not order and receive new equipment, and this resulted in a major impact on the provisioning of customer orders for services.

One customer cancelled a substantial order that could have increased BBI’s sales volume and revenue. Despite the reduction in the number of Key Accounts Managers within the Sales team, revenue only declined by 1 percent. The Company could not replace these resources due to the moratorium on the filling of vacancies, as a result of the pending merger with Sentech.

It is important to note that the decline in revenue remained minimal. This was a result of the concerted efforts focused on customer retention, in order to protect the base revenue.

This was achieved by the Sales team in very challenging times, and an independent Customer Satisfaction Survey conducted on behalf of the Company by BMIT is testament to the outstanding efforts of the team.

The BMIT Survey report commended the efforts of the Account Management team in maintaining stability during an exceedingly challenging period in the Company's history.

The moratorium on the filling of vacancies impacted various key areas of BBI's operations. This prompted management to improvise through outsourcing (a costly measure) and placed increased pressure on cash flow.

The outbreak of the COVID-19 pandemic, and the pursuant lockdown regulations imposed by the Government, impacted the Corporate Social Investment (CSI) programme. This resulted in a decision being taken by management to instead continue to support the school that was adopted during the previous financial year.

BBI achieved 14 of the 19 targets, and one target will be assessed on completion of the external audit. Three financial sustainability targets were not achieved including one for governance and for socio-economic transformation. A noteworthy achievement of BBI during the reporting period, is that it achieved its B-BBEE Level 4 status. This despite the various challenges that the Company had faced in this regard.

13.2.2 Financial Performance

For the year under review the actual revenue reported was at R463.14 million which represents a 1.21 percent decrease when compared to the R468.83 million recorded in the same period the previous year.

The Company's cost of sales excluding depreciation increased to R222.23 million when compared to the same period of last financial year at R216.61 million.

A positive Earnings Before Interest, Taxation, Depreciation and Amortization (EBITDA) of R71 million was reported during the period under review.

A R88 million positive cash balance was maintained against a target of R15 million and Operating profit improved by R3 million against a target of R12 million.

There were R89 million new sales contracts against a target of R350 million. Operational expenses were 8 percent lower than the previous financial year.

The net loss for the year under review is R106.330 million resulting in accumulated losses of R1.424 million.

13.2.3 Audit Opinion

The Audit Report received was Unqualified with findings. The findings on the report related to:

- Going concern
- Irregular Expenditure
- Assets and financial information.

The Auditors raised material uncertainty relating to financial sustainability risk which cast significant doubt on BBI's ability to continue as a going concern. The conversion of shareholders loan to equity should go a long way to alleviate this situation.

The areas of audit findings include Finance and Supply Chain Management (SCM) and action plans to address them are as follows:

Area of Audit Findings	Details of Findings	Action Plan to Address Audit Findings	Progress on implementation of Action Plan
Finance	Material uncertainty related to going concern	The Company is in discussion with funders for specific ring-fenced projects that would generate sufficient revenue to service the loans and add to the overall profitability of the Company. Management further notes the recommendations made by the auditors and which to direct the auditors to the action plan that was developed and being implemented as part of the turnaround strategy of Company.	This is ongoing
	Irregular expenditure incurred	BBI implemented the new Framework, setup a Loss Control Steering Committee and complies to the relevant legislation. Management is presenting previous reported irregular expenditure to National Treasury to request condonation. Once this avenue is completely exhausted, with the Accounting Authority (the Board of Directors) be approached to request the write off of the irregular expenditure, per the framework and BBI's policy.	This is ongoing
	Creditors with debit balances not reclassified	Reallocation of Creditors with Debit balances and Debtors with Credit balances are always the last correction made to the AFS and is merely an administrative action. It is not a reflection on any internal control deficiencies.	Completed

Area of Audit Findings	Details of Findings	Action Plan to Address Audit Findings	Progress on implementation of Action Plan
Finance	Non cashflow items included on the cash flow statement.	The reversal of the day one gain was mistakenly shown on the cash flow, and later corrected. There was not breakdown in controls, as it was the accounting for the conversion of the Shareholders' loan into equity.	Completed
	Assets carried at R1 net book value or less.	The fully depreciated assets will continue being in operation until the asset replacement plan is fully implemented.	Not Yet Due
	Asset attributable costs not capitalized to the main asset.	For the last number of years, all individual capital expenses relating to specific asset have been capitalised as part of that specific PPE item, as an example project management costs. It is only historical individual capital costs that remain.	Not Yet Due
	Lack of descriptive information on fixed asset register Analysis	Management will engage with the OEM that supplies most of the infrastructure equipment and request the database of licenses and other software information pertaining to our intangible assets so that the fixed asset register can be updated accordingly.	31 March 2022
SCM	Discrepancies identified in the supply chain management policy	The above comment is noted. Management will correct this discrepancy during the next SCM policy review.	Due 31 December 2021.

13.3 Sentech

Sentech derives its mandate from legislation, particularly the Sentech Act and the Electronic Communications Act. In 1992, Sentech was corporatized as a wholly owned subsidiary of the South African Broadcasting Corporation (SABC). In 1996, Sentech Act, No. 63 of 1996 was amended, converting Sentech into a separate public entity responsible for providing broadcasting signal distribution services as a common carrier to licensed television and radio broadcasters. As holder of Individual Electronic Communications Network Services (I-ECNS) and an Individual Electronic Communications Services (I-ECS), Sentech can provide international voice-based telecommunications and multimedia services.

Sentech is a Schedule 3B company as per PFMA which makes it a Government Business Enterprise, implying that it operates on a commercial basis and is required to be financially sustainable and self-sufficient.

The strategic value offering of Sentech revolves around three key aspects of its business, namely Multimedia, Managed Infrastructure Services, and Connectivity. The strategy is to efficiently deliver content while growing connectivity and digital businesses through dynamic capabilities, strategic partnerships and acquisitions.

13.3.1 Operational Highlights

In financial year 2020/21, Sentech enhanced its offerings as part of its continuing effort to create value for its Shareholder, customers and stakeholders. The most recent addition to the product portfolio has been the Sentech.tv solution.

SENTECH.tv was developed in response to a rapidly growing demand for online services as the Covid-19 pandemic ushered in a new era of remote working and learning. Not only did SENTECH.tv need to be able to support and provide easy access to popular applications such as Zoom, Skype, YouTube, Facebook and Teams, it also had to be able to provide video-on-demand (VoD) and live-streaming services.

In addition, Sentech worked closely with the National Electronic Media Institute of South Africa (Nemisa) to build the nemisatv.co.za platform, which went into a soft launch phase on 31 March 2021.

This platform hosts edutainment-related content produced by Nemisa's own multimedia production house and which is available to the public free of charge. It will enable Nemisa to host events like hackathons using the capability for attendees to participate remotely.

Sales revenue increased by 7 percent against a target of R1.2 billion to R1.3 billion, mainly due to diversification of revenue and the introduction of new products and services driven mainly by the direct-to-home and television business portfolios. Earnings before interest and tax improved above target of R137 million to R253 million, which is R116 million above target. The KPI in relation to the developed blue print for the New Broadband Network Company (NBNC) will be developed by both BBI and Sentech and delivered to the DCDT at the end of the 2021 financial year.

On the 30 June 2021, the Minister of the Department of Communication and Digital Technology (DCDT) advised Sentech to commence with the merger process by invoking the provisions of section 113 of the Companies Act as long as the solvency and liquidity requirements of the two entities are satisfied in accordance with section 4 of the Companies Act. Sentech and BBI are also required to conclude a co-operation agreement if the provisions of section 113 are met.

For the period under review, the entity has shown organisational resilience as underscored by:

- 82 percent performance achievements against predetermined objectives;
- managed to improve its cash flow position during the reporting period, closing the year with a cash balance R2 billion, an increase in R483 million from the previous period;
- Solvency position in that assets exceeded liabilities. It was also liquid in that there were adequate cash reserves to sustain operations until March 2022; and
- Net profit of R312 million posted in this financial year. This is important in view of the R72 million suffered by the entity in the last financial year.

Preferential procurement spend of R79 million, benefited SMMEs, Youth, Black owned and Black Female owned enterprises. Skills development spend of R21 million. Enterprise and Supplier development spend of R6 million. We have increased our payment of SMMEs from 10 days to 2 days.

For the period under review, over-reliance on the SABC as a single customer, community broadcasters debt and the prolonged uncertainty regarding the merger with Broadband Infraco (BBI), remain the entity's significant risks threating its financial sustainability.

BBI managed to achieve 74 percent of its annual targets, which is the same as achieved in financial year 2019/20 but lower than the 95 percent achieved in financial year 2018/19.

Nine out of eleven predetermined objectives were achieved. All financial targets and the network availability targets were achieved, putting our customers on air without fail daily throughout the year.

13.3.2 Financial Performance

Financially, Sentech remains solvent and liquid with solvency and liquidity ratios of 6:1 and 5:1 respectively. This indicate that Sentech will easily be able to settle its short- and long-term liabilities. Below are a few highlights:

- Net profit after tax increased to R313 million
- Operating Profit at R253 million
- Total revenue of R1.4 billion
- Sales revenue at R1.3 billion
- Cash balance of R2 billion available for growth.

Revenue from several customers was affected by Covid 19 and this had a negative impact on Sentech's sales and product performance. For the year under review the actual revenue reported was at R463.14 million which represents a 1.21 percent decrease when compared to the R468.83 million recorded in the same period the previous year.

The Company's cost of sales excluding depreciation increased to R222.23 million when compared to the same period of last financial year at R 216.61 million.

A positive Earnings Before Interest, Taxation, Depreciation and Amortization (EBITDA) of R71 million was reported during the period under review. Operational expenses were 8 percent lower than the previous financial year.

The net loss for the year under review is R106.330 million resulting in accumulated losses of R1.424 million.

Revenue for the year decreased by R38 million from R1.480 billion in 2019/20 to R1.442 billion in 2020/21 due to once-off revenue of R42 million from smart cards being recorded in the 2019/20 financial year. Revenue achieved during the year was due to close collaboration with customers in order to determine mutually beneficial payment arrangements. Revenue losses were experienced in the managed infrastructure and connectivity businesses resulting from cancellations due to the pandemic.

Operating expenses increased from R223 million in 2019/20 to R250 million in 2020/21, while employee costs decreased from R264 million in 2019/20 to R428 million in 2020/21. The South African Rand lost 25 percent of its value owing to the pandemic, resulting in a marked increase in operational costs, especially during the first quarter. Various austerity measures were implemented in areas such as energy, maintenance, travel, personnel, and consulting. Employee costs decreased due to the decrease in the staff complement from 506 employees to 493 employees, a decrease of 13 posts. The review of costs in these areas has secured the entity's ability to maintain a profit and has contributed to the strength of the balance sheet.

Sentech commenced with the analogue switch-off (ASO) in March 2021. The lack of funding for dual illumination (the provision of both analogue and digital broadcasting services during the period of transition from the one to the other) threatened to lead to an operating loss in the 2020/21 financial year. A request for funding was submitted to National Treasury, which agreed to supplement the funding required for this purpose. During the year, the entity received a Dual Illumination grant income of R176 million in 2020/21, while R146 million was received in the previous financial year. The analogue switch-off process is expected to be complete by May 2022.

Core operations generated positive cash flows and maintained profitability. The balance sheet improved considerably, with cash reserves being close to R2 billion by year-end. Accounts receivable also improved as a result of the settlement of long-outstanding debts following a concerted debt collection effort. Net profit for the year amounted to R313 million compared to a loss of R72 million in the previous year. Total comprehensive income for the year amounts to R308 million compared to a comprehensive loss of R59 million in the 2019/20 financial year.

At the end of March 2021, the entity achieved an EBIT margin of 18 percent and had cash reserves amounting to R2 billion which is sufficient to meet its 2022 capital projects requirements. The positive cash balance was largely due to the implementation of rigorous collection measures and the settlement of outstanding debt, but was also due to grant funding received for government-funded projects.

The entity's debt level remains on target of 40:60 (debt: equity) and gearing limits are on par with industry peers. Total liabilities amount to R1.735 billion. The entity is solvent in that its assets exceed its liabilities.

Irregular expenditure amounted to R8.4 million, of which R685 000 was incurred in the current financial year, relating to non-compliance with internal policies and processes confirmed by the reporting period ending 31 March 2021.
Fruitless and wasteful expenditure amounted to R6 million, of which R5.798 million was identified during the current year. The nature of these losses is primarily a result of interest charges on services rendered rates accounts, where invoices were received late. In the current year, interest and penalties were levied following an audit by SARS on VAT returns assessed.

10.3.3 Audit opinion

The entity received an unqualified audit opinion with findings for both the previous financial year and 2020/21, the financial year under review.
The auditors drew attention to the following:

- **Material uncertainty relating to financial sustainability** – the majority of the public entity's revenue is earned from one customer, indicating the presence of sustainability risk due to lack of diversification. (Repeat finding)
- **Expected trade losses – trade debtors** – Expected credit losses of R74.804 million was raised on the trade debtor's balance. More than 80 percent of the expected credit loss pertains to community broadcasters. SENTECH has been experiencing challenges in collecting amounts owed by these community broadcasters. (Repeat finding)
- **Merger between Sentech and Broadband Infraco -** On 30 June 2021, the Minister advised Sentech to commence with the merger process by invoking the provisions of Section 113 of the Companies Act as long as the solvency and liquidity requirements of the two entities are satisfied in accordance with Section 4 of the Companies Act.

Findings in relation to legislation are as follows:

- Expenditure management - Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R5.796 million. The majority of the fruitless and wasteful expenditure was caused by non-cancellation of unused services and SARS interest and penalties on input VAT claimed. (new finding); and
- Annual Financial Statements and Annual Report - The consolidated and separate financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by Section 55(1)(b) of the PFMA. Material misstatements of Property, Plant and Equipment, Trade and other Receivables, Revenue and Operating Expenses, Income Tax, Current Tax Liability and Deferred Tax Liability identified by the auditors in the submitted financial statement were subsequently corrected. (new finding).

Findings related to significant internal control deficiencies that resulted in the findings on compliance with legislation are as follows:

- Management did not design and implement sufficient internal controls to ensure adherence to the internal policies and procedures and for purposes of taking corrective action; and
- Management did not exercise adequate oversight responsibility over the preparation of the consolidated and separate financial statements and compliance with laws and regulations. This was evidenced by the material misstatements in the financial statements and non-compliance with laws and regulations noted throughout the audit process.

Therefore, the entity has regressed slightly in its audit findings, as two new findings with respect to expenditure management and the preparation of the annual financial statements were raised in the 2020/21 audit findings.

13.4 USAASA/USAF

The Universal Service and Access Agency of South Africa (USAASA) was established under the Electronic Communications Act, 2005 (Act No. 36 of 2005 as amended by Act No. 1 of 2014) to promote the goals of universal access and universal service in the underserviced areas of South Africa. Licensees are required to contribute to the Universal Service and Access Fund (USAF), which is intended to incentivise and subsidise the roll out of electronic communications networks in underserviced areas.

The Universal Service and Access Agency of South Africa's (Agency) mandate supports the goals of the National Development Plan (NDP), which enables all people, regardless of who they are, their social or economic status, or where they live to access communication services and content. They can then participate actively in society and realise the benefits and opportunities of Information and Communication Technologies (ICTs).

The Agency's mandate is derived from the following policies:

(i) South Africa's Broadband Policy: South Africa Connect, 6 December 2013;
(ii) The National Integrated ICT Policy White Paper, 28 September 2016; and
(iii) Broadcasting Digital Migration Policy for South Africa, August 2008.

USAASA is required to contribute towards the Revised Medium-Term Expenditure Framework (MTEF) 2019-2024 on the following two impact outcomes:

- Unemployment reduced to 20-24 percent with 2 million new jobs, especially for youth.
- Economic growth of 2-3 percent and growth in levels of investment to 23 percent of Gross Domestic Product GDP1.

The Agency's intervention will address spectrum licensing, broadband roll out, and reducing the cost of communications, and this will facilitate the licensing of spectrum for 5th Generations Networks, and will ensure that 80 percent of the population has access to the internet by 2024. In addressing the interventions and the USAASA key milestones in terms of the Revised Strategic Plans 2020-2025 and Revised Annual Performance Plans 2020-2021.

In response to the strategic priorities of the Sixth Administration, and informed by instructing legislation and policy, the Universal Service and Access Agency of South Africa (USAASA) has defined its role/purpose (primary objectives) in the 2020-2025 Strategic Plan as to:

1) Strive to promote the goal of universal access and universal service;
2) Foster the adoption and use of new methods of attaining universal access and universal service;
3) Conduct research into and keep abreast of developments in the Republic and elsewhere on information communication technologies, electronic communication services and electronic communication facilities; and continually survey and evaluate the extent to which universal access and service have been achieved; and
4) Manage the Universal Service and Access Fund (USAF) in accordance with the provisions of the Act.

13.4.1 Operational Highlights

Key vacant positions filled in an organisation structure: Executive Manager Operations appointed on a fixed term contract of 12 months and Interim Chief Financial Officer seconded by DCDT.

The Enterprise Risk Maturity Level Established : The risk maturity level was determined to be at level 3 (43%) for Quarter 4, compared to level 2 (32%) in Quarter 2, by year-end.

Geographic Information Mapping System (GIS) Mapping Capability : Approved Universal Service and Access Geographic Information Mapping Capability Plan.

The SAP-ERP system, which was rolled out as part of the implementation of the digital transformation strategy within the Agency, also contributed adversely to the operational activities and performance delivery environment of the institution

The Finance and Supply Chain Management, which is mainly responsible for budget management and monitoring, operated for most of the financial year with skeleton staff as most personnel were suspended. This meant poor execution of the procurement plans and monitoring of payments due to creditors.

Moreover, the monitoring of the 30 days 'payment of valid invoices from the time of receipt, as prescribed in National Treasury Instruction Note 34 could not be achieved as the unit could not monitor the validity of the invoices or check compliance matters regarding the invoices submitted. This affected compliance of the 30 days' payment Annual Performance Target.

The below graphs depict the Agency's achieved annual targets against the planned annual targets in the 2020/21 approved USAASA Annual Performance Plan.

Three (3) of the Five (5) planned targets were achieved, being 60 percent of the total planned targets, and Two (2) of the Five (5) planned targets were not achieved, being 40 percent of the total annual planned targets.

USAF has poorly performed. An overall performance of 0 percent. The details of its annual performance are reflected on the table below

SUMMARY OF USAF PERFORMANCE AGAINST TARGETS		
Strategic Outcome	Annual targets	Performance
Broadened access to broadcast digital services by qualifying households	Installation of 860 000 subsidised STB kits	Not achieved
	Total number of 278 011 qualifying households subsidised for digital television installation	Not achieved
	Implementation plan to roll out the voucher system finalised	Not achieved
Increased access to broadband in underserviced areas	Internet connectivity to new 300 sites in 2 municipalities	Not achieved
	80% of internet connectivity provided at all time at sites with existing broadband	Not achieved
Annual Performance		**0% (Achieved 0 of 5 targets)**

13.4.2 Financial Performance

The table below depicts expenditure against the budget for the reporting period under review and the previous financial year for the programme and sub-programmes.

	2019/20			2020/21		
Programme/Activity/ Objective	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Programme 1: Business Support						
Compensation of employees	53 865	50 179	3 686	54 675	50 517	4 158
Goods and services, incl. capex	33 863	39 556	-5 693	206 710	15 336	191 374
Corporate services	14 741	10 048	2 693	10 401	6 997	3 404
Communications and marketing	918	660	258	1 581	-	1581
Information communication technology	5 245	19 106	-13 861	5 349	3 240	2 109
Finance and supply chain management	1 789	1 405	383	2 618	1 603	1016
Board costs	1 975	866	1 109	3 660	673	2 987
Legal services	1 381	297	1 084	1 098	535	563
Other goods and services	7 815	5 174	2 641	181 141	2288	178 853
Total Expenses:	**87 728**	**89 736**	**-2 008**	**261 385**	**65 853**	**198 039**
Programme 2: Business Intelligence						
Goods and services						
Research	621	499	122	860	-	860
Total Expenses:	**621**	**499**	**122**	**860**	**-**	**860**

Expenditure on Compensation of Employees represented the biggest portion of the total expenditure recorded for the 2020/21 financial year which was R50.517 million or 77 percent out of the total expenditure of R65.853 million. Other main cost drivers were Lease/Rentals on Operating Lease of R4.887 million, Information and Telecommunication Cost of R3.240 million and Electricity and Municipal Services of R1.137 million. It must be highlighted that the computer and office equipment, furniture, and vehicles have almost fully depreciated, and the replacement of those, in particular, the computer equipment will have to be prioritised in the coming financial year. National Treasury approved the retention of funds from the 2019/20 financial year to R17.9 million, which will be utilised to replace electronic devices and the payment for legal fees. The Agency is currently involved in reviewing legal matters, and it was confirmed that the contingent liability on 31 March 2021 was estimated at R314.557 million. In the event of negative outcomes to USAASA, funding will have to be sourced outside the appropriation of the entity.

Rollovers

A total amount of R218.254 million on rollover funds in the 2020-2021 financial year has been requested from National Treasury for approval following the conclusion of the auditing process by Auditor-General .

Unauthorised, Irregular and Fruitless and Wasteful Expenditure

An amount of R35.336 million was recorded as Irregular Expenditure at 31 March 2021 of which R32.196 million stems from previous financial years. USAASA will deal with the irregular expenditure decisively in the following financial year. The annual report suggests that the entity is currently in the process of launching a forensic investigation in the quest to unravel the possibilities of foul play and malfeasance.

USAF received total revenue of R602.660 million (inclusive of government grants and interest received) for the 2020/21 financial year which represents an increase of R463.560 million compared to the R 139.1 million for the 2019/20 financial year. Of the initial appropriation of R641.807 million, USAF received a baseline reduction of R78.3 million under the BDM Phase II funding, reducing the budget allocation of the Fund to R63.507 million for the 2020/21 financial year and the BDM Phase II funding from R578.421 million to R500.421 million.

Total expenditure of R30.784 million was recorded against the budget allocation of USAF as the procurement against broadband roll out and BDM Phase II projects were not finalised by year-end. The expenditure was mainly for the Broadcasting Digital Migration Project payment and payment of the Auditor-General for the 2019/20 audit of which USAF has received a disclaimer audit opinion. The disclaimer related directly to the inventory held at SAPO warehouses and installation of set-top boxes done by Sentech SOC in the 2020/21 financial year. USAF and SAPO agreed to appoint an independent investigator to determine the existence of inventory, and 15 September 2020 following the deviation authorisation by National Treasury to project manage the installation of set-top boxes currently held at SAPO warehouses. It is expected that Phase I of the BDM Project be finalised during the 2021/22 financial year.

No irregular expenditure or fruitless and wasteful expenditure was recorded against USAF in the 2020/21 financial year. The current irregular expenditure amount of R63.5 million will be carried forward should it be found that inventory is unaccounted for. To this end, SAPO will have to take full responsibility for the loss in line with the signed Service Level Agreement (SLA). The value of inventory recorded in the annual financial statements in respect of USAF at 31 March 2020/21 financial year was R882.6 million.

The Auditor-General was unable to obtain sufficient and appropriate audit evidence that Broadcasting Digital Migration (BDM) Project expenses were properly accounted for due to inadequate internal controls implemented to support the expenses recorded. The Auditor-General was reportedly unable to confirm the Broadcasting Digital Migration Project expenses by alternative means. The Provisions balance and Commitments disclosure in the financial statements includes these amounts. Consequently, the Auditor-General was unable to determine whether any adjustment was necessary to the BDM project expenses stated at R29 million in note 12 to the financial statements, the Provisions stated at R46 million in note 5 to the financial statements and the Commitments stated at R349 million in note 15 to the financial statements.

13.4.3 Audit Opinion

As pronounced in the Auditor-General Management Letter for the 2020/21 financial year on the audit findings register, management instability is a significant contributor to the entity's in-year and end-year performance outcomes. The entity operated at critical-level vacancies with a high vacancy rate, which drive organisational accountability and project execution.

In the 2020/21 financial year, the Agency received an **unqualified audit** outcome with **emphasis on matters**. The Agency has established a budget committee to monitor and reduce wasteful and fruitless expenditure and eliminate irregular expenditure.

The acting people cannot be held fully accountable, which contributed to organisational instability. The organisation operated with an Interim Chief Financial Officer and Acting Executive Corporate Services. This meant some of the findings on the Audit Action Plan were not fully addressed. This also affected the performance delivery and performance information reporting. Some of the outstanding work and tasks fell between the cracks and could not be tracked or monitored for accountability purposes.

The Finance and Supply Chain Management, which is mainly responsible for budget management and monitoring, operated for most of the financial year with skeleton staff as most personnel were suspended. This meant poor execution of the procurement plans and monitoring of payments due to creditors.

Moreover, the monitoring of the 30 days 'payment of valid invoices from the time of receipt, as prescribed in National Treasury Instruction Note 34 could not be achieved as the unit could not monitor the validity of the invoices or check compliance matters regarding the invoices submitted. This affected compliance of the 30 days' payment Annual Performance Target.

Most of the financial transactions, leave authorisations, procurement requisition approvals, and financial reporting are on the system, but the lack of maintenance and support rendered the system redundant. This meant interim support needed to be sourced, which caused business disruption.

In terms of the performance information monitoring and reporting on a quarterly basis, the entity achieved the following performance outcomes:

On **USAF**, the fund received a disclaimer audit opinion from the Auditor-General. According to the AG report, the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required

by Section 55(1) (a) and (b) of the PFMA. Material misstatements of trade and other payables identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.
On consequence management, the Auditor-General unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure and fruitless and wasteful expenditure as required by Section 51(1)(e)(iii) of the PFMA. The Auditor-General attributed this to non-execution of investigations into irregular expenditure, fruitless and wasteful expenditure
The Auditors were unable to obtain sufficient and appropriate audit evidence:
Inventory balances
For inventory balances for the current and previous year as the entity did not maintain an accurate and complete register of inventory held by third parties that could be reconciled to the annual financial statements. Consequently, AGSA was unable to determine whether any adjustments were necessary to inventory stated at R882.590 million (2020: R883.339 million) in the financial statements.
Broadcasting Digital Migration Project expenses were properly accounted for due to inadequate internal controls implemented to support the expenses recorded. Auditor-General was unable to determine whether any adjustment was necessary to the BDM project expenses stated at R29.487 million, the Provisions stated at R46.695 million, and the Commitments stated at R349.122 million.
For the corresponding amount of Inventory Redemptions included in the Broadcasting Digital Migration Project due to inadequate internal controls implemented to support the expenses recorded. Inventory Redemptions of R8.174 million.
Accounting by Principals and Agents
USAF did not disclose principle agent arrangements in accordance with GRAP 109, Accounting by Principals and Agents. The Auditors were unable to determine whether any adjustment was necessary to Commitments of R349.122 million included in the Accounting by Principals and Agents.

13.5 NEMISA
The National Electronic Media Institute of South Africa was established as a non-profit Institute for education in terms of the Companies Act (1973), and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The Institute derives its mandate from the Department of Communications and Digital Technologies (DCDT), which was formed subsequent to the merger of the Department of Telecommunications and Postal Services (DTPS) and the Department of Communication, to promote the development of Digital Skills in South Africa.
NEMISA's mandate is further embedded in the following national policies recognising the need for the development of digital skills in South Africa:
- National Development Plan 2030;
- National Skills Development Plan;
- United Nations Sustainable Development Goals;
- 2014 SA Connect Broadband Policy;
- 2016 National Integrated ICT Policy White Paper;
- White Paper on Post-School Education and Training; and
- National Digital and Future Skills Strategy.

The outcomes for Nemisa are captured below:

Outcome 1	Transformed Organisation
Outcome 2	Digitally skilled citizens
Outcome 3	Expanded digital skills delivery model
Outcome 4	Improved applied research and innovation
Outcome 5	Aggregated digital skills programme

13.5.1 Operational Highlights

The 2020/21 financial year was dominated by the emergence and disruption of the COVID-19 virus from the first quarter of our financial year. The global economy was severely affected by the impact of the COVID-19 pandemic, and the education sector was not insusceptible to the disruption. The disruption compelled training institutions such as NEMISA to launch its digital strategy for immediate implementation in order to ensure continuous education.

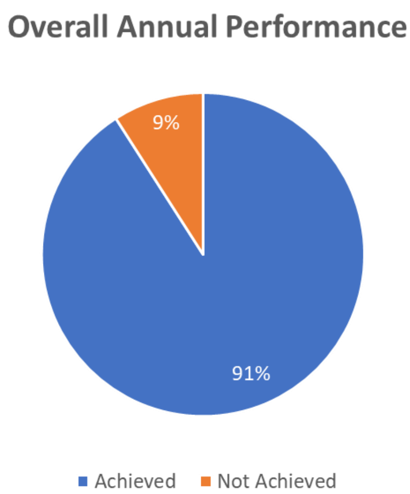
To adapt to the sudden effects of lockdown, NEMISA worked closely with its partners, the CoLabs, to aspire towards minimal impact. The operating environment in the year under review demanded for NEMISA to strengthen its operational capacity and review its operating model to enable expansion of its training programmes.

The approval of NEMISA's Transformation and Change Strategy was a highlight towards the Institute's drive to improve its training programmes, ICT capacity, and human resources.

A new partnership with a Global eLearning institution, Coursera, was a step towards massifying the provision of remote learning. The launch of the 'Ya-Rona' Digital Literacy Training Programme was a step towards developing young educators who, in turn, trained communities in remote areas that have no connectivity or devices.

This 2020/21 financial year was a year of adaptation to the disruption of the pandemic and a year of learning to rapidly digitize NEMISA's operation. It was also a year of partnerships to leverage on partners' strengths to exponentially access more beneficiaries to be trained and complete their training programme.

For the year under review NEMISA met all the governance requirements of the Shareholder, and risk management has also been strengthened. The Institute was able to achieve 10 out of 11 of its APP targets, which translates into 91 percent achievement (see chart below).



The only target not achieved is that relating to 30 000 trained citizens in basic digital literacy.

13.5.2 Financial Performance

Revenue management
A total of R97.4 million was transferred to NEMISA. (R47.8 million Operational funding and R49.2 million Digital Skills). NEMISA only used R15.1 million of the digital skills allocation. The Generally Recognised Accounting Practice (GRAP) states that funding allocated for a specific purpose (digital skills) can only be recorded as income when it is used. Funding received but not used is shown as a liability. Thus, in the annual financials it is reflected that the digital skills income amounted to R15.1 million.
Other income (project income and interest) amounted to R1.8 million. The total revenue for the year amounted to R64.9 million. (R48 million Operational funding + R15.1 million for Digital Skills + R1.8 million other income).
Cost/expenditure management
The expenditure at the end of the financial year amounted to R65.1 million (Operational R50 million + Digital Skills R15.1) resulting in a deficit of R0.2 million. The R34.1 million of the Digital Skills allocation that was not utilised is reflected under liabilities as it must be reverted to National Treasury if approval for retention is not obtained.
Procurement of goods and services is done mainly from SMMEs (70%) and 30 percent from larger corporations. Fruitless expenditure amounted to to R4 500 and irregular expenditure amounted to R8 600.
Going forward all effort should be to increase the number of people trained in Digital Literacy which will result in increasing the spending of the allocated Digital Skills budget. Plans to increase training initiatives to utilise the unspent funds have been developed and submitted to the DCDT for consideration.

13.5.3 Audit Opinion
NEMISA received an unqualified audit opinion as has been the case since the 2016/17 financial year. The Auditor-General South Africa has however raised points of emphasis as follows:

- Restatement of corresponding figures - As disclosed in notes 21 and 28 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of various errors in the financial statements of the public entity at, and for the year ended, 31 March 2021.
- Material impairments: receivables from exchange transactions - As disclosed in note 2 to the financial statements, the trade and other receivables from exchange transactions balance has been significantly impaired. The allowance for impairments mounts to R2.325 million (2020: R2 346 531) which represents 100 percent (2020: 97%) of the total trade and other receivables from exchange transactions balance.
- Adjustment of material misstatements - The Auditor-General has identified material misstatements in the annual performance report submitted for auditing. These were on the reported performance for programme 3: and was subsequently corrected. Thus the Auditor-General did not raise any material findings on the usefulness and reliability of the reported performance information.
- Annual financial statements - The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, and material misstatements identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified opinion.
- Internal control deficiencies - The Auditor-General considered internal control relevant to the financial statements, reported performance information and compliance with applicable legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
    - The accounting authority did not exercise adequate oversight responsibility regarding the preparation of the annual financial statements, annual performance report, compliance with laws and regulations and related internal controls, which resulted in material misstatements in the financial statements and the annual performance report as well as in the instance of non-compliance with applicable laws and regulations.

- Management's internal controls and processes over the preparation and presentation of the financial statements, performance reports and compliance monitoring were not sufficient to ensure that reports were free from material misstatements and to prevent material deviations from legislation.

13.6 Independent Communications Authority of South Africa (ICASA)

The Constitution of the Republic of South Africa (RSA) mandates Parliament to establish an independent regulatory institution which is required to provide for the regulation of broadcasting in the public interest and to ensure fairness and a diversity of views broadly representing South African society (s 192).

The Independent Communications Authority of South Africa is a product of statute, the Independent Communication Authority of South Africa Amendment Act of 2000, amended in 2005. ICASA was established in July 2000, as a merger of the telecommunications regulator, the South African Telecommunications Regulatory Authority (SATRA) and the Independent Broadcasting Authority (IBA).

The ICASA Amendment Act of 2005 also provided for the incorporation of the Postal Regulator into ICASA. The Amendment Act of 2005 also increased ICASA's council complement from seven to nine councillors. The Independent Communications Authority of South Africa Act 13 of 2000, as Amended The Act establishes ICASA to:

- perform its functions through Council as contemplated in Section 5, and to be independent and subject only to the Constitution and the law, to be impartial and to perform its functions without fear or favour.
- exercise the powers and perform the duties conferred upon it.
- act in a manner that is consistent with the obligations of the Republic under any applicable international agreement, according to section 231 of the Constitution.
- conclude concurrent jurisdiction agreements with any regulator in respect of areas of regulatory overlaps.

The Authority is responsible for regulating the telecommunications, broadcasting and postal industries in the public interest and ensure affordable services of a high quality for all South Africans. The Authority also issues licenses to telecommunications 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 effective use of radio frequency spectrum. ICASA is a Chapter 9 institution (an institution which supports democracy) in terms of the South African Constitution and is a portfolio organisation of the Department of Communications (DoC).

Functions of ICASA

- To license broadcasters, signal distributors, providers of telecommunication services and postal services;
- To make regulations;
- To impose license conditions;
- To plan, assign, control, enforce and manage the frequency spectrum;
- To ensure international and regional co-operation;
- To ensure the efficient allocation of numbers;
- To ensure interoperability of networks; and
- To receive and resolve complaints.

As confirmed by the Chairperson's Report, the 2020/21 financial year has been one of the most difficult and daunting years ever seen, owing mainly the sudden outbreak of the coronavirus pandemic (COVID-19). The restrictions imposed by the country in an effort to curb and contain the spread, impacted on the entity's ability to perform its legislative mandate:

Loss of lives: As confirmed in the Report, ICASA had a total of 68 infections and 2 fatalities/deaths due to COVID-19 during the period.

Operating model: Due to the COVID-19 restrictions, this could not be undertaken, hence the inability to reach some of the targets relating to regulatory making process.

Working from home: Notwithstanding the fact that this was induced by COVID-19, it is interesting to note that working from home has saved the entity over R28 million in General Administrative expenses for the period, from R95 million in 2020 to R67 million for the perioded ended 31 March 2021.
In addition to COVID-19, the Authority's process towards licensing the high demand radio frequency spectrum was marred by litigations, resulting in the delay of the release of the much-needed spectrum for the provision of broadband services. We are elated that all the parties in this matter are committed to finding a lasting solution outside the court process.

13.6.1 Performance Highlights

The 2020/21 financial year has been the most difficult year in the history of the Authority due to the COVID-19 pandemic. One may also say it was a great year where some paradigm shift had to be applied, and new leadership approaches had to be adopted to ensure delivery on our regulatory mandate.
The period under review has shown commendable output for ICASA as various regulations and discussion documents were published in line with the Authority's annual performance plans for the 2020/21 financial year to ensure continued regulation, in the public interest, of the ICT sector. This includes, among others, Sports Broadcasting Amendment Regulations, Digital Sound Broadcasting Regulations, Draft Equipment Authorisation Regulations, Draft Must Carry Regulations, to mention but a few.
While the entities' revenues and its collection to the National Revenue Fun (NRF) have increased steadily over the years, it is on a precarious financial position as underscored by its precarious liquidity and solvency ratios of 1.1 and 1.0 respectively which reveal that the risk of the entity meeting both its short and long term obligations are very high.
This precarious financial position is due to its high expenditures driven largely by employee (70%) and administration (15%) costs collectively accounting for 85 percent of the budgets. Only 15 percent of the budget is left for the execution of the expanding and complex mandate. As part of the regulatory reforms, ICASA will work on an appropriate funding model and a fit-for purpose governance model which is the also the source of high administrative expenses.
The Authority published the amendments to the Municipal Elections Regulations, in preparation for the 2021 municipal elections by the end of the 2020/21 financial year.
Notwithstanding the above, the entities displayed organizational resilience by still pursuing and successfully achieving some of the priorities as committed in its annual performance plan as underscored by the following highlights:

(a) The publication of the ICT COVID-19 National State of Disaster Regulations to prescribe minimum standards that licensees must adhere to for the entire period of the COVID-19 pandemic to: (1) ease the burden of regulatory compliance for the sector during the national state of disaster; and (2) enable the sector to meet increased demand for ICT services during this period.

(b) Immediate release of temporary high demand spectrum (HDS) for the duration of the national state of disaster in order to ease network congestion, maintain good quality of broadband services, and enable licensees to lower their cost of access to consumers.

(c) Publication of the amendments to the Municipal Elections Regulations, in preparation for the 2021 Municipal elections by the end of the 2020/21 financial year to prescribe the framework and guidelines under which Party Election Broadcasts (PEBs) and Political Advertisements (PAs) shall be conducted and carried by the broadcasting service licensees during the 2021 Municipal elections.

(d) Release and publication of the *Annual State of ICT Report* which outlines how the broadcasting, telecommunications and postal services sectors have developed in the past year. This is done to, among others, keep stakeholders abreast of the impact of the ICT sector in the mainstream economy. The report reveals, among others, that the total revenue reported for the three sectors (telecommunications, broadcasting and postal) increased by 2 percent from R238 billion in 2019 to 243 billion in 2020.

Even under the prevailing circumstances, for the period under review (1 April 2020 – 31 March 2021), ICASA planned to deliver a total of forty-eight (48) targets. Forty-Two (42) targets were delivered and six (6) were not delivered which translates to an overall annual achievement of eighty-seven-point-two percent (87.2%). This is a commendable feat given the difficult trading conditions driven mainly by the unanticipated COVID-19 as described above.

The unachieved targets are notably in the core mandate of the regulator linked to the key priorities of the DCDT relating to access to broadband services and promotion of competition in the ICT sector, namely Licensing (1), Policy Research & Analysis (1), Engineering & Technology (4).

13.6.2 Financial Performance

Total revenue for the financial year ended 31 March 2021 was R479.552 million. Total expenditure was R440.767 million for the same financial year. The surplus for the year amounted to R38.784 million as indictaed in chart below.

	Notes	2021 R	2020 R
Revenue			
Revenue from exchange transactions			
Other income	19	9 774 279	12 099 159
Revenue from non-exchange transactions			
Transfer revenue			
Revenue from non-exchange transactions	20	459 019 000	452 645 000
Other revenue from non-exchange transactions	17	10 758 657	3 846 018
Total revenue from non-exchange transactions		**469 777 657**	**456 491 018**
Total revenue		**479 551 936**	**468 590 177**
Expenditure			
Employee related costs	21	312 628 877	308 425 721
Depreciation and amortisation	22	18 716 601	20 449 318
Impairment Loss	23	-	88 039
Finance costs	24	240 725	276 985
Lease rentals on operating lease	18	38 501 063	36 401 193
General expenses	25	67 015 498	95 250 765
Repairs and maintenance	26	3 664 772	4 193 286
Total expenditure		**440 767 536**	**465 085 307**
Surplus for the year		**38 784 400**	**3 504 870**

Total liabilities amount to R1.45 billion as compared to R1.2 billion in the previous financial year. Whereas the total net assets amount to R165.134 million. ICASA has total assets amounting to R1.6 billion.

There were material differences between the budget and the actual amounts as stated below:

Item	Descriptor
Other income	The authority did not have sufficient cash reserves to invest during the year
Other revenue from non-exchange transactions	The deferred grant is realized when capital expenditure is incurred. CAPEX has reduced in the current year.
Personnel	The reduction in expenditure is due the high rate of vacancies.
Depreciation and amortisation	The reduction is due to the lack of assets acquisitions during the year
Finance costs	The increased expense is due to the unwinding of Dismantling and Restoration costs
Repairs and maintenance	The overspending is due increased maintenance cost of systems.
General Expenses	The overspending was as a result of an increase in legal fees due increased number of review applications.
Lease rentals and operating lease	The underspending is due to delays experienced in the finalization of the computer rental contract

13.6.3 Audit Opinion

ICASA received an unqualified opinion with findings from the Auditor-General albeit an improvement by the regulator over the last three financial years.

Expenditure Management
Effective and appropriate steps were not taken to prevent irregular expenditure of R947 768. Majority of the irregular expenditure was caused by not obtaining approval of the delegated official where it was impractical to obtain three quotations. Lastly, payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.
Material Impairments – National Revenue Fund
the entity has impaired receivables from non-exchange transactions amounting to R71.692 million (2020: R280 971 396) because of potential irrecoverable receivables fromnon-exchange transactions.
Internal Control Deficiencies
Controls were not always effective to ensure oversight monitoring and review of compliance with laws and regulations.
Management did not implement adequate controls to prevent and detect non-compliance with laws and regulations, which resulted in irregular expenditure.
Management did not implement adequate controls to ensure that payments to suppliers are made within 30 days.

13.7 Film and Publications Board (FPB)

The Films and Publications Act (No 65 of 1996) as amended establishes the Film and Publication Board. The objectives of this Act are to:

- Regulate the creation, production, possession, and distribution of certain publications and certain films by means of classification, the imposition of age restrictions, and giving of consumer advice; and
- And make exploitative use of children in pornographic publications, films, or on the internet punishable.

The FPB has been established as a regulatory authority and an organ of the state to act in the following ways:
Regulatory Authority: the FPB Board acts as the regulatory authority of the F&P Act and al regulatory decisions made under the F&P Act are made by the FPB.
Consistent with the Constituion: the F&P Act is surbodinate to the South African Constitution and the Bill of Rights and all decisions and actions by the FPB needs to be consistent with both of these. The FPB has to ensure professionalism, efficiency, accountabiit, transparency and be development-oriented.
Incorporates Promotion of Administrative Justice Act (PAJA): this essentially ensures the FPB has to ensure the following

- Procedurally fair and lawful to individuals and the public
- Provide adequate reasons for decisions taken if required
- Be reasonable in its actions and decisions.

The FPB regulates the content of films, games and certain publications through classification by:

- Maintaining relevance to the values and norms of South African society through scientific research;
- Balancing the right to freedom of expression with an obligation to protect children from exposure to potentially disturbing, harmful and inappropriate materials; and
- And protecting children from sexual exploitation in media content in order to educate the broader South African society to make informed choices.

As the Annual Report confirms, the period under review represents a challenging period characterised by the difficult trading conditions due to COVID-19 induced restrictions as confirmed by the following:

- Mandate delivery: FPB moved to a remote classification system in response to the COVID-19 pandemic;
- Loss of lives: One employee succumbed to the disease; and
- Worsened declining trends of content submitted for classification. This trend has emerged in the past three years.

13.7.1 Performance Highlights

For the period under review, the entity achieved a satisfactory 67 percent performance rating against the targets planned for the period, this is slightly down from the 75 percent achievement posted in 2019/2020 financial year. The performance rating is understandable given the difficult trading period due to COVID-19 underlined by continued disruptions of business activities evidenced by:

a) the revision of its face-to-face operating model by the entity to a virtual one wherein staff have to work remotely from home while classification, renewals and registration had to be carried out remotely. Only 70 percent of the workforce returned to work in March 2021.
b) consistent decline in the total content submitted for classification, renewals/application as shown in tables 1 and 2 below. Although this downward trend started 3 years prior, COVID-19 induced lockdown restrictions severely compounded it, shrinking the volume of materials by over 50 percent from 31 March 2020. Only 658 materials were submitted for classification against 1243 submitted for the same period in the previous financial year.
c) Due to lower activities explained above, revenue declined, thus positing a threat to the financial sustainability of the entity beyond government grant, especially in this era of fiscal pressures. According to the FPB this declining trend is set to continue and will inevitably impact the revenue collection trends for the entity in the foreseeable future.

As part of the mitigation, the entity expects this financial gap to be closed by:

(a) increased revenue collection from online license fees in the second and third quarter of the financial year and has implemented the necessary institutional arrangements to support this.
(b) The proclamation of the FPB Amendment Act (2019).
(c) the implementation of the revenue enhancement strategy which is awaiting the Board approval. The entity has started implementing a new tariff model wherein prices are charged per the platform size.

Notable issues for the period are outlined in table below:

Issue	Interventions required
High vacancies at executive level due to the moratorium triggered by the ongoing regulatory reforms, thus impacting on the operations and governance issues.	At the introductory meeting held with the FPB Council on 2nd September, Minister has indicated that the matter will be dealt with after the submission of the FPB of the future proposal by the Council
Consistent decline in the total classified content and impacts on the revenues:	The need for the entity to finalize and implement the revenue enhancement strategy to aggregate the regulated revenue streams. More work can be done to increase the volumes of material. The entity needs to reflect on this matter at its next Strategic planning session,
The outstanding Presidential proclamation and its importance in paving the way for the implementation of the FPB Amendment Act 2019. Impact: (a) Revenue aggregation (b) Lack of legislative power to enforce online distributor compliance	Following the change in the leadership, the Memo has been resubmitted to the new principals. Minister has further requested for the Implementation Plan of the Amendment Act from the Department The FPB's powers are strengthened by the Amendment Act which will be operationalised by the proclamation.

The Film and Publication Board's 2020/2021 Financial Year started a week into the national government's implementation of alert level 5 lockdown, which enforced highly restrictive health and safety protocols to contain the spread of the COVID-19 pandemic. The FPB's service delivery had to continue despite the forced shut down of its offices in line with these protocols.
Ensure Internet connectivity and access to laptops for staff, and remote access through internet connectivity to ICT systems used to process distributor submissions and registrations.
The Client Support Unit had to make provision for the online submission of content for classification, since physical submissions were not allowed during the lockdown. Online

submissions as well as remote classification brought to the fore FPB's shortcomings in relation to the digital environment.

During the year under review, there was a significant decline of 48 percent (56) in total content classified, 616 as compared to 1185 in 2019/2020. Figure below illustrates the comparison of classified content for 2020/2021 financial year versus 2019/2020 financial year:

Lastly, there was inadequate digital storage capacity on FPB machines, poor security measures in place for online submission of distributor content, and lack of compatibility of the FPB's ICT infrastructure to that of distributors.

Overall Organizational APP targets were 15 and the total number of achieved APP targets for 2020/21 financial year were 10, which equals to 67 percent achieved targets for the financial year.

13.7.2 Financial Performance

Revenue from Government Grants grew marginally from R99.373 million to R100.596 million and from Non-Exchange transactions decreased from R7.581 million to R6.731 million. This was mainly as a result of lower Classification Fees. This was driven by the reduction in material submitted for classification as a result of the Covid 19 pandemic.

Expenditure was marginally lower at R101.1 million from R102.6 million in the previous year. This was driven by non-implementation of the multi-year salary increment agreement, vacancies and less travel and outreach due to the Covid 19 pandemic.

There was sound financial and procurement control for the year under review. This is evident in the decrease in irregular expenditure from financial year 31 March 2020 of R1.1 million to R116 000 in financial year 31 March 2021. A decrease of 89 percent year on year.

There was only two instances of irregular expenditure. The first of approximately R4 thousand was identified by management. SCM processes were not followed by the business unit in the appointment of the supplier. The second of R112 000 was identified by the Auditor-General when a deviation request was initially approved by the incorrect level authority. Management did provide evidence of subsequent correction.

Both matters will be referred to the Internal Loss Committee for investigation and recommendation to CEO for consequence management where applicable.

The entity has made progress with the historical Fruitless and Wasteful Expenditure as relates to settlement amounts paid to former executives (CEO and COO) in financial year 2018:

a) An investigation under the auspices of Internal Audit was conducted and report was approved by the former Council.

b) Management met with the Acting Accountant General at National Treasury and her team to get guidance on the treatment thereof in line with the applicable framework during August 2021. The FPB received a response in October and has requested clarification of the proposed way forward.

There was only one instance of a valid invoice being paid outside the 30 day period. This is very commendable in light of the disruptions to business processes and the transition to working virtually.

It was pleasing that 84 percent of all transactions are awarded to companies with a BBBEE contribution level of three or lower against the target of 75 percent and further 61 percent of all transactions were assigned to priority groups against the target of 35 percent.

The financial operating results for the period were satisfactory. The Film and Publication Board recorded a net surplus of R6.144 million (2020: surplus R4.318 578).

13.7.3 Audit Opinion

FBP received an unqualified opinion, which is unchanged from 2020.

The disclosure of the notefor Commitments in the financials required a material adjustment and this contributed to the entity not receiving a clean audit. Management has immediately implemented controls to prevent re-occurrence.

Irregular expenditure incurred of R116 317 as required by section 51(1)(b)(ii) of the PFMA. The irregular expenditure was caused by non-compliance with supply chain legislation.

There was an instance of a supplier being engaged outside SCM (R4 000) and a supply being awarded by official without proper delegation of authority (R112 000).

Fruitless and Wasteful Expenditure of R4 000 for the year and the balance is made up mainly of the R2.8 million settlement paid to former executives in 2018. The FPB is consulting with the Office of the Accountant General in the National Treasury on the treatment going forward.

The fi nancial statements submitted for auditing were not prepared in accordance with the prescribed fi nancial reporting framework, as required by section 55(1)(b) of the PFMA.

Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

13.8 South African Broadcasting Corporation (SABC)

The South African Broadcasting Corporation (SOC) Limited (“The SABC”) is a Schedule 2 (“Major Public Entity”) entity in terms of the Public Finance Management Act No. 1 of 1999 (“PFMA”), as amended. The Corporation is subject to a list of legislation in the course of its operations.

The Broadcasting Act (The Act) is the SABC’s founding statute. In terms of the Act, the SABC’s obligations are captured in the Independent Communications Authority of South Africa (“ICASA”) Regulations and license conditions of the Corporation’s five television channels and 18 radio stations.

The SABC Board is constituted in terms of the Broadcasting Act No. 4 of 1999, as amended, and has a unitary Board structure which is made up of 12 Non-Executive Directors and three Executive Directors. The Broadcasting Act No. 4 of 1999, as amended, provides that the SABC will be governed and controlled, in accordance with this Act, by a Board of Directors. The Non-Executive Directors are appointed by the President on the advice of the National Assembly and the Non-Executive Directors are required to appoint the Executive Directors independently in consultation with the Minister of Communications.

The business of the SABC is further defined by the Act into two distinct services namely; the Public Broadcasting Services (“PBS”) and Public Commercial Services (“PCS”), which are to be administered separately. Each SABC radio service and television channel is licensed independently by ICASA, and each is required to adhere to its respective license conditions and the provisions of the Broadcasting Act, including the SABC Charter.

The SABC has advanced the view that the Broadcasting Act should not contain a distinction between the two services, because in practice it has a unitary model that governs its services. Due to this arrangement, the SABC is unable to account separately for each group of services (PBS 15 radio stations and two TV channels; PCS three radio stations and three TV channels).

13.8.1 Performance Highlights

All SABC platforms (including digital platforms) provided extensive credible COVID-19-related coverage (including all Presidential addresses and Ministerial briefings). A total of 700 hours of education content was broadcast to support learners, especially the matric class

The SABC launched the Education Channel that guaranteed continued learning outside the traditional classroom environment for learners at the height of lockdown. The public broadcaster also kept television productions in operation so that audiences could access compelling content that was informative, educational and entertaining while providing life-saving health updates and public interest briefings on its national television and radio platforms.

SABC attracted an average of 25.8 million adult audiences per month across SABC 1, SABC 2, and S3; Education content broadcast to support learners, including WozaMatric programme aired on S3.

SABC attracted an average of 30 million adult listeners per weekacross our 18 radio stations; Education content broadcast to support learners, especially the Matric Class of 2020. During the final year exams, SABC3 aired daily curriculum support programming as a key pillar of their daytime programming. The class of 2020 achieved a 76.2 percent pass rate despite the challenges brought forth by COVID-19.

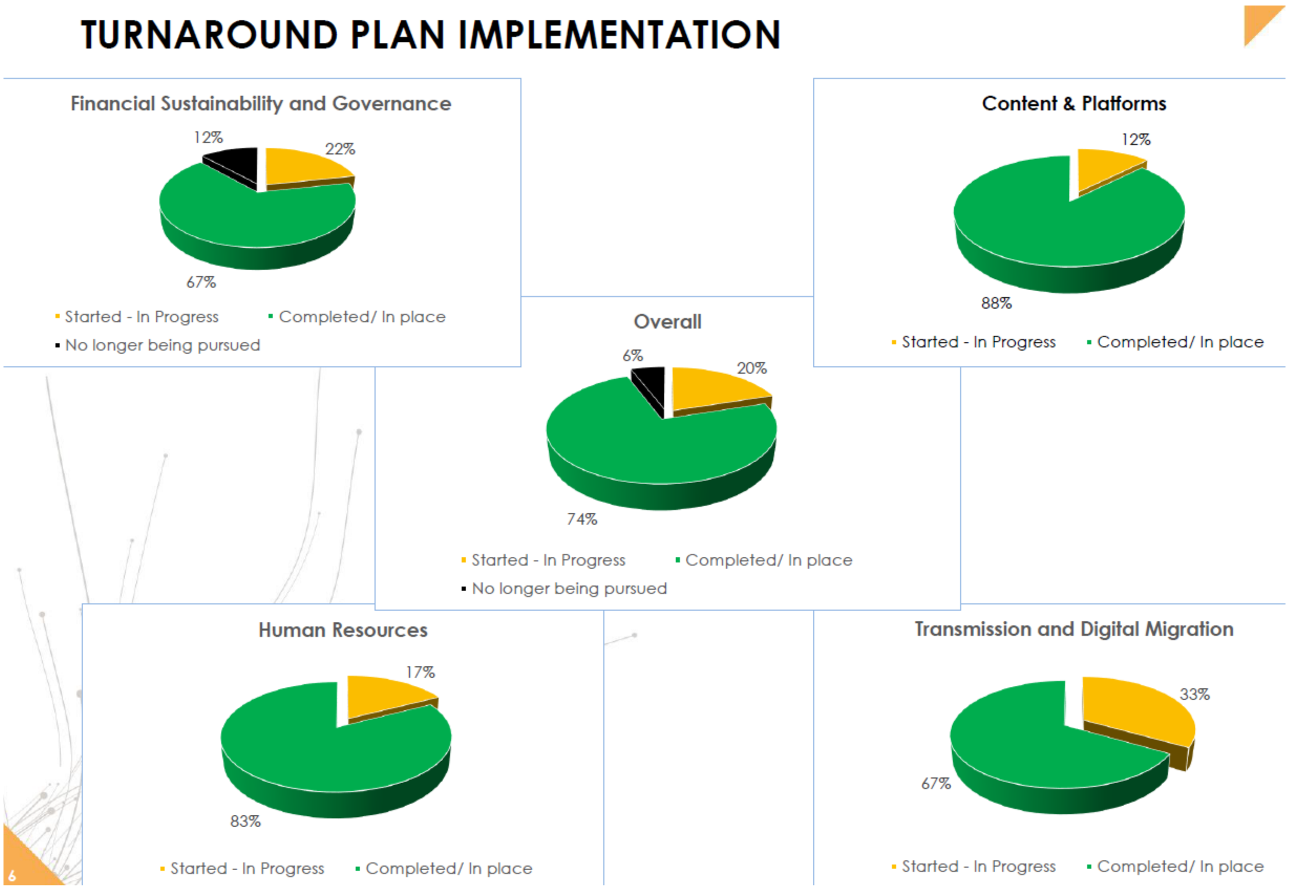
SABC News attracted an average of 7.2 million adult audiences per month; SABC Education channel launched on the DTT platform, to enable uninterrupted distribution of curriculum support to grades 10-12.

Pandemic disrupted production schedules. New content was delayed until the next fiscal. COVID-19 and S189 process combined to effectively move timelines out by between 6-8 months. Implementation of these projects is included in the 2021-24 Corporate Plan.

The contentious Section 189 process was concluded during the year under review. This set the Corporation to commence the new year with its programme of organisational renewal, based on the Board-approved target operating model and organisational structure. S189 process adversely affected performance. With finalisation of S189 process, performance will improve.

Pandemic adversely affected the completion timeline of the audit, which in turn affected the resolution target. The pandemic resulted in potential partners diverting resources to pandemic response efforts. As the world adapts to the new reality, performance should improve.

Performance should improve with the new content. As at the end of March 2021, the SABC had implemented 74 percent of the Turnaround Plan key actions –17 months into a 36-month implementation period, see charts on next page:



13.8.2 Financial Performance

Revenue generation steadily improved throughout the year, with the final quarter ending at 84 percent of budget revenues. This performance of commercial revenue generation explains the bullish budget contained in the 2021/22 Corporate Plan.

Year-on-year, net losses have stabiliseddespite challenges in revenue generation in the past three years. COVID-19 accelerated the decline in revenue growth as most of the SABC's paying programmeswere displaced by COVID-19 communication programmes. In the last three to five years, management has managed to keep employee costs from increasing.

There was a decline in content investment was worsened by COVID-19 related production restrictions. These matters are receiving management attention. The fiscal witnessed improvement in revenue growth in a difficult economic environment.

Advertising revenue was R741 million lower than prior year, as ad-spend was very depressed in Q1 and Q2 due to the trading restrictions and market anxiety from the COVID -19 pandemic. By the end of Q2, advertising revenue was already R616 million lower than comparative prior year actuals.

TV licence fees were almost flat, R3 million decline to R788 million. Sponsorship revenue grew by R32 million (10%) to R354 million, growth on Radio platforms. Channel Carriage fees marginally grew by R8 million to R197 million.

Mobile revenue grew by R5 million or 55 percent to R14 million. The SABC also entered into a revenue generating content carriage agreement with Telkom. All other revenue streams' performance was relatively stable.

Total revenue was R700 million lower than prior year, indicating the strong rebound in revenue generation experienced in Quarter 3 and Quarter 4. Total expenses declined by R634 million (10%) driven by the following:

- Employee costs decreased by 5.6 percent (R157million). Included in employee cost is a once-off charge for VSP amounting to R177 million.

- Broadcast costs were R131 million lower due to virtually no outside broadcasting activities especially in sport and reduced royalties from lower advertising revenue.
- R255 million underspending on production of commissioned TV content, and suspended long form sporting events such as the PSL.
- Depreciation and amortisation on assets decreased by R17 million due to revision of useful lives as the entity sweats the use of its assets.
- There were general savings across other personnel related costs from remote working arrangements –estimated at R30 million.
- Direct cost of content to fulfil unfunded mandate is R450 million, excluding transmission costs. Including transmission cost is R739 million for financial year 20/21.

Loss for the year is adjusted for "abnormal" or non-recurring costs to determine the "normalised" loss for the year.
The normalised result indicate an improved performance of R168 million (32%) in the operational losses suffered year on year. The justification for the adjustments made are as follows:-

- Amortisation and depreciation charge reduced due to material non-routine re-assessment of useful lives and residual values of assets. This will normalise as the organisation continues these adjustments annually; and
- Once-off expenditure costs associated with severance packages for voluntary resignations and retrenchments arising from the S189 process.

Cost to income has increased by 5 over the three-year period due to misalignment in revenue and expenditure movement.
Content ROI (This is content amortisation costs as a percentage of advertising revenue). The increase in content ROI is due to the underspend in content investment at a rate bigger than revenue decline over the period. The desired content ROI must yield a gross margin of 250 i. e. revenue should be 250 of content amortisation.
Total non-current assets –there was a favourable actuarial valuation of the Pension Fund increased defined benefit asset by R1.02 billion. Additions to our PPE amounted to R102 million as we continue to upgrade and digitise our equipment.
Current assets -Cash balance on hand was R1.48 billion, as recapitalisation was utilised and funding of operating deficit. Total non-current liabilities -Unfavourable actuarial valuation of the unfunded post retirement obligation which increased by over R250 million as result of actuarial movements.
Irregular expenditure (IE) has significantly decreased by R2.36 billion over 3 years, with a main decrease of R2.53 billion realised in the current year. Although it decreased (25%) when compared with prior year, the application of incorrect evaluation criteria still remains the significant IE contributor. This is mainly due to past years' transgressions with contracts continued into current year pending condonation process. Only 3 percent (R1.6m) of the IE incurred relates to current year transgressions. Tenders above R30 million not including subcontracting as a condition of tender shot up by 1100 percent to R12.7 million. This is due to a past year transgression with contracts continued into current year pending condonation process. There were no new transgressions identified in current year.
IE control environment has significantly improved. An IE Standard Operation Procedure has been developed, all in-year vendor payments were investigated for IE, and training of SCM officials was carried out.
Consequence management is still being enforced. Disciplinary steps were taken against some of the officials who had incurred and/or permitted irregular expenditure in prior years, as required by section51(1)(e)(iii) of the PFMA.
Fruitless and wasteful expenditure decreased by R6,1 million. The most significant decrease realised was for Interest, penalties and fines on late payment which amounted to R18.1 million. R10.7 million fruitless and wasteful expenditure which accounts for significant portion of fruitless and wasteful expenditure relates to rental of unoccupied office space, appropriate action will be taken in line with PFMA requirements.
R2.2 million fruitless and wasteful expenditure was recovered, and fruitless and wasteful expenditure of R103 million in terms of PFMA section 38 was referred to and written off by the board.

13.8.3 Audit Opinion

The corporation regressed as the Performance information qualification re-emerged. The main contributor was the deficiencies in the system used to report on percent of local music broadcast on PBS radio stations. No material irregularity was reported.

No Material findings were reported on in-year irregular expenditure. Stricter controls were implemented, an SOP was developed and all in year irregular expenditure was investigated by SCM.

Reported material findings have decreased by 62 findings (92%) over 5 year period. This attributable to institutionalisation of internal controls. In the 5 year context, findings reported in the following areas have significantly reduced attesting to improvement in the control environment:

- Supply Chain Management
- Predetermined objectives.

13.9 State Information Technology Agency (SITA)

(a) SITA had not tabled its 2020/21 Annual Report and Financial Statements. at the time the Committee considered this report.

13.10 SAPO

(b) SAPO had not tabled its 2020/21 Annual Report and Financial Statements at the time the Committee considered this report.

14 Issues for the Committee to Note

SA Connect project: Spending of the 2020/21 allocations for this project only commenced in October 2020, after the advance payments made to Broadband Infraco (BBI) and State Information Technology Agency (SITA) towards the end of 2019/20 financial year was depleted. As at end March 2021 the department paid the full amount allocated for this project as a pre-payment to State Information Technology Agency (SITA) and Broadband Infraco (BBI).

Digital Migration project: As at end March 2021 the department paid the full amount allocated for this project to Universal Service and Access Fund: Broadcasting digital migration to be used to cover costs related to vouchers to poor households for devices. However, the implementation by the entity has not yet started due to delays in finalising the subsidy model.

15. Observations

15.1 The Department

The Committee noted:

(i) its appreciation for the presentation made by the Department;

(ii) that the Department did not achieve 16 of its 32 planned quarterly targets;

   a. with serious concern that while 50 percent of the targets were not achieved, the budget spent does not equate to the achievements;

(iii) that the areas of under achievement included the fact that the revised organisational structure was not developed and approved as planned;

(iv) that the legal framework for the establishment of the BRICS Institute for Future Networks was not finalised;

(v) that the South African Post Office SOC Ltd Amendment Bill was not submitted to Cabinet for approval;

(vi) that the South African Broadcasting Corporation SOC Ltd Bill was submitted to Cabinet for approval but awaits a legal opinion on the independence of the SABC in view of Section 192 of the Constitution;

(vii) that the Data and Cloud Policy was not approved;

(viii) that the draft implementation plan for the PC4IR Report was not submitted to Cabinet for approval as planned;

(ix) that the Annual Reports of all SOEs were not timeously submitted to Parliament;

(x) that there were delays in the tabling of the Annual Reports of SAPO and SITA;

(xi) that the signing of Performance Agreements and the performance evaluation of Councillors did not take place, largely due to delays in the approval of the Performance Management System;

(xii) that the Postbank Bill, the State Digital Infrastructure Company Bill and the State Digital Services Company Bill was not submitted to Cabinet for approval as planned;
(xiii) that the Digital Transformation Centre (DTC) were not established as planned;
(xiv) that the decoder installation targets for BDM have not been met;
(xv) that the Department did not meet the set voucher distribution targets due to COVID-19 and the absence of the Voucher Implementation Plan from USAASA;
(xvi) that the Department could not finalise the Policy Direction on 5G Spectrum due to current litigation between Telkom and ICASA, MTN and ICASA;
(xvii) that the Auditor-General raised concerns in respect of regression on material non-compliance in terms of the merger of the two departments;
(xviii) that the Auditor-General raised concern in respect of the number of subsidised digital television installations and that there were no adequate internal controls; and
(xix) that the Auditor-General indicated inadequate monitoring and reporting by the Department of reliable performance information.

15.2 Sentech

The Committee noted:
(i) its appreciation for the presentation;
(ii) that Sentech achieved 9 out of 11 predetermined objectives which amounted to 82 percent of its set targets;
(iii) all financial targets have been achieved;
(iv) with concern that Sentech has for the first time, not received a clean audit and that the Auditor-General indicated material findings;
(v) with concern that Sentech was experiencing a loss of skills;
(vi) with concern whether Sentech would meet its March 2022 deadline for Analogue Switch-Off;
(vii) with concern that Senetch had incurred fruitless and wasteful expenditure and also irregular expenditure; and
(viii) that Sentech indicated that the impending merger with BBI had created uncertainty which in turn caused problems in respect of massive exodus of skills.

15.3 SABC

The Committee noted:
(i) its appreciation for the presentation made by the SABC;
(ii) that the SABC had 26 targets of which 11 targets were achieved which was 42 percent performance achieved;
(iii) that the SABC has reported a 74 percent performance to date;
(iv) that the SABC has shown signs of stabilisation;
(v) with concern that SABC incurred irregular expenditure in the amount of R311 million and warned against recurring irregular expenditure and also consequence management;
(vi) that the SABC has referred a dispute dealing with distribution costs between itself and Sentech to the Competition Commission;
(vii) that the SABC stated that the non-performance was due to various factors such as the Covid-19 pandemic and the implementation of the section 189 process;
(viii) that there was a need for improved efforts in revenue generation initiatives;
(ix) with concern that the poor financial performance would impact the SABC as a going concern; and
(x) with further concern on the issues raised by the Auditor-General.

15.4 BBI

The Committee noted:
(i) its appreciation for the presentation;
(ii) that BBI received an unqualified audit with findings;
(iii) that the findings on the Auditor-General report related to issues of going concern, irregular expenditure assests and financial information;
(iv) its appreciation in that BBI had addressed the issues of equity at the entity;

(v) that it required further information on investments made by shareholders;
(vi) that BBI indicated that the Minister would assist in raising funding for the entity; and
(vii) that BBI indicated that all suppliers were paid on time, unless there is an agreement to the contrary.

15.5 NEMISA

The Committee noted:

(i) its appreciation for the improvement made by NEMISA;
(ii) that 91 percent of the planned targets have been achieved;
(iii) with concern that a lower than planned online learning of 22 percent of learners have been achieved;
(iv) with concern that no valid reasons were provided why learners were not completing courses;
(v) that NEMISA noted various training challenges due to Covid-19 pandemic;
(vi) that NEMISA is not meeting the requirements of paying its service providers within 30 days; and
(vii) that the entity had monthly meetings to ensure that invoices are paid on time.

15.6 .ZADNA

The Committee noted :

(i) its appreciation for the presentation;
(ii) that .ZADNA obtained a clean audit outcome for the year under review;
(iii) that .ZADNA achieved 90 percent of its performance targets;
(iv) that .ZADNA reduced its audit finding from 23 to 12;
(v) its appreciation that the entity has remained self sustainable; and
(vi) concern that .ZADNA merely reduced its audit findings and may have repeat findings as opposed to obtaining zero findings.

15.7 ICASA

The Committee noted :

(i) its appreciated for the work done to date;
(ii) that ICASA achieved 41 of its planned 47 targets which translates to aperformance of 87.2 percent;
(iii) that on 26 November 2021 ICASA will make an announcement in respect of provisional spectrum allocation, which in turn might create certainty in the environment;
(iv) its appreciation of the balance created by ICASA to be able protect South Africans and safeguard the economic environment whilst standing its ground as a regulator under severe litigious conditions ;
(v) its appreciation that there was improvement in the financial environment; and
(vi) that ICASA's Audit Committee and Council have prioritized plans resolve audit queries and identified SMMEs payments (for SMMEs payment within a 14-day turnaround time).

15.8 FPB

The Committee noted :

(i) its appreciation for the presentation;
(ii) that the FPB achieved 10 of its planned 15 targets which translates to a performance of 67 percent;
(iii) with serious concern about the vacant posts at the entity; and
(iv) with further concern that the entity was losing its skills base.

15.9 USAASA/USAF

The Committee noted :

(i) its appreciation for the presentation made;
(ii) that USAASA achieved 60 percent of its planned targets which amounts to 2 out of 5 planned targets not achieved;

(iii) that USAASA did not achieve the target of Broadband Connectivity Rollout as planned;
(iv) that the target of Broadband Connectivity monitoring was not achieved;
(v) with great concern that none of the 5 planned targets by USAF was not achieved which amounts to 100 percent non-achievement;
(vi) with concern that various challenges have been experienced to deliver universal access;
(vii) with concern that a request for rollover was not complied with;
(viii) with concern in respect of suspended staff members and processes to resolve issues;
(ix) that USAASA has been able to pay its service providers within the required 30 days;
(x) with serious concern whether the deadline for the BDM process of end March 2022 would be met;
(xi) with concern that delays and bottlenecks would hamper the BDM process;

16. Recommendations:

16.1 Department

The Committee resolved that the Minister should:
(i) ensure that the Department implement daily and monthly controls in respect of consequence management processes;
(ii) ensure that all areas of under achievement as indicated by the Auditor-General are addressed;
(iii) ensure that clear action plans are indicated in respect of work done;
(iv) ensure that proper record keeping and the collection of evidence is implemented in respect of subsidised digital television installations;
(v) ensure that the Department does not delay the implementation of BDM;
(vi) ensure that the Department reports back to the Committee on updates in respect of timelines on the BDM issues;
(vii) ensure that delays are addressed in respect of the BDM process;
(viii) ensure that processes are in place to achieve the dealine for anologue;
(ix) ensure that each entity report to the Committee on the improvement to their action plans which is tracked by a resolution tracking system; and
(x) ensure that audits of the Department and its entities are improved with clean audits and delivery of targets.

16.2 Sentech

The Committee resolved that the Minister should:
(i) ensure that the entity have processes in place to comply with the Auditor-General's findings;
(ii) ensure that Sentech identify the costs involved for analogue switch off;
(iii) ensure that Sentech have timelines in place to meet the March 2022 deadline of analogue switch off;
(iv) ensure that the relevant controls are in place to resolve issues of fruitless and wasteful expenditure;
(v) ensure that control processes and reviews are in place to resolve issues pertaining to irregular expenditure;
(vi) ensure that processes are in place to create stability and retain staff; and
(vii) ensure that the intervention by Minister is fast tracked and dealt with speedily.

16.3 FPB

The Committee resolved that the Minister should:
(i) ensure that the filling of all vacant posts, in particular executive positions should are prioritised; and
(ii) ensure that the entity have processes in place to comply with the Auditor-General's findings.

16.4 Broadband Infraco (BBI)

The Committee resolved that the Minister should:

(i) ensure that the entity has processes in place to comply with the Auditor-General's findings; and
(ii) ensure that processes are in place to raise funding from capital markets to ensure that investments are secured.

16.5 .ZADNA

The Committee resolved that the Minister should:
(i) ensure that the entity has processes in place to comply with the Auditor-General's findings and have zero findings.

16.6 NEMISA

The Committee resolved that the Minister should:
(i) ensure that the entity has processes in place to comply with the Auditor-General's findings;
(ii) ensure that NEMISA plan in advance and create control groups to monitor indivudual participants; and
(iii) ensure that processes are in place to resolve its training chalellenges.

16.7 USAASA/USAF

The Committee resolved that the Minister should:
(iii) ensure that the entity have processes in place to comply with the Auditor-General's findings;
(iv) ensure that all targets are attained;
(v) ensure that processes are in place to turn the current situation around;
(vi) ensure that there are interventions to ensure that USAASA performs its tasks;
(vii) ensure that IDTVs are delivered;
(viii) ensure that proper plans are in place in order that rollover requests are granted;
(ix) ensure that the performance and role of USAASA in underserviced areas in the BDM process improves;
(x) ensure that the disciplinary processes in respect of the suspension of staff is concluded in order to promote stability at the entity;
(xi) ensure that processes are in place to meet the deadline for the BDM process of end March 2022; and
(xii) ensure that processes are in place to prevent delays in respect of the BDM process;

16.8 ICASA

The Committee resolved that the Minister should:
(i) ensure that processes are in place to meet the deadline for the high demand spectrum process of end March 2022;
(ii) ensure that processes are in place to prevent delays in respect of the high demand spectrum process;
(iii) ensure that partnerships are created to prevent delays and bottlenecks in the BDM process;
(iv) ensure that 30-day payment of debts are made to service providers; and
(v) ensure that the entity has processes in place to comply with the Auditor-General's findings.

16.9 SABC

The Committee resolved that the Minister should:
(i) ensure that processes are in place to address irregular expenditure;
(ii) ensure that the dispute between Sentech and SABC be resolved amicably;
(iii) ensure that proper action plans are in place to address all issues raised by the Auditor-General; and
(iv) ensure that consequence management is implemented.

Report to be considered.