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A brief on the Budget Allocation of the Department of Communications and its Entities

Background

Since the establishment of the new Department of Communication (DoC) also reporting to a new Portfolio Committee on Communications, the debate over the inadequate budget allocation for the Department has been consistently raised by Members. It has become evident that under the current arrangements it is impossible that the Department can realise its NDP goals with the allocated budget.

For the 2015/16 financial year the Department had a total revenue of R1, 294 374 billion which was made up of final appropriation of R1 290 888 billion and Departmental receipts of R3 486 million. Total current expenditure (inclusive of compensation of employees and goods and services) for the reporting period was R76, 279 million whilst the total expenditure was R1, 288 042 billion as illustrated in figure 3 above. The Department spent R47, 592 million on compensation of employees; which represents 4 percent of total expenditure. The amount of R1, 210 156 billion went to transfers and subsidies, whilst R2, 416 to legal services. The Department had only incurred fruitless and wasteful expenditure under investigation of R13 000. A significant portion of the Department's budget goes to Programme 4 which is Entity oversight, with a huge portion of that being allocated to the Regulator ICASA. This however leaves other Department entities underfunded which becomes burdensome as these entities have a broad mandate.

The Department has also had to literally squat in the same building with the Government Communication and Information System Department (GCIS) as it cannot afford acquiring its own premises. A MoU was signed between the Department and GCIS which allows the GCIS officials to provide corporate services related support to the department in managing and implementing key corporate services functions until such time as the department is able to fully perform these functions.

It is against this background that the Committee resolved to engage all relevant structures to attempt to engage on ways the budget allocation of the Department can be increased.

For the current financial year, the Department set itself the following strategic goals:

i) Effective and efficient strategic leadership; governance and administration;
ii) A responsive communications policy and regulatory environment;
iii) Improved government communication and country branding; and
iv) Transformed communications sector.

Actual current financial performance of DoC

The total original budget for the Department amounts to R1, 345 billion with 93 per cent of the total budget earmarked for the State Owned Entities (SOE's) and the Government Communication and Information System (GCIS) which are reflected under Programme 4, as outlined in the coming paragraphs.

When disaggregating the Transfers and Subsidies, the Department has an operational budget of R75.204 million. Actual performance of the Department at 30 September 2016 is as follow:

Programme 1: Administration

The total expenditure for the programme from 01 April 2016 to 30 September 2016 is R31.592 million of the total budget of R45.102 million which represents 70%. Compensation of Employees is on 60% but is not posing any thread of over expenditure as an additional R9 million will be availed during the Adjusted Estimates of National Expenditure (AENE).

On the operations, the Programme has spent R10.007 million against a total budget of R9.149 million. This represents an expenditure of 109.4% which means that the entire budget of the year has already been overspent by R858 000.00. This is mainly due to subsistence and travel for the Ministry to execute their Parliamentary duties and Izimbizo's which are also used as a platform to market and raise awareness for the DTT project.

Virement will be applied after approval of the AENE to fund the over expenditure. The budget of Programme 1 remains under tremendous pressure for the remaining period of the 2016/17 financial year. All operations will be channelled to assist the DTT project for the remaining period of the financial year. Expenditure will be allocated to Programme 3 where the DTT project is located.

Programme 2: Communications, Policy, Research and Development

The programme has spent R3.108 million (37%) of the total budget of R8.4 million for the period 01 April 2016 to 30 September 2016. The expenditure is below par and can be attributed to the fact that travelling and workshops for consultations on the Draft White Paper on Audio Visual and Digital Content Policy for South Africa and Community Broadcasting Support strategy did not take place as scheduled.

Savings under this programme will be utilised to fund other areas where there is a shortage of funds.

Programme 3: Industry and Capacity Development

The total expenditure for the programme from 01 April 2016 to 30 September 2016 is R11.479 million (105.4%) out a total budget of R10.894 million. This is mainly due to the DTT project.

Although the Programme is currently overspending its budget, an amount of R1, 214 million will be rolled over from the previous financial year to the 2016/17 financial year. The Department also embarked on a reprioritisation process to source funding for the DTT Programme. The allocation of ICASA will be reduced with an amount of R41.410 million in the 2016/17 financial year to fund this programme (R9 million for Compensation of Employees and R32.410 million for other operations).

The Project Management Office has an operational plan in place to utilise the additional funds towards the successful achievement of set targets. The funds will mainly be utilised to fund door-to-door registration, public awareness in the borderline areas, DTT branding, DTT marketing, contract positions as well as other operational cost related to the Programme.

There is no thread that the department will overspend on this Programme at the end of the 2016/17 financial year. However, it must be stressed that no additional funding was made available for this project in the 2017/18 to 2019/20 financial years.

Programme 4: Entity Oversight

When disaggregating the Transfers and Subsidies to the SOE's and GCIS, the programme has spent R2.611 million (24%) of the total budget of R10.808 million for the period 01 April 2016 to 30 September 2016. The Programme is spending below par and will continue to do so as the entire Department is slowing down on operations to avoid over expenditure at the end of the 2016/17 financial year.

All human resources, where possible, will be channelled to the DTT project to make this flagship project a success. Expenditure will, therefore, be allocated against Programme 3 where funds are allocated for this Project

Conclusion

The Department is highly underfunded and it is difficult to deliver on its mandate as required by the legislation. The Digital Terrestrial Television Project was transferred from the Department of Telecommunications and Postal Services (DTPS) to the Department without funding and it is difficult to run it fully without funding, i.e. the awareness campaign and the call centre. Even though an additional budget of R41.410 million was made available for the

DTT project in 2016/17 financial and a project plan is in place to increase awareness and marketing of the Project, there is a risk of the Department not settling suppliers by 31 March 2017. This will greatly depend on when the Adjusted Appropriation Bill will be enacted and the Department can start to commit the funds. No additional funding was allocated to the Department in 2017/18 financial year and beyond which place the Project at risk.

In addition, no additional funds were allocated to the Department during the establishment phase except for the Ministry and the few officials that were transferred from the DTPS to the DoC. Therefore, critical functions like Internal Audit, Human Resource Management, Information Technology and Supply Chain Management were not appropriately funded or not funded at all. The Department continue to receive Supply Chain Management Services, Facility and Security and Information Technology from the Government Communications and Information System (GCIS) in line with a Memorandum of Understanding between these two departments.

Lastly, the Department continues to share office space and infrastructure with the GCIS which poses a serious security risk in the sense that officials from both Departments are sharing same offices and for the DoC, there is a lack of filing cabinets and safes to keep documents, sometimes sensitive of nature, in safe filing space.

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