**Analysis of 2016/17 third quarter performance of the Department of Communications and the Department: Government Communication and Information System**

1. **Introduction**

This paper provides analysis of the 2016/17 third quarter (October to December 2016) performance of the Department of Communications (the Department) and the Government Communication and Information System (GCIS).

The Constitution of South Africa empowers the National Assembly and Provincial Legislatures with an oversight role over their respective Executives. Section 55(2) of the Constitution deals with the powers of the National Assembly, and states that the National Assembly must provide for a mechanism to:

* Ensure that all executive organs of state in the national sphere of government are accountable to it; and
* To maintain oversight of the national executive authority, including the implementation of legislation, and any organ of the state.

Section 42(3) of the Constitution empowers the National Assembly with the power to scrutinise and oversee the executive action. In addition, Section 92(3)(b) of the Constitution requires that Members of the Cabinet must provide Parliament with full and regular reports concerning matters under their control. The challenge facing members of Parliament is to improve the capacity of parliamentary Committees to hold Departments and SOE’s to account for their performance, using their strategic plans, budget documents and annual reports as the basis.

The PFMA gives effect to financial management that places a greater implementation responsibility with managers and makes them more accountable for their performance. It is left to the Minister/MEC or the Executive (Cabinet) to resolve management failures. The National Assembly and the provincial legislatures are vested with the power to oversee the SOE and the Executive.

1. **Portfolio Committees**

Given their involvement in the legislative, budget and in-year monitoring processes, Portfolio Committees exercise oversight of the service delivery performance of SOE’s.

Portfolio Committees fulfill the responsibility of reviewing non-financial information contained in the quarterly and annual reports of Departments and SOEs. These Committees should exercise oversight as to whether Departments and entities have delivered on the service delivery commitments they made in their corporate plans. They must also consider the financial performance of Departments and SOEs in order to develop a holistic understanding of their performance. To give effect to this role, these Committees focus on the following in considering quarterly and annual reports: The technical quality of the annual reports produced by Departments and SOE’s:

* The economic, efficiency and effectiveness of service delivery as measured by performance indicators presented in the annual reports;
* Evaluating management’s explanation as to why the entity’s service delivery performance did not attain the targets set in the corporate plans;
* Equity of service delivery; and
* Investigating the circumstances that led to financial underperformance and the impact this had on service delivery and the measures taken by management to rectify the situation.

The National Assembly Portfolio Committees are responsible for overseeing the relevant National Department for which they are responsible. SOE’s report to an Executive Authority (Shareholder Ministry) and their annual reports are submitted to both the Public Accounts Committee and the relevant Portfolio Committee by the Executive Authority.

1. **Department of Communications**

In its 2015/16-2019/20 Strategic Plan and Annual Performance Plan for 2016/17-2018/19 the Department has committed itself to achieving its objectives through four strategic programmes over the five-year period in order to realise its vision. These strategic programmes are:

* Administration
* Communications Policy, Research and Development
* Industry and capacity development and;
* Entity oversight

These programmes are integral to the department’s commitment in implementing government’s Outcomes 14.[[1]](#footnote-1)

**3.1 Overview of non-financial performance**

**Programme 1: Administration**

The objective of this programme is to maintain a sound system of internal controls resulting in improved service delivery and positive audit outcomes. In order to measure performance, the Department will focus on the:

* Development and implementation of Human Resource Management and Development (HRM&D) plans in accordance with applicable legislation and guideline and reports annually
* Unqualified audit opinion for the Department as well as ensuring that 100% of all compliant invoices are paid within 30 days and 70% of requisitions converted to orders within 48 hours.
* Ensure the approval and implementation of the internal audit policy on an annual basis and three-year rolling strategic plan and annual operational plan 2016-2019.

Under this programme the department has seven performance indicators and five planned targets during Quarter 3 as per Annual Performance Plan (APP). The department achieved four of the set targets and one was not achieved. The target that was not achieved relates the payment of invoices within 30 days per regulations.[[2]](#footnote-2)

The department states that two payments amounting to R 8019.33 were processed outside the 30-day regulation.

**Programme 2: Communications Policy, Research and Development**

In order to improve universal access to broadcasting services by 2019, the Department’s objective under this programme is to conduct research and develop communication and broadcasting legislation and strategies to improve universal access to broadcasting services. Over the next five-year period, the Department will measure performance through the approval, implementation and monitoring of two legislations and one strategy as follows:

• Audio-Visual and Digital Content Act

• ICASA Amendment Bill; and

• Community Broadcasting Support Strategy

Under this programme the department has six performance indicators and five planned targets during Quarter 3 as per Annual Performance Plan (APP). The department achieved two of its planned targets and three were not achieved. The department was unable to publish the Draft White Paper on Audio-Visual and Digital Content and consultations were not coordinated. The other two targets that were not achieved relate to the inability to consolidate inputs into the Media Development and Diversity Green Paper and the inability to submit the ICASA Amendment Act to Cabinet for approval so that it would be sent to Parliament for consideration and public consultation.

**Programme 3: Industry and Capacity Development**

The objective is to build a competitive communications industry through the implementation of targeted interventions to support the growth and development of the creative industries. Over the next five-year period, the Department will measure performance through:

Ensuring that the advisory on development, production and display of local television and radio content is submitted to the Executive Authority by the South African Broadcasting Production Advisory Body.

For this programme the department has six performance indicators and five planned targets during Quarter 3 as per Annual Performance Plan (APP). The department achieved all the set targets.

**Programme 4: Entity Oversight**

The objective is to monitor the implementation of policies by state owned enterprises and regulatory institutions and to provide guidance and oversight on their governance matters as well as strategic alignment with the Department’s priorities. Over the next five-year period, the Department will measure performance through:

* Submission of 5 annual reports and 20 quarterly entity oversight reports submitted to the Executive Authority.
* Signing of 5 Shareholder compacts and 20 accountability instruments.
* Submission of 25 reports on Public Entities' strategic alignment with the Department’s priorities to the Executive Authority.

For this programme the department has four performance indicators and five planned targets during Quarter 3 as per Annual Performance Plan (APP). The department achieved all the set targets.

**3.2 Financial Performance of the Department**

**Programme 1: Administration**

The Department spent R43.6 million or 76.3 per cent against the available budget of R57.1 million. The amount of R57.1 million is the adjusted appropriation whilst the main appropriation was R45.1 million. In relation to the benchmark expenditure drawing target of R33.6 million, Administration branch spent 129.5 per cent against the approved drawings. 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 digital terrestrial television project. Other factors that contributed to the higher spending are compensation of employees, attendance of international conferences, printing of the department’s strategic plan documents, staff resettlement costs, and audit fees which were higher than anticipated. Virements were applied during the 2016 Adjusted Estimates process to augment the programme budget.

**Programme 2: Communications, Policy, Research and Development**

This programme has spent R4.7 million or 60.2 per cent of the available budget of R7.7 million. The amount of R7.7 million is the adjusted appropriation whilst the main appropriation is R8.4 million. In relation to the benchmark drawing target of R5.8 million, the branch spent 79.6 per cent of available funds. The low expenditure is due to planned travel and holding consultation workshops on the Draft White Paper on Audio Visual and Digital Content Policy for South Africa and Community Broadcasting Support strategy that did not take place as scheduled. The consultation workshops could not take place due to unavailability of relevant stakeholders and are planned to take place in the last quarter of the financial year.

**Programme 3: Industry and Capacity Development**

Under this programme the department spent R18.7 million or 39.2 per cent against the available budget of R47.7 million. In relation to the benchmark drawing target of R8.4 million, the branch spent 222.4 per cent against planned spending. The amount of R47.7 million is the adjusted appropriation whilst the main appropriation is R10.9 million. The higher spending is mainly due to travelling to various provinces for the door to door activation, registration of the digital terrestrial television project, catering for the Izimbizo and renewal of contract employees' contracts.

Although the programme spent higher against the benchmark drawings target, an amount of R1.214 million was rolled over from the previous financial year to 2016/17 and also a reprioritisation process resulted in funding of R41.410 million for the DTT Programme from the Independent Communications Authority of South Africa (ICASA).

**Programme 4: Entity Oversight**

This programme spent R921.9 million or 74.5 per cent against the available budget of R1.2 billion. In relation to the benchmark drawing target of R982.3 million, the branch spent 93.9 per cent. The amount of R1.2 billion is the adjusted appropriation whilst the main appropriation is R1.3 billion. The lower spending is mainly due to the third quarter transfer to SABC: Programme Productions and SABC: Community Radio Stations which could not be transferred due to non-submission of reports by the entity as well as unavailability of a Memorandum of Understanding between the MDDA, SABC and the department to regulate the utilisation of the funds. Funds meant for transfer to ICASA has been reprioritised during the Adjusted Estimates of National Expenditure (AENE) to fund the DTT project. Funds will be transferred to the entities in the last quarter of the financial year

**3.3 Issues for the Committee to Consider in relation to the Department**

* In relation to virements; an amount of R57.8 million was moved within the department to cover the DTT project as well as other operational costs for the department.
* The department continues to share office space and infrastructure with the GCIS which poses a security risk in the sense that officials from both departments are sharing same offices and the Department of Communications has limited storage space to safeguard documents.
* The department remains highly underfunded and the it must be applauded for being able to execute its onerous mandate with the little funds it receives. For example; in relation to compensation of employee available budget of R68.2 million, expenditure on compensation of employees is R49.2 million or 71.9 per cent. The amount of R68.2 million is the adjusted appropriation whilst R59.1 million is the main appropriation. In relation to the benchmark drawing target of R43.6 million, the department spent 112.4 per cent. This is attributable to the costs that were higher than originally budgeted for due to contract employees whose contracts were expiring at the end of November 2016 and were subsequently extended to ensure proper completion of the DTT project. An additional amount of R9.0 million has been allocated to Compensation of Employees during the Adjusted Estimates of National Expenditure to prevent possible shortfalls.
* One accountability instrument for 2016/17 ICASA was not signed. The Entity Oversight Branch is to arrange a meeting with the Company Secretaries to ensure that the agreements are signed in the second quarter.
* The drafting of the ICASA Amendment Bill will resume after the finalisation of the Broadcasting amendment Bill and the Films and Publications Amendment Bill in the 2017/18 Financial Year. The pace at which the Portfolio Committee addresses these two Bills will have a negative or positive effect on these targets.
* Under Programme 1: Administration can the department clarify how many people were trained and what was the nature of the training. Does the training contribute positively to the operations of the department?
* What was the reason for being unable to process the two invoices outside the 30-day Treasury Regulation?
* What was the status of all litigation faced by the department?
* How has the underfunding impacted on filling vacancies, particularly vacancies for key strategic positions?
* What are the key recommendations of the sustainability report and how can Parliament assist in the implementation of these recommendations? Can the department share these recommendations and the report of the media transformation colloquium?
* Under Programme 3: Industry and Capacity Development, performance indicator 3 states that registrations recorded = 50 282; STBs Distribution to SAPO warehouse =668 000; DTT accessories Distribution to SAPO warehouses = 680 000 (DTT Antennae and Satellite Dishes); 25 165 installations done; and a total of 27 196 allocations issued. Can the department clarify as to what was the total target set against each of these achievements?
1. **Government Communication and Information System**

The Department of Government Communication and Information Systems (GCIS) mandate is derived from section 195(g) of the Constitution of South Africa (1996), which stipulates that the public should be provided with information that is timely, accurate and accessible. This is in support of the constitutional principles of freedom of expression, and transparency and openness of government. The department is accordingly mandated to: develop overarching communication policies and strategies for government; disseminate information, publicity and marketing on government programmes; and promote an informed citizenry through facilitating integrated, coordinated and clear communication between government and South African citizens, to enable citizens to be involved in the country’s transformation.

The GCIS has committed itself to achieving its objectives through three strategic programmes over the five-year period in order to realise its vision. These strategic programmes are:

* Administration
* Content Processing and Dissemination
* Intergovernmental Coordination and Stakeholder Management

The GCIS has a strategic role to play in ensuring heightened awareness among intended beneficiaries of the opportunities for socio-economic development. There is therefore a need to customise government’s messages to be able to popularise all life-changing programmes and plans that government offers, especially how citizens can access them.

The GCIS had a total of 41 planned targets in quarter three; 39 of those targets were achieved and two were not achieve. The section below discusses this further.

**4.1 Overview of non-financial performance**

**Programme 1: Administration**

The purpose of this programme is to provide overall management and support for the department. The GCIS has five sub-programmes under this the Programme: Administration. These are Strategic Planning and Programme Management; Human Resources (HR), Information Management and Technology; Finance, Supply Chain Management and Auxiliary Services and Internal Audit. GCIS had seven planned targets for quarter three under this programme and all targets were achieved.

**Programme 2: Content Processing and Dissemination**

The purpose of this programme is to provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness of government communication. The department has three sub-programmes under this programme; Products and Platforms, Policy and Research; and Communication Service Agency. Under this programme the GCIS had 21 planned targets for quarter three and achieved all of its planned targets.

The GCIS further overachieved under the sub-programme: products and platforms. For the indicator relating to the production of *Vuk’uzenzele* GCIS had planned the publication of five editions. This target was exceeded by publishing a sixth edition. The department also exceed its publication of *GovComms*. The GCIS published two editions instead of the planned one edition. There was also further overachievement with regard to the number of request received for language services.

Under sub-programme: Communication Service Agency; the GCIS overachieved by exceeding its target of approved media-buying campaigns; the provision of photographic products and services provided; video products and services provided to mention a few.

**Programme 3: Intergovernmental Coordination and Stakeholder Management**

The purpose of this programme is to implement development communication through mediated and unmediated communication and sound stakeholder relations and partnerships. There are three sub-programmes under this programme which are Provincial and Local Liaison, Cluster Communication and Media Engagement.

Under this programme the GCIS under achieved under sub-programme: Provincial and Local Liaison; and sub-programme: Media Engagement. The GCIs had a planned target of executing a 121 marketing events for Thusong programme, only a 120 were held. The GCIS also planned to host five Cabinet briefings and/or statements issued after ordinary Cabinet meeting per quarter, this target was underachieved by one.

The GCIS also had some overachievements under this programme and should be congratulated for ensuring that it goes the extra mile. For an example, it had planned two engagements between government official and senior journalists on the government programme of action and policy issues held. This target was overachieved by one.

**4.2 Financial Performance of the Department**

Main appropriation for the financial year was R382.2 million and actual expenditure is R278.5 million. Expenditure as percentage of available budget is 73 per cent.

Expenditure under Programme 1: Administration is R107, 8 million; spending 72 per cent of its available budget under this programme. There is a projected deficit of R2, 481 million for this programme which is as a result of facilities management and office accommodation.

For Programme 2: Content Processing and Dissemination the GCIS spent 75 per cent of its available budget. Total expenditure is R98 million and the main appropriation is R130, 450 million. There is projected underspending of R761 million.

Under Programme 3: Intergovernmental Coordination and Stakeholder Management expenditure is 71 per cent against available budget. The main appropriation is R102, 6 million and actual expenditure is R72, 6 million.

**4.3 Issues for the Committee to Consider in relation to the GCIS**

* The South Africa Social Security Agency (Sassa) has received a lot of media attention recently as a result of the lapse of the contract with CPS and the failing or not failing to ensure that a new contract is in place at the end of March. What role has the GCIS played in ensuring that the position of the Department of Social Development and SASSA is effectively communicated?
* Which vacancies are yet to be filled and how has the underfunding of the department impacted on filing of these vacancies; particularly in key strategic positions?
* How many users does the the *GovChat* platform currently have?
* Has the issue of sharing space with the department affected the operations of the GCIS?

**END**

1. Medium Term Strategic Framework (MTSF) reflects Government’s strategic plan for the 2014-2019 electoral term. The MTSF is the first five-year implementation phase of the National Development Plan (NDP). It is structured around 14 priority outcomes which cover the focus areas identified in the NDP and Government’s electoral mandate: education, health, safety and security, economic growth and employment, skills development, infrastructure, rural development, human settlements, local government, environment, international relations, public sector, social protection, nation-building and social cohesion. [↑](#footnote-ref-1)
2. Section 38(1)(f) of the Public Finance Management Act (PFMA) requires that all invoices be paid within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgement, as provided in Treasury Regulation 8.2.3 [↑](#footnote-ref-2)