INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

twenty 15/16 ANNUAL REPORT

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SECTION A:
GENERAL INFORMATION

twenty 15/16
ANNUAL REPORT

COMPANY DETAILS

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EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	Nedbank First National Bank Investec Private Bank

LIST OF ABBREVIATIONS/ACRONYMS

APP	–	Annual Performance Plan
ATU	–	African Telecommunications Union
ADR	–	Alternate Dispute Resolution
AGSA	–	Auditor-General of South Africa
ARC	–	Audit and Risk Committee
ADSL	–	Asymmetrical Digital Subscriber Line
BBBEE	–	Broad-Based Black Economic Empowerment
CAPEX	–	Capital Expenditure
CEO	-	Chief Executive Officer
CFO	-	Chief Financial Officer
CCC	–	Complaints and Compliance Committee
DoC	–	Department of Communications
DTPS	–	Department of Telecommunications and Postal Services
DTT	–	Digital Terrestrial Television
ECA	–	Electronic Communications Act
ECNS	-	Electronic Communications Network Service
ECS	–	Electronic Communications Service
E&T	–	Engineering and Technology
FL	–	Facilities Leasing
GAAP	–	Generally Accepted Accounting Practices
GRAP	–	Generally Recognised Accounting Practices
GHz	-	Gigahertz
ICT	–	Information and Communications Technology
IMT	–	International Mobile Telecommunication
ITU	–	International Telecommunications Union
MTEF	–	Medium Term Expenditure Framework
MTSF	–	Medium Term Strategic Framework
MHz	–	Megahertz
NDP	–	National Development Plan
OHS	–	Occupational Health and Safety
OPEX	–	Operational Expenditure
PA	–	Political Advertisement
PAJA	–	Promotion of Administrative Justice Act
PEB	–	Party Election Broadcast
PRA	–	Policy, Research and Analysis
PSDR	–	Public Safety and Disaster Relief
QoS	–	Quality of Service
RIA	–	Regulatory Impact Assessment
SAMSA	–	South Africa Maritime Safety Association
SAPO	–	South African Post Office
SOOG	–	Strategic Outcomes-Oriented Goal
STB	–	Set-Top-Box
USAF	–	Universal Service and Access Fund
USAO	–	Universal Service and Access Obligations
WRC	–	World Radiocommunications Conference

FOREWORD BY THE ACTING CHAIRPERSON

I have an unequalled honour and privilege to present the Independent Communications Authority of South Africa's (ICASA) Annual Report for the 2015/2016 financial year.

This year has been one of the most challenging years in the history of the organisation. Firstly, we had to work hard to improve our organisational performance which was sitting at 29% in the 2014/15 financial year. Secondly, we had to close the year with only three (3) Councillors in office and without a full-time Chairperson following the expiry of his term in office in June 2015.

As the report will show, we have sought to know, apply, and do all the things that our legislative mandate requires us to do. In so doing, we have used inclusiveness, consultation, compliance and responsiveness as our strand.

Achievement

This is because of our firm belief in the willingness of others to share their wisdom and support. Our desire is to serve our stakeholders - the public, National Government and the licensees. We accept that despite our best efforts, we can always do better if we are open-minded to the guidance of others.

As we report a quantum leap of organisational performance from 29% to 76,7%, the Council will continue to strive to achieve its vision to be a leading and innovative communications regulator, by operating in a transparent, fair and equitable manner through our Executive Management and ICASA personnel.

The global economies including that of South Africa are interlinked. Similarly, in the Information and Communications Technology Sector (ICT), operators and suppliers of software and equipment operate in South Africa as well as in other major economies of the world such as America, Europe, Asia and Australia.

The ICT developments in these jurisdictions have a significant impact within the South African electronic communications market. Therefore, up-to-date knowledge and information is required to successfully regulate this fluid and constantly changing communications environment driven by rapid technological innovations.

To remain informed, ICASA participated in national and international forums such as the International Telecommunications Union, Communication Regulators Association of Southern Africa, Commonwealth Telecommunications Organisation, Telecommunications and Media Forum, Regulators Forums, to cite but a few. This we will ensure that our regulation-making processes and licensing activities are on par with best practices.

Moving ahead

There is still a lot to be done in the coming year/s in order to live up to our vision of ensuring an inclusive digital society. South Africa experiences continued growth in demand for more spectrum as a result of significant growth in data traffic. The lack of availability of spectrum for International Mobile Telecommunications (IMT) brings constraints and challenges in the provision of broadband services.

To ensure nationwide broadband access for all South Africans by 2020 in line with the NDP and SA Connect Broadband Policy, there is a need for increased access to meet the high demand for wireless broadband services.

The licensing of this spectrum will, among others, prioritise connectivity in roll-out obligations throughout the country, promote investment in the sector to facilitate economic growth and

implement measures to promote affordability of services.

Other important tasks ahead include protecting consumers from harmful practices by operators and suppliers in the use of premium-rated services, increase competition in the broadcasting sector, promote growth of the postal services sector, and develop a regulatory framework for dynamic spectrum management.

ICASA will also look into beginning a process to review the call termination regulation in order to reduce the cost of communication for consumers and business in the country.

Finally, I would like to thank all Councillors, the CEO and his Executive, Management team and ICASA staff for the progress towards achieving our mandate. What we have achieved as our overall organisational performance, is a positive result and reaffirms our commitment to ensuring that we are at the level where we can confidently say we are working smart and are becoming a performance-driven and efficient organisation.

I would also like to convey my utmost gratitude to the former Chairperson of ICASA, Dr Stephen Mncube, for steering the ship to the right direction and for his valuable and strategic leadership towards the attainment of our annual plans.

Most of all, my gratitude goes to the Ministries of Communications and Telecommunications and Postal Services as well as the Portfolio Committees for their guidance throughout the financial year. And lastly, to our valued stakeholders and licensees for keeping us on our toes while engaging on a number of projects. We salute everyone for supporting ICASA and we promise to continue to do better.

Councillor Rubben Mohlaloga
ACTING ICASA CHAIRPERSON
31 July 2016

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The 2015/16 financial year has been a year of significant achievements for the Independent Communications Authority of South Africa (ICASA).

These achievements have been obtained with an almost full executive complement and staff. It is to the staff of ICASA that we owe such a commendable performance. ICASA has achieved 76,7% of its Annual Performance Plan and retained an unqualified audit.

We also owe this performance to the strategic direction and support of the four Councillors: former Chairperson of ICASA, Dr Stephen Mncube, whose term came to an end in June 2015, together with Councillors Nomvuyiso Batyi, Rubben Mohlaloga and Katharina Pillay, who steered ICASA to this great performance.

The significance of the projects completed by the Authority in the 2015/16 financial year bears testimony to ICASA's commitment to enable the ICT sector to move forward.

These include the amendments to Radio Frequency Spectrum Regulations including a regulatory framework for the use of the E and V Bands, promulgation of the revised Local Content Regulations, revisions to Regulations on Standard Terms and Conditions.

Furthermore, ICASA updated its internal policies and introduced new ones to improve the operations.

Notwithstanding the aforementioned achievements, we still have to address the real and/or perceived market concentration in all sectors of the ICT landscape – electronic communications, content (broadcasting) and postal services - by promoting real and transparent affordable pricing.

Internet usage in South Africa continues to grow in leaps and bounds, however, the growth is still lagging behind most of our peer countries. In order to address this we need to urgently release spectrum required by telecommunications operators, radio and television broadcasters.

This is an objective that we are dedicated to achieve in the 2016/17 financial year, notwithstanding all the risks and challenges it may pose for us as an organisation. We have been challenged in courts and will continue to be challenged. However, we will always emerge enlightened, empowered and stronger.

We will be engaging our stakeholders, internal and external, in robust and meaningful discourse for the growth of the ICT sector in South Africa, hence our particular focus on creating a 5G forum.

We remain behind in both LTE (4G) and digital migration but technology has a way of circumventing this through new, better and cheaper smartphones such that we may consider eliminating feature phones and smart TVs that now have dual tuners and digital tuners, negating the need for set-top-boxes.

The way forward needs boldness and courage to fight archaic approaches and promote progress through a broad understanding of ICT dynamics to include Wi-Fi in our understanding of broadband delivery.

This means a combination of fixed (fibre /copper) and wireless (mobile, WiFi and LiFi), including satellite technologies, for delivery of both broadband and content.

The postal sector needs to adapt to the changing environment to ensure its continuous growth.

A revival in approach is required to position the sector, and SAPO in particular, to promote enhanced availability of addresses and other Internet and financial services for our people.

In reviewing the performance of the Authority, it was evident that the number and complexity of its predetermined objectives continues to exceed the organisation's financial and human resource capabilities.

The Authority has assessed its past performance in achieving all of the targets, the budget allocation received and the demands from the industry, together with government imperatives.

The Authority revisited its strategic targets and predetermined objectives and the number of strategic targets were decreased from nine to eight for the 2015/16 financial year.

Given the challenges facing the sector, it is prudent that the Authority should also continue to focus on building capacity to establish itself as a regulator that is robust in nature.

To this end, we have adopted new values to guide us as we seek to build a good corporate culture and a highly-efficient and effective organisation.

We remain committed to changing the ICT sector to promote growth and employment in South Africa.

Pakamile Pongwana
CHIEF EXECUTIVE OFFICER
ICASA
31 July 2016

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Section F) have been prepared in accordance with the standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year which ended on 31 March 2016.

Pakamile Pongwana
CHIEF EXECUTIVE OFFICER
31 July 2016

Rubben Mohlaloga
ACTING CHAIRPERSON
31 July 2016

STRATEGIC OVERVIEW

VISION

An inclusive digital society

MISSION

To ensure that all South Africans have access to a wide range of high-quality communication services at affordable prices.

VALUES

Values are the essence from which companies extract inspiration when crafting strategies. These are concepts that are entrenched in the fabric of every organisation and by which they are judged. All ICASA's regulatory activities are centred on five core values, which are innovation, collaboration, accountability, results-driven and stakeholder-centric.

Innovation

- Willingness and ability to generate viable new approaches and solutions; and
- Finding different and better ways of applying best solutions to meet stakeholder needs.

Collaboration

- Eradicate 'silos' by developing a conscious mind-set that aligns our work to organisational vision and strategy; and
- Create synergies internally to fast-track organisational performance.

Accountability

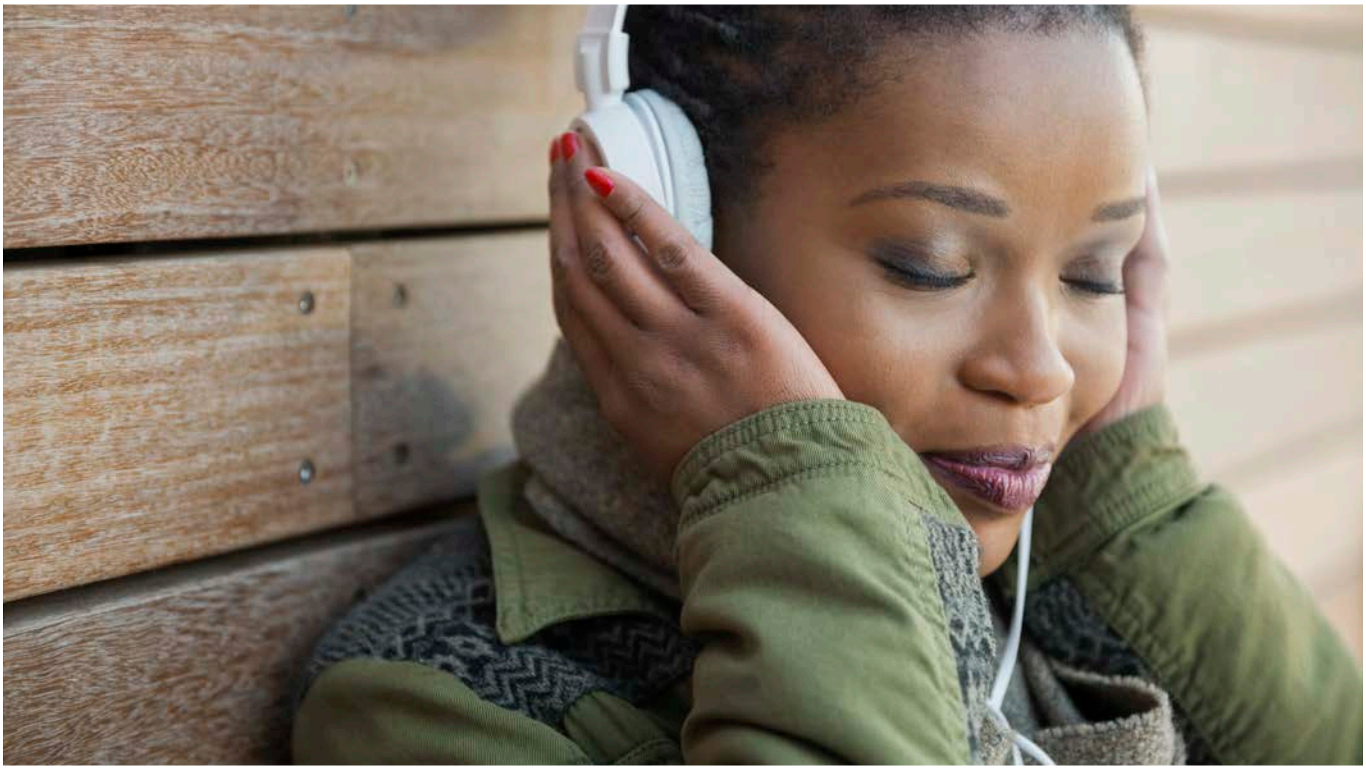
- Execution of daily work in a proactive manner; and
- Taking full responsibility for the work that we do in collaboration with others.

Results-driven

- Achieving high quality results that are consistent with organisational standards; and
- Coaching and performance assessment against goals, as well as identifying areas of improvement.

Stakeholder-centric

- Carrying out our duties with the stakeholders in mind. Stakeholders are central to what we do and we welcome their feedback for a consistent and effective partnership.



ICASA'S MANDATE

The Independent Communications Authority of South Africa ('ICASA' or 'the Authority') falls under schedule 1 of the Public Finance Management Act No 1 of 1999 (PFMA).

ICASA's mandate is set out in the Independent Communications Authority of South Africa Act, Act No 13 of 2000, (ICASA Act), Electronic Communications Act, Act No 35 of 2005, as amended (the EC Act), the Postal Services Act No 24 of 1998 (the Postal Services Act) and the Broadcasting Act, Act No 4 of 1999, (the Broadcasting Act) for the regulation of electronic communications, broadcasting and the postal sectors in the public interest.

The legislation empowers ICASA to grant licences, monitor licensee compliance with licence terms and conditions, develop regulations, plan and manage the radio frequency spectrum and protect consumers.

CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa

- 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 Broadcasting Act 4 of 1999

- The Act clarifies the powers of the Minister and ICASA respectively and provides for the regulation of broadcasting activities in the public interest.

The Electronic Communications Act, No 36 of 2005 (ECA), as amended

- The ECA promotes convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and provides the legal framework for convergence of these sectors. Substantive functions of the Authority pertain to issuing licences and regulating the broadcasting, electronic communications and postal services in South Africa.
- ICASA has concurrent regulatory oversight/ jurisdiction with the Competition Commission on competition matters (Chapter 10 of the ECA as well as section 4B(8)(b) of the ICASA Act).

The Postal Services Act, No 124 of 1998

- The Postal Services Act requires the Authority to licence and monitor the South African Post Office (SAPO) in relation to the promotion of customer care standards and the provision of universal service obligations, including the roll-out of street addresses and the provision of retail postal services in under-serviced areas.

The Promotion of Administration Justice Act, No 3 of 2000 (PAJA)

- PAJA gives effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action, as contemplated in section 33 of the Constitution.

Department of Communications

The Department of Communications (DoC) policy framework is embedded within and aligned to broader government priorities and policy, as promulgated.

The Authority believes its strategic objectives will contribute directly to the DoC's outcomes as identified in the Minister's Performance Agreement, relating specifically to Outcome 12, namely providing an efficient, effective and development–oriented public service, and Outcome 14, which is to provide a diverse, socially-cohesive society with a common national identity.

Outcome 12: providing an efficient, effective and development–oriented public service

Outcome 12 contemplates that information technology is an important tool for providing service delivery. It can be used to make services more accessible, reduce the cost of accessing services, streamline administrative processes and improve turnaround times, thus strengthening accountability and responsiveness. It is the aim of government to identify those areas of IT that have the greatest potential to improve access to services.

Outcome 14: providing a diverse, socially cohesive society with a common national identity

Outcome 14 contemplates that sharing of common space across race and class will be enabled through instituting community dialogues. This will be promoted by the narrative that facilitates healing, social cohesion, nation building, dialogue and trust.

This will require that the use of currently marginalised languages be increased. Furthermore, the broadcast media, especially the national broadcaster, will be encouraged to air programmes that popularise narratives and visions of a non-sexist, non-racial, equal and democratic South Africa. The Authority will promote social cohesion through the licensing of regional and local broadcast media and promotion of the broadcast of local content.

The Department of Telecommunications and Postal Services policy framework

The Department of Telecommunications and Postal Services (DTPS) policy framework is embedded within and aligned to broader government priorities and policy, as promulgated. The Authority's strategic objectives contribute to the DTPS outcomes as identified in the Minister's Performance Agreement, relating specifically to Outcome 6, namely an efficient, competitive and responsive economic infrastructure network.

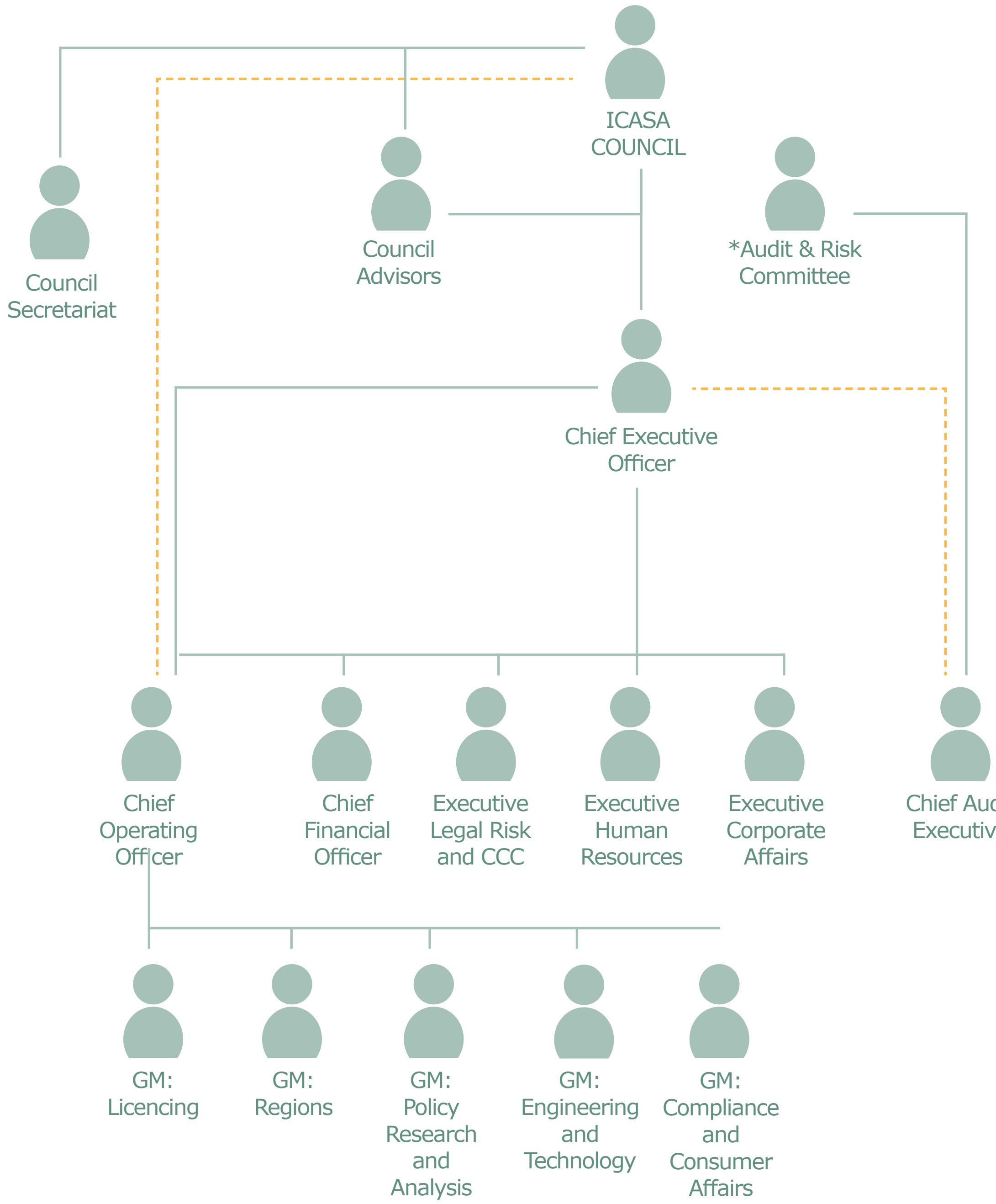
LEGISLATIVE MANDATE

The Independent Communications Authority of South Africa Act 13 of 2000, as amended

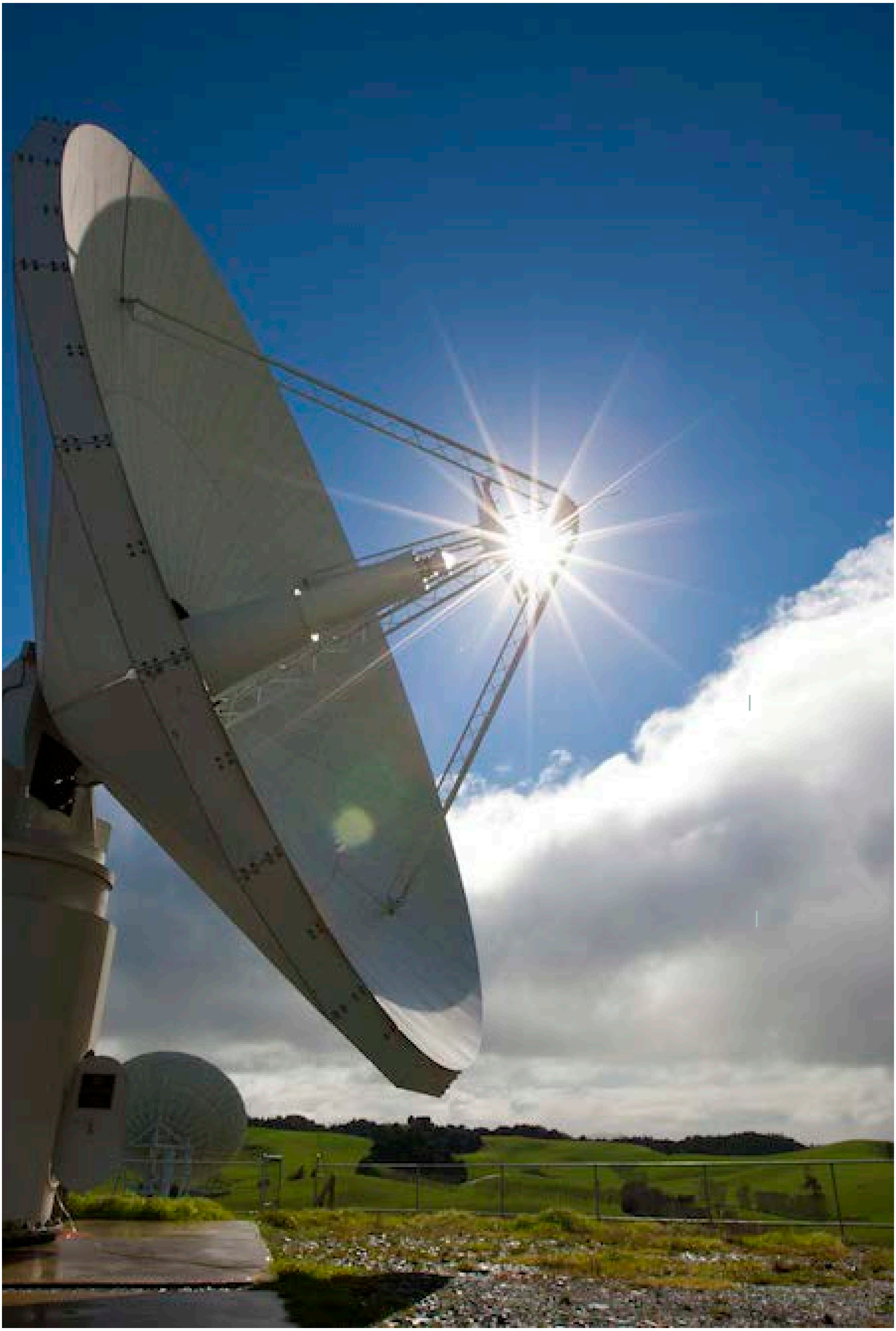
The Act establishes ICASA to:

- 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.

ICASA ORGANISATIONAL STRUCTURE



* Refer to Section C for other governance committees that report to Council.



SECTION B:
PERFORMANCE INFORMATION

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ANNUAL REPORT

SERVICE DELIVERY ENVIRONMENT

The Authority began the year under review on the backdrop of a 29% overall performance in 2014/15 and a number of findings on its pre-determined objectives by the Auditor-General. As a result, it took a conscious decision to move from a lower state of performance to an improved one.

It began the year in a performance environment marked by a number of developments including the following:

- Is the digital divide between South African citizens and the rest of the world, going to worsen and impact our international competitiveness and ability to create employment in the broader economy or can we act and implement decisive steps to foster greater access to and widespread adoption of ICT services across South Africa?
- South Africa did not improve its position in the Global Information Technology Report for 2014, remaining the 70th most prepared out of 144 countries in the Networked Readiness Index; and
- The government's building blocks, which are in place to overcome the existing digital divide and improve South Africa's infrastructure with the finalisation of the national Broadband Policy: South Africa Connect.

The following issues in the Authority's sphere of influence also formed part of its performance environment as it began the year:

- Access to technology that can connect a CPE to the network that conveys electronic communications signals; and
- Any and all electronic communications facilities that support the achievement of 'last mile' access.

The Authority's mandate is to:

- Ensure universal service and access;
- Ensure efficient use of spectrum;
- Promote competition and transformation;
- Protect consumer interests with regard to the price, quality and variety of services; and

Electronic communications revenue was largely generated from the provision of infrastructure and access services. However, the arrival of 'Over-The Top' services (Whatsapp, Skype, Mixit) and Netflix in broadcasting have challenged these dynamics.

Postal services are facing significant pressures with a growing shift towards electronic methods of communicating, putting severe pressure on the cost of universal access to postal services.

The Authority identified the following key deliverables to address the digital divide:

- Licensing of the spectrum for mobile broadband services, the so-called high-demand spectrum band of 700MHz, 800MHz and 2,6GHz.
- DTT brings the promise of opportunities for television channels that will create a demand for locally-produced content, and for more South Africans to participate in producing broadcasting content, particularly at a regional level; and

The Authority's Medium-Term Expenditure Framework (MTEF) budget addresses challenges posed by the digital divide and the converging technologies in the communications sector, reducing the cost of doing business, enhancing the productive capacity of the economy, creating employment, investing in human capital development and improving the capacity and effectiveness of the State to deliver services to its citizens.

ORGANISATIONAL ENVIRONMENT

The Authority began the financial year with a new organisational structure. All roles were realigned and migrated to the new structure.

Employee development was key to the implementation of the new structure and establishing an adequately skilled workforce. The Authority also undertook to implement an integrated performance system.

The Authority set out to achieve the following during the year under review:

- Promote internal and external service quality standards;
- Continue the ICASA-wide, capacity building programme focusing on all ICASA staff. This entails implementing staff development plans, career growth initiatives and succession planning for senior staff members;
- Increase representation across all levels, with specific focus on under-represented groups in the middle-management of the Authority; and
- Promote a culture of valuing diversity in all its forms within the ICASA community.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the period under review, the following legislative and policy developments occurred which directly impacted the Authority:

The Authority embarked on a project to prepare for the Protection of Personal Information Act, Act No 4 of 2013 (POPI), which was signed into law in November 2013, but is not yet in effect.

We are vigorously working towards compliance with the legislation in order to be ready once it comes into force.

The aforementioned policy and legislation introduced the following significant considerations for the Authority:

In terms of the Authority's preparation for POPI, it has audited its personal information requirements, processes and procedures, and has conducted organisation-wide workshops to create awareness.

The Authority is confident that its POPI compliance project would be finalised well within the legislative timelines.

The aforementioned amendment Act introduced the following significant changes to the Authority:

The POPI legislation has required the Authority to reconsider its processes and procedures when handling of personal information, and new processes are being implemented.

The Authority constantly monitors legislative developments and has made inputs to the draft Amended ICT Sector Codes, the Film and Publications ("FPB") Online Regulation Policy and the SABC Bill.

STRATEGIC OUTCOME-ORIENTED GOALS

The Authority's planned annual outputs were derived from the following medium-term strategic objectives and long-term strategic outcome-oriented goals (SOOGs).

SOOG1: **Promote Effective Competition**	**Strategic Objective 1.1:** Facilitate an effectively competitive ICT sector
SOOG2: **Promote Digital Agenda**	**Strategic Objective 2.1:** Create an environment conducive to universal broadband provision and digital broadcasting services **Strategic Objective 2.2:** Support innovation for the future use of digital technologies
SOOG3: **Improve Stakeholder and Consumer Experience**	**Strategic Objective 3.1:** Facilitate an efficient operational environment to reduce regulatory burden **Strategic Objective 3.2:** Facilitate social cohesion and nation building **Strategic Objectives 3.3:** Protect consumers from harmful practices

CHANGES TO PLANNED TARGETS

The Annual Performance Plan of the Authority was revised during the year in order to address the Auditor-General's 2014/15 findings. The Minister of Communications approved the revision in January 2016. The revision involved making changes to performance indicators to ensure accurate measurability when monitoring performance during implementation of the business of the Authority. It also involved rewording of strategic objectives, outputs and targets in order to ensure clarity on what had to be achieved.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

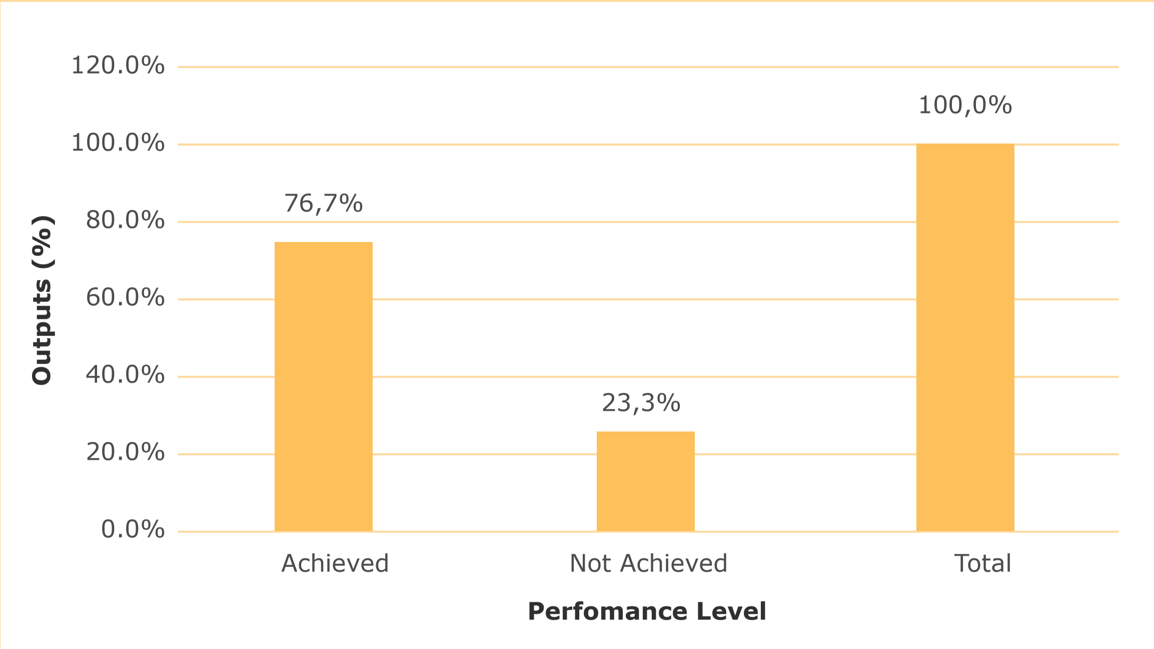
Statistical Data (number of outputs)

Programme	Achieved	Not achieved	Planned outputs
Policy Research & Analysis	8	5	13
Regions	8	1	9
Licensing	10	4	14
Compliance and Consumer Affairs	10	5	15
Engineering and Technology	10	2	12
Finance	6	0	6
Corporate Affairs	7	1	8
Internal Audit	4	2	6
Legal, Risk & CCC	6	0	6
Human Resources	10	4	14
Total	**79**	**24**	**103**

Performance by Programme

Programme	Policy, Research & Analysis	Regions	Licensing	Compliance and Consumer Affairs	Engineering and Technology	Finance	Corporate Affairs	Internal Audit	Legal, Risk and CCC	Human Resources
Achieved	61,5%	88,9%	71,4%	66,7%	83,3%	100%	87,5%	66,7%	100%	71,4%
Not achieved	38,5%	11,1%	28,6%	33,3%	16,7%	0%	12,5%	33,3%	0%	28,6%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

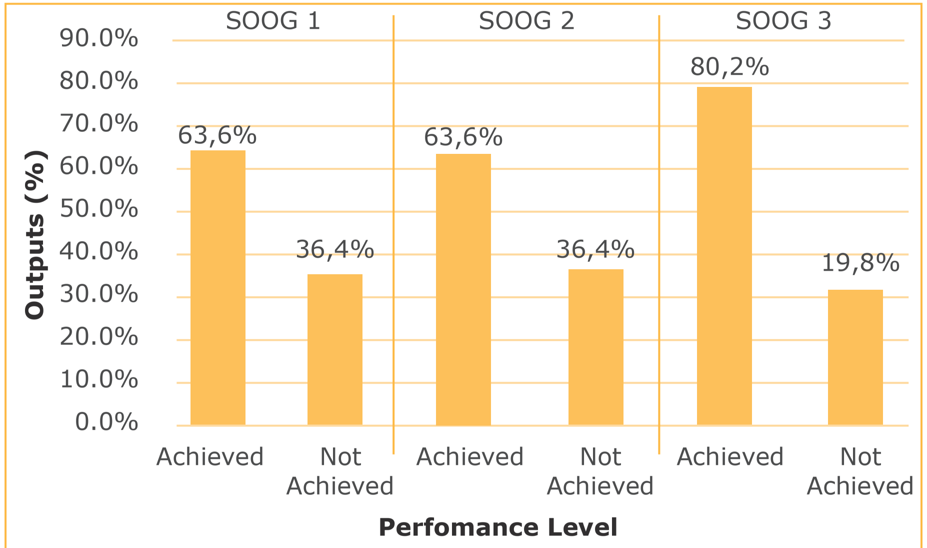
Total Annual Performance



Statistical Data by Strategic Outcome Oriented Goal (SOOG)

Outputs	SOOG 1		SOOG 2		SOOG 3		ALL SOOGS
Programme	**Achieved**	**Not achieved**	**Achieved**	**Not achieved**	**Achieved**	**Not achieved**	**Total Planned outputs**
Policy, Research & Analysis	1	4	1	0	6	1	13
Regions	0	0	0	0	8	1	9
Licensing	5	0	0	0	5	4	14
Compliance and Consumer Affairs	1	0	0	2	9	3	15
Engineering & Technology	0	0	6	2	4	0	12
Finance	0	0	0	0	6	0	6
Corporate Affairs	0	0	0	0	7	1	8
Internal Audit	0	0	0	0	4	2	6
Legal, Risk & CCC	0	0	0	0	6	0	6
Human Resources	0	0	0	0	10	4	14
TOTAL DELIVERABLES	**7**	**4**	**7**	**4**	**65**	**16**	**103**
TOTAL by SOOG	**11**		**11**		**81**		**103**

Annual Performance by Strategic Outcome Oriented Goals (SOOGs)



OVERALL ORGANISATIONAL ACHIEVEMENTS

The Authority has delivered on a number of priorities that featured in the previous Strategic Plan: these are explained in more detail in the performance information in this report.

LINKING PERFORMANCE WITH BUDGETS

			Full Year Budget vs YTD Actual			
			Values			
OPC Rollup	**Class**	**SOOG**	**Full Year Budget**	**YTD - Actual**	**Variance**	**Spent %**
OPEX	Expenses	SOOG 1 - Promote effective competition	88 123 029	81 277 214	6 845 815	92,2
		SOOG 2 - Promote the digital agenda	26 745 853	25 658 324	1 087 529	95,9
		SOOG 3 - Improve stakeholder and consumer experience	272 143 857	260 485 276	11 658 581	95,7
OPEX			**387 012 739**	**367 420 814**	**19 591 925**	**94,9**
Projects	Expenses	SOOG 1 - Promote effective competition	15 853 696	6 520 221	9 333 475	41,1
		SOOG 2 - Promote the digital agenda	500 700	0	500 700	(100,0)
		SOOG 3 - Improve stakeholder and consumer experience	18 595 882	5 841 271	12 754 611	31,4
Projects			**34 950 279**	**12 361 493**	**22 588 786**	**35,4**
Ring-Fenced: Projects linked to CAPEX	Expenses	SOOG 1 - Promote effective competition	0	1 375 782	(1 375 782)	0,0
		SOOG 3 - Improve stakeholder and consumer experience	0	4 674 120	(4 674 120)	0,0
Ring-Fenced: Projects linked to CAPEX			**0**	**6 049 902**	**(6 049 902)**	**0,0**
Grand total			**421 963 017**	**385 832 208**	**36 130 809**	**91,4**

Revenue

The Authority's initial annual allocation of R 393 619 000 quarterly tranches were duly received. Accrued interest of R 10 400 002, insurance claim settlements amounting to R 65 004 and bids receivables of R 36 000 were also budgeted for, which brought total revenue budget to R 404 120 006.

The unspent ring-fenced and carried over amount in 2015/16, resulted in the Authority reporting a total grant of R 393 619 000 together with accrued interest of R 22 052 079, insurance claim settlement and proceeds from sale of assets of R 14 852 and R 16 620 respectively. The unspent deferred grants of the ring-fenced projects from the previous year have led to the realisation of R 25 196 885 which was part of our total actual revenue of R 440 899 436.

Expenditure

The total budgeted expenditure for the year ended 31 March 2016 was R 421 963 017. The actual total expenditure incurred was R 385 832 208 and represented spending level of 91.4%. In the previous year (2014-2015) the spending level was at 81.1%. The increase in the year under review could mainly be attributed to the normalisation of full staff complement as key vacant positions were filled.

Table - Figures in Rand

	2015/16			2014/15		
Category	**Budget**	**Actual**	**(Over)/ Under expenditure**	**Budget**	**Actual**	**(Over)/ Under expenditure**
OPEX	387 012 739	367 420 814	19 591 925	349 980 392	315 835 974	34 144 418
Normal Projects	34 950 279	12 361 493	22 588 786	39 240 608	36 548 613	2 691 995
Ring-Fenced: Projects linked to CAPEX	-	6 049 902	-6 049 902	15 000 000	22 451 055	-7 451 055
Normal capex (excluding ring-fenced)	-	-	-	-	327 909	-327 909
Expense Total	**421 963 017**	**385 832 208**	**36 130 809**	**404 221 000**	**375 163 551**	**29 057 449**

Actual Operational Expenditure (OPEX) was R367 420 814 (5% less) as compared to the budget amount of R387 012 739.

Normal projects and ring-fenced projects actual spending of R18 411 395 was R16 538 884 (47%) less than budget of R34 950 279.

1. Under the project 'Definition of Priority Markets'; an internal research paper was produced, subsequent to which the scope of the project was reviewed and the project deferred to the 2016/17 financial year pending the outcome of the RIA and Infrastructure sharing projects. The unspent budget amount was R2 175 223.
2. Under the project 'Necessity for pro-competitive regulation in the provision of subscription broadcasting television services'; based on the scope of the project, it was decided to defer the project to the 2016/17 and 2017/18 financial years. The unspent budget amount was R4 092 113.
3. For the 'Framework for licensing available IMT spectrum' project, there was a need to harmonise and synchronise the procurement process with the licensing process through the publication of an Invitation To Apply to ensure that the preferred service provider is on board during the ITA time schedule. The unspent budget amount was R6 582 540.
4. The 'Electronic Security System' project rollout, installation and commissioning started in February 2016 and overleapt into the new financial year. The rollout was for four buildings, equalling 10 000 square metres. The unspent budget amounted to R1 500 000.
5. In the original 2015/16 Annual Performance Plan, ICASA had planned to open two new Regional Offices, in Nelspruit and Limpopo. The revised 2015/16 Annual Performance Plan approved the opening of Mpumalanga Regional Office only. The Limpopo Regional Office was deferred to the next financial year (i.e. 2016/17 financial year). The unspent budget amounted to R804 574.

Spending patterns on the OPEX for the year under review indicate that 95% was achieved compared to 90% in 2014/15. For the normal projects 53% was achieved as compared to the 109% in 2014/15.

Relating to and translating expenditure on economic classification, the breakdown comparing budget versus actual during 2015/16 is as follows:

Table - Figures in Rand

ECR Category	Budget	Actual	(Over)/Under expenditure	Variance %
Compensation of employees	236 341 684	221 860 352	14 481 332	6,1
Goods and services	185 621 333	163 971 856	21 649 477	11,7
Expense Total	**421 963 017**	**385 832 208**	**36 130 809**	**8,6**

Budgeted cost of employment represented the major portion of the total expenditure allocation at 56% to the baseline allocation whilst the actual portion was 58%. The savings of R14 481 332 were due to key management and staff positions not filled.

Savings on goods and services were as a result of less use of consultants as planned and rental saved on Regional Offices that were not opened.

At the programme level shown in the below table, the overall expenditure trend has not improved as compared to the previous year. This is mainly due to the underspending on normal projects as mentioned above.

Table - Figures in Rand

	2015/16			2014/15		
Divisions	**Budget**	**Actual**	**(Over)/ Under expenditure**	**Budget**	**Actual**	**(Over)/ Under expenditure**
Governance and Administration	298 564 781	283 849 569	14 715 212	250 152 383	226 768 246	23 384 137
Licensing	48 060 711	59 507 485	-11 446 773	37 939 358	30 095 061	7 844 297
Engineering & Technology	31 749 824	12 053 979	19 695 845	45 656 900	47 424 837	-1 767 937
Policy, Research and Analysis	33 808 918	18 738 856	15 070 062	33 175 517	30 159 088	3 016 428
Compliance and Consumer Affairs	9 728 783	11 682 321	-1 953 537	22 296 842	17 937 354	4 359 488
Regions	60 605 586	54 433 737	6 171 849	53 122 524	39 350 311	13 772 213
Expense Total	**421 963 017**	**385 832 208**	**36 130 809**	**389 221 000**	**352 384 587**	**36 836 412**

PERFORMANCE INFORMATION BY FUNCTIONAL PROGRAMME

The overall performance realised is made up of the following key achievements:

Facilitate an effectively competitive ICT sector

- Publication of ITA for commercial sound broadcasting services licenses;
- Radio Frequency Spectrum Regulations 2015;
- Local Content regulations for sound and TV 2015;
- Approved IMT licensing Framework;
- Draft Regulations on E-band and V-band usage.

Facilitate an efficient operational environment to reduce regulatory burden

- Draft guidelines on infrastructure sharing;
- Executed all campaigns for National Joint Operational Centre;
- An installed ASMS at Head Office, configured to ICASA's requirements;
- 90% of reported interference cases have been resolved;
- Published compliance reports of ECS, ECNS, postal services and broadcasting licensees; and;
- Developed internal referral mechanism to the CCC.

Facilitate social cohesion and nation building

- Recommendations on the SAPO exclusivity period have been submitted to the Minister of Telecommunications and Postal Services; and
- Amended Regulations on equitable treatment of political parties during municipal elections.

Protect consumers from harmful practices

- Gazetted tariffs for reserved postal services;
- Annual Tariff Report for 2015/16 has been published;
- Audited 60 licensee retail outlets to assess compliance with consumer protection regulations;
- Opened a new Regional Office in Mpumalanga to increase access to ICASA services by consumers;
- Published draft amended regulations establishing the Consumer Advisory Panel (CAP);
- Resolve 75% of all consumer complaints received;
- 1 799 inspections were completed to protect audiences and consumers;
- 99% revenue billed, collected and paid over to DoC;
- A Graduate Development Programme has been launched to give young South Africans an opportunity to acquire work experience and get them ready for the workplace;
- Movement of the Head Office to a new location has been approved; and
- Organisational records have been migrated to a new system.

A number of challenges were experienced that led to non-achievement of some of the targets that the Authority had set itself during the year under review and these include:

- Timely allocation of numbers could not be done due to lack of an online numbering system;
- Timely authorisation of new equipment could not be done due to the lack of an online-type approval system; and
- Timely allocation of broadcasting spectrum could not be done as per target due to the lack of an online broadcasting spectrum licensing.

The Authority's operating budget is allocated across the following six Executive Committee Group functions.

Chief Executive Officer

The CEO's management team consists of the following executive groups, headed by the:

- Chief Operations Officer (Head of Regulatory Groups);
- Chief Financial Officer;
- Executive: Legal, Risk and CCC;
- Executive: Human Resources;
- Executive: Corporate Affairs; and
- Chief Audit Executive.

REGULATORY DIVISIONS

CORE DIVISIONS

The Core Divisions are responsible for fulfilling the Authority's regulatory mandate as provided for in terms of the applicable laws. The Chief Operations Officer is responsible for ensuring strategic alignment and co-ordination of all the regulatory activities.

LICENSING DIVISION

The Licensing Division is responsible for:

- **Service Licencing** - Supporting Council in issuing, renewal, amendment, transfer and revocation of broadcasting service, ECS/ECNS and Postal service licences and authorisation of licence exemptions;
- **Spectrum Licencing** - Supporting Council in granting, authorising, renewal, amendment, transfer and revocation of spectrum licences; and
- **Numbering and Type Approval** - Supporting Council in administration and management of numbering resources as well as authorisations of equipment for type approval.

The Licensing Division assisted Council on the following strategic activities in the 2015/16 financial year:

- Licensing of viable additional Free-to-Air Commercial Television Broadcasting Services;
- Amendment of the Regulations on Standard Terms and Conditions and Regulations on Processes and Procedures for both class and individual licences;
- Publication of draft regulations on Code of Conduct for premium rated services.
- Licensing of additional commercial sound broadcasting services in the Secondary Market of the Northern Cape;
- Licensing of spectrum capacity in MUX 3 for subscription television broadcasting; and
- Publication of the revised Numbering Plan regulations to introduce toll-free calls and harmonised short codes.

Additionally, the Division was required to consider the following during the 2015/16 financial year:

- Numbering applications within 21 working days;
- Spectrum licence applications within 60 working days;
- Applications for authorisation certificates and type approval for line equipment within 15 working days;
- Amendment and transfers of Individual licences within 180 working days; and
- Class service licence applications, postal service certificates, licences exemptions and channel authorisations within 30 working days.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Protect consumers from harmful practices	Protection of audiences and consumers (end-users)	Draft regulations on Code of Conduct for premium-rated services	Number of draft regulations on Code of Conduct for premium-rated services	Numbering Plan Regulations, 2012	Draft regulations on Code of Conduct for premium-rated services	One set of draft regulations was published on 17 December 2015			The Authority published draft regulations on Code of Conduct for premium-rated services and conducted a public hearing. This enabled the Authority to consider representations from the interested parties with the view to protect end-users from harmful practices.
	Zero-rated charges for all 080 calls	New Numbering Plan Regulations	Number of published regulations on numbering	Numbering Plan Regulations, 2012	New Numbering Plan Regulations	One set of regulations was published on 24 March 2016			The Authority published Numbering Plan Regulations that provide and ensure the enforceability of the toll-free framework,

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
									migration of machine related services and release additional 40 million numbers to cater for the growing demand for mobile services
Facilitate an efficient operational environment to reduce regulatory burden	Reduced regulatory burden for licensees	Amend Regulations on the Standard Terms and Conditions and Regulations on Processes and Procedures	Number of Published Amended Standard Terms and Conditions and Processes and Procedures Regulations	Processes and Procedures Regulations and Standard Terms and Conditions Regulations, 2010	Amend Regulations on the Standard Terms and Conditions and Regulations on Processes and Procedures	Four sets of amended regulations on Standard Terms and Conditions and Processes and Procedures were published on 30 March 2016			The Authority reviewed the Processes and Procedures Regulations and Standard Terms and Conditions Regulations with a view to remove ambiguities, and simplifying the language and application requirements, thereby reducing the regulatory burden for licensees

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an effectively competitive ICT sector	Increased competition in the ICT sector	Completed regulatory process on market consolidation transactions	Percentage of market consolidation related processes completed within stipulated timelines	All the processes were completed beyond 180 days	100% of market consolida-tion-related processes completed within stipulated 180 days	A total of two applications were processed in the 2015/16 financial year, all of which were processed within 180 days			The Authority considered market consolidation transactions, inter alia, with the objective to promote ownership by historically disadvantaged individuals as well as to promote competition in the ICT sector and advance consumer interests.

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an effectively competitive ICT sector	Increased competition in commercial subscription and Free-to-Air television broadcasting sectors	ITA gazetted for spectrum capacity in multiplex 3 for subscription television broadcasting services	Number of ITAs gazetted and published	Radio Frequency Spectrum Regulations 2015 and Promotion of Diversity and Competition on Digital Terrestrial Television Regulations	The ITA gazetted for spectrum capacity in multiplex 3 for subscription television broadcasting services	The ITA was published on 10 September 2015			The ITA was issued to afford subscription television broadcasting service licensees to apply for spectrum capacity in Mux 3 to promote competition in the subscription television broadcasting service market
Facilitate an effectively competitive ICT sector	Increased competition in the telecommunications sector by enabling portability of all numbers	Approved terms of reference for review of Number Portability Regulations	Number of terms of reference approved	Number Portability Regulations, 2005	Terms of reference for review of Number Portability Regulations	Bid Adjudication Committee approved the Terms of Reference on 22 February 2016			The procurement process for the service provider was initiated. This was a precursor to the review process aimed at promoting competition by ensuring the portability of all numbers

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an effectively competitive ICT sector	Increased choice and diversity in the commercial sound broadcasting secondary market	The ITA gazetted for Commercial Sound Broadcasting Service in the Secondary Market in Northern Cape	Number of ITAs gazetted	Position paper on the Review of Ownership and Control of broadcasting services and existing commercial sound broadcasting licences	The ITA gazetted for commercial sound broadcasting services in the secondary market of the Northern Cape	The ITA was published on 3 August 2015 and re-issued on 16 February 2016		N/A	The ITA was issued to afford interested parties an opportunity to apply for a commercial sound broadcasting licence to promote choice and diversity in sound broadcasting services in the Northern Cape

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an effectively competitive ICT sector	Increased competition in television broadcasting sector	Completed licensing process for Free-to-Air Commercial Television Broadcasting Service	Number of licensing processes completed	Licensing process for Free-To-Air Television, 1998	Completed licensing process for Free-to-Air Commercial Television Broadcast-ing Service	Council took a decision to reject all four applications on 15 March 2015. Applicants received decision letters on the same day		N/A	There were no successful applicants as a result of non-compliance with the ITA. The Authority took a decision to re-issue the ITA with a view to increasing competition in the Free-To-Air Commercial Television Broadcasting market
Facilitate an efficient operational environment to reduce regulatory burden	Timely allocation of numbers	Numbering applications processed within approved turnaround time	Percentage of applications processed within turnaround time	90% as per numbering statistical report on 2014/15 performance	100% of numbering applications processed within 20 working days where there is no outstanding or further information required	Total of 340 applications were processed in 2015/16 financial year. 334 (98,23%) applications were processed within 20 working days	1,77%	N/A	The Authori-ty maintained and managed a central num-bering data-base to ensure effective use and allocation of numbers, and provision of electronic com-munications services to the end-users

Programme/activity/objective: Licensing

Strategic objective	Key outcome	Key output	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations	Impact
Facilitate an efficient operational environment to reduce regulatory burden	Timely authorisation of new equipment	Type approval applications processed within approved turnaround time	Percentage of applications processed within turnaround time	68% as per Type Approval statistical report on 2014/15 performance	100% of Type Approval applications processed within approved turnaround time where there is no outstanding or further information required	Total of 2 573 applications were processed in 2015/16 financial year. 14,65% were processed within 15 working days	85,35%	N/A	The Authority type approved electronic equipment. The type approval of electronic equipment protects the integrity of electronic networks, ensure the proper functioning of connected equipment; interoperability, interconnectivity and harmonisation; and avoids harmful interference, thereby building confidence in the use of electronic equipment

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Timely licensing of broadcasting, ECS, ECNS, Postal Services	Individual and class service licence amendment, transfers, and change of control applications processed within approved turnaround time	Percentage of applications processed within turnaround time	59% service licensing amendment, transfers, and change of control as per statistical report on 2014/15 performance	100% of service licensing amendment, transfers (excluding class licence transfers), and change of control applications processed within 180 working days where there is no outstanding or further information required	A total of 33 applications were processed in the 2015/16 financial year, all of which were processed within 180 days		N/A	The Authority considered amendments and transfers applications, inter alia, with the view to contribute to the socio-economic development of South Africa; promote ownership by historically disadvantaged individuals as well as to promote competition in the ICT sector and advance consumer interests

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Timely licensing of broadcasting, ECS, ECNS, Postal Services	Class service licence applications, postal services certificates and broadcasting channel authorisations processed within approved turnaround time	Percentage of applications processed within turnaround time	81% service licensing applications processed as per statistical reports on 2014/15 performance	100% of service licensing applications, (including class licence transfers), postal service registrations and broadcasting channel authorisations processed within 30 working days where there is no outstanding or further information required	A total of 281 applications were processed in the 2015/16 financial year. 81% (228 applications) were processed within 30 working days	19%	N/A	The Authority considered service licence applications, *inter alia*, with the view to contribute to the socio-economic development of South Africa; foster national identity and social cohesion

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Timely licensing of broadcasting spectrum	Broadcasting spectrum license applications processed within approved turnaround time	Percentage of applications processed within turnaround time	100% as per 2014/15 broadcasting spectrum licensing applications statistical reports	80% of broadcasting new, renewal and transfer spectrum applications processed within approved 60 working days where there is no outstanding or further information required. 100% of broadcasting amendment spectrum applications processed within approved 60 working days where there is no outstanding or further information required	Total of 56 applications were processed in the 2015/16 financial year. 69,6% (39 applications) were processed within 60 working days	10,4%	N/A	The Authority considered broadcasting spectrum licence applications, *inter alia*, with the view to contribute to the socio-economic development of South Africa; foster national identity and social cohesion

Programme/activity/objective: Licensing									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Timely licensing of radiocommunication services	Radiocommunication services licence applications processed within approved turnaround time	Percentage of applications processed within turnaround time	Radiocommunication services licensing applications statistical reports on 2014/15 performance	80% of radiocommunication new, transfer and renewal applications processed within 60 working days where there is no outstanding or further information required. 100% of radiocommunication amendment applications processed within 60 working days where there is no outstanding or further information required	Total of 6 680 applications were processed in the 2015/16 financial year. 99,45% (6 643) were processed within 60 working days. 633 applications were amended and were all completed within 60 days			The Authority considered radiocommunications spectrum licence applications, *inter alia*, with the view to contribute to the socio-economic development of South Africa

REGIONS DIVISION

The mandate of the regions divisions is to enforce complaince applicable regulations. In particular, the Regions undertakes the following activities in executing its mandate;

- Conduting complaince inspections
- Investigating all reported cases of interference
- Conduction consumer education and awareness workshops

The Strategic Objective for the Regional Offices falls under SOOG3, 'which is to Improve Stakeholder and Consumer Experience'. Activities within the regions are mainly focused on Strategic Objectives 3.3: 'Protect consumers from harmful practices'.

Facilitate an efficient operational environment to reduce regulatory burden

Type approval inspections

- Regional Officers are required to inspect retail outlets selling radio apparatus. In terms of Section 35 of the Electronic Communications Act, 36 of 2005, all such apparatus must be approved by the Authority and labelled in accordance with ICASA regulations. These inspections ensure compliance with the legislation.

Postal Delivery Standard Monitoring

- End-to-end postal delivery standards have to be measured to ensure that SAPO is meeting the minimum delivery standards as stipulated in its licence terms and conditions. The implementation and acquisition of an automated system capable of measuring the end-to-end delivery standard will measure compliance with the necessary regulations.

National Joint Operational Centre

- ICASA participates in all National Joints (NATJOINTS) operations when requested and executed all instructions in the 2015/16 financial year.
- Reported cases of radio frequency interference resolved
- In terms of Section 30(4) of the Electronic Communications Act, 36 of 2005, ICASA is obliged to investigate all matters of interference reported to it.
- Enforced regulations on radio apparatus installed at high sites
- In terms of Section 30(4) of the Electronic Communications Act, 36 of 2005, the Authority, in performing its functions, must ensure that in the use of the radio frequency spectrum, harmful interference to authorised or licensed users is eliminated or reduced to an extent reasonably possible. The inspections proactively reduce harmful interference to licensed users when they execute this functio.

Consumer Protection

- Enforced consumer protection regulations (i.e. End-User and Subscriber Service Charter and Code of Conduct for licensees)
- Conducted ECS/ECNS Code of Conduct inspections to ensure that licensees and retail outlets comply with the End-User and Subscriber Charter and licence terms and conditions.
- As part of the strategy to have a presence in all provinces, the establishment of the Mpumalanga Regional Office was finalised in this financial year.

Strategic objectives, performance indicators planned targets and actual achievements

Programme/activity/objective: Regions									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Protection of audiences and consumers (end users)	Enforced type approval in-vestigations	Number of inspections/ investigations conducted	N/A	1 700	1 977 achieved			The sale of non-type approved equipment has been reduced, protecting consumers
Facilitate an efficient operational environment to reduce regulatory burden	An efficient operational environment	50% Regulatory Divisions' Standard Operating Procedures revised to improve efficiency	Number of SoPs revised / developed	N/A	At least 50% of SoP's for Regulatory Divisions implement-ed as per project plan	Not achieved	No SoPs were drafted in the current financial year	As a result the project could not be completed in the current financial year and will be carried over to the 2016/17 financial year	Standardised operating procedures will help ICASA to efficiently carry out its mandate

Programme/activity/objective: Regions									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Protection of audiences and consumers (end-users)	Enforced regulations	Number of investigations conducted to determine compliance by licensees with regulations	325	Execute 340 investiga-tions of operators who have not complied with licence conditions as stated in ECS and ECNS licences	507 achieved			The revenue collected by ICASA in terms of licence fees has been increased. Compliance to legislation by Licensees has also improved
		Executed campaigns for National Joint Opera-tional Centre	Number of campaigns executed	Four	All NATJoints campaigns	100% achieved			Security Cluster activities were protected and enhanced at events of national importance
		Reported cases of harmful radio frequency interference resolved	Percentage of cases investigated and resolved	0,83	0,9	100% achieved			The Radio Frequency Spectrum is used more efficiently and effectively and quality of experience by the consumer has increased

Programme/activity/objective: Regions

Strategic objectives	Key outcome	Key output	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations	Impact
Facilitate an efficient operational environment to reduce regulatory burden	Protection of audiences and consumers (end-users)	Enforced regulations on radio apparatus installed at high sites	Number of high sites investigations conducted	596	Execute 610 investigations and/or seizures of radio apparatus at high sites where technical installations did not comply with licence technical specifications	1 205 Achieved			Proactive investigations have reduced interference complaints and improved the management of the Radio Frequency Spectrum
Protect consumers from harmful practices	Protection of audiences and consumers (end-users)	Enforced consumer protection regulations (i.e. end-user Subscriber Service Charter and Code of Conduct for licensees)	Number of licensees monitored	N/A	Audit 60 licensee retail outlets to assess compliance with consumer protection regulations	246 Achieved			The protection of consumer rights has been highlighted and compliance by national operators ensured

Programme/activity/objective: Regions

Strategic objectives	Key outcome	Key output	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations	Impact
Protect consumers from harmful practices	Access to ICASA services	Mpumalanga office	Number of offices established	Offices in five provinces	Six regional offices	Mpumalanga office was opened and became operational in 2015/16			ICASA now has a point of presence in Mpumalanga where our services can be readily offered to the public

POLICY, RESEARCH AND ANALYSIS

The PRA Division focuses on qualitative and quantitative research to inform regulation-making processes that are conducted through Council Committees.

The Division is also tasked with conducting market reviews to establish the level of competition in identified markets. Furthermore, the Division provides support in the investigation and analysis of disputes such as facilities leasing disputes between licensees.

The Division is also the custodian of statistical information and other types of information that is collected through tools such as:

- the annual ITU Questionnaires, information requested from licensees;
- ICT Sector Indicators Questionnaires; and
- information gleaned from filings to the Authority by licensees as a result of specific regulations or license conditions.

The Division comprises of three units:

- **Market Regulation Unit** – the unit is responsible for competition and financial analysis, as well as looking into tariffs;
- **Social Policy Unit** – the unit is tasked with conducting research into the postal and broadcasting sectors; and
- **Sector Forecasting Unit** – the unit collects statistical information and conducts the necessary statistical analysis.

Highlights for the Division for the period under review

The Division was responsible for several strategic activities during the period under review. Below we highlight three key strategic projects that have a big impact on the strategic objectives of the Authority.

Broadcast coverage of the 2016 Municipal Elections - The Division managed to complete work on the revised municipal elections broadcasting regulations. These are important regulations that are aimed at governing the process of Party Election Broadcasts (PEBs), Political Advertisements (PAs) and the equitable treatment of political parties by broadcasters during the 2016 municipal elections in 2016.

Local Content Regulations for television and radio - The Division revised the regulations regarding minimum requirement for South African music on radio and local television content requirements. These are important regulations that are meant to ensure that broadcasting in South Africa reflects the diversity of cultures. The regulations contributed to the strategic objective that is aimed at facilitating social cohesion and nation-building.

Publication of the Inaugural ICT Sector Indicators Report - The Division published the first ICT Sector Indicators Report during the period under review. The importance of this document is that it will allow the Authority to be the central repository for statistical information on the ICT sector. The availability of this information will enhance or improve the decision-making processes of both the Authority and its stakeholders.

Strategic objectives, performance indicators planned targets and actual achievements

Programme/activity/objective: PRA									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
3.2.3	Equitable treatment of political-parties by broadcasters during the municipal elections	Revised regulations governing broadcasting for municipal elections	Number of revised regulations published	Existing Municipal Elections-Broadcasting Regulations	Publication of final regulations	Final regulations gazetted			The importance of this revision is that it will provide the framework and guidelines for PEB and PA during the election period later in 2016
	Access to local broadcasting content for South Africans	Revised regulations specifying minimum local content requirements for broad-cast service licensees	Number of regulations published	Internal draft findings document	Publication of revised Local Content Regulations by March 2016	The Local Content Regulations were published in March 2016			The regulations will devel-op, protect and promote national and provincial identity, culture and character, as well the recognition of diversity of all cultural back-grounds in South African society

Programme/activity/objective: PRA									
Strategic objective	Key outcome	Key output	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations	Impact
									They will contribute to the development of a television industry that is owned and controlled by South Africans. Further, the regulations will help in the establishment of a vibrant, dynamic, creative and economically productive South African film and television industry

Programme/activity/objective: PRA									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
	Reduced regulatory burden for community broadcasting service licensees	Amended regulations on contributions to the USAF	Number of published amended regulations on USAF contributions	2011 USAF Regulations. EC Amendment Act 2014	Final USAF Regulations published by 31 March 2016	Final USAF Regulations not published		The reason for the decision was that the proposed amendments dealt with policy matters that can be best addressed through the broader policy consultations on universal service and access	

Programme/activity/objective: PRA

Strategic objective	Key outcome	Key output	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations	Impact
3.1.2	Increased competition in broad-band markets	Published discussion document defining priority markets for intervention	Number of discussion documents gazetted	High Level Competition Inquiry of 2014 and Broadband Value Chain Study of 2014	Gazetted discussion document defining priority markets for intervention	An internal research paper was produced		The scope of the project was reviewed and the project deferred to the 2016/17 financial year pend-ing the outcome of the RIA and Infrastruc-ture Sharing projects	
Policy, research & analysis	PRA	OPS	Increased competition in broadcasting markets	Subscription broadcasting market review report	Number of subscription broadcast-ing mar-ket review reports	Internal report on the nature of competi-tion in the subscription market	Council-approved report on subscription broadcasting market review	Not achieved An inception report was produced	In light of the scope of the project, it was decided to de-fer the project to the 2016/17 and 2017/18 financial years

Programme/activity/objective: PRA									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
3.2.1	Universal service and access to postal services	Recommendations on SAPO exclusivity period submitted to the Minister of Telecommunications and Postal Services	Number of recommendations submitted	Draft discussion document on the review of the SAPO exclusivity period	Final recommendations to the Minister of Telecommunications and Postal Services	Final recommendations to the Minister of Telecommunications and Postal Services			Recommendations were made to the Minister of Telecommunications and Postal Services regarding these issues, which will contribute to the sustainability of SAPO
3.2.2	Regulatory framework that supports community broadcasters	Report on necessary regulatory interventions	Number of reports	Existing Community Broadcasting Framework	Internal Research Report	Internal Research Report			These regulations are important as they will deal with the specific challenges faced by community broadcasters, such as the introduction of sound corporate governance, community interest and participation and internal conflict resolution processes

Programme/activity/objective: PRA									
Strategic objective	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
									These interventions will ensure the sustainability of community broadcasters
	Increased availability of ICT Sector economic indicators	Published market asessment report	Number of assessment reports published on ICASA website	ITU Long Questionnaire Report	Published market assessment report	Market Assessment Report was published in March 2016			The availability of indicators on the ICT sector will allow for better decision making by industry and ICASA. The data will be valuable as an input into further research
	Reduced inter-operator cross-border charges	Amended Call Termination Regulations	Number of amended regulations published	2014 Call Termination Regulations	Published amended Call Termination Regulations by 31 March 2016	Call Termination Regulations were not reviewed		The project was deferred to the next financial year	

Programme/activity/objective: PRA									
Strategic objective	Key outcome	Key output	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations	Impact
	Increased access by licensees to existing infrastructure	Published RIA report on wholesale open access	Number of published report on RIA for wholesale open access	Internal document on wholesale open access	Published report on Open Access by 31 March 2016	International benchmarking report was approved by Council on 30 March 2016		Council resolved that they must not be published but serve as input to the Infrastructure Sharing Project. The RIA Framework was approved by Council on 15 March for internal use	
	Affordable tariffs for Reserved Postal Services	Gazetted tariffs for Reserved Postal Services	Number of gazetted tariffs	2014/15 tariff approval	Gazetted Reserved Postal Fees and Charges by 31 January 2016	2015/16 tariff approval completed by January 2016			The approval of a higher tariff increase for 2016/17 will assist SAPO as it finds itself in financial dire straits. However, SAPO has to improve its efficiency and find new sources of revenue, including e-commerce

Programme/activity/objective: PRA

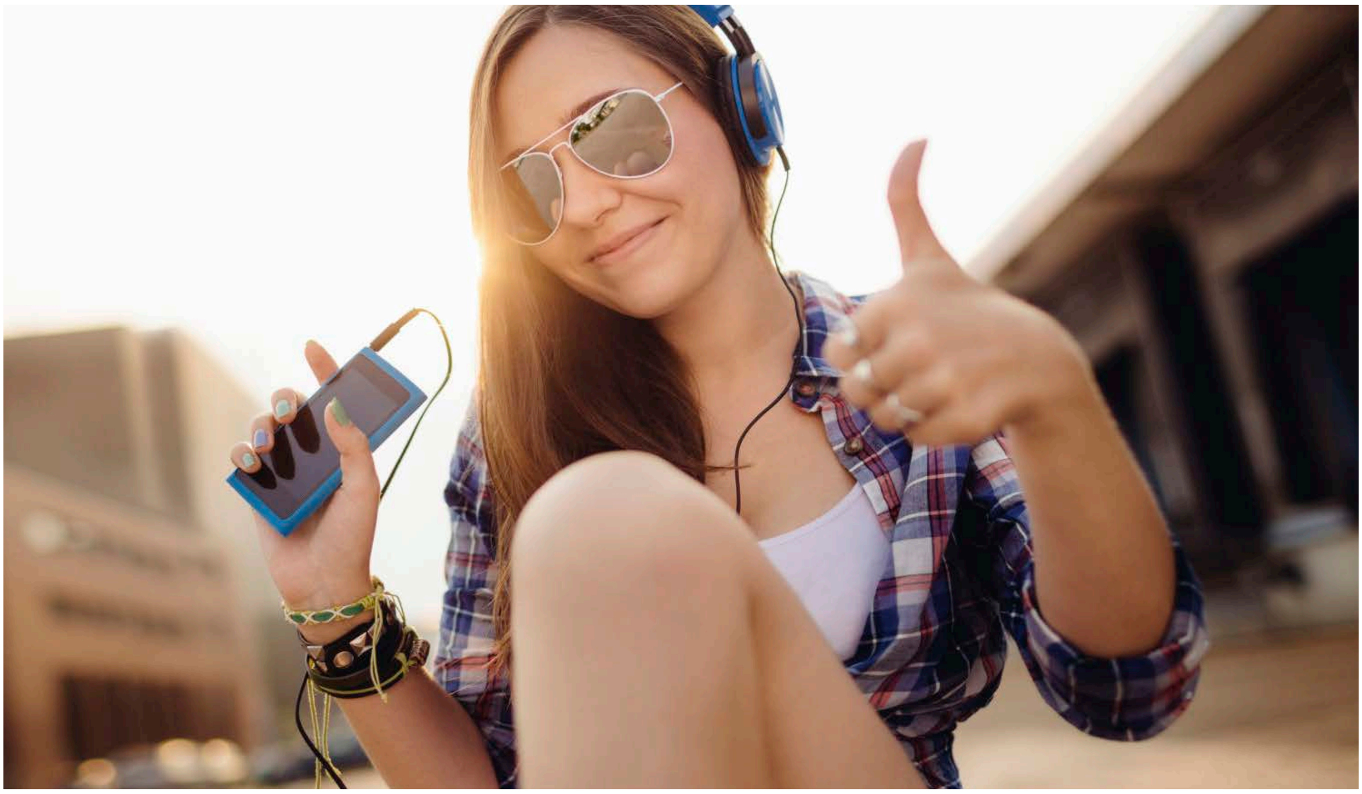
Strategic objective	Key outcome	Key output	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations	Impact
	Transparent retail pricing regime	Quarterly reports on retail tariff analysis published	Number of reports published	Annual Tariff Report for 2014/15	Annual Tariff Report for 2015/16	Annual Tariff Report not published			
	Quality broadcasting and postal services	Quality of Experience (QoE)	Level of experience by end-users/ consumers	None	Level of experience survey on QoE by end-users/ consumers	The report was completed and approved by Council			The aim of this study was to assess customer satisfaction and service quality levels provided by postal and broadcasting service providers. The study will serve as an important component of licensee performance tracking and measurement

ENGINEERING AND TECHNOLOGY DIVISION

The E&T Division comprises of the following sub-units: Network Systems and Research and Engineering Facilities and Research.

The fuctions of the Division include:

- Assist Council in planning the use of the radio frequency spectrum, especially with regards to emerging new technologies and including updating, from time to time, the national radio frequency plan and developing the necessary migration plans;
- Assist Council in providing the systems and advising on methods for ICASA to perform spectrum management, including methods of spectrum management for protecting radio astronomy (e.g. the Square Kilometre Array);
- Researching new and innovative ways of doing spectrum management, especially spectrum management with the advent of cognitive radio and shared spectrum use;
- Providing the necessary tools and facilities, such as mapping facilities, for supporting internal planning in ICASA and consumers, especially for promoting broadband use;
- Doing quality of service monitoring of mobile networks to improve services to consumers;
- Assist Council in monitoring the use of radio frequency spectrum on a countrywide basis for the purpose of ensuring the future availability of spectrum, e.g. broadband spectrum for IMT and Public Safety and Disaster Relief (PSDR) frequency bands;
- Investigating cross-border signal spillage and radio interference problems, and working with the regulators of neighbouring countries to rectify these;
- Auditing the licensing functions delegated to the South African Maritime Safety Association (SAMSA); and
- Assist Council in contributing to the development and adoption of technical standards for type approval and numbering.



Summary of strategic objectives and projects for 2015/2016

Programme/activity/objective: Engineering and Technology									
Strategic objective	**Key outcome**	**Key output**	**Performance indicators**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Create an environment conducive to universal broadband provision and digital broadcasting services	Universal provision of broadband	A Council-approved IMT licensing framework to facilitate broadband provision	Number of licensing frameworks	N/A	A Council-approved IMT licensing framework to facilitate broadband provision	A Council-approved IMT licensing framework	N/A	N/A	The licensing framework laid the basis for licensing IMT spectrum in 2016/17, to improve the provision of broadband services
Support innovation for the future use of digital technologies	Availability of additional spectrum for industry	Draft Regulations on E-band and V-Band Spectrum	Number of draft regulations	N/A	Draft regulations on E-band and V-band usage approved by Council for public consultation	Draft regulations on E-band and V-band usage approved by Council for public consultation	N/A	N/A	Once regulations are published the telecommunication services industry will significantly benefit from the capability to convey high-speed data over short range (less than item) by means of cost effective technology

Programme/activity/objective: Engineering and Technology									
Strategic objective	**Key outcome**	**Key output**	**Performance indicators**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
	Efficient use of spectrum	Findings Document on Dynamic and Opportunistic Spectrum approved by Council	Number of findings documents	N/A	Published draft discussion document on dynamic and opportunistic spectrum management, including a possible framework for TV whitespace spectrum	Published draft discussion document on dynamic and opportunistic spectrum management, including a possible framework for TV whitespace spectrum	N/A	N/A	
	Access by multiple licensees to network infrastructure	Draft Regulations / draft Position Paper / draft Guidelines on Infrastructure sharing	Number of regulations/ papers/ guidelines	N/A	A set of draft regulations, draft position paper and draft guidelines	A findings document, equivalent in value to the annual target	N/A	N/A	The findings document assist ICASA to improve on its facilities leasing framework

Programme/activity/objective: Engineering and Technology									
Strategic objective	**Key outcome**	**Key output**	**Performance indicators**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Create an environment conducive to universal broadband provision and digital broadcasting services	Freely available information on broadband services to facilitate consumer choice	Broadband service maps published on ICASA website	Number of maps published on the website	N/A	Published broadband coverage map(s) on ICASA website	N/A	Composite broadband coverage maps were produced but not published	Composite Broadband Service Maps 2015/16 produced in accordance with the project charter. However, a decision was taken not to publish the composite maps but rather to prepare to publish individual operator maps to ensure maximum consumer benefits	

Programme/activity/objective: Engineering and Technology									
Strategic objective	**Key outcome**	**Key output**	**Performance indicators**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Support innovation for the future use of digital technologies	A regulatory regime for IMT-2020 (5G) technologies that supports innovative technologies	RSA 5G Forum	Number of forums	N/A	A functional South African 5G Forum	N/A	The plan was developed and an establishment of the forum approved in principle	It was decided that further consultation was required on the terms of reference and membership of the forum	Once established, the 5G forum will significantly contribute to assisting ICASA in making input to the ITU that benefits South Africa
	Efficient use of spectrum	Final annual report on contributions presented at Council	Number of reports	N/A	Final annual Report on contribution to WRC Agenda items presented at Council	Annual report on contributions towards WRC agenda items	N/A	N/A	The report forms the basis on which ICASA proceeds to implement the outcomes of the ITU WRC-19,the updating of the National Radio Frequency Plan

Programme/activity/objective: Engineering and Technology									
Strategic objective	**Key outcome**	**Key output**	**Performance indicators**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Harmonised use of frequency spectrum in the maritime sector	Reports on implementation of the SAMSA ICASA MoU	Number of implementation reports	N/A	Four quarterly reports on SAMSA	Four quarterly reports on SAMSA	N/A	N/A	The reports essentially are audit reports to ensure functions delegated to SAMSA are executed appropriately
	Accurate spectrum management	Advanced Spectrum Management System (ASMS)	Type of system implemented	N/A	An installed ASMS at Head Office, configured to ICASA's requirements	An installed ASMS at Head Office, configured to ICASA's requirements	N/A	N/A	The spectrum management system, once fully implemented, will improve the provision of spectrum licensing and type approval

Programme/activity/objective: Engineering and Technology									
Strategic objective	**Key outcome**	**Key output**	**Performance indicators**	**Actual achievement 2014/15**	**Planned target 2015/16**	**Actual achievement 2015/16**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Protect consumers from harmful practices	Quality Mobile services	Quality of Service monitoring reports	Number of reports on QoS measurments	N/A	Four quarterly Quality of Service reports	Four quarterly Quality of Service reports	N/A	N/A	
	Cross-border harmonisation for radio systems	Measurement results and resolution of radio interference and spill over	Percentage of radio interference and spill-over cases resolved	N/A	90% of reported interference cases resolved	100% of reported interference cases resolved	N/A	N/A	
Support innovation for the future use of digital technologies	Efficient use of spectrum	Spectrum monitoring reports	Number of spectrum monitoring reports	N/A	Four reports for four target areas	Four reports for four target areas	N/A	N/A	

COMPLIANCE AND CONSUMER AFFAIRS DIVISION

The Compliance and Consumer Affairs (CCA) Division comprises of two units with the following functions:

Consumer Affairs Unit: the unit is responsible for ensuring that the interests of consumers are protected and complaints are resolved speedily. This includes a specific focus on engagement and protection of the needs of persons with disabilities.

Compliance Unit: the unit is responsible for ensuring compliance with legislation, regulations, licence terms and conditions. Collectively, the two departments carry out enforcement actions as and when necessary.

There are many cases where consumer concerns and regulatory compliance overlap. Due to the fact that Consumer Complaints and compliance overlap, the Authority decided to consolidate the division into Compliance and Consumer Affairs

The CCA Division also focused on the following activities during 2015/6:

- Resolution of 75% of consumer complaints within 30 working days of receipt;
- Regulatory impact assessment of the ECS/ECNS Reseller market;
- Monitor and report on Compliance of ECS/ECNS, Broadcasting and Postal licensees;
- Content development for Consumer Awareness;
- Engagement with the NCC (National Consumer Commission);
- Equitable access to broadcasting coverage of the 2016 Municipal Election; and
- Regulatory impact assessment of the USAO model Phase II.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Programme/activity/objective: CCA									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target**	**Actual achievment**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Create an environment conducive to universal broadband provision and digital broadcasting services	Broadband access for public institutions	Draft USAF Amendment Regulations to sustain schools' connectivity model (Phase I) published	Number of published regulations	USAF Regulations, 2011	Draft USAF Amendment Regulations published	Decision to address the requirement via broader policy discussions	Draft USAF Amendment Regulations not published	USAO issues to be dealt with via broader policy discussions on USAO	Increased sustainability of schools' connectivity USAOs
Facilitate social cohesion and nation building	Equitable broadcasting coverage of 2016 municipal elections	Trained staff/service providers/ licensees and political stakeholders on regulations governing broadcast of municipal elections	Number of internal / external stakeholder groups trained	Compliance Report on coverage of 2014 National and Provincial Local Government Elections	Training of four stakeholder groups (staff /service providers/ licensees and political stakeholders) for 2016 municipal elections	Four stakeholders groups (staff /Service providers/ Licensees +political stakeholders) trained for 2016 Municipal Elections			Ensuring that political parties have equitable access to broadcasting services during the 2016 municipal elections

Programme/activity/objective: CCA									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target**	**Actual achievment**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
	HDG/ BBBBEE compliant ICT sector	Internal draft discussion document	Number of discussion documents produced	2011 Findings document on HDG/B-BBEE	Internal draft discussion document on equity ownership and control of licensees	Internal draft discussion document on equity ownership and control of licensees requiring further consultation	Internal draft discussion document on equity ownership and control of licensees not finalised	Internal draft discussion document require further consultation	
Protect consumers from harmful practices	Protection of audiences and consumers (end-users)	Amendment to End-user and Subscriber Charter Regulations gazetted	Number of amended regulations	Regulations on minimum standards for end-user and subscriber service charter, 2009	Published amended Regulations on minimum standards for end-user and subscriber service charter	Published End-User and Subscriber Service Charter Regulations on 1 April 2016	End-User and Subscriber Service Charter Regulations not published by 31 March 2016	End-User and Subscriber Service Charter Regulations published on 1 April 2016	Consumer protection and awareness

Programme/activity/objective: CCA									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target**	**Actual achievment**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an effectively competitive ICT sector	Framework for ECS/ECNS reseller market	Draft discussion document on regulatory framework for ECS/ ECNS resellers	Number of draft discussion documents	Draft discussion document on the ECS/ ECNS Reseller market	Draft discussion document on regulatory framework for ECS/ECNS resellers	Report on Quality of Service Monitoring of SAPO	N/A	N/A	Increase in competition in the sector due to better clarification of the requirements for participation /qualification as ECS/ECNS reseller
Create an environment conducive to universal broadband provision and digital broadcasting services	Broadband access for public institutions	RIA report on Universal Service and Access Obligation (USAO) model Phase II	Number of RIA reports	Regulations on Universal Service Obligations (for provision of internet connectivity to schools), 2014	Publish RIA report on USAO Phase II model	RIA report on USAO approved by Council to be used as input in the integrated ICT white paper policy consultations	RIA report on USAO not published	RIA report on USAO used as input in the integrated ICT white paper policy consultations	Licensees participation and cooperation with the Authority, to determine the best approach for USAO review for ECS/ECNS licensees
Facilitate an efficient operational environment to reduce regulatory burden	Compliance by licensees with applicable legislation and regulations	Monitored ECS/ECNS licensees compliance	Number of compliance reports	2014/15 ECS/ ECNS Licensee Compliance Report	Annual Compliance Report on 50 ECS/ECNS licensees noted by Council	Annual Compliance Report on 60 ECS/ECNS licensees approved by Council			Ensure compliance with licence terms and conditions, regulations and legislation

Programme/activity/objective: CCA									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target**	**Actual achievment**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Facilitate an efficient operational environment to reduce regulatory burden	Compliance by licensees with applicable legislation and regulations	Monitored Postal Service licensees and registrants	Number of compliance reports	2014/15 Postal Licensee Compliance Report	Annual Compliance Report on Postal Service licensee noted by Council	Annual Compliance Report on Postal Service licensee approved by Council	N/A	N/A	Ensure compliance with licence terms and conditions, regulations and legislation
Facilitate an efficient operational environment to reduce regulatory burden	Compliance by licensees with applicable legislation and regulations	Monitored broadcasting licensees	Number of compliance reports	2014/15 Broadcast Licensees Compliance Report	Annual Compliance Report on 50 broadcasting licensees noted by Council	Annual Compliance Report on 64 broadcasting licensees approved by Council	N/A	N/A	Ensure compliance with licence terms and conditions, regulations and legislation
Facilitate an efficient operational environment to reduce regulatory burden	Quality postal services	Postal monitoring equipment	Number of centres monitored	Manual monitoring of mail centres	Automated monitoring of mail centres	Automated monitoring of mail centres	N/A	N/A	Ensure efficient, quality postal services via regular monitoring of compliance by SAPO

Programme/activity/objective: CCA									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target**	**Actual achievment**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Protect consumers from harmful practices	Protection of audiences and consumers (end-users)	Draft consumer protection strategy approved by Council	Number of draft strategies	Uncoordinated consumer awareness initiatives	Approved draft consumer protection strategy	Internal draft consumer protection strategy requires further consultation before finalisation	Consumer Protection Strategy not approved	Consumer Protection Strategy requires further consultation	
Protect consumers from harmful practices	Protection of audiences and consumers (end-users)	Resolved consumer complaints	Rate of resolution of complaints	Resolution of 65% of consumer complaints	Resolve 75% of consumer complaints	Resolved 91% of consumer complaints	N/A	N/A	Consumer protection
	Protection of audiences and consumers (end-users)	Collaborative framework(s) established with National Consumer Commission to protect consumers	Number of collaborative frameworks/agreements established	Consumer Protection Act, 2008 and ICASA Act, 2005	ICASA – National Consumer Commission collaborative framework for consumer protection	ICASA – National Consumer Commission collaborative framework for consumer protection	N/A	N/A	Effective complaints resolution

Programme/activity/objective: CCA									
Strategic objectives	**Key outcome**	**Key output**	**Performance indicator**	**Actual achievement 2014/15**	**Planned target**	**Actual achievment**	**Deviation from planned target to actual achievement for 2015/16**	**Comment on deviations**	**Impact**
Protect consumers from harmful practices	Protection of audiences and consumers (end-users)	Enforced consumer protection regulations (i.e. end-user subscriber service charter + code of conduct for licensees)	Number of licensees monitored	Zero licensees monitored for compliance	Audit 60 licensee retail outlets to assess compliance with consumer protection regulations	60 licensee retail outlets assessed for compliance with consumer protection regulations	N/A	N/A	Consumer protection and awareness
		Published draft a mended Regulations establishing the Consumer Advisory Panel (CAP)	Number of draft Regulations	Current Regulation for Consumer Advisory Panel	Published draft amended regulations for Consumer Advisory Panel	Published draft amended regulations for Consumer Advisory Panel on 30 March 2016	N/A	N/A	Promote consumer representation

SUPPORT DIVISIONS

FINANCE DIVISION

The work of this business unit is expanded upon in Part F of this document.

The division provides support to all staff and divisions of the Authority by managing financial resources, processing business procurement needs and collecting licence fees from the licence holders. This is achieved through:

- Providing effective and efficient support services to ICASA;
- Providing financial management in line with the PFMA, Treasury Regulations, GRAP and other relevant regulations;
- Ensuring compliance with all applicable legislations and policies; and
- Implementation of sound financial management.

Management accounts

- Responsible for asset management;
- Physical verification of assets on a bi-annual basis;
- Asset tagging;
- Asset recording;
- Disposals of assets;
- Insurance and storage functions; and
- Responsible for quarterly, monthly and annual reporting (both internal and external stakeholders).

During the 2015/16 financial year the annual verification success rate was 96,9%, compared to 96.6% in 2014/15.

Budgeting Process

- Annual Budgets
- Medium-Term Expenditure Frameworks (MTEF)
- Estimates of National Expenditure (ENE)
- Budget Review – half yearly exercise
- Cash management (Treasury)

Capital investment, maintenance and asset management plan

Capital investment

In the first month of every quarter the Authority receives a tranche for the quarter from the DoC, based on the approved draw-down schedule. The funds for the latter two months of the quarter are treated as surplus funds and are invested on a short-term basis with one of the major banks providing a better rate of return for investment. The tables below indicate actual interest earned for both 2015/16 and 2014/15 respectively.

Table - Figures in Rand

	2015/16			2014/15		
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
Interest income	10 400 002	22 052 079	11 652 077	10 101 000	16 558 906	6 558 910

Asset management plan

Asset replacements

The Authority relies on both National Treasury and the DoC availing CAPEX funds, especially on infrastructural needs such as the acquisition of the equipment and motor vehicles used for monitoring purposes.

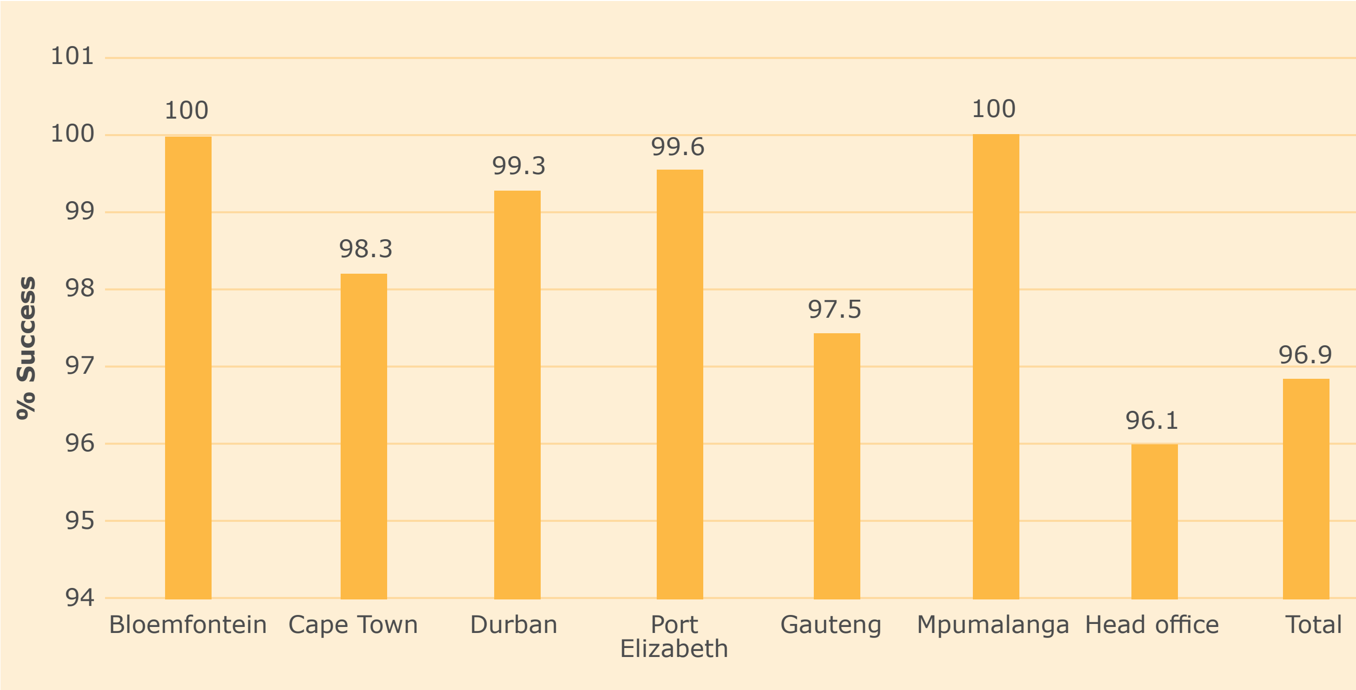
Asset verification

Assets verification is conducted bi-annually, at mid-year and year-end.

Verification results

The Authority achieved a 96.9 percent success rate during the annual verification as compared to 96.6 per cent in 2015/16. Investigations are still taking place regarding unaccounted assets. The table below depicts the results per region.

Annual Assets Verification Results - 2015/16



Asset register management

Asset control forms are completed by the custodians for every movement that takes place; these are collected by the finance assets management team on a weekly basis and the asset register is updated regularly to ensure accuracy as well as completeness. Inventory lists are updated immediately after verification and distributed to all users. Acquisitions are also updated on a weekly basis.

Asset condition

The overall assets base can be categorised as follows:

Type of Assets	Condition		
	Poor (%)	Fair (%)	Good (%)
Techinical Equipmemt	30	10	60
Motor Vehicle	20	30	50
Computer Equipment	5	10	85
Office Equipement	30	40	30
Furniture and Fittings	40	30	30
Leasehold Improvements	10	10	80

From the above table, 50 per cent of the asset population is technical equipment and, considering its age and condition, this is a major concern for the Authority.

Maintenance

Major maintenance projects have been undertaken during the period as shown in the table below. These were primarily related to technical equipment and motor vehicles.

	2015/16			2014/15		
Category	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**
Motor Vehicle-Repair & Maintenance	657 768	723 159	-65 391	817 768	619 461	198 307
R&M-Office Equipment	100 016	63 913	36 103	186 016	125 231	60 785
R&M Technical Equipmemt	361 745	821 209	-459 464	502 487	1 009 468	-506 981
Maintanance IT Infrastructure	-	-	-	411 590	506 746	-95 156
R&M-PABX	-	-	-	480 000	179 740	300 260
R&M-Computer Equipment	34 000	6 031	27 969	96 000	35 492	60 508
	1 153 529	**1 614 311**	**-460 782**	**2 493 861**	**2 476 138**	**17 723**

Administered Revenue unit

This unit is responsible for payment of all revenue collected to the National Revenue Fund (through the DoC) within the legislated timelines. It is responsible for revenue collection for the following services:

- Postal services;
- Spectrum management;
- ECS and ECNS; and
- Broadcasting services.

Accounts Payable unit

The unit is responsible for processing of payments for service providers within the legislated timelines including:

- Ensuring that all proper financial controls are in place; and
- Ensuring that all subsistence and travel claims submitted are in line with the Authority's policy.

The unit is responsible for payroll and other salary-related payments.

Supply Chain Management (SCM) unit

All purchases and acquisitions are done through the SCM unit in line with SCM policy and National Treasury Regulations including:

- Bid processes;
- RFQ processes;
- Inventory management;
- Disposal management; and
- Contract management.

The unit is responsible for managing all travel requirements and bookings with the applicable travel agency. It is responsible for the recording and monitoring of fruitless, wasteful and irregular expenditure in accordance with guidelines issued by National Treasury.

LEGAL, RISK & CCC

The business unit dealing with legal, risk and the CCC, is responsible for providing the following services to ICASA:

- Legal support and ancillary services, including but not limited to legal advice, drafting of internal legal opinions and/ or obtaining external legal opinions, drafting or vetting of contracts, regulations and other documents, litigation and general legal support;
- Monitoring parliamentary legislative processes that may impact on the statutory mandate of ICASA;
- Administering, coordinating and promoting risk-management activities in accordance with the mandate of ICASA;
- To promote regulatory compliance with applicable legislation, policies and procedures, standards and codes of good practice, manage and assess the state of compliance, assess the risks and potential costs of non-compliance and make recommendations for corrective actions if deemed necessary;
- To implement and manage business continuity programmes and plans to keep ICASA operational or to reduce or minimise disruption due to a disaster; and
- To provide technical and administrative support to the CCC guided by good governance, the rule of law, compliance with due process (including fairness, transparency and accountability in the exercise of powers and the use of public funds).

The business unit's mandate is to provide effective and efficient services and to perform its functions in terms of ICASA's mandate and values.

HUMAN RESOURCES

The Human Resources Division is the custodian of the overall human capital management function, with the responsibility of ensuring that ICASA is able to achieve its vision, mission and strategic goals through the optimum utilisation of its human resources. This unit's work is further expanded upon in Part D of this document.

CORPORATE AFFAIRS

Corporate Affairs is a multi-disciplinary division in ICASA that is focused on delivering a support function to ICASA. The division is composed of four business units: Facilities and Fleet, Security Management, Library and Records, Communications and International Relations, and Information Technology.

The main function of the Division is to provide overall support services to ensure efficient delivery of ICASA services. These functions are summarised:

- To ensure that the Authority's records management uses effective and efficient knowledge-management systems;
- To have strategically-positioned properties for ICASA offices nationally and provincially, at cost-effective rates;
- To constantly improve the provision of professional facilities, fleet and support services;
- To ensure that adequate safety and security measures (including OHS) are in place

throughout all the Authority's office locations;

- To develop and implement a strategic framework to improve South Africa's international input to global regulatory forums;
- To develop and implement a programme for ongoing communications with the general public, consumers, licensees and operators, the media and other stakeholders.

The IT division is responsible for all ICASA network and systems of operations and to ensure that the network is robust to protect data.

INTERNAL AUDIT

ICASA's Internal Audit function is based at Head Office and plays an integral role in the corporate governance system. Internal Audit reports centrally, with the responsibility for reviewing and providing assurance on controls, risks and governance processes across all ICASA's operations. Its purpose is to evaluate whether ICASA's systems of control are effective and to adequately mitigate risks. Ultimately, the assurance provided by Internal Audit serves to assist Council in fulfilling its disclosure obligations.

The Internal Audit Division assists management in identifying, evaluating and assessing significant risks and provides reasonable assurance as to the adequacy and effectiveness of related internal controls, i.e. whether controls are appropriate and functioning as intended. Where controls are found to be deficient or not operating as intended, recommendations for enhancement or improvement are provided.

The Internal Audit annual plan and three-year rolling plan was developed and implemented after taking into account the significant risks identified by management and Internal Audit. A risk-based approach was followed in developing this plan. The plan provides coverage across all major processes of ICASA. Finally, Internal Audit also attends to ad hoc requests from management to address aspects that emanate from emerging risks. This unit's work is further expanded upon in Section C of this document.

PERFORMANCE TABLES

Strategic objective	Key Outcome	Key Output	Performance Indicator	Annual Achievement 2014/15	Planned target 2015/16	Actual Achievement	Deviation from target on actual achievement for 2015/16	Comment on deviation	Impact
Human Resources									
Protect consumers from harmful practices	Approved: Talent Management Strategy and Framework	Approved policy	Number of Talent Management Strategy and Framework		Approved: Talent Management Strategy and Framework	Policy has been approved			
	Approved: Incapacity Code and Procedure	Approved policy	Number of Incapacity Code and Procedure		Approved: Incapacity Code and Procedure	Policy has been approved			
	Approved: Employment Equity	Approved policy	Number of Employment Equity		Approved: Employment Equity	Policy has been approved			
	Approved: Leave Policy	Approved policy	Number of Leave Policy		Approved: Leave Policy	The leave policy is being revised	The policy had to be reworked to incorporate further recommended inputs from stakeholders	No impact as the existing leave policy applies	No impact as the existing leave policy applies
	Approved Training and Development Policy	Approved policy	Number of Training and Development Policy		Approved Training and Development Policy	Policy has been approved			

Strategic objective	Key Outcome	Key Output	Performance Indicator	Annual Achievement 2014/15	Planned target 2015/16	Actual Achievement	Deviation from target on actual achievement for 2015/16	Comment on deviation	Impact
	Approved Graduate Development programme	Approved policy	Number of Graduate Development programme		Approved Graduate Development programme	Policy has been approved			
	Approved: Onboarding Guidelines and Procedures	Approved policy	Number of Onboarding Guidelines and Procedures		Approved: Onboarding Guidelines and Procedures	Policy has been approved			
	Approved: Induction Policy	Approved policy	Number of Induction Policy		Approved: Induction Policy	Policy has been approved			
	Approved: Study Assistance Policy	Approved policy	Number of Study Assistance Policy		Approved: Study Assistance Policy	Policy has been approved			
	Approved Succession and retention policy	Approved policy	Number of Succession and retention policy		Approved Succession and retention policy	A draft policy was developed. Consultation with stakeholders is ongoing	The policy had to be reworked to incorporate further recommended inputs from stakeholders		

Strategic objective	Key Outcome	Key Output	Perfor-mance Indicator	Annual Achieve-ment 2014/15	Planned target 2015/16	Actual Achieve-ment	Deviation from target on actual achieve-ment for 2015/16	Comment on deviation	Impact
	Approved HRD Strategy: * Essesntial Training * Entry/ Foundational Level * Technical/ Functional Development * Leadership and Managerial Development	Number of HRD Strategy	Number of HRD Strategy		An HRD Strategy	Strategy document has not been approved	The strategy had to be reworked to incorporate further rec-ommended inputs from stakeholders	A draft strategy has been developed	
	Change Management interventions emanating from the organisa-tional climate culture survey, done	Focus groups held	Number of change management interventions in place		Divisional Focus Groups	Focus groups have been implemented			
		Launch Behaviours charter	Number of change management interventions in place		Behaviours Charter	Behaviours charter is in place			

Strategic objective	Key Outcome	Key Output	Performance Indicator	Annual Achievement 2014/15	Planned target 2015/16	Actual Achievement	Deviation from target on actual achievement for 2015/16	Comment on deviation	Impact
		Type of change management interventions	Number of change management interventions in place		Action plans derived from focus groups implemented	The values have been developed. These were only launched after year end	The launching of the ICASA Values was delayed due to the development of the launching material, which had to happen subsequent to the approval of the Behaviours Charter. Therefore, the launching date of 22 March 2016 became unrealistic, and it was moved to 22 April 2016	The launching if the ICASA values was delayed	

Strategic objective	Key Outcome	Key Output	Performance Indicator	Annual Achievement 2014/15	Planned target 2015/16	Actual Achievement	Deviation from target on actual achievement for 2015/16	Comment on deviation	Impact
Legal, Risk and CCC									
Protect consumers from harmful practices	Develop a MoU framework for ICASA	Streamlined MOU Audit using MOU template	Number of templates developed		Final MoU template and Audit by 31 March 2016	MoU template is in place			
	Managed risks	Risk management plan	Number of risk management registers		Risk register	Risk register for the organisation is in existence			
	Legislation compliance	Exclaim rolled out	Number of compliance reports		Compliance reports	Compliance audit was completed and report provide to the ARC			
Facilitate an efficient operational environment to reduce regulatory burden	Regulatory Audit for the relevance of current Regulations in force	Regulations Database and Revised Regulations	Regulations database Report presented to Council and Steering Committee to review at least four critical Regulations older than 4/5 years		Report on current Regulations in force and Review of at least four critical Regulations	Two critical regulations were reviewed			

Strategic objective	Key Outcome	Key Output	Perfor-mance Indicator	Annual Achieve-ment 2014/15	Planned target 2015/16	Actual Achieve-ment	Deviation from target on actual achieve-ment for 2015/16	Comment on deviation	Impact
	Improved Operational effectiveness and efficiency of the CCC	Process and Procedure and Guidelines for the CCC	Standard Operating Procedures, Final Process and Procedures and Guidelines for CCC and Information Checklists and Quarterly Reports		Standard Operating Procedures, Final Process and Procedures and Guidelines for CCC published on the intranet	The standard operating procedures, process, procedure and guidelines for CCC were developed and published			
	Ensure POPI read-iness and compliance	A review of each division's personal infor-mation ex-posure, pro-cesses and risks	A report to the Accounting Officer identifying all personal information hubs within ICASA and mapping processes in line with POPI requirements		POPI readiness and compliance	POPI readiness audit was completed			

Strategic objective	Key Outcome	Key Output	Perfor-mance Indicator	Annual Achieve-ment 2014/15	Planned target 2015/16	Actual Achieve-ment	Deviation from target on actual achieve-ment for 2015/16	Comment on deviation	Impact
Finance									
Protect consumers from harmful practices	Supply-chain management system that complements delivery of strategic and operational objectives	100% execution of the Demand Plan	Number of Demand Plan by Exco and Quarterly Report on Demand Plan Implementa-tion		One Demand Plan monitored	Demand plan was completed and monitored			
	Adequate funding of the Authority	100% utilisation of funds allocated to ICASA in line with strategy	Percentage spending within budget, Number of funds spent out-side the strategy		Nine Management accounts per month at 90%	Monthly management accounts were completed and spending on budget was monitored			
			Number of budget policy approved		Approved budget policy, with Budget Committee TORs	Budget poli-cy and the ToR for the budget committee were approved			
	Safe-guarding of assets of the Authority	Accurate valid and complete assets register	Number of assets verified per As-set count reports		Two Assets counts and one complete assets register	Asset counts were completed and assets verified according to the asset register			

Strategic objective	Key Outcome	Key Output	Perfor-mance Indicator	Annual Achieve-ment 2014/15	Planned target 2015/16	Actual Achieve-ment	Deviation from target on actual achieve-ment for 2015/16	Comment on deviation	Impact
	Residual values and useful lives of all items of Property, plant and equipment (PPE) and intangible assets assessed on an annual basis	100% assessment of residual values and useful lives	Number of assets assessed for residual values and useful lives per asset register		100% assessment by experts for Technical assets	Assessment of technical assets was performed by experts			
	Financial statement submitted without material misstatement by31 May 2016	Approved AFS on 31 May 2015	Number of AFS and evidence submitted to the AG for Audit		One submission of AFS in May 2016 and 1 Submission of Audited AFS in July 2016	Financial prepared and submitted within the set deadline			
	Submission of monthly management accounts	12 monthly management accounts	12 monthly management accounts, timely produced		12 management accounts	Monthly management accounts prepared timely and com-municated to relevant stakeholders			

Strategic objective	Key Outcome	Key Output	Perfor-mance Indicator	Annual Achieve-ment 2014/15	Planned target 2015/16	Actual Achieve-ment	Deviation from target on actual achieve-ment for 2015/16	Comment on deviation	Impact
	Continuous provision of service	Approved payroll report and policy	Number of approved payroll reports and policies		12 payroll reports and 1 payroll policy	Payroll reports were completed and the payroll policy was updated and was approved	N/A	N/A	
	Compliance with NRF on revenue collected.	Collection of 99% of NRF funds from licensees	Amount of revenue collection on 99% of license fees billed during the year		99% revenue billed, collected and paid over to DOC	99% of the revenue was collected and paid over to DoC	N/A	N/A	
			Maximum of 2 non-compliance findings on all Acts and Regulations		Five Compliance findings by AGSA on audit report. Maximum of 5 non-compliance findings on all Acts and Regulations	AG compliance findings were addressed	N/A	N/A	

Strategic objective	Key Outcome	Key Output	Performance Indicator	Annual Achievement 2014/15	Planned target 2015/16	Actual Achievement	Deviation from target on actual achievement for 2015/16	Comment on deviation	Impact
Corporate Affairs									
Protect consumers from harmful practices	Access to ICASA services	Mpumalanga Office	Number of offices established		Six Regional Offices	The sixth Regional Offices has been established			
	Ergonomic work environment	Office accommodation strategy	Number of accommodation space planning developed		One office, Mpumalanga Regional Office established by 31 December 2015	Mpumalanga Office has been established and is operational			
	Safeguarding ICASA assets	Records management system	Number of records per division		One records management system	Records management system is in place			
	Safeguarding ICASA resources	Security Management Policy	Number of security related policies and procedures		Implemented Security management policy	Security management policy has been approved and implemented			
	Stakeholder engagements	Stakeholder engagement strategy	Number of new stakeholder engagements		One Stakeholder engagement strategy	Draft strategy was developed	The strategy need further consultation		

Strategic objective	Key Outcome	Key Output	Performance Indicator	Annual Achievement 2014/15	Planned target 2015/16	Actual Achievement	Deviation from target on actual achievement for 2015/16	Comment on deviation	Impact
	Positive ICASA brand	Corporate Communications Strategy	Number of (i.e. events, exhibitions, opinion pieces, press releases)		Approved Media Policy and Communication Strategy	Draft media policy and communications strategy is developed	The consultation process with stakeholders could not be completed within the financial year		Some of the initiatives documented in the strategy could not be undertaken
					Number of events/ exhibitions offered; Five press releases, Four opinion pieces and two information memos	Events, Exhibitions and press releases were held			
	Increased speed of execution	Integrated IT Strategy	Number of outcome driven reports. Time it takes to get the reports		One IT strategy	The strategy is currently in draft	The IT strategy has been deferred to the 2016/17 financial year		Some of the initiatives documented in the strategy could not be undertaken

Strategic objective	Key Outcome	Key Output	Perfor-mance Indicator	Annual Achieve-ment 2014/15	Planned target 2015/16	Actual Achieve-ment	Deviation from target on actual achieve-ment for 2015/16	Comment on deviation	Impact
Internal Audit									
Protect consumers from harmful practices	Assured control environment in Governance, Risk Management and Internal Controls	Audit reports completed on a quarterly basis	Number of Audit reports completed		28 Audit Reports	Four audits not completed were deferred to the 2016/17 Financial year	The non-achievement of the audit plan was mainly due to audits being deferred to the new financial year after approval was obtained from the ARC		Assurance could not be provided
		Follow-up Monitoring Reports Completed	Number of follow-up monitoring reports completed		12 Monitoring Reports	Issues are tracked on a monthly bases and monitoring report communi-cated to Exco and ARC			

Strategic objective	Key Outcome	Key Output	Perfor-mance Indicator	Annual Achieve-ment 2014/15	Planned target 2015/16	Actual Achieve-ment	Deviation from target on actual achieve-ment for 2015/16	Comment on deviation	Impact
		Quarterly reports on Combined Assurance for key risks facing ICASA	Number of Quarterly Reports on Combined Assurance for key risks facing ICASA		Three Reports	Combined assurance forum has been established	The consolidated risk register is inadequate and is in the process of being updated. Risk workshops for PRA, Licensing and Regions were completed in Q3		Assurance could not be provided
		Monthly reports on Continuous Monitoring of exceptions Imple-mentation of continuous monitoring tools	Number of monthly exception reports		10 Continuous Monitoring reports	Continuous Monitoring reports completed and com-municated to stakeholders			

Strategic objective	Key Outcome	Key Output	Performance Indicator	Annual Achievement 2014/15	Planned target 2015/16	Actual Achievement	Deviation from target on actual achievement for 2015/16	Comment on deviation	Impact
		Annual Audit Plan and three-year rolling plan 2016-2019	Number of Approved plans by Audit & Risk Committee		Internal Audit Plan and three-year rolling plan	The Internal Audit plan and the three-year rolling plan have been approved by the ARC in January 2016			
		(Report on Quality Assurance Review -achieving an opinion of 'generally comply' with the external QAR)	Number of Quality Assurance Review Reports		External Quality Assurance Review report	External Quality Assurance Review of the Internal Audit unit was completed			

SECTION C:
GOVERNANCE

twenty 15/16
ANNUAL REPORT

INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

THE ACCOUNTING AUTHORITY / COUNCIL

Introduction

The ICASA Council is the Accounting Authority. The Council provides leadership and is responsible for monitoring the implementation by management of its decisions and strategies. The Council ensures that ICASA adheres to good governance practices and that it complies with all relevant legislation and underlying statutes.

Regulatory role

- Licencing of electronic communications
- Licencing of Broadcasting services
- Licencing of postal services
- Development of regulations for all license services

Governance role

- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the Minister and parliament, as well as other stakeholders along corporate governance principles;
- Provide effective leadership on an ethical foundation;
- Ensure that ICASA is, and is seen as, a responsible organisation by having regard to not only the financial and regulatory aspects of ICASA, but also the impact ICASA's operations have on the environment and the society within which it operates;
- Ensure that ethics are effectively managed within ICASA;
- Ensure that ICASA has an independent and effective Audit and Risk Committee;
- Be responsible for the governance of risk;
- Be responsible for information technology governance;
- Ensure that ICASA complies with applicable laws and considers adherence to non-binding rules and standards;
- Ensure that there is an effective risk-based internal audit;
- Appreciate that stakeholders' perceptions affect ICASA's reputation;
- Ensure the integrity of ICASA's integrated report;
- Act in the best interests of ICASA by ensuring that individual councillors:
    - Adhere to legal standards of conduct;
    - Are permitted to take independent advice in connection with their duties following an agreed procedure;
    - Disclose real or perceived conflicts to Council and deal with them accordingly;
- Appoint and evaluate the performance of the CEO;
- Ensure that disputes, save for labour disputes, are resolved effectively, efficiently and expeditiously;
- Monitor management in implementing Council decisions and strategy; and
- Develop ICASA's strategy and vision.

Council Charter

As recommended in the King III Code of Good Governance, the Council endorses the principles recommended in the code. Council applies these principles where appropriate and applicable, on the condition that the King code is not in contravention with constitutional and legislative mandates. The Council has an approved Council Charter that sets out policies to guide Council, management and staff to effectively discharge their duties.

The Council Charter includes:

- The demarcation of roles, responsibilities and powers of the Chairperson, Councillors and the Chief Executive Officer;
- Powers delegated to various committees of the Authority;
- Matters reserved for final decision-making by Council; and
- Roles and procedures of meetings of Council and its committees.

COUNCIL PROJECTS FOR 2015/16

The 2015/16 financial year began with three (3) Councillors and a Chairperson in office. The Councillors chaired a number of regulatory projects that are aimed at creating an enabling environment within the communications sector.

Council led projects to develop regulations and other regulatory documents this financial year:

Licensing

1. Draft regulations on Code of Conduct for premium rated services – The draft regulations paved the way for the Authority to make an informed decision on the regulatory position on this matter, thereby providing a regulatory instrument that will protect end-users from harmful practices and set a code of conduct for premium rated service providers.
2. Numbering Plan Regulations – the regulations ensure the enforceability of the toll-free framework and release additional 40 million numbers to cater for the growing demand for mobile services. Further, they provide for machine related services migration and introduction of the short code strategy.
3. Amendment of Regulations on the Standard Terms and Conditions and Regulations on Processes and Procedures – the regulations were published with a view to removing ambiguities and simplifying the language and application requirements, thereby reducing the regulatory burden for licensees
4. The issuing of the ITA for commercial sound broadcasting services in the secondary market of the Northern Cape – the ITA was published to afford interested parties an opportunity to apply for a commercial broadcasting licence. This process aims to increase choice and diversity in sound broadcasting services in the Northern Cape.
5. The issuing of the ITA for spectrum capacity in multiplex 3 for subscription television broadcasting services – the ITA was published with a view to promote competition in the subscription television broadcasting service market.
6. Licensing process for Commercial Free-to-Air Television Broadcasting Services – the process was initiated with a view to increasing competition in the Commercial Free-To-Air Television Broadcasting market

Policy Research and Analysis

1. Published Discussion Document defining priority markets for intervention –
2. Review regulations governing broadcasting coverage of the municipal elections – the regulations were published to provide a framework and guidelines for the broadcast of Party Election Broadcasts and Political Advertisements during the municipal elections later in 2016
3. Revised regulations specifying minimum local content requirements for radio and television - the regulations will develop, protect and promote

national and provincial identity, culture and character, as well the recognition of diversity of all cultural backgrounds in the South African society. The regulations further contribute to the development of a television industry that is owned and controlled by South Africans. Furthermore, the regulations will help in the establishment of a vibrant, dynamic, creative and economically productive South African film and television industry

Engineering and Technology

1. Draft Regulations on E-band and V-Band Spectrum - the spectrum will provide major speed and cost advantages to small and large users
2. Findings document on dynamic and opportunistic spectrum approved by Council – the aim of the projects was to do research into dynamic and opportunistic spectrum management in order to overcome, in the longer term, the serious spectrum shortages that are expected to arise in future; and to investigate, in the shorter term, the viability of using the spectrum dividend that is arising from DTT, especially in the band 470-694MHz
3. Draft regulations, draft position paper and draft guidelines on infrastructure sharing - valuable research results were obtained that could provide useful input to ICASA improving its frameworks on facilities leasing

Compliance and Consumer Affairs

1. End-User and Subscriber Service Charter – the regulations were defining parameters of performance by licensees and required standards for consumer protection
2. Draft Consumer Advisory Panel regulations

ICASA COUNCIL

Stephen Mncube

Katharina Pillay

Rubben Mohlaloga

Nomvuyiso Batyi

Term of office

ICASA Councillors are appointed through a public parliamentary process outlined in the ICASA Act. The term of office of the Chairperson is five years and that of Councillors is four years. The current Council compliment is as follows:

COUNCIL MEMBERS	TERM OF OFFFICE
Dr Stephen Mncube (Chairperson)	2010 to 2015
Nomvuyiso Batyi	2013 to 2017
Rubben Mohlaloga	2013 to 2017
Katharina Pillay	2013 to 2017

Composition of ICASA Council

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships (list the entities)	Other committees or task teams e.g. Audit Committee/ Ministerial Task Team)	No of meetings attended
Dr SS Mncube	Chairperson	2010.07.01	2015.06.30	PhD, Adult Education, Syracuse University MSS, Administration and Social Science in Higher Education, Syracuse University MLS, Library and Information Science, Syracuse BSc, General Studies, Rochester University		N/A	N/A	4 of 19

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships (list the entities)	Other committees or task teams e.g. Audit Committee/ Ministerial Task Team)	No of meetings attended
Ms NA Batyi	Councillor	2013.02.11	Current	Bachelor of Law – University of Fort Hare, 2000 B.Proc – University of Fort Hare, 1998		City of Johannesburg –Metrobus (Non-Executive Director)		19 of 19
Mr RM Mohlaloga	Councillor	2013.07.01	Current	Senior Teachers' Diploma BA (Communications) MSC Public Policy and Management	Broadcasting Spectrum Management	N/A	N/A	18 of 19
Ms KGS Pillay	Councillor	2013.02.11	Current	Diploma in Marketing, UNISA MAP, Wits Business School Project Management Certificate, Damelin		N/A	N/A	19 of 19

ICASA Council and Committees

Committee	No of meetings held	No of members	Name of members
Information Technology Review Committee - ITRC	4	2	Pierre Cronje
			Potlaki Maine
Audit and Risk Committee - ARC	5	5	Sathie Gounden
			Mpho Mosweu
			Masaccha Mbonambi
			Prof. Anton du Toit
			Maleho Nkomo
			Councillor
Remuneration Committee - REMCO	2	4	Cecilee Phatudi
			Takalani Musekwa
			Hayley Morgan
			Mochabo Moerane
			Councillor
Council	38	4	Katharina Pillay
			Rubben Mohlaloga
			Nomvuyiso Batyi
			Dr. Stephen Mncube
Executive Committee – EXCO	34	8	Pakamile Pongwana
			Willington Ngwepe
			Leona Mentz
			Portia Mngomezulu
			Busisiwe Mtsweni
Complaints and Compliance Committee – CCC	39 including hearings and deliberations	7	Prof JCW van Rooyen
			Councillor
			Prof Kasturi Moodaliyar
			Jacob Medupe
			Nomfundo Maseti
			Mapato Ramokgopa
			Jack Tlokana

Remuneration of ICASA Council members

The remuneration of Councillors of ICASA is paid according to section 10 of Act 13 of 2000. The Chairperson and Councillors are entitled to the salary, allowances and benefits, as the Minister may determine with the concurrence of the Minister of Finance, subject to any applicable national legislation envisaged by section 219(5) of the Constitution. In 2007 and 2014 respectively, the Minister made the determination that the remuneration of ICASA Councillors shall be administered as follows:

- Chairperson of ICASA's remuneration shall be adjusted to the level of the Director-General (DG); and
- The other councillors to the level of Deputy Directors-General (DDGs).

Refer to page 165

RISK AND BUSINESS CONTINUITY MANAGEMENT

ICASA has adopted the Public Sector Risk Management Framework, published by National Treasury and manages strategic risks associated with the objectives in its strategic plan, as well as operational risks in line with its mandate. The Risk Management Framework provides guidelines to staff and management should be managed.

The risk management process has been automated to ensure that all risks are captured and reviewed on a quarterly basis. Risk workshops are conducted with staff where risks are identified and the ICASA risk register is updated with the identified risks.

Risks are identified at the beginning of each financial year, reviewed on a quarterly basis and submitted to the ARC for input on risk mitigation then recommended to Council for approval.

The PFMA requires effective, efficient and transparent systems of financial and risk management and internal controls. In addition, the Treasury Regulations for Departments, Institutions and Public Entities require that risk assessment should be facilitated to determine the material risk to which ICASA may be exposed to and evaluate the strategy of managing those risks.

The Authority recognises that it has to deliver services in an increasingly litigious and risk-averse society and therefore uses risk management to promote innovation in support of the corporate strategy.

The faster pace and need for innovation, combined with significant risk-based events have focused attention on risk management as an essential tool in sound decision-making and accountability within the Authority.

The Authority takes a holistic risk management approach and all risk management activities are aligned to corporate aims, objectives and the Authority priorities, and aims to protect and enhance the reputation and standing of the Authority.

It is critical to the Authority to conduct its business with due regard for the safety and health of its employees, visitors and contractors, and for the protection and preservation of property and the environment. Continuity of operations is vital and must be maintained, even under the most adverse circumstances. It is therefore vital that all of the Authority's operations have practical and robust plans to respond to any major threat or incident. The Business Continuity Plan (BCP) identifies and evaluates risks to its assets and operations, provides proactive and reactive procedures to mitigate the effects of unforeseen losses by having processes of continuity and recovery in place that are audited at least once a year, tested and updated.

INTERNAL CONTROL

According to the reports by the Auditor-General as well as the reports from Internal Audit, it was noted that certain matters were reported indicating deficiencies in the system of internal control and deviations therefrom.

Management has given assurance that effective corrective action is being implemented in respect of all internal control weaknesses and the ARC will monitor these going forward.

INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The Internal Audit Division planned to conduct 28 audits for the year and managed to complete 24 (86%) audit projects for the year. Progress on work done for the year was reported to the ARC as per the mandate.

The non-achievement of the audit plan was mainly due to audits being deferred to the new financial year after approval was obtained from the Audit and Risk Committee for the following reasons:

- The Bonus Payments Review was cancelled as bonuses were not paid for 2014/15;
- Network Security Review was deferred and performed jointly with Auditor General during March/April 2016;
- Risk Management Review was performed in March 2015 and actions identified to address issues were in progress and would have been inefficient reporting the same aspects again;
- The Spectrum System Implementation Review was deferred as the system is scheduled for implementation in the new financial year.

The hours from the deferred audits were used for management requests and 34 governance documents (policies, terms of reference and strategy documents) that were reviewed.

The review of governance documents by Internal Audit and Legal Divisions prior to approval was a new requirement made by Council in November 2015.

The Division has embarked on two key strategic projects, that are:

- implementation of a Combined Assurance strategy and a Continuous Monitoring and Auditing strategy. It is envisaged that these two projects will be taken to the next level in the next financial year. A combined Assurance Forum has been established to monitor progress made regarding the implementation of the strategy.

All management requests during the reporting period were attended to. In March 2016, the Internal Audit function underwent an external Quality Assurance Review as required by the Institute of Internal Auditors' standards. The review, conducted by the Institute of Internal Auditors, resulted in a favourable rating of 'Generally Conforms'. This was a first for the Authority.

Among other matters, the Audit and Risk Committee is responsible for monitoring and reviewing the effectiveness of ICASA's Internal Audit function.

Each year, the ARC considers and approves the Internal Audit Plan, receives and reviews Internal Audit progress reports and approves any changes or shortfalls in the Internal Audit Plan.

Name	Internal or external	Date appointed	No of meetings attended
Mr Sathie Gounden (Chairperson)	External	2014.05.26	5
Prof Anton du Toit	External	2014.03.01	4
Ms Massacha Mbonambi	External	2014.03.01	4
Ms Maleho Nkomo	External	2014.03.01	3
Ms Mpho Mosweu	External	2014.03.01	4

COMPLIANCE WITH LAWS AND REGULATIONS

ICASA introduced an automated system to assist in the management of compliance to applicable legislation, policies and procedures, standards and codes of good practice. The system enables ICASA's act owners and compliance champions in their tasks to manage compliance, assess compliance risks and to implement compliance plans.

At an organisational level, compliance is achieved through management processes that identify the applicable requirements (defined for example in laws, regulations, contracts, strategies and policies), assess the state of compliance, assess the risks and potential costs of non-compliance against the projected expenses to achieve compliance, and hence prioritise, fund and initiate any corrective actions deemed necessary.

FRAUD AND CORRUPTION

ICASA has reviewed and updated its Fraud and Corruption Prevention, and Whistleblowing policies. Additionally, ICASA continues to make a dedicated ethics line available, which is operated and monitored by an external service provider.

In the event that fraud-related incidents are reported, an initial investigation is conducted internally and external service providers are engaged, where necessary.

Fraud awareness workshops are conducted at least annually, and employees and other stakeholders are urged to report any fraud, corruption and/or unethical behaviour within the organisation through the ethics line.

MINIMISING CONFLICT OF INTEREST

A fully functional SCM unit is in place, with various internal committees required to sign declarations of interest before decision-making takes place. On an annual basis, the SCM unit signs individual declarations on Code of Conduct. All employees are, on an annual basis, required to sign financial disclosure forms under oath at a Commissioner of Oaths or SAPS. These principles were re-emphasised during the workshops held on the updated SCM policy that was approved during the financial period. No conflicts of interests were identified during the financial period.

CODE OF CONDUCT

The Code of Ethical Conduct and Disclosure of Members' Interests for Council and the CEO of ICASA is intended, and has been implemented, to provide a framework of reference for the Councillors and CEO of ICASA when discharging their duties and responsibilities. The purpose of the code is to create public trust and maintain public confidence in the integrity of ICASA and thereby engender the respect and confidence that society needs to have in an independent regulator as a constitutional body. The Code of Ethical Conduct and Disclosure of Interests is in the process of being extended to include all staff members.

The code requires that ICASA establish a Committee of Ethics and Disclosures to investigate, hear and adjudicate/recommend on complaints that have been lodged against a Councillor or the CEO for any breach or contravention of the code, breaching or contravening a provision of the code. To this end, the Audit and Risk Committee's scope has been extended to include ethics and disclosures.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

ICASA has a Health and Safety Committee, which is made up of OHS representatives from core and support Divisions, as well as Regional offices. The OHS representatives are responsible for monitoring and reporting on hazards and risks within the organisation. The representatives also serve as a point of contact to all ICASA staff on health and safety matters.

Facilities Management conducted an emergency evacuation drill, to create awareness and ensure that all staff are familiar with emergency alerts and what their individual roles are during an actual situation. OHS representatives were also trained in addressing workplace hazards and risks, conducting safety and health representation activities, and on how to use evacuation drills during an emergency.

One of the environmental issues addressed as part of renovations was changing the conventional lights in all offices into motion-sensor lighting.

Motion-sensor lighting reduces electricity usage. By saving energy, the environment is conserved, reducing the detrimental effects of climate change.

AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR-ENDED 31 MARCH 2016

The Audit and Risk Committee (ARC) presents its report for the financial year-ended 31 March 2016, as required by Treasury Regulations and the Public Finance Management Act 1 of 1999 (PFMA), as amended.

Audit and Risk Committee Members and Attendance

The ARC was established in accordance with the provision of the PFMA. The Audit and Risk Committee Charter requires that the ARC is comprised of a minimum of three members. The ARC is comprise of five members, including the Chairperson. During the financial year ended 31 March 2016, ARC met on five occasions and the attendance is shown in the table below.

NAMES OFAUDIT & RISK MEMBERS	22 April 2015	25 May 2015	23 July 2015	26 October 2015	22 January 2016
Sathie Gounden	Attended	Attended	Attended	Attended	Attended
Anton du Toit	Attended	Attended	Attended	Absent	Attended
Massacha Mbonambi	Attended	Absent	Attended	Attended	Attended
Maleho Nkomo	Absent	Attended	Attended	Absent	Attended
Mpho Mosweu	Attended	Absent	Attended	Attended	Attended

Audit and Risk Committee Responsibility

The ARC reports that it has, as far as it was possible, complied with its responsibilities arising from Treasury Regulations.

The ARC has adopted appropriate formal terms of reference as its Charter, has regulated its affairs in compliance with its Charter and has discharged all its responsibilities as contained therein.

Internal Audit

The Accounting Authority is obliged, in terms of the PFMA, to ensure that the entity has maintained an effective, efficient and transparent system of financial, risk management and internal control.

In line with the PFMA and the King Code on Corporate Governance requirements, Internal Audit is expected to provide the ARC and management with assurance that the internal controls are appropriate and effective.

The ARC was largely satisfied that Internal Audit properly discharged its functions and responsibilities to the Authority during the year under review.

Effectiveness of Internal Control

From the reports by the Auditor-General, as well as the reports from Internal Audit, it was noted that certain matters were reported indicating deficiencies in the system of internal control and deviations therefrom. Management has given assurance that effective corrective actions are being implemented in respect of all internal control weaknesses and the ARC will monitor these going forward.

Governance of risk

The ARC is responsible for the oversight of the risk management function. The Risk Management Committee reports to the ARC on ICASA’s management of risk. The ARC has reviewed the risk register and the ARC was not completely satisfied with the risk management process. It has suggested certain improvements to be made and will monitor progress with regard to this.

The quality of management and quarterly reports submitted in terms of the PFMA

The ARC was satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review. The ARC has engaged with management to remedy shortcomings, especially relating to the performance reports. The ARC will monitor progress made by management on the quarterly reports.

Evaluation of the Annual Financial Statements

The ARC reviewed the annual financial statements and wishes to indicate that it performed a review on the annual financial statements focusing on:

- Significant financial reporting judgments and estimates contained in the annual financial statements;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Quality and acceptability of, and any changes in, accounting policies and practices;
- Compliance with accounting standards and legal requirements;
- Significant adjustments and/ or unadjusted differences resulting from the audit;
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Asset valuations and revaluations;
- Calculation and levels of general and specific provisions;
- Write-offs and reserve transfers; and
- The basis for the going concern assumption.

Auditor-General's Report

The committee concurs with and accepts the conclusion and audit opinion of the Auditor-General on the annual financial statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General.

The external audit function, performed by the Auditor-General is independent of the entity. The ARC has met with the Auditor-General to ensure that there are no unresolved issues and acknowledges the diligence and co-operation of the Auditor-General's team.

On behalf of the Audit and Risk Committee

Mr S Gounden
CHAIRMAN, AUDIT AND RISK COMMITTEE
31 July 2016

SECTION D:
HUMAN RESOURCE MANAGEMENT

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INTRODUCTION

The Human Resources Division is the custodian of the overall human capital management function, with the responsibility to ensure that ICASA is able to achieve its vision, mission and strategic goals through the optimum utilisation of its human resources. HR creates value through the effective and efficient delivery of relevant HR solutions that meet the strategic and business needs of the Authority.

Overview

The human capital management strategy articulates how it will ensure that the Authority has the ability to plan for required resources, recruit the right talent in the right positions at the right time, continuously develop the talent to maintain the required levels of competence, create a conducive working environment that enables employee engagement and a high-performance culture. The critical aspects of the Human Resource strategy are:

- Organisational design to ensure that the development of the execution structures are aligned to the mandate of ICASA, pertaining to the levels of reporting, content of work and competency levels;
- Talent sourcing on the business priorities of the annual human resources plan to ensure adequate capacity;
- Talent development to address competency gaps and to ensure the correct depth of competence for the required outputs at all levels of the organisation;
- Build effective leadership capability;
- Talent retention strategies to put in place programmes of action inclusive of career paths, succession planning, and reward and recognition practices to prevent loss of critical skills and ensure that there is business continuity pertaining to talent;
- To ensure sound labour relations between the Authority and its employees through clearly articulated HR policies; and
- To provide value-add and consistent HR service delivery to ICASA employees.

MANDATE OF THE HUMAN RESOURCES DIVISION

Vision & Purpose
Driving the people agenda in partnership with business
Credible, professional HR business partners that add real value through reliable, relevant and effective HR solutions.

Strategic Alignment	**Culture & Change**	**Talent Management**	**Capacity Building**	**Transformation**

Talent Acquisition	**Performance Management**
Learning & Development	**Reward & Recognition**
Stakeholder Management	**Employee Relations**

HR Systems & Administration

OBJECTIVES/PERFORMANCE OUTCOMES

The Human Resources division intends to support and enable the Authority to achieve its objectives in modernising ICASA, through the following identified objectives:

Complete review and implementation of the new organisational structure	**Develop and implement an integrated Talent Management Framework**	**Ensure sound implementation of employee relations practices**	**Develop and implement the HR Service Delivery Model**
• Fit-for-purpose developed and implemented structure • Change management	• Attraction and acquisition • Employee engagement • Development, retention and succession	• Development of HR policies and procedures • Collective bargaining • Dispute resolution	• Efficient execution of HR services and offerings in business

OVERVIEW OF HUMAN RESOURCES MATTERS

Below are the Human Resource matters and priorities that support the alignment of the Authority's workforce with the government's priorities, mission, strategic plan and budgetary resources. Amongst other things, these human resource matters aim to ensure that the Authority has the right people at the right time to achieve the objectives and goals of the Authority.

- Ensure that the Authority strategic plan is achieved
- Ensure an adequate supply of correctly qualified staff
- Provide human resource information to other functions within the Authority
- Develop recruitment strategies that support the attraction of highly skilled talent
- Develop retention strategies that are true to the relevant policies and deliver talent
- Ensure equal opportunities for all employees within the Authority
- Ensure that capacity issues are adequately addressed across all levels of the organisation and
- Address changing service delivery demands.

HR priorities and its impact

HR Priorities	Impact
Filling of critical and prioritised positions	Ensure that prioritised and critical positions are dis-cussed with various Divisional heads and filled accordingly
Skills audit	Ensure that the Authority has the right people at the right place and at the right time
Leadership Development Programme	Ensure that the Authority has effective leadership that responds to the needs of the Authority, as well as the dynamic ICT environment
	Ensure that leadership inspires a positive culture that drives individual and organisational performance
Training, development and empowerment of employees	Ensure that training interventions are in line with the Work Place Skills Plan and that they are implemented to develop and empower the Authority's workforce
Performance Management	Ensure effective implementation and monitoring of individual performance as per the performance agreements and cycle in line with the Authority's strategy
Development of succession as well as retention strategies	Develop and implement an integrated Talent Management framework, which will include, amongst others:
	• Implementation of a Succession Planning strategy
	• Implementation of Reward and Recognition, Career Management policies
	• Implement an effective On-Boarding Programme

Employment Equity

As a designated employer, in compliance with the Employment Equity Act of 1998, the Authority developed and approved its EE policy, that supports the realisation of the EE plan.

At the end of the 2015/16 financial year, the Authority had a total of 353 staff members. The demographics of the organisation are illustrated in the table below.

Population group	Total number of employees	Actual %	EAP%
African	272	77%	74,9%
Coloured	27	8%	10,8%
Indian	15	4%	3,0%
White	39	11%	11,3%
Grand total	**353**	**100%**	**100%**

Training Costs

Business Units	No of employees trained	Training expenditure R	Average training cost per employee R
CEO Office	3	169 026	56 342
Communications & International Relations	8	277 119	34 640
Compliance & Consumer Affairs	29	310 531	10 708
COO Office	4	144 345	36 086
Council & Secretariat	10	261 399	26 140
Engineering & Technical	12	135 142	11 262
Executive Corporate Affairs Office	8	46 749	5 844
Facilities	3	38 273	12 758
Finance	34	344 690	10 138
HR	6	109 324	18 221
Internal Audit	13	214 338	16 488
IT	8	79 033	9 879
Legal & Risk	12	153 295	12 775
Licensing	34	267 207	7 859
Policy Research & Analysis	20	205 913	10 296
Regions	47	542 015	12 605
Grand Total	**251**	**3 298 398**	**13 354**

Employment and vacancies

	2014/15	2015/16
Approved posts	329	354
Number of employees in approved structure	244	291
Total number of employees	316	353
Vacancies	80	36
Vacancies (vacancy rate percentage)	24%	10%

Occupational levels	2013/14 No of employees	2013/14 Vacancies	2015/16 No of employees	2015/16 Vacancies	% of vacancies
Top management	1	0	4	0	0%
Senior management	9	2	10	1	10%
Professionally qualified	47	38	92	14	15%
Skilled	189	34	141	15	11%
Semi-skilled	70	6	42	6	14%
Unskilled	0	0	2	0	0%
Total	**316**	**80**	**291**	**36**	**10,2%**

Employment changes for 2015/216

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	5	0	1	4
Senior management	9	2	1	10
Professionally qualified	77	28	9	96
Skilled	149	35	15	169
Semi-skilled	77	3	9	71
Unskilled	3	0	0	3
Total	**320**	**68**	**35**	**353**

Reasons for staff attrition

Reason	Number	% of total no of staff leaving
Dismissal	1	3%
Resignation	33	94%
Retirement	1	3%
Total	**35**	**100%**

Training Costs

Occupational levels	Male								Female								Foreign national		Grand total
	African	Target	Coloured	Target	Indian	Target	White	Target	African	Target	Coloured	Target	Indian	Target	White	Target	Female	Male	
Top management	2	4	0	0	0	0	0	2	1	3	0	0	1	1	0	0	0	0	4
Senior management	3	2	0	0	1	0	1	2	3	1	0	1	0	0	2	0	0	0	10
Professionally qualified	54	24	5	3	6	3	6	2	20	16	3	1	0	1	1	1	1	0	96
Skilled technician and academically-qualified workers	60	54	11	4	3	4	15	14	66	47	4	3	2	1	8	5	0	0	169
Semi-skilled and discretionary decision-making	17	16	1	1	1	2	3	3	42	46	3	3	1	1	3	2	0	0	71
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	3
Grand total	**136**	**100**	**17**	**8**	**11**	**9**	**25**	**23**	**135**	**113**	**10**	**8**	**4**	**4**	**14**	**8**	**1**	**0**	**353**

Disabled staff

Occupational Level	Female		Male		Grand Total
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Professionally-qualified	0	0	0	0	0
Skilled technician and academically-qualified workers	2	2	3	3	5
Semi-skilled and discretionary decision-making	0	0	1	1	1
Unskilled	0	0	0	0	0
Grand total	**2**	**0**	**4**	**0**	**6**


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SECTION E:
COMPLAINTS AND COMPLIANCE COMMITTEE

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CHAIRPERSON'S REPORT

Introduction

The Complaints and Compliance Committee (CCC) is a creature of statute, established in terms of section 17A of the Independent Communications Authority of South Africa Act No 13 of 2000 (the ICASA Act). The Act dictates that there should not be more than seven members and one of them must be a councillor. The term of members is three years, which is renewable for one additional term only.

The CCC is a body that is guided by the Constitution and the law in all the complaints and disputes placed before it for adjudication and decision making.

The Chairperson presides at the hearings and the parties appearing thereat are usually represented by counsel and attorneys, in line with the provisions of section 17C of the ICASA Act. The hearings are open to the public and the media.

The mandate of the Complaints and Compliance Committee

The mandate of the CCC is spelt out in the ICASA Act, and is as follows:

- It must investigate and hear, if appropriate, and make a finding on:
    - All matters referred to it by the Authority;
    - Complaints received by it; and
    - Allegations of non-compliance with the Act or underlying statutes.

The CCC may make any recommendation to the Authority necessary or incidental to:

The performance of the functions of the Authority in terms of the ICASA Act or the underlying statutes; and

Achieving the objects of the ICASA Act and the underlying statutes.

Underlying statutes are defined in the ICASA Act as the Broadcasting Act, the Postal Services Act and the Electronic Communications Act.

Prof Kobus van Rooyen SC
CHAIRMAN
31 July 2016

COMMITTEE MEMBERSHIP AND ATTENDANCE

Membership

The term of office of CCC members is three years and the following members, as depicted in Table 1, are the current serving members during the period under review.

Committee member	Commencement of term	Expiry date of term
Prof JCW van Rooyen	2014.12.18	2017.12.17
Councillor Nomvuyiso Batyi	2013.02.01	2017.01.31
Prof Kasturi Moodaliyar	2014.12.01	2017.11.30
Mr Jacob Medupe	2014.12.01	2017.11.30
Ms Nomfundo Maseti	2014.02.01	2017.01.31
Mr Jack Tlokana	2014.02.01	2017.01.31
Ms Mapato O Ramokgopa	2014.02.01	2017.01.31

Attendance

Member	8 Internal meetings	4 Quarterly meetings	3 Deliberations	29 Hearings	1 Strategic session (over a period of 2 days)	Total
Prof JCW van Rooyen	7	4	2	28	2	43
Councillor N Batyi	N/A	4	2	26	2	34
Prof K Moodaliyar	1	4	3	20	N/A	28
Ms N Maseti	N/A	4	1	9	N/A	16
Ms MO Ramokgopa	N/A	4	2	21	2	29
Mr J Tlokana	N/A	4	2	14	2	22
Mr J Medupe	N/A	4	2	14	2	22

Number of complaints adjudicated by the CCC during the period under review

Postal	Broadcasting	Telecommunications	Total
7	3	40	50

SECTION F:
FINANCIAL INFORMATION

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

The annual financial statements set out on pages 123 to 185, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2016 and were signed on its behalf by:

Mr Pakamile Pongwana
CHIEF EXECUTIVE OFFICER
31 July 2016

Rubben M Mohlaloga
ACTING CHAIRPERSON
31 July 2016

REPORT BY THE ACCOUNTING OFFICER

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999) (PFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The auditors are responsible for auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on page 118.

The annual financial statements set out on pages 123 to 185, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2016 and were signed on its behalf by:

Mr Pakamile Pongwana
CHIEF EXECUTIVE OFFICER
31 July 2016

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

Report on the annual financial statements

Introduction

1. I have audited the annual financial statements of the Independent Communications Authority of South Africa set out on pages 123 to 185, which comprise statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these annual financial statements in accordance with the South African Standards of Generally Recognised Accounting Principles (SA Standards of GRAP) and the requirements of the Public Financial Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the annual financial statements present fairly, in all material respects, the financial position of the Independent Communications Authority of South Africa as at 31 March 2016 and its financial performance and cash-flows for the year ended 31 March 2016, in accordance with South African Standards of Generally Recognised Accounting Principles (SA Standards of GRAP) and the requirements of the Public Financial Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 28 of the financial statements, ICASA is a defendant in a number of lawsuits. The

ultimate outcome of these matters cannot currently be determined, and no provision for any liability that may result has been made in the financial statements.

Unspent conditional grants

9. As disclosed in note 14 of the financial statements, ICASA has materially underspent on the conditional grant to the amount of R60 661 162 (2014/15: R85 858 047).

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof. I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the constitutional institution for the year-ended 31 March 2016:

- Programme 1: Policy Research & Analysis pg. 44-52
- Programme 2: Regions pg. 39-43
- Programme 3: Licensing pg. 27-38
- Programme 4: Compliance and Consumer Affairs pg. 60-71
- Programme 5: Engineering and Technology pg. 53-59
- Programme 9: Legal, Risk & CCC pg. 76-77

12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. The material findings in respect of the selected programmes are as follows:

Programme 1: Policy, Research and Analysis

Usefulness of reported performance information

15. I was unable to obtain sufficient appropriate audit evidence to support the reasons provided for the variance between planned targets and actual achievements for the programme.

16. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 24% targets were not specific.

Reliability of reported performance information

17. I did not identify any material findings on the reliability of the reported performance information for the selected programme.

Programme 2: Regions

Usefulness of reported performance information

18. I was unable to obtain sufficient appropriate audit evidence to support the reasons provided for the variance between planned targets and actual achievements for the programme.

Reliability of reported performance information

19. I did not identify any material findings on the reliability of the reported performance information for the selected programme.

Programme 3: Licensing

Usefulness of reported performance information

20. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 37% indicators were not well defined.

21. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 47% targets were not specific.

Reliability of reported performance information

22. I did not identify any material findings on the reliability of the reported performance information for the selected programme.

Programme 4: Compliance and Consumer Affairs

Usefulness of reported performance information

23. I was unable to obtain sufficient appropriate audit evidence to support the reasons provided for the variance between planned targets and actual achievements for the programme.

24. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 53% indicators were not well defined.

25. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 33% targets were not specific.

Reliability of reported performance information

26. I did not identify any material findings on the reliability of the reported performance information for the selected programme.

Programme 5: Engineering and Technology

Usefulness of reported performance information

27. Treasury Regulation 5.2.4 requires the Annual Performance Plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 25% reported objectives were not consistent with those in the approved annual performance plan.

Reliability of reported performance information

28. I did not identify any material findings on the reliability of the reported performance information for the selected programme.

Programme 9: Legal, Risk and CCC

Usefulness of reported performance information

29. Treasury Regulation 5.2.4 requires the Annual Performance Plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 50% reported objectives and indicators and 60% of targets were not consistent with those in the approved Annual Performance Plan.

30. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 70% indicators were not well defined.

31. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 70% targets were not specific.

Reliability of reported performance information

32. I did not identify any material findings on the reliability of the reported performance information for the selected programme.

Additional matters

33. I draw attention to the following matters:

Achievement of planned targets

34. Refer to the Annual Performance Report on page(s) 18 to 85 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programmes reported in paragraph 11 of this audit report.

Compliance with legislation

35. I performed procedures to obtain evidence that the constitutional institution had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Expenditure management

36. The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

Internal control

37. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.

Financial and performance management

38. The constitutional institution did not have a proper record management system to maintain information that supported the reported performance in the Annual Performance Report. This included information that related to the collection, collation, verification, storing and reporting of actual performance information.

Other reports

Investigations

39. The Hawks are investigating the charges around the suspension of the former Supply Chain Manager and related procurement matters. The investigation was started in the 2013/14 financial year and the said employee has since resigned from the organisation.

Auditor - General

Pretoria
31 July 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

Figures in Rand

	Note(s)	2016	2015 Restated
Assets			
Current Assets			
Inventories	3	579 617	492 197
Receivables from exchange transactions	4	3 727 201	2 984 954
Receivables from non exchange transactions	5	736 950 694	744 951 618
Prepayments	6	15 326 843	6 805 374
Cash and cash equivalents	7	711 179 788	574 601 886
		1 467 764 143	**1 329 836 029**
Non Current Assets			
Equipment	8	110 731 467	102 635 718
Intangible assets	9	10 186 400	6 699 065
		120 917 867	**109 334 783**
Non Current Assets		120 917 867	109 334 783
Current Assets		1 467 764 143	1 329 836 029
Total Assets		**1 588 682 010**	**1 439 170 812**
Liabilities			
Current Liabilities			
Operating lease liability	10	3 483 288	3 708 745
Payables from exchange transactions	11	36 259 559	29 466 743
Payables from non exchange transactions	12	20 937	20 937
National Revenue Fund payables	13	1 188 133 415	1 091 074 705
Unspent conditional grants and receipts	14	60 661 162	85 858 047
Provisions	15	17 605 357	2 582 194
		1 306 163 718	**1 212 711 371**
Non Current Liabilities		-	-
Current Liabilities		**1 306 163 718**	**1 212 711 371**
Total Liabilities		**1 306 163 718**	**1 212 711 371**
Assets		1 588 682 010	1 439 170 812
Liabilities		(1 306 163 718)	(1 212 711 371)
Net Assets		**282 518 292**	**226 459 441**
Accumulated surplus		282 518 292	226 459 441

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand

	Note(s)	2016	2015 Restated
Revenue			
Revenue from non exchange transactions	16	418 830 737	384 389 152
Revenue from exchange transactions	17	22 068 699	16 650 249
Total revenue		**440 899 436**	**401 039 401**
Expenditure			
Employee-related costs	18	(220 962 647)	(191 217 132)
Depreciation and amortisation	19	(15 479 017)	(15 230 773)
Reversal of impairments/(Impairment loss)		32 482	(317 727)
Finance costs	20	(4 606)	(41 403)
Repairs and maintenance	21	(6 069 021)	(6 410 454)
General expenses	22	(142 499 773)	(139 663 858)
Total expenditure		**(384 982 582)**	**(352 881 347)**
Total Revenue		440 899 436	401 039 401
Total Expenditure		(384 982 582)	(352 881 347)
Operating surplus		**55 916 854**	**48 158 054**
Fair value adjustment to assets		141 997	12 553
Surplus before taxation		56 058 851	48 170 607
Taxation		-	-
Surplus for the year		**56 058 851**	**48 170 607**

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand

	Accumulated surplus	Total net assets
Opening balance as previously reported	178 777 573	178 777 573
Adjustments		
Prior year adjustments	(488 739)	(488 739)
Balance at 01 April 2014 as restated*	**178 288 834**	**178 288 834**
Changes in net assets		
Surplus for the year	48 170 607	48 170 607
Total changes	48 170 607	48 170 607
Restated* Balance at 01 April 2015	**226 459 441**	**226 459 441**
Changes in net assets		
Surplus for the year	56 058 851	56 058 851
Total changes	56 058 851	56 058 851
Balance at 31 March 2016	**282 518 292**	**282 518 292**

CASH FLOW STATEMENT

Figures in Rand

	Note(s)	2016	2015 Restated
Cash flows from operating activities			
Receipts			
Cash received from Department of Communications		393 619 000	376 221 000
Other receipts		14 852	793 178
Cash received by Administered Revenue		1 432 076 275	1 642 643 607
Finance income		22 052 079	16 558 906
		1 847 762 206	2 036 216 691
Payments			
Employee costs		(188 816 987)	(203 410 313)
Suppliers		(167 197 211)	(150 425 129)
Finance costs		(4 606)	(12 524)
Cash paid by Administered Revenue		(1 327 016 642)	(1 407 570 312)
		(1 683 035 446)	(1 761 418 278)
Total receipts		1 847 762 206	2 036 216 691
Total payments		(1 683 003 962)	(1 761 418 278)
Net cash flows from operating activities	25	**164 758 244**	**274 798 413**
Cash flows from investing activities			
Purchase of equipment	8	(23 055 266)	(21 400 618)
Proceeds from sale of equipment	8	22 746	341 185
Purchase of intangible assets	9	(5 147 822)	(731 389)
Net cash flows from investing activities		**(28 180 342)**	**(21 790 822)**
Net increase in cash and cash equivalents		**136 577 902**	**253 007 591**
Cash and cash equivalents at the beginning of the year		574 601 886	321 594 295
Cash and cash equivalents at the end of the year	7	**711 179 788**	**574 601 886**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	10 436 002	-	10 436 002	22 068 699	11 632 697	Note 34
Revenue from non exchange transactions						
Transfer revenue						
Funding from Department of Communications	393 684 004	-	393 684 004	393 619 000	(65 004)	Note 34
'Total revenue from exchange transactions'	10 436 002	-	10 436 002	22 068 699	11 632 697	
'Total revenue from non exchange transactions'	393 684 004	-	393 684 004	393 619 000	(65 004)	
Total revenue	**404 120 006**	**-**	**404 120 006**	**415 687 699**	**11 567 693**	

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Expenditure						
Personnel	(235 675 682)	34 196 890	(201 478 792)	(220 962 647)	(19 483 855)	Note 34
Depreciation and amortisation	(18 188 928)	-	(18 188 928)	(15 479 017)	2 709 911	Note 34
Reversal of impairments/ (Impairment loss)	-	-	-	32 482	32 482	Note 34
Finance costs	(138 816)	-	(138 816)	(4 606)	134 210	Note 34
Repairs and maintenance	(4 382 977)	20 000	(4 362 977)	(6 069 021)	(1 706 044)	Note 34
General expenses	(151 480 683)	(22 724 206)	(174 204 889)	(142 499 773)	31 705 116	Note 34
Total expenditure	**(409 867 086)**	**11 492 684**	**(398 374 402)**	**(384 982 582)**	**13 391 820**	
	404 120 006	-	404 120 006	415 687 699	11 567 693	
Operating surplus	**(5 747 080)**	**11 492 684**	**5 745 604**	**30 705 117**	**24 959 513**	
Fair value adjustments to assets	-	-	-	141 998	141 998	Note 34
	(5 747 080)	11 492 684	5 745 604	30 705 117	24 959 513	
	-	-	-	141 998	141 998	
Surplus before taxation	**(5 747 080)**	**11 492 684**	**5 745 604**	**30 847 115**	**25 101 511**	
Deficit before taxation	(5 747 080)	11 492 684	5 745 604	30 847 115	25 101 511	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(5 747 080)**	**11 492 684**	**5 745 604**	**30 847 115**	**25 101 511**	

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Authority will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. Significant judgements include:

Receivables

The Authority assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Authority makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable (service) amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of entity-specific variables such as existing disputes between the Authority and the licensee and long outstanding fees billed under repealed regulations, as well as economic factors such as inflation, exchange rates and interest.

located is also included in the cost of equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand-by equipment that are expected to be used for more than one period are included in equipment. In addition, spare parts and stand-by equipment that can only be used in connection with an item of equipment are accounted for as equipment.

Major inspection costs, which are a condition of continuing use of an item of equipment and which meet the recognition criteria above, are included as a replacement in the cost of the item of equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement, equipment is carried at cost less accumulated depreciation and any impairment losses.

Equipment is depreciated on the straight-line basis over its expected useful life to its estimated residual value.

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	7-26 years
Motor vehicles	Straight line	10-20 years
Office equipment	Straight line	5-26 years
Office and computer equipment under finance lease	Straight line	Depreciated over lease period
Leasehold improvements	Straight line	Depreciated over lease period
Technical equipment	Straight line	5-27 years
Computer equipment	Straight line	5-25 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of equipment are derecognised when the asset is disposed of, loss or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 15 Provisions.

Useful lives of property, plant and equipment, intangible assets and other assets

The Authority's management determines the possible impairment, changes in useful lives and changes in residual values at the end of each financial year and related depreciation charges for property, plant and equipment, intangible assets and other assets. This estimate is based on industry norms, historical information and intended use of assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the Authority.

Allowance for doubtful debts

On receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Prepayments

Prepayments are recognised when the Authority has made a payment in advance in terms of the contractual obligations that result in the decrease of liabilities or increase in expense or assets in the future periods.

1.3 Equipment

Equipment are tangible non current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the Authority; and
- The cost of the item can be measured reliably.

Equipment is initially measured at cost.

The cost of an item of equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Costs include costs incurred initially to acquire or construct an item of equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is

1.4 Intangible assets

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from an authority and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Authority or from other rights and obligations.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Authority; and
- The cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits or service potential;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write-down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software	5-22 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading. A financial instrument is held for trading if:
  - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of Short-term profit taking;
  - Non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The Authority has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Cash and cash equivalents	Financial asset measured at amortised cost
National Revenue Fund Administered receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The Authority has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
National Revenue Fund payables	Financial liability measured at amortised cost
Trade payables	Financial liability measured at amortised cost

Initial recognition

The Authority recognises a financial asset or a financial liability in its statement of financial position when the Authority becomes a party to the contractual provisions of the instrument.

The Authority recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Authority measures a financial asset and financial liability, other than those subsequently measured at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Authority measures all other financial assets and financial liabilities initially at fair value.

The Authority first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the Authority analyses a concessionary loan into its component parts and accounts for each component separately. The Authority accounts for that part of a concessionary loan that is:

- A social benefit in accordance with the Framework for the Preparation and Presentation of Financial

Statements, where it is the issuer of the loan; or

- Non exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The Authority measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Authority establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's-length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's-length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Authority calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The Authority assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the Authority, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The Authority derecognises financial assets using trade-date accounting.

The Authority derecognises a financial asset only when:
- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The Authority transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The Authority, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Authority:
  - Derecognises the asset; and
  - Recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly-created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The Authority removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished: i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the Authority currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Authority does not offset the transferred asset and the associated liability.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight line basis.

Any contingent rents are recognised separately as revenue in the period in which they are received.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

Subsequently, inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the Authority incurs to acquire the asset on the reporting date.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Authority.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of cash generating assets

Cash generating assets are those assets held by the constitutional institution with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash generating asset exceeds its recoverable amount, it is impaired.

The Authority assesses, at each reporting date, whether there is any indication that a cash generating asset may be impaired. If any such indication exists, the Authority estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Authority also tests a cash generating intangible asset with an indefinite useful life or a cash generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the Authority estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Authority applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre tax rate that reflects current market assessments of the time value of money, represented by the current risk free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash generating asset is adjusted in future periods to allocate the cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Authority determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the Authority uses management's best estimate of future price(s) that could be achieved in arm's-length transactions in estimating:

- The future cash inflows used to determine the asset's or cash generating unit's value in use; and
- The future cash outflows used to determine the value in use of any other assets or cash generating units that are affected by the internal transfer pricing.

Cash generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash generating unit is determined on a basis consistent with the way the recoverable amount of the cash generating unit is determined.

An impairment loss is recognised for a cash generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the Authority does not reduce the carrying amount of an asset below the highest of:

- Its fair value, less costs to sell (if determinable);
- Its value in use (if determinable); and
- Zero

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash generating assets of the unit.

Where a non-cash generating asset contributes to a cash generating unit, a proportion of the carrying amount of that non-cash generating asset is allocated to the carrying amount of the cash generating unit prior to estimation of the recoverable amount of the cash generating unit.

Reversal of impairment loss

The Authority assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash generating asset may no longer exist or may have decreased. If any such indication exists, the Authority estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash generating asset is adjusted in future periods to allocate the cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash generating unit is allocated to the cash generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash generating asset contributing service potential to a cash generating unit.

In allocating a reversal of an impairment loss for a cash generating unit, the carrying amount of an asset is not increased above the lower of:

- Its recoverable amount (if determinable); and
- The carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.9 Impairment of non-cash generating assets

Cash generating assets are those assets held by the Authority with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash generating assets are assets other than cash generating assets.

Identification

When the carrying amount of a non-cash generating asset exceeds its recoverable service amount, it is impaired.

The Authority assesses at each reporting date whether there is any indication that a non-cash generating asset may be impaired. If any such indication exists, the Authority estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the Authority also tests a non-cash generating intangible asset with an indefinite useful life or a non-cash generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash generating assets is the present value of the non-cash generating assets remaining service potential.

The present value of the remaining service potential of non-cash generating assets is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash generating asset is adjusted in future periods to allocate the non-cash generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The Authority assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash generating asset may no longer exist or may have decreased. If any such indication exists, the Authority estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash generating asset is adjusted in future periods to allocate the non-cash generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation

for the absences is due to be settled within 12 months after the end of the reporting period in which the employee renders the related employee service;
- Bonus, incentive and performance-related payments payable within 12 months after the end of the reporting period in which the employee renders the related service; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered services to the Authority during a reporting period, the Authority recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Authority recognises that excess as an asset (prepaid expense) to the extent that the pre-payment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The Authority measures the expected cost of accumulating compensated absences as the additional amount that the Authority expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Authority recognises the expected cost of bonus, incentive and performance-related payments when the Authority has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Authority has no realistic alternative but to make the payments.

Post employment benefits

Post employment benefits are employee benefits (other than termination benefits) that are payable after the completion of employment.

Post employment benefit plans are formal or informal arrangements under which the Authority provides post employment benefits for one or more employees.

Post employment benefits: Defined contribution plans

Defined contribution plans are post employment benefit plans under which the Authority pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the Authority during a reporting period, the Authority recognises the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the Authority recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post employment benefits: Defined benefit plans

Defined benefit plans are post employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, the Authority recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation that arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the Authority recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly; and
- Any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The Authority measures the resulting asset at the lower of:

- The amount determined above; and
- The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate that reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The Authority determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The Authority recognises the net total of the following amounts in surplus or deficit, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement rights;
- Actuarial gains and losses that are recognised immediately;
- Past service cost, which is recognised immediately;
- The effect of any curtailments or settlements; and
- The effect of applying the limit on a defined benefit asset (negative defined benefit liability).

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the Authority attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Authority attributes benefit on a straight line basis from:

- The date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- The date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The Authority offsets an asset relating to one plan against a liability relating to another plan when the Authority has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post employment benefit obligations.

Post employment benefit obligations are measured on a basis that reflects:

- Estimated future salary increases;
- The benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- Estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- Those changes were enacted before the reporting date; or
- Past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.11 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity: therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 Provisions and contingencies

Provisions are recognised when:

- The Authority has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Authority settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If the Authority has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

A contingent liability:

- A possible obligation that arises from past events and whose existence will be confirmed only by the

occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- A present obligation that arises from past events but is not recognised because:
  - It is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
  - The amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Authority receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Authority has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Authority retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Authority; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Authority; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the Authority's right to receive payment has been established.

1.14 Revenue from non exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Authority, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non exchange transactions are transactions that are not exchange transactions. In a non exchange transaction, the Authority either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the Authority.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non exchange transactions, other than taxes.

Recognition

An inflow of resources from a non exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Authority satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Authority has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Measurement

Revenue from a non exchange transaction is measured at the amount of the increase in net assets recognised by the Authority.

When, as a result of a non exchange transaction, the Authority recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from services in kind, which are not recognised, the Authority recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Collection charges and penalties

Collection charges and penalty interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with the relevant legal requirements (if applicable).

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Authority.

Where the Authority collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Services in kind

Services in kind are not recognised.

1.15 Investment income

Investment income is recognised on a time proportion basis using the effective interest method.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- Foreign currency monetary items are translated using the closing rate;
- Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

- Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure as defined by Section 1 of PFMA means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- This Act;
- The State Tender Board Act, 1968 (Act No 86 of 1968), or any regulations made in terms of the Act; or
- Any provincial legislation providing for procurement procedures in that provincial government.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Budget information

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2015 to 31 March 2016.

The budget for the economic entity includes all the entity-approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts.

Comparative information is not required.

1.21 Related parties

The Authority operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management is those persons responsible for planning, directing and controlling the activities of the Authority, including those charged with the governance of the Authority in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Authority.

Only transactions with related parties not at arm's-length or not in the ordinary course of business are disclosed.

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non adjusting events after the reporting date).

The Authority will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Authority will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non adjusting events, where non disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.23 Taxation

The Authority is exempted from paying Income Tax in terms of section 10(1) (cA) of the Income Tax Act (Act No 58 of 1962).

1.24 Administered revenue on behalf of the National Revenue Fund

In terms of section 15 (3) of the Independent Communications Authority of South Africa Act (Act No 13 of 2000), the Authority is required to pay all fees received and held on its behalf to the National Revenue Fund within 30 days after receipt of such revenue, through the Department of Communications.

Separate bank accounts are held for the purpose of collecting these revenues and paying them across to the NRF. The Authority has an obligation in terms of statute to administer these funds on behalf of National Treasury and to pay them across within a prescribed time limit.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Authority has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the Authority. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the Authority's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The effective date of the standard is for years beginning on or after 1 April 2015.

The Authority has adopted the standard for the first time in the 2015/16 annual financial statements.

The impact of the standard is not material on the Authority's financial statements.

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepare and present annual financial statements under the accrual basis of accounting to apply this standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2015.

The Authority has adopted the standard for the first time in the 2015/16 annual financial statements.

The impact of the standard is not material on the Authority's financial statements.

GRAP 106: Transfers of functions between entities not under common control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents annual financial statements under the accrual basis of accounting to apply this standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the

Figures in Rand

	2016	2015 Restated

diagram in determining whether this standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers definitions, identifying a transfer of functions between entities not under common control, the acquisition method, recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, measurement period, determining what is part of a transfer of functions, subsequent measurement and accounting, disclosure and transitional provisions, as well as the effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2015.

The Authority has adopted the standard for the first time in the 2015/16 annual financial statements.

The impact of the standard is not material to the Authority's financial statements.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers definitions, identifying a transfer of functions between entities not under common control, the acquisition method, recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, measurement period, determining what is part of a transfer of functions, subsequent measurement and accounting, disclosure, transitional provisions, as well as the effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2015.

The Authority has adopted the standard for the first time in the 2015/16 annual financial statements.

The impact of the standard is not material to the Authority's financial statements.

2.2 Standards and interpretations issued, but not yet effective

The Authority has not applied the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after 1 April 2016 or later periods:

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and

Figures in Rand

	2016	2015 Restated

- Determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments and relationships with related parties, may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - Has control or joint control over the reporting entity;
  - Has significant influence over the reporting entity; and is a member of the management of the entity or its controlling entity.

An entity is related to the reporting entity if any of the following conditions apply:

- The entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow-controlled entity is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- The entity is controlled or jointly controlled by a person identified in (a); and
- A person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that a related-party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management.

Figures in Rand

	2016	2015 Restated

The effective date of the standard is not yet set by the Minister of Finance.

The Authority expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

An entity may be created to accomplish a narrow and well defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity (SPE) may take the form of a corporation, trust, partnership or unincorporated entity. SPEs are often created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (i.e. they operate on so called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post employment benefit plans or other long term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP 105, 106 and 107.

The constitutional institution expects to adopt the interpretation for the first time in the 2015 annual financial statements.

GRAP32: Service Concession Arrangements: Grantor

The objective of this standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date, yet to be set by the Minister of Finance.

Figures in Rand

	2016	2015 Restated

The Authority expects to adopt the standard for the first time when the Minister sets the effective date.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

GRAP108: Statutory Receivables

The objective of this standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The Authority expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the constitutional institution's annual financial statements.

IGRAP17: Service concession arrangements where a grantor controls a significant residual interest in an asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third-party users of the service concession asset, or the operator is given access to another revenue generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard has not yet been set by the Minister of Finance.

The Authority expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the Authority's annual financial statements.

The objective of this directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting

Figures in Rand

	2016	2015 Restated

Policies, Changes in Accounting Estimates and Errors. This directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this directive allows an entity that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of this is for years beginning on or after 1 April 2016.

The Authority expects to adopt this for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the Authority's financial statements.

3. Inventories

	2016	2015 Restated
Consumable stores	199 124	289 239
Groceries	94 901	51 750
Stationery	250 925	146 420
Toiletries	34 667	4 788
	579 617	**492 197**
Inventories recognised as an expense during the year	596 601	738 080

4. Receivables from exchange transactions

	2016	2015 Restated
Staff receivables	2 846 554	1 802 647
Other receivables	1 215 757	1 517 417
Less: Provision for impairment of receivables	(335 110)	(335 110)
	3 727 201	**2 984 954**

The abovementioned receivables are mainly related to bursaries, standing advances, travel and cellular phones. The bursaries are recouped when the staff member stops studying, leaves the employment of the Authority or changes the course for which the staff member was initially sponsored. The employee is expected to serve a term equivalent to the period sponsored. Standing advances relate to amounts advanced to employees who are not office bound and are repayable when the employee resigns.

Travel and cellphone receivables refer to amounts that the employee owes the Authority after a business trip or for excess/personal usage of the cellphone provided to the employee by the Authority. Normally, no impairment is provided for on these amounts as these amounts are recovered from employees on a regulated basis. The employees sign contracts for bursaries, standing advances and cellphones, which give the Authority the right to deduct outstanding amounts. For training related international travel, employees sign letters that give the Authority the right to deduct such amounts should employees decide to leave before the stipulated period of time.

Figures in Rand

	2016	2015 Restated

Credit quality of trade and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

Trade receivables

The rating of gross trade and other receivables was as follows:

	2016	2015 Restated
Medium risk	3 727 201	2 984 954
High risk	335 110	335 110
	4 062 311	**3 320 064**

The trade and other receivables balances are mainly granted to staff members and these are normally deducted from the employees. Dealings outside the Authority are normally with reputable institutions with good credit ratings. The ratings are as follows:

- Medium risk: receivables with no defaults in the past and not provisionally-impaired
- High risk: receivables (more than 90 days) provisionally impaired

Trade and other receivables past due but not impaired

Trade and other receivables that are less than three months past due date are not considered to be impaired. At 31 March 2016, R3 201 425 (2015: R429 474) was past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2016	2015 Restated
1 month past due	245 571	102 742
2 months past due	280 205	167 621
3 months past due	3 201 425	159 111
	3 727 201	**429 474**

Trade and other receivables provisionally impaired

The amount of the provision as of 31 March 2016, was R335 110

The ageing of the allowance for provisional impairment at March 31, 2015 was as follows:

	2016	2015 Restated
Amounts in 91 days +	-	335 110

Reconciliation of allowance for provisional impairment of trade and other receivables

	2016	2015 Restated
Opening balance	335 110	318 188
Impairments recognised in surplus and deficit	-	16 922
	335 110	**335 110**

Figures in Rand

	2016	2015 Restated

5. Receivables from non exchange transactions

	2016	2015 Restated
Broadcasting services	113 263 125	109 769 611
Spectrum receivables	252 591 859	248 320 299
ECS and ECNS services	624 268 597	618 675 729
Postal services	33 423 927	17 448 973
Allowance for impairment	(286 596 814)	(249 262 994)
	736 950 694	**744 951 618**

Accruals for licence fees relate to the accrual for all licences that were due at the end of the reporting period but were only due for settlement after the end of the reporting period. These are based on either the actual results of the licensee, where the licensee has finalised its financial statements, in instances where actual results are not available at the end of the reporting period, and the licensee submits the expected financial results.

ECS and ECNS receivables relate to all the amounts that had been billed to but not settled by the Electronic Communications Services and the Electronic Communications Network Services licensees. The broadcasting receivables relates to all the outstanding licence fees for broadcasting licences.

The Authority acts as an agent for the National Revenue Fund. The transfer of licence fees received is paid over to the Department of Communications, hence receivables on behalf of the National Revenue Fund.

The ageing of the National Revenue Fund receivables before impairment was as follows:

	2016	2015 Restated
Current	733 085 716	787 981 301
31 60 days	359 367	201 906
61 90 days	238 713	116 252
Greater than 90 days	289 863 712	205 915 152
	1 023 547 508	**994 214 611**

Receivables from non exchange transactions impaired

As of 31 March 2016, receivables from non-exchange transactions of R286 596 814 (2015: R249 262 994) were impaired and provided for.

Reconciliation of provision for impairment of National Revenue Fund receivables

	2016	2015 Restated
Opening balance	(249 262 994)	(332 210 390)
Increase in provision	(46 766 140)	(55 888 373)
Reversal of impairments	2 984 031	45 429 800
Bad debts written off	6 448 289	93 405 969
	(286 596 814)	**(249 262 994)**

The licences are granted to various customers with very different credit profiles. These include successful multinational corporations, big security companies, medium-sized entities and very small entities. The credit profiles of these entities vary significantly and, in terms of the legislation, the Authority cannot refuse to grant any entity licences due to its credit rating. Despite the fact that no credit vetting takes place, all licences are granted after they have lodged their applications with the Authority. In instances where the licensee fails to comply with its licence conditions, which include payment terms, the licensee is referred to the Complaints and Compliance Committee or has its equipment sealed.

Figures in Rand

	2016	2015 Restated

Included in the balance impaired is R235 811 356 relating to a government department, wherein the Authority is engaged in resolving the long-outstanding debt, as well as engaging National Treasury on the matter. Secondly, a government entity is currently facing financial difficulties and the amount of R33 423 986 includes two financial periods of postal service licence fees.

Amounts written-off during the year were previously included in the impairment provision. Council approved the write off.

6. Pre-payments

	2016	2015 Restated
International training	321 766	-
Membership fees	84 840	1 653
Software licence and support	890 094	1 112 550
TV licence subscriptions	9 066	-
IT maintenance and infrastructure	40 185	141 381
Library subscriptions	849 035	158 450
Advertising	5 928 690	-
Rent	3 954 826	3 936 954
Deposits	3 248 341	1 454 386
	15 326 843	**6 805 374**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016	2015 Restated
Bank balances	259 930 785	228 431 293
Administered revenue cash balance	451 182 721	346 123 089
Other cash and cash equivalents (bank)	33 531	10 623
Other cash and cash equivalents (other)	32 751	36 881
	711 179 788	**574 601 886**

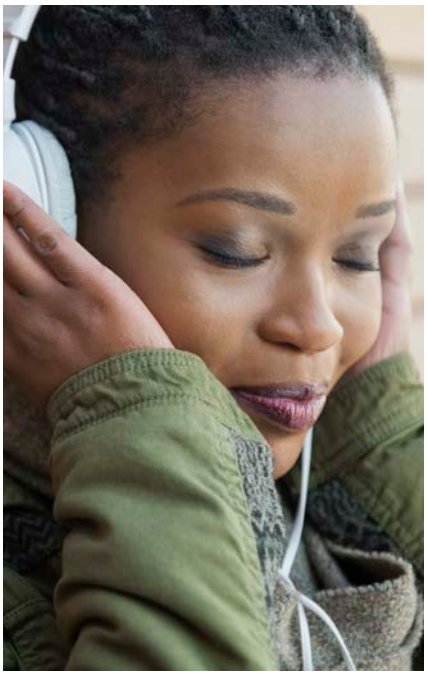
Cash and cash equivalents consist of cash on hand and balances with banks. The cash and cash equivalents balances as disclosed above did not include any restricted cash nor did the Authority have any borrowing facilities at the end of each reporting period. Included in the above balance at 31 March 2016 is an amount of R451 182 721 (2015: R346 123 089) for the Administered Revenue Section.

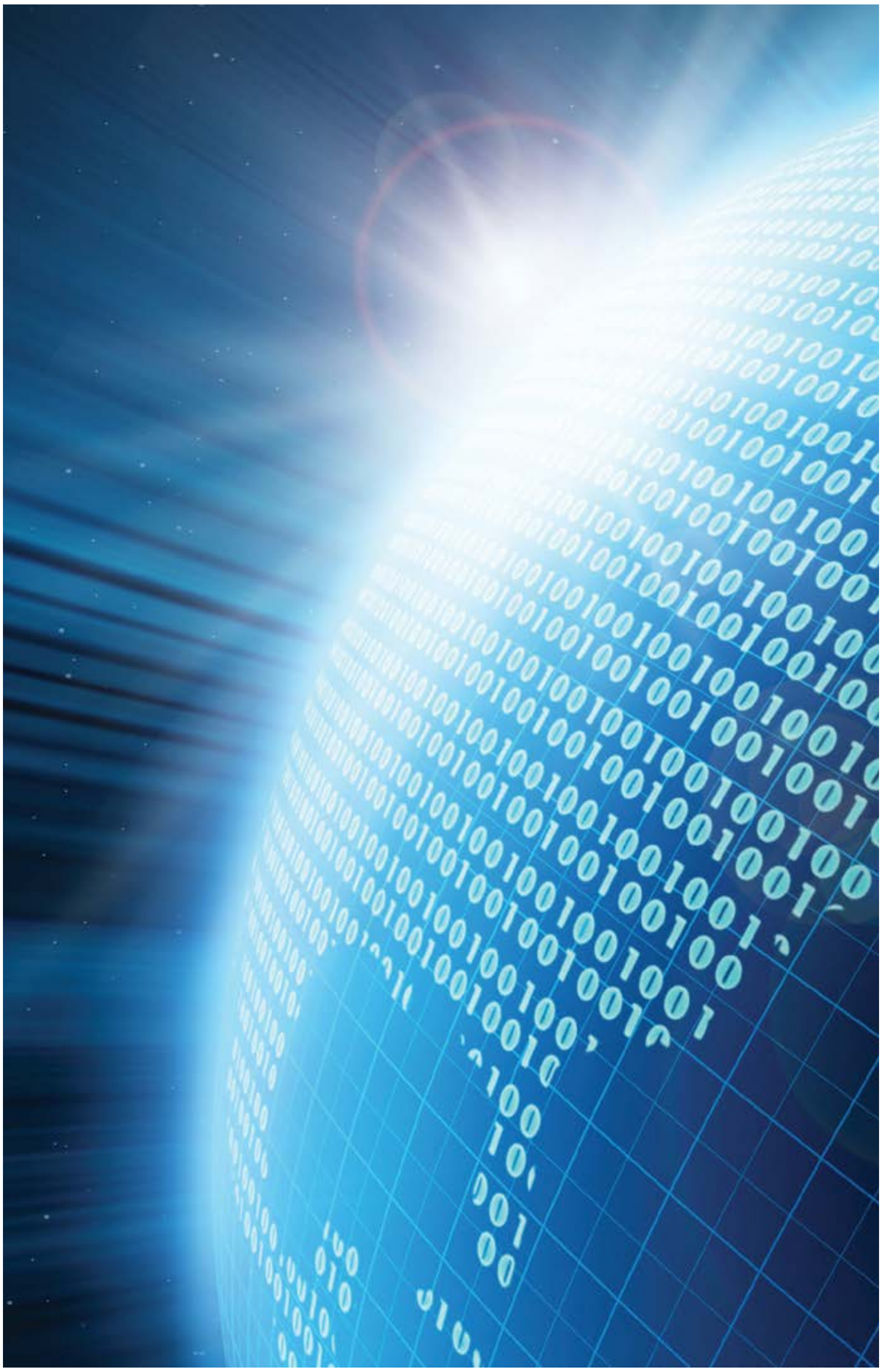
The funds collected by the Administered Revenue Section are transferred to the National Revenue Fund through the Department of Communications. The Authority does not have the right to withhold these funds or use them for any other purpose it may deem fit. The cash and cash equivalents are placed with high credit quality financial institutions.

The Authority had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Call accounts	45 330 849	50 330 849	45 330 849	50 330 849
Current accounts	234 655 150	524 234 156	234 655 150	524 234 156
Investments/Fixed deposits	431 161 164	-	431 161 164	-
Total	**711 147 163**	**574 565 005**	**711 147 163**	**574 565 005**

*The above analysis of bank accounts excludes 'Other cash and cash equivalents (other)' as this is not bank account-related, cash and cash equivalents.





8. Equipment

	2016			2015 Restated		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	11 118 733	(5 578 071)	5 540 662	10 973 456	(5 123 819)	5 849 637
Leasehold improvements	8 746 592	(7 224 419)	1 522 173	8 320 198	(6 182 514)	2 137 684
Motor vehicles	17 585 725	(5 755 169)	11 830 556	15 385 915	(4 959 652)	10 426 263
Office and computer equipment	47 000 035	(25 950 679)	21 049 356	43 000 226	(22 344 657)	20 655 569
Office and computer equipment under finance lease	-	-	-	1 543 734	(1 377 298)	166 436
Test equipment	103 953 601	(44 401 006)	59 552 595	91 674 214	(39 756 588)	51 917 626
Work in progress	11 236 125	-	11 236 125	11 482 502	-	11 482 502
Total	**199 640 811**	**(88 909 344)**	**110 731 467**	**182 380 245**	**(79 744 528)**	**102 635 717**

Reconciliation of equipment 2016

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Furniture and fixtures	5 849 637	146 479	(128)	-	-	(470 340)	15 014	5 540 662
Leasehold improvements	2 137 684	427 044	(24)	-	-	(1 042 531)	-	1 522 173
Motor vehicles	10 426 263	2 199 810	-	-	-	(795 517)	-	11 830 556
Office and computer equipment	20 655 569	5 236 724	(290 713)	83	20 682	(4 568 338)	(4 651)	21 049 356
Office and computer equipment under finance lease	166 436	-	(36 918)	-	-	(129 518)	-	-
Test equipment	51 917 627	6 763 714	(886 920)	8 281 495	229 927	(6 775 367)	22 119	59 552 595
Work in progress	11 482 502	8 281 495	-	(8 527 872)	-	-	-	11 236 125
	102 635 718	**23 055 266**	**(1 214 703)**	**(246 294)**	**250 609**	**(13 781 611)**	**32 482**	**110 731 467**

Reconciliation of equipment - 2015 Restated*

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Furniture and fixtures	6 138 304	305 462	(111 266)	(3 010)	(466 986)	(12 867)	5 849 637
Leasehold improvements	2 444 926	595 705	(32 843)	-	(870 104)	-	2 137 684
Motor vehicles	11 583 408	-	(332 289)	-	(824 856)	-	10 426 263
Office and computer equipment	23 230 151	3 849 230	(1 189 565)	(423 552)	(4 793 222)	(17 473)	20 655 569
Office and computer equipment under finance lease	387 342	-	-	-	(220 906)	-	166 436
Test equipment	57 363 660	5 167 719	(3 544 412)	2 598	(6 784 552)	(287 386)	51 917 627
Other equipment	-	11 482 502	-	-	-	-	11 482 502
	101 147 791	**21 400 618**	**(5 210 375)**	**(423 964)**	**(13 960 626)**	**(317 726)**	**102 635 718**

Figures in Rand

	2016	2015 Restated

9. Intangible assets

	2016			2015 Restated		
	Cost/ Valua-tion	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	18 379 549	(9 093 065)	9 286 484	12 065 146	(7 432 577)	4 632 569
WIP	899 916	-	899 916	2 066 496	-	2 066 496
Total	**19 279 465**	**(9 093 065)**	**10 186 400**	**14 131 642**	**(7 432 577)**	**6 699 065**

Reconciliation of intangible assets – 2016

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	4 632 569	4 247 906	2 066 496	(1 660 487)	9 286 484
WIP	2 066 496	899 916	(2 066 496)	-	899 916
	6 699 065	**5 147 822**	**-**	**(1 660 487)**	**10 186 400**

Reconciliation of intangible assets – 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
Computer software	5 447 300	524 590	(505 927)	436 752	(1 270 146)	4 632 569
WIP	1 859 697	206 799	-	-	-	2 066 496
	7 306 997	**731 389**	**(505 927)**	**436 752**	**(1 270 146)**	**6 699 065**

10. Operating lease liability

Current liabilities	(3 483 288)	(3 708 745)

Operating lease payments are recognised as an expense on a straight line basis over the lease period.

11. Payables from exchange transactions

Trade payables	7 939 589	3 422 531
Interest payable	113 625	113 625
Structured savings	295 762	354 285
Third-party payables	116 346	512 985
Accrued leave pay	8 869 893	9 091 357
Accrued expenses	18 924 343	15 971 959
	36 259 558	29 466 743

12. Payable from non exchange transactions

Transfers payable	20 937	20 937

Figures in Rand

	2016	2015 Restated

13. National Revenue Fund payables

	2016	2015 Restated
NRF payables	741 085 244	758 226 621
Receipts in advance and other payables	447 048 171	332 848 084
	1 188 133 415	1 091 074 705

14. Unspent conditional grants and receipts

Movement during the year

	2016	2015 Restated
Balance at the beginning of the year	85 858 047	93 309 102
Additions during the year	-	15 000 000
Income recognition during the year	(25 196 885)	(22 451 055)
	60 661 162	85 858 047

Of the unspent conditional grant received in the prior year of R85 858 047 relates to ICASA's infrastructural needs: head office relocation that is due to take place during 2017/18, Automated Spectrum Management System contract of R20m was finalised by 31 March 2016 (the project is scheduled to take 52 weeks to complete in the 2016/17 financial period) and Complaints and Compliance Committee is to address outstanding matters. Only R25 196 885 (2015: R22 451 055) was recognised as revenue in the current year. The balance of R60 661 162 (2015: R85 858 047) is shown as unspent conditional grant. We have applied for permission to retain a portion of the funds from National Treasury for funds committed and contractual obligations finalised by 31 March 2016.

These amounts are invested in a ring fenced investment until utilised.

15. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Bonus provision	2 582 194	15 023 163	17 605 357

Reconciliation of provisions - 2015 Restated

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus provision	11 453 904	2 582 194	(3 540 645)	(7 913 259)	2 582 194

This provision relates to the provision for performance bonuses and the figure is based on the key performance criteria that have to be met in order for the cash payout to be made. The cash payout is subject to approval by the Council. The timing of the approval of the performance bonus incentives is always subject to approval by the Council. This then creates uncertainty regarding the amount of the liability to be recognised in the financial statements.

Figures in Rand

16. Revenue from non exchange transactions

	2016	2015 Restated
Grant received from the Department of Communications Current year	393 619 000	361 221 000
Unspent grants of prior year recognised	25 196 885	22 451 055
Insurance claim settlements	14 852	717 097
	418 830 737	**384 389 152**

The Authority received its funding from the Department of Communications in order to enable it to carry out its mandate as laid out in the ICASA Act. The grant received from the Department of Communications above consists of an original allocation of R393 619 000 (2015: R376 221 000) less an unspent portion of R0 (2015: R15 000 000).

17. Revenue from exchange transactions

	2016	2015 Restated
Interest income	22 052 079	16 558 906
Other	16 620	91 343
	22 068 699	**16 650 249**

18. Employee related costs

	2016	2015 Restated
Basic	180 654 528	167 493 088
Bonus	15 023 163	(5 299 881)
UIF	612 024	629 338
WCA	466 348	878 310
Leave pay	866 579	1 676 047
Defined contribution plans	21 255 697	19 212 785
Overtime payments	122 455	1 486 719
Long service awards	695 000	807 000
Temporary staff	1 251 865	4 330 725
Periodic payments*	14 987	3 000
	220 962 646	**191 217 131**

The periodic payments relate to structured savings paid out to employees.

Year ended 31 March 2016	Service as	Date of appointment	Date of resignation/ end of term	Basic	Performance bonus	Post employment benefits	Allowances	Total
Council remuneration								
Mncube SS	Chairperson	1 Jul 2010	30 Jun 2015	883 488	-	-	-	883 488
Batyi NA	Councillor	11 Feb 2013		1 128 417	-	145 506	97 128	1 371 051
Mohlaloga MR	Councillor	1 Jul 2013		1 128 417	-	145 506	51 326	1 325 249
Pillay KGS	Councillor	11 Feb 2013		1 088 477	-	145 507	88 749	1 322 733
Senior management								
Pongwana PK	CEO	1 Nov 2013		2 218 257	-	285 916	120 850	2 625 023
Ngwepe WA	COO	1 Sep 2014		1 658 525	-	220 443	297 216	2 176 184
Mngomezulu PB **	Executive: Corporate Affairs & Acting CFO**	1 Jul 2015		752 477	-	123 479	357 709	1 233 665
Hove M*	Financial Specialist & Acting CFO*	1 Sep 2014		268 782	-	32 813	38 531	340 126
Seeber RJ	GM: Engineering and Technology	1 Mar 2013		1 449 113	-	-	21 551	1 470 664
Van der Walt ME	GM: Consumer and Compliance	1 Mar 2015		1 289 144	-	157 213	24 000	1 470 357
Gidi NN	GM: Licensing	1 Feb 2015		1 289 144	-	157 213	39 914	1 486 271
Grootes PB	GM: Policy Research & Analysis	1 Oct 2012	31 Oct 2015	838 480	-	88 117	10 192	936 789

Year ended 31 March 2016	Service as	Date of appointment	Date of resignation/ end of term	Basic	Performance bonus	Post employment benefits	Allowances	Total
Khumalo AJM	GM: Policy Research & Analysis	1 Nov 2015		531 945	-	69 096	12 000	613 041
Nomtshongwana AZ	GM: Regions	16 Mar 2015		1 215 644	-	157 213	133 549	1 506 406
Sookharan AK	CAE	1 May 2014		1 268 144	-	157 213	34 380	1 459 737
Mtsweni BW	Executive: Human Resources	1 Jan 2014		1 288 364	-	157 993	12 961	1 459 318
Mentz L	Executive: Legal, Risk and CCC	20 Jan 2015		1 289 144	-	157 213	24 269	1 470 626
				19 585 962	**-**	**2 200 441**	**1 357 236**	**23 143 639**

* Appointed Acting CFO from 1 March 2015 until 31 July 2015.

** Appointed Acting CFO from 1 August 2015 until a new CFO has been appointed

Year ended 31 March 2015	Service as	Date of appointment	Date of resignation/ end of term	Basic	Performance bonus	Post employment benefits	Allowances	Total
Council remuneration								
Dr Mncube SS	Chairperson	1 Jul 2010		1 580 909	-	-	-	1 580 909
Batyi NA	Councillor	11 Feb 2013		1 065 894	-	143 974	-	1 209 868
Currie WH	Councillor	1 Oct 2010		808 132	-	-	-	808 132
Lebooa JM	Councillor	1 Oct 2010		808 132	-	-	-	808 132
Mohlaloga MR	Councillor	1 Jul 2013		1 209 868	-	-	-	1 209 868
Ndhlovu N	Councillor	1 Nov 2010	31 Oct 2014	922 914	-	-	-	922 914
Pillay KGS	Councillor	11 Feb 2013		1 005 894	-	143 974	60 000	1 209 868
Socikwa MM	Councillor	1 Apr 2011	31 Jan 2015	855 384	-	102 839	50 000	1 008 223
Stucke WF	Councillor	16 Nov 2009	31 Jan 2015	922 914	-	-	-	922 914
Senior management								
Pongwana PK	CEO	1 Nov 2013		2 155 028	-	286 642	-	2 441 670
Ngwepe WA	COO	1 Sep 2014		967 473	-	130 680	14 000	1 112 153
Simpson CE**	CFO	1 May 2012	1 Mar 2015	2 499 348	36 470	180 138	-	2 715 956
Hove*	Financial Specialist & Acting CFO	1 Sep 2014		60 730	-	8 203	10 279	79 212

Year ended 31 March 2015	Service as	Date of appointment	Date of resignation/ end of term	Basic	Performance bonus	Post employment benefits	Allowances	Total
Seeber RJ	GM: Engineering & Technology	1 Mar 2013		1 194 325	-	-	-	1 194 325
Van der Walt ME	GM: Compliance & Consumer Affairs	1 Mar 2015		90 996	-	12 291	2 000	105 287
Mashangoane PJ	GM: Consumer Affairs	1 Jul 2012	30 Jun 2014	227 542	-	30 109	-	257 651
Tsotetsi SP	GM: Licensing	1 Jul 2012	30 Jun 2014	242 651	-	-	15 000	257 651
Gidi NN	GM: Licensing	1 Feb 2015		181 991	-	24 582	-	206 573
Gidi NN	Acting GM: Licensing & Compliance (SM Licensing)	26 Aug 2009	31 Jan 2015	415 881	-	56 175	44 812	516 868
Grootes PB	GM: Policy Research & Analysis	1 Oct 2010		971 913	19 988	128 304	46 824	1 167 029
Nomtshongwana AZ	GM: Regions	16 Mar 2015		39 899	-	6 808	11 608	58 315
Sookharan AK	CAE	1 May 2014		909 089	-	125 776	33 000	1 067 865
Mtsweni BW	Executive: Human Resources	1 Jan 2014		1 105 502	-	147 043	-	1 252 545
Dreyer K	GM: Legal and Compliance	1 Mar 2014	1 Aug 2014	463 905	-	62 735	22 500	549 140
Mentz L	Executive: Legal, Risk and CCC	20 Jan 2015		219 790	-	29 688	4 000	253 478
				20 926 104	**56 458**	**1 619 961**	**314 023**	**22 916 546**

* Appointed Acting CFO from 1 March 2015.

**R989 338 was paid in regard to a settlement agreement.

Complaints and Compliance Committee remuneration	Service as	Date of appointment	Date of resignation/end of term	31 March 2016	31 March 2015 Restated
Tutani JW	Chairperson	1 Sep 2011	30 Nov 2014	-	634 500
Van Rooyen JCW*	Chairperson*	1 Nov 2010		1 081 000	163 500
De Villiers	Member	1 Jun 2009		-	66 000
Maseti NS	Member	1 Mar 2014		85 500	144 250
Medupe TS	Member	1 Dec 2014		135 000	-
Moodaliyar K	Member	1 Nov 2011		313 000	260 000
Ndhlovu N	Member	1 Jan 2015	1 Mar 2015	-	21 000
Ntanjana N	Member	1 Mar 2007	31 Dec 2014	-	91 000
Rademeyer P	Member	12 Nov 2015		7 500	-
Ramokgopa MO	Member	1 Feb 2014		182 000	177 750
Ramuedzisi MT	Member	1 Apr 2008	31 Dec 2014	-	137 500
Thakur S	Member	1 Mar 2007	31 Dec 2014	-	70 000
Tlokana LJ	Member	1 Aug 2010		140 000	189 000
Van Jaarsveld SR*'	Member	1 Apr 2011	31 Dec 2014	-	63 000
				1 944 000	**2 017 500**

* Van Rooyen became the Chairperson on 01 Dec 2015

Audit and Risk Committee remuneration	Service as	Date of appointment	31 March 2016	31 March 2015 Restated
Gounden S	Chairperson	1 Jul 2012	59 000	59 000
Du Toit A	Member*	1 Mar 2014	42 500	59 500
Mbonambi KG	Member*	1 Mar 2014	34 000	42 500
Mosweu MT	Member*	1 Mar 2014	34 000	42 500
Nkomo MM	Member*	1 Mar 2014	34 000	25 500
			203 500	**229 000**

*ARC Members terms that expired on 01 Mar 2016 were extended until 31 May 2016, until the appointment of new members in the 2016/17 financial period.

HR and Remuneration Committee	Service as	Date of appointment	31 March 2016	31 March 2015 Restated
Moerane EM	Member	1 Mar 2012	15 000	45 000
Morgan H	Member	1 Apr 2014	15 000	45 000
Musekwa T	Member	1 Apr 2014	15 000	22 500
Phatudi C	Chairperson	1 Mar 2012	-	51 000
			45 000	**163 500**

IT Review Committee	Service as	Date of appointment	31 March 2016	31 March 2015 Restated
Cronje P	Chairperson	1 Feb 2013	25 500	47 000
Maine P	Member	1 Feb 2013	22 500	37 500
			48 000	**84 500**

Remuneration Summary of Council, Executive Management and Committees	31 March 2016	31 March 2015 Restated
Council	4 902 520	9 680 828
Chief Executive Officer	2 625 023	2 441 670
Executive Management	15 623 185	10 794 046
Committees	2 240 500	2 494 500
	25 391 228	**25 411 044**

Figures in Rand

	2016	2015 Restated

19. Depreciation and amortisation

	2016	2015 Restated
Depreciation	13 818 529	13 960 627
Intangible assets	1 660 487	1 270 146
	15 479 016	**15 230 773**

20. Finance costs

	2016	2015 Restated
Finance leases	-	28 879
Other interest paid	4 606	12 524
	4 606	**41 403**

21. Repairs and maintenance

	2016	2015 Restated
Office and computer equipment	1 098 426	1 300 465
Spectrum Management System	3 487 406	3 655 321
Monitoring equipment	760 030	654 525
Motor vehicles	723 159	800 143
	6 069 021	**6 410 454**

Figures in Rand

22. General expenses

	2016	2015 Restated
Publicity and advertising	5 402 785	4 500 328
Audit fees (refer note 23)	6 745 937	4 890 758
Bank charges	102 695	113 639
Cleaning	1 665 932	1 807 052
Consulting and professional fees	13 124 597	32 768 300
Legal fees	27 114 298	8 048 739
Training and conferences	9 128 648	6 283 644
Publications	1 433 371	998 354
Insurance	1 054 122	1 270 728
IT Expenses	9 507 557	9 480 890
Motor vehicle expenses	2 055 416	1 608 778
Recruitment costs	1 675 657	1 500 620
Security	1 685 740	1 718 769
Telephone and fax	5 031 885	5 307 112
Travel and subsistence	15 994 700	13 311 729
Equipment items expensed	27 565	35 810
Electricity	2 742 284	2 629 688
Rates and taxes	2 458 491	2 619 113
Loss on disposal of assets	1 292 723	5 373 926
Printing and stationery	908 316	987 422
Operating lease maintenance costs	368 684	1 426 231
Lease rentals on operating lease	27 235 043	26 705 748
General and administrative expenses	1 839 343	2 708 185
Other expenses	3 903 984	3 523 745
	142 499 773	**139 663 858**

23. Audit fees

	2016	2015 Restated
External audit	5 488 776	4 518 548
Internal audit IT audits outsourced	1 257 161	372 210
	6 745 937	**4 890 758**

24. Operating lease arrangements (cash flow commitments)

The operating leases entered into represent arrangements to lease office premises. The operating lease commitments comprise cash flow commitments.

The terms of the leases vary with expiry dates between the end of June 2014 and October 2017. Escalation clauses range between 8% and 10% per annum, depending on the lease agreements.

The leases do not contain a purchase option.

Figures in Rand

	2016	2015 Restated

Outstanding commitments existed under non cancelable operating leases that fall due as follows:

	2016	2015 Restated
Up to 1 year	22 956 259	23 094 449
2 to 5 years	20 561 708	36 122 963
	43 517 967	**59 217 412**

25. Cash generated from operations

	2016	2015 Restated
Surplus	56 058 852	48 170 607
Adjustments for:		
Depreciation and amortisation	15 479 017	15 230 773
Fair value adjustment to assets	(141 998)	(12 553)
Finance costs Finance leases	-	28 879
Impairment	(32 482)	317 727
Movements in operating lease assets and accruals	(225 457)	1 233 657
Movements in provisions	15 023 163	(8 871 711)
Loss on disposal of assets	1 315 468	5 373 926
Other non-cash items	(22 748)	13 384
Changes in working capital:		
Inventories	(87 419)	90 165
Receivables from exchange transactions	(742 247)	(1 226 796)
National Revenue Fund receivables	8 000 923	(21 446 334)
Prepayments	(8 521 470)	(2 221 619)
Payables from exchange transactions	6 792 817	(10 950 265)
National Revenue Fund payables	97 058 710	256 519 628
Unspent conditional grants and receipts	(25 196 885)	(7 451 055)
	164 758 244	**274 798 413**

26. Change in estimates

Equipment

Management determines the estimated useful lives and related depreciation charges for property, plant and equipment. The estimates are based on the assessed conditions of the assets, changes in technology, such as new technical innovations being introduced in the industry thus rendering our assets obsolete, as well as expected future spending on capital assets. These estimates can change significantly as a result of changes in the conditions of assets, introduction of new technologies and availability of finance resources to fund expected future spending on capital assets.

Figures in Rand

	2016	2015 Restated

The residual values and useful lives were reviewed during the course of the financial year in line with paragraph 61 of GRAP 17, and the effect thereof was as follows:

Depreciation	Furniture and fittings	Leasehold improvement	Motor vehicles	Computer equipment	Test equipment	Office equipment
After changes in useful lives and residual values	470 203	1 042 531	795 517	4 174 251	6 814 074	392 436
Before changes in useful lives and residual values	(483 161)	(949 629)	(787 273)	(4 550 712)	(7 923 470)	(404 074)
	(12 958)	**92 902**	**8 244**	**(376 461)**	**(1 109 396)**	**(11 638)**

Amortisation	Computer software	Total
After changes in useful lives and residual values	1 660 487	1 660 487
Before changes in useful lives and residual values	(1 651 838)	(1 651 838)
	8 649	**8 649**

27. Commitments

Authorised capital expenditure		
Already contracted for but not provided for		
• Equipment	13 829 213	16 361 994
• Intangible assets	23 233 355	62 706
	37 062 568	**16 424 700**
Not yet contracted for and authorised		
• Equipment	3 805 460	336 260
• Intangible assets	2 362 161	2 644 006
	6 167 621	**2 980 266**
Total capital commitments		
• Already contracted for but not provided for	37 062 568	16 424 700
• Not yet contracted for and authorised by member	6 167 621	2 980 266
	43 230 189	**19 404 966**

This capital commitment expenditure relates to equipment and intangible assets, and will be financed by government grants only.

Figures in Rand

	2016	2015 Restated
Operating leases as lessee (expense)		
Minimum lease payments due		
Within one year	22 956 259	23 094 449
In second to fifth year, inclusive	20 561 708	36 122 963
	43 517 967	**59 217 412**

28. Contingencies

The Authority's decisions are often challenged through the courts. The final outcome cannot be reliably determined as it is dependent on the strength of each party's case and the Judiciary's findings. A contingent liability is noted for legal cases that may have unfavourable decisions.

	2016	2015 Restated
Contingent liabilities	15 674 025	18 356 923

Major litigation items that the Authority was faced with at the end of the financial year were as follows:

An applicant is claiming a breach of tender for an amount of R11 328 400 or an amount of R5 643 000 for the delivery of software. The contingent liability is estimated at R11 328 400 for this case.

A service provider issued summons against the Authority for failure/neglect/refusal to pay management fees in terms of the contract. The contingent liability is estimated at R450 000 for this case.

A person issued summons against the Authority for a damages claim for a damaged fence at the value of R5 625 due to a motor vehicle collision allegedly caused by an employee of ICASA, and the replacement of seven nyala antelopes that allegedly escaped as a result of the compromised fence, at a cost of R20 000 per nyala. The contingent liability is estimated at R145 625 for this case.

Three licensees filed an application for judicial review and set aside of the Authority's decision to approve the merger between two licensees. The costs resulting from the cost order awarded by the High Court against ICASA, Vodacom and Neotel are yet to be determined. The full extent of these costs will only be determined upon taxation by the Taxing Master of the High Court. In terms of the court order, the taxed costs are to be borne jointly and severally by ICASA and two other parties. The contingent liability is estimated at R3 500 000 for this case.

An applicant issued summons against ICASA for services rendered (supply chain). Although the amount of the possible obligation cannot be measured with sufficient reliability, the estimated legal cost is R202 281.

Labour related matters

A labour matter for unfair dismissal was ruled in a former employee's favour by the CCMA. However, the Authority applied to the Labour Court, and paid a security bond of R1 778 195. The amount has been included under Deposits (Note 6).

Three separate labour matters for unfair dismissal were referred to the CCMA, which may result in an estimated outflow of R250 000. Judgement is awaited on the cases.

Other cases (not part of contingency liabilities)

An applicant filed to review an application for an individual free to air sound broadcasting licence. The estimated legal cost is R600 000.

Two separate applicants filed an application seeking relief to review ICASA's decision to decline its application for a licence. The estimated legal cost is R750 000.

The applicants seek to have the decisions of ICASA relating to the award of commercial sound broadcasting licences that were awarded in Gauteng, KwaZulu-Natal and the Western Province reviewed and set aside. The estimated legal cost is R200 000.

A company instituted review proceedings against ICASA to set aside ICASA's decision and findings with regard to the Broadcasting Transmission Services Discussion Document. The estimated legal cost is R300 000.

An applicant filed an application to interdict and prohibit ICASA, and the Complaints and Compliance Committee, from implementing and giving effect to the decision of the CCC, to the extent that another service provider must be given access to the applicant's local loop. The estimated legal cost is unknown.

Two separate commissions of enquiry were instigated against ICASA and the matters are set to proceed and may result in an estimated legal cost of R400 000.

An applicant filed an application to review a decision by ICASA ordering the applicant to excise part of its political television advertisement. The estimated legal cost is R1 350 000.

29. Related parties

The Independent Communications Authority of South Africa is a Schedule 1 entity in terms of the Public Finance Management Act (PFMA). The related party disclosure is required in terms of GRAP 20, related party disclosures, issued by National Treasury.

National departments

Department of Communications

The Authority receives its budget allocation from the Department of Communications, which is based on the approved allocation from Parliament and therefore this is at arm's length. The Authority collects the licence fees from communication licensees, and application fees, on behalf of the National Revenue Fund and transfers this to the Department of Communications, which is done at arm's length.

The following departments are licensed under the Electronic Communications Act. All the transactions and the issued licences are at arm's length:

- Department of Environmental Affairs
- Department of Defence and Military Veterans
- Department of Water Affairs
- South African Police Service.

Entities

The following government entities are licensed under the Electronic Communications Act and Postal Service Act. All the transactions and the issued licences are at arm's length:

- Broadband Infraco
- Sentech
- State Information Technology Agency
- South African Broadcasting Corporation
- South African Post Office

- Transnet
- Telkom.

The Authority acquires services at arm's length from the following entities:

- Government Communication and Information System
- Government Printing Works
- South African Post Office
- South African Broadcasting Corporation
- State Information Technology Agency
- Transnet
- Telkom.

Refer to note 18 for all transactions between the Authority and key management personnel. No key management member who owned an entity, or a close family member, entered into any transactions with the Authority during the period under review.

30. Risk management

Financial risk management for National Revenue Fund receivable

Information about the Administered Revenue's exposure to risks, its objectives, policies and processes for

measuring and managing such risks, as well as quantitative disclosure, is discussed in this note.

Credit risk

Credit risk is the risk that the Administered Revenue may suffer a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises mainly from Administered Revenue's trade receivables. The licensees of Administered Revenue have to apply in terms of the relevant legislations in order to be authorised to conduct any activities.

Financial assets, which potentially subject the Administered Revenue to concentrations of credit risk, consist principally of cash and cash equivalents and trade receivables.

The cash and cash equivalents are placed with high credit quality financial institutions. Trade and other receivables are presented net of the allowance for doubtful receivables.

ICASA Administered Revenue collects the majority of its revenue from the major mobile and fixed line telecommunications companies that have excellent reputations with regard to compliance with regulatory obligations for the payment of both the annual licence and spectrum fees.

However, the Authority does face a risk in the collection of spectrum fees owed, in part due to the diverse nature of entities able to apply and utilise available spectrum. Such licensees include government departments, major telecommunications companies, broadcasting licensees, security companies, individuals, etc.

There is no significant exposure from major corporations and government departments. However, there is risk associated with the collection of revenue owed by those spectrum licensees who are not required to hold an ECNS licence, as these licensees tend to be small companies with geographically diverse locations. The resources available at the Authority represent a significant risk in its ability to collect all outstanding revenues from such licensees.

The broadcasting services and postal services licensees do not pose any significant risk regarding the collection of annual or spectrum licence fees.

Figures in Rand

	2016	2015 Restated
At 31 March 2016		
Receivables from non-exchange transactions	1 023 547 508	994 214 612
The maximum exposure to credit risk by type of customer was as follows:	-	-
Broadcasting services	113 263 125	109 769 611
Frequency spectrum services	252 591 859	248 320 299
ECS and ECNS services	624 268 597	618 675 729
Postal services	33 423 927	17 448 973
Total Receivables from non exchange transactions	**1 023 547 508**	**994 214 612**

At 31 March 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	(36 259 558)	-	-	-
Operating leases	(22 956 259)	(14 318 988)	(6 242 720)	-
National Revenue Fund payables	(1 188 133 415)	-	-	-

At 31 March 2015 Restated	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	(29 466 743)	-	-	-
Operating leases	(23 094 449)	(21 287 171)	(14 835 792)	-
National Revenue Fund payables	(1 091 074 705)	-	-	-

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority finances its operations through grants received from the Department of Communications and interest earned on positive bank balances. These are the only sources of finance for the Authority due to the fact that the Public Finance Management Act prohibits the Authority from raising loans and other forms of short and long -term borrowings.

The entity maintains a reasonable balance between the period over which assets generate funds and the period over which the respective assets are funded.

The table above analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

Credit risk is the risk that the Authority may suffer a financial loss if a customer or counter-party to a financial instrument fails to meet its contractual obligations; this arises mainly from staff receivables. Financial assets that potentially subject the Authority to concentrations of credit risk consist principally of cash and cash equivalents, and trade and other receivables. The cash and cash equivalents are placed with high credit quality financial institutions. Trade and other receivables are presented net of the allowance for doubtful receivables. The Authority has no significant concentration of credit risk. Trade and other receivables are presented net of the allowance for doubtful receivables.

Trade and other receivables mainly originate from transactions that the Authority enters into with the employees. The main components of these receivables are bursary receivables, standing advance receivables,

Figures in Rand

	2016	2015 Restated

cellphone receivables and Travel related receivables (other). The standing advance receivables are only payable when the employee leaves the employment of the Authority, whether through resignation, disability, death or in search of greener pastures. The bursary receivables originate when a qualifying employee of the Authority is granted a bursary to pursue studies in a particular field of study that would be useful to the Authority on completion of his/her studies. Cellphone receivables and travel related receivables relate to day-to-day activities and these are recovered on a monthly basis from the employees concerned. No significant losses have ever been suffered from staff receivables. The staff receivables are owed by many employees; they are diverse and they do not pose any major concentration of credit risk.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Receivables from exchange transactions	3 727 201	2 984 654
Cash and cash equivalents	711 179 788	574 601 886

Market risk

Interest rate risk

As the Authority has no significant interest bearing assets, the Authority's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The Authority operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

31. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

32. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure: Opening balance	2 549 573	331 721
Add: Fruitless and wasteful expenditure: current year	202 054	137 982
Add: Fruitless and wasteful expenditure: prior year (identified in the current year)	170 303	2 205 329
Less: Amounts condoned	(40 000)	(125 459)
Less: Amounts recovered to date	(3 502)	-
	2 878 428	**2 549 573**

Figures in Rand

		2016	2015 Restated
Details of fruitless and wasteful expenditure – current year			
	Disciplinary steps taken/ criminal proceedings		
Additional storage fee charged for hail-damaged vehicle by the panel beaters in Port Elizabeth after the vehicle was repaired.	Authority's Insurer made the appointment to repair the damaged vehicle without SCM processes been followed. The SCM official failed to pay the supplier on time.	40 000	
Flights and accommodation were cancelled for a councillor to UK (London), France (Paris) and Sweden (Stockholm) between 14 and 24 June 2015.	A councillor's bookings to UK (London), France (Paris) and Sweden (Stockholm) was cancelled due to unforeseen family responsibilities.	9 517	
Interest charged on employee's home loan account.	Interest paid to bond account. An amount of R3 501,81 was deducted from the then payroll administrator in the month of December 2015.	10 505	
On 17 December 2015, the supplier delivered cartridges that were received by the security company but no one from SCM was in attendance.	It was brought to the SCM official on 4 January 2016 on enquiry from the supplier. The supplier forwarded a signed tax invoice as proof of delivery on 17 December 2015, and the security company received the goods. The supplier's tax invoice quantity received was 20, whilst the actual in-hand was 16 cartridges.	4 432	
Termination of services with a security services provider at the Authority's head office.	Termination of services with a security services provider on 8 October 2015, without giving 30-days notice and no services rendered in return.	136 039	
Accommodation pre-booked but not utilised.	Pre-booked accommodation could not be cancelled and fees were paid for one night for two employees.	1 560	
		202 053	

Figures in Rand

		2016	2015 Restated
Details of fruitless and wasteful expenditure – prior year (identified in the current year)			
	Disciplinary steps taken/ criminal proceedings		
Section 83 (6) penalty of 10% for Workmen's Compensation for the assessment periods 2011 (R39 264), 2012 (R43 245), 2013 (R43 245) and 2014 (R44 549).	No central staff resource in HR to receive invoices, a Remuneration and Benefits Specialist was employed from January 2016 to avoid payment of penalties.	170 303	
Details of fruitless and wasteful expenditure condoned before year-end and before finalisation of the financial statements			
	Disciplinary steps taken/ criminal proceedings		
Additional storage fee charged for hail damaged vehicle by the panel beaters in Port Elizabeth after the vehicle was repaired.	Disciplinary action was taken against the SCM Official - Central Receiver and SCM Manager that caused the late payment, who were issued with warning letters	40 000	

The fruitless and wasteful expenditure identified during the current year was under investigation in terms of Section 38 and 51 of the PFMA and disciplinary steps against relevant officials was taken where it was proven the relevant officials committed the fruitless and wasteful expenditure as disclosed.

33. Irregular expenditure

	2016	2015 Restated
Opening balance	13 206 864	6 833 388
Add: Irregular expenditure: current year	2 510 348	8 177 118
Add: Irregular expenditure: prior year (identified in the current year)	-	22 046 832
Less: Amounts condoned	(14 537 521)	(23 850 474)
	1 179 691	**13 206 864**

Figures in Rand

		2016	2015 Restated
Details of irregular expenditure: current year			
	Disciplinary steps taken/ criminal proceedings		
Supply and support of Broadcast Monitoring System: the price of the bid was changed just before it was presented to the Council after the bids were evaluated. The system is fully operational, although the process to acquire the system was irregular.	The employee responsible resigned upon realising that the matter would be investigated. Criminal charges have been laid against the employee.	1 330 657	
Supply and support of Broadcast Monitoring System: the price of the bid was changed just before it was presented to the Council after the bids were evaluated. The system is fully operational, although the process to acquire the system was irregular. Exchange rate differences were not factored in the contract.	The employee responsible resigned upon realising that the matter would be investigated. Criminal charges have been laid against the employee. Awaiting NT condonation.	903 942	
Supply and support of Broadcast Monitoring System: the price of the bid was changed just before it was presented to the Council after the bids were evaluated. The system is fully operational, although the process to acquire the system was irregular. Additional maintenance while a new bid process is being finalised for a three-year maintenance contract.	The employee responsible resigned upon realising that the matter would be investigated. Criminal charges have been laid against the employee. Awaiting NT condonation.	275 749	
		2 510 348	
Details of irregular expenditure condoned before year-end			
	Condoned by (condoning authority)		
Supply and support of Broadcast Monitoring System: the price of the bid was changed just before it was presented to Council after the bids were evaluated.	Council	1 330 657	
Legal services: procured without a contract in place.	Council	1 306 165	
HR services: procurement of job grading, cost estimates and total reward strategy not done in line with SCM policies.	Council	424 160	

Figures in Rand

		2016	2015 Restated
Publication services: additional work was awarded resulting in the procurement process not in line with procurement processes.	Council	255 010	
IT services: payments above contracted amount.	Council	21 156	
Stationery: three quotations not sourced as required by SCM policies.	Council	23 525	
HR services: three quotations not sourced as required by SCM policies.	Council	30 549	
Communication services: three quotations not sourced as required by SCM policies.	Council	8 000	
Catering services: three quotations not sourced as required by SCM policies.	Council	25 838	
Response handling: three quotations not sourced as required by SCM policies.	Council	95 444	
Publication services: three quotations not sourced as required by SCM policies and invoice amount exceeds quotation.	Council	24 521	
Gift cards: three quotations not sourced and no tax clearance certificate as required by SCM policies.	Council	87 940	
Strategy planning facilitation: three quotations not sourced and no tax clearance certificate as required by SCM policies.	Council	162 000	
HR assessment: three quotations not sourced as required by SCM policies.	Council	52 383	
Legal services: procured without a contract in place.	Council	551 789	
Two bids were awarded incorrectly due to B-BBEE status verification not substantiated by original or certified copies.	Council	3 388 219	
Five service providers from quotation processes were awarded without original tax clearance certificates.	Council	455 757	
Procuring assessment services without requesting three quotations.	Council	7 410	

Figures in Rand

		2016	2015 Restated
Legal services were procured without having a contract.	Council	6 286 998	
		14 537 521	

The irregular expenditure identified during the current year was investigated in terms of Section 38 and 51 of the PFMA and disciplinary steps against relevant officials was taken where it was proven the relevant officials committed the irregular expenditure as disclosed.

34. Budget differences

Material differences between budget and actual amounts

Revenue

The allocated normal grants were used in ensuring the Authority delivers on its mandate as reflected in the annual report for 2015/16. Of the deferred unspent grants, which were part of the previous year's unspent conditional grant of R85 858 047, only R25 196 885 was realised in 2015/16. This was relating to ICASA's infrastructural needs for the regional spectrum monitoring and postal monitoring.

Personnel

During 2015/16 the Authority filled most vacant positions and furthermore set aside a provision of R15 023 163 towards performance bonuses following improved overall performance.

Depreciation

The annual review for assets on useful lives and residual values resulted in increased residual values on technical assets by 30%: this followed earlier rand/dollar exchange loss during 2015. The increased values following the review on residual values for the technical equipment, which is mostly imported, resulted in a reduced rate of depreciation of R2 709 911.

Repairs and maintenance

Refurbishment of older technical assets resulted in an overspending of R1 706 044.

General Expenses

Savings on consultancy and professional services, printing and stationery, publicity and advertising have contributed positively to the underspending of R31 617 322.

Property, plant and equipment, and intangible assets

The Authority committed R43 587 136 towards capital acquisitions and the remaining under-spending was due to procurement processes not finalised before year-end.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes, please refer to pages 127 to 128 in the annual report.

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes, please refer to pages 127 to 128 in the annual report

Figures in Rand

	2016	2015 Restated

35. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a description of each individual prior period error followed by a summary of the total effect of the prior period errors on the amounts previously disclosed.

Workmen's Compensation Assessment (WCA) incorrectly accounted for in the wrong accounting period.

The effect of this adjustment on the prior year is as follows:

Adjustments affecting the statement of financial position

	2016	2015 Restated
Payables from exchange transactions - Accrued expenses	-	(985 499)
Retained earnings	-	488 739
	-	(496 760)
Adjustments affecting the statement of financial performance		
Employee related costs WCA	-	452 211
General expenses Other expenses	-	44 549
	-	496 760

36. Events after the reporting date

One of the office blocks at the Head Office in Sandton (Block A) was damaged by fire on Monday 30 May 2016. The block houses the Licensing, Policy, Research and Analysis, and the Regions divisions, as well as the Gauteng Regional Office. Investigations are continuing to determine the cause thereof.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

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