

Report of the Portfolio Committee on Communications on Budget Vote 3: Communications, Dated 23 May 2017.

The Portfolio Committee on Communications (the Committee), having considered Budget Vote 3: Communications and the Annual Performance Plans (APPs) for 2017/18 of the Department of Communications (the Department), Government Communication and Information System (GCIS), the South African Broadcasting Corporation (SABC), the Independent Communications Authority of South Africa (ICASA), the Films and Publications Board (FPB), the Media Development and Diversity Agency (MDDA) and Brand South Africa (BSA), reports as follows:

1. Introduction

Section 55(2) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that the National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority including the implementation of legislation; and (ii) any organ of state. In terms of the Public Finance Management Act (PFMA), the Accounting Officers must provide Parliament or the relevant legislature with their respective institution's Medium-Term Strategic Framework (MTSF) and where applicable with its Annual Performance Plan (APP).

The Money Bills Amendment Procedure and Related Matters Act was promulgated in 2009, and provides Parliament with powers to reject or recommend the approval of departments' budgets. The Act also makes provision for the implementation of recommendations emanating from the committee's oversight reports.

The Committee met with the Department and GCIS on 2 May 2017, ICASA and FPB on 3 May 2017, MDDA and BSA on 9 May 2017 and SABC on 10 May 2017 for consideration of their APPs 2017/18 – 2019/20. The Department had a total budget allocation of R1. 425 billion.

2. The Department's APP 2017/18 – 2019/20

2.1 Strategic outcome-oriented goals

The Department's mandates are derived from the President's pronouncement when establishing the Department, and these are: developing an overarching communications and broadcasting policy and strategy; providing information dissemination and publicity to promote an informed citizenry; and branding South Africa abroad to assist the country to promote investments, economic growth and job creation.

The Department set itself the following strategic goals which it aims to achieve in the process of implementing its mandates:

- (i) effective and efficient strategic leadership, governance and administration;
- (ii) a responsive communications policy regulatory environment and improved country branding; and
- (iii) transformed communication sector.

The Department aims to achieve its goals through the following strategic objectives:

- (i) ensuring compliance with statutory requirements and good governance by 2019;
- (ii) improving capacity of the entities to deliver by 2019;
- (iii) ensuring viability and sustainability of State-Owned Entities (SOEs) by 2019;
- (iv) improving universal access to broadcasting services and information by all citizens in 2019;
- (v) marketing the country locally, regionally and internationally to provide an enabling environment for investment by 2019;
- (vi) supporting the growth and development of the creative industries by 2019;
- (vii) managing digital broadcasting migration by 2019; and
- (viii) strengthening support, guidance and interrelations with stakeholders by 2019.

2.2 Situational Analysis

2.2.1 Broadcast Digital Migration (BDM) policy

In 2015, the International Telecommunications Union (ITU) resolved at the World Radio Conference (WRC-15) held in Geneva, Switzerland that the frequency spectrum that will be freed up by the analogue transmissions, when the world migrates to digital platforms, will be allocated for mobile telecommunications. The protection of analogue television transmissions ceased as of 17 June 2015, as per the International ITU resolutions, of which South Africa is a signatory.

The implementation of South Africa's Broadcast Digital Migration (BDM) policy got off to a slow start and this resulted in South Africa missing the 17 June 2015 international deadline. December 2005 saw the commencement of extensive distributions and installations of Digital Terrestrial Television (DTT) Set –Top-Boxes (STBs) and related services. The South African Post Office (SAPO) started generating statistics for registrations, distributions and installations of devices to consumers. Monitoring visits were conducted in Keimoes and Kakamas in the Northern Cape to monitor the functionality of the devices, followed by focused Consumer and Public Awareness campaigns to improve the registration uptake by consumers.

The monitoring visits identified that the registration and uptake had been running below projections during that period, mainly attributed to the impact of TV licence as a requirement for registration, unavailability of smartcards for the Direct to Home (DTH) Satellite STBs and lack of DTT education and awareness campaign. As a result of the Minister of Communication's intervention, the TV licence was delinked from the registration process. Through a proactive and aggressive door-to-door registration and installation campaign, progress had since been realised and as such the Department aimed to institutionalise it as the de-facto approach for the national STB roll-out programme. The lack of funding for public awareness and contact centre still remained a huge challenge. There was a need to train qualified installers in under serviced areas to service their communities post the DTT and DTH STBs installation period, as this would help create job opportunities in economically depressed areas. The main objective was to train artisans and customer care to support the government programme of switching over from the current analogue TV to digital broadcast.

Litigation by eTV and civil society organisations on the country's BDM policy risks these significant achievements being watered down and the country missing the new deadline for migration which was set for 2018 by the previous Minister of Communications, Ms Faith Muthambi. eTV challenged the High Court decision which was granted in favour of the Minister of Communications at the Supreme Court of Appeals (SCA), which subsequently ruled in favour of eTV and declared the Department's BDM policy unlawful and invalid. The court accordingly set the policy aside.

The matter revolved around the use of unencrypted STBs for when the country finally migrates from analogue to DTT. The successful implementation of digital migration by 2018 hangs in the balance pending the decision of the Constitutional Court where the Minister was appealing the SCA decision. Furthermore, the allegations of flawed procurement processes for the production of STBs also posed significant risks (financial and legal) to the rolling out of the programme.

2.2.2 Broadcasting Amendment Bill

The SABC had over the past 23 years committed itself to providing a broadcast service that provides complete and accurate information to all South Africans. Issues of poor governance over the years has impacted negatively on the quality of programming and this has made it extremely difficult for those employed by the broadcaster to assist in ensuring that it effectively carries out its mandate. The en masse resignation of board members and the consistent suspension of Chief Executive Officers (CEOs) highlight concerns on the effective corporate governance of State-Owned Entity (SOE). This is further highlighted in the Adhoc Committee into the fitness of the SABC Board Inquiry of a Parliament process held between November 2016 and February 2017. By virtue, the responsibility to implement

the Adhoc Committee recommendations apportioned to Parliament falls within the responsibility of the Committee, over and above implementing the recommendations in totality.

Furthermore, the Broadcasting Amendment Bill [B39 – 2015] was referred to the Portfolio Committee on Communications on 4 December 2015 and was subsequently introduced to the Committee by the Department on 8 March 2016. In summary, the Bill seeks to amend the Broadcasting Act 4 of 1999 so as to develop and implement a stable corporate governance model that ensures long-term stability and sustainability of the SABC. The Bill highlights the challenges caused by a lacuna in founding legislation (the Broadcasting Act) and some provisions of the Companies Act, however it has great implications on how to guarantee that SABC board members remain public servants accountable to the public; essentially putting the SABC firmly under the control of the Minister. Upon introduction of the Bill; civil society organisations SOS Coalition and Media Monitoring Africa (MMA) were challenging the Bill and referred it to the courts.

The SABC Board Inquiry report recommendations also point to the legislation as contributory to the downfall of the public broadcaster.

The Portfolio Committee on Communications is still deliberating on the Bill and is scheduled for further deliberations during the current Parliament term which will in its process endeavour to take into consideration all merits in the interest of upholding the Constitution and the people it serves.

2.2.3 Transformation of the communications sector

During the 2017 State-of-the-Nation Address (SoNA), the President mapped out what radical socio-economic transformation would look like in South Africa. The President defined radical socio-economic transformation as the “fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female, as defined by the governing party that is responsible for policy-making for the democratic government.”

The President further emphasised the importance of stimulating growth and creating jobs; as well as the need to empower Small, Medium and Micro Enterprises (SMMEs) to accelerate their growth. Access to high-quality, innovative business support could dramatically improve the success rate of new ventures. In addition, youth unemployment was sitting stubbornly just below half (47.60 per cent) of the entire youth populace and this scenario is normally referred to by scholars as ‘the elephant in the room’. This clearly indicates that few jobs are available for youth and that small business development aimed at youth should be one of South Africa’s most pressing priorities for the Department. Transforming the sector particularly the print media sector remains at the top of the Department’s priorities for the 2017/18 financial year. Transformation of society is multi-faceted; complex and requires change at every level. New policy and procedures should be approved and institutions redesigned to support this. Post-1994, the newly elected government engaged in wide ranging discussions to establish the principles, develop the policies, and introduce the structures that would reflect the ideals of a non-racial and democratic society. All sectors of society were to be transformed in line with the democratic ideals of: openness; accountability; and non-discrimination based on race, gender, religion etcetera.

The print media ownership patterns remain largely untransformed and lack an alternative voice; more especially the poor and previously disadvantaged people still remain largely unheard in the media environment.

Government also identified a need to review some of the policies in areas where there had not been effective change/transformation towards a more democratic order.

In 1996, the then Deputy President of the Republic instituted a task group referred to as the COMTASK to review government communications. This task group produced a comprehensive report on how to transform the communications sector of the country. To this day however, government communications remains disjointed and is yet to realise the recommendations comprehensively.

These ideals have guided the transformation of the South African society over the past 20 years. However in the same period while sound policies are in place, the print media sector remains largely untransformed with undue concentration of media ownership in the hands of a few industry players. And this has a significantly negative impact on media and transformation goals of the democratic dispensation. Though the main concern has been ownership and management control of the publishing of print media, this had to be considered across the entire media value chain as similar patterns are reflected throughout thus stifling the emergence of new owners into the sector.

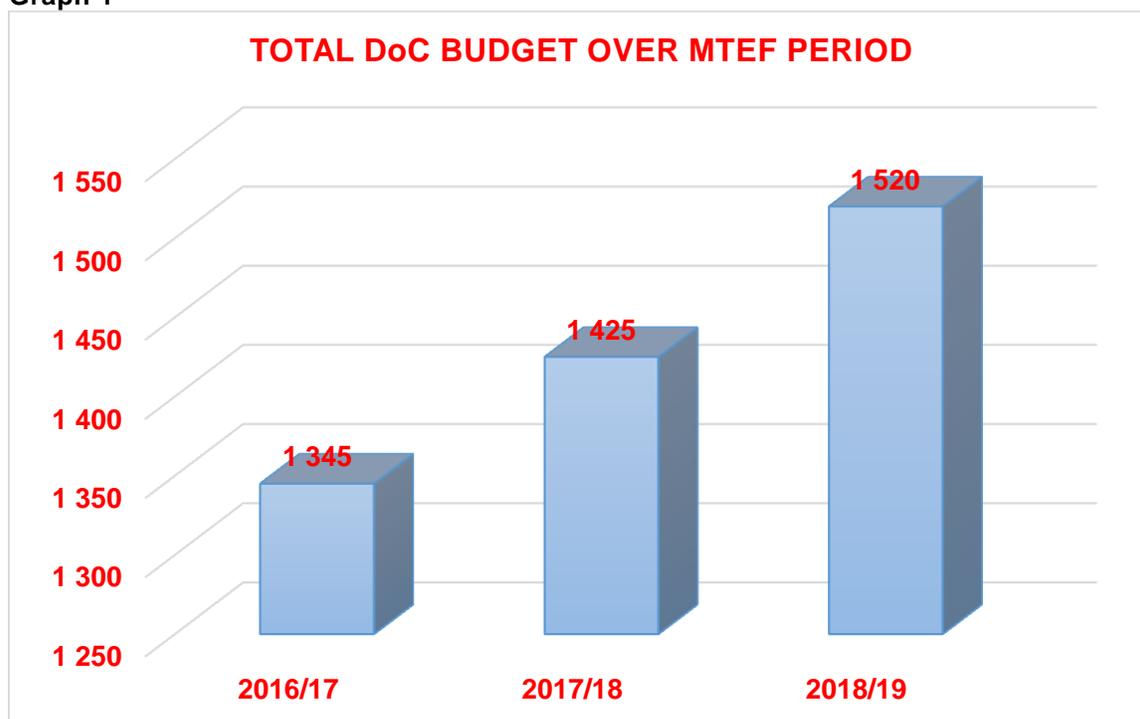
The Department and GCIS are in earnest on the right path to resolving media and communications challenges as per the mandate; for an example, they hosted a two-day Print Media Transformation, Accountability and Diversity Colloquium on 25 and 26 August 2016 at Freedom Park, Pretoria.

The purpose of the Colloquium was: (i) to bring together a broad range of stakeholders to contribute positively to a debate on media transformation and diversity; (ii) to interrogate issues within the media environment to effect positive change; (iii) inform the media transformation and diversity policy process; and (iv) secure diversity and plurality of content and media ownership in a free and democratic constitutional state.

3. Departmental budget allocation and programmes

The Department was allocated a budget of R1.3 billion for the 2016/17 financial year, and R1.425 billion for the 2017/18 financial years and R1.526 billion for the 2018/19 financial years as illustrated in the Graph 1 below. This represents a steady increase of 6 per cent over the medium term period in allocation.

Graph 1

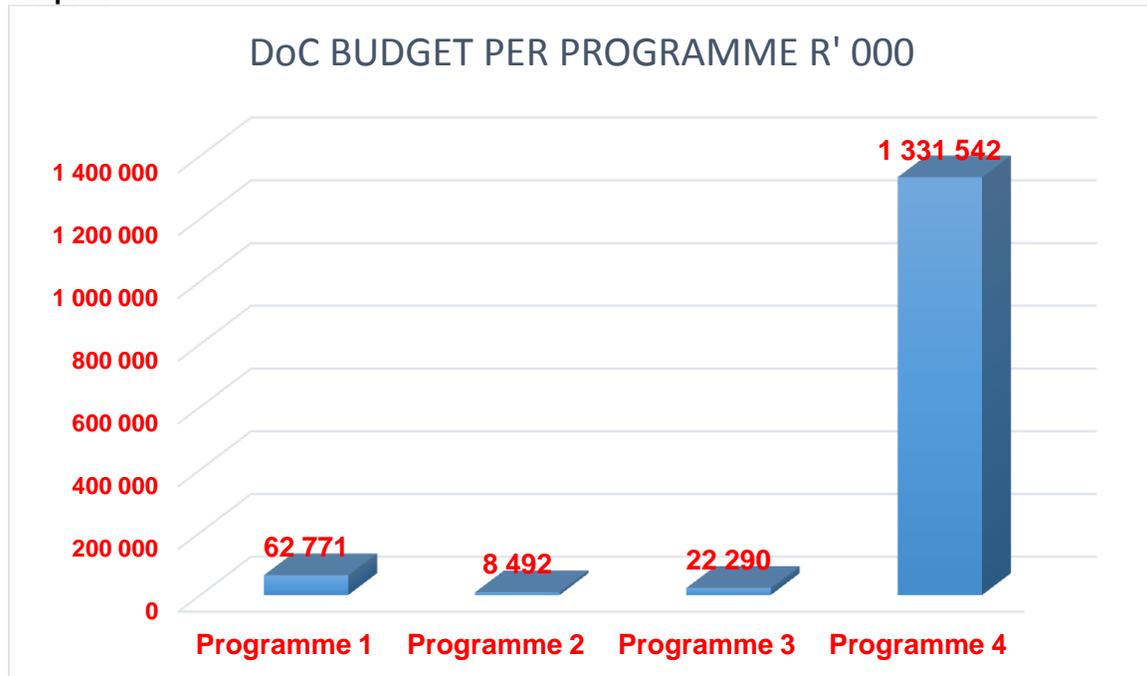


It will remain the prerogative of the PCC within the medium term to interrogate and consult (with relevant stakeholders such as DPME, Treasurer, and DPSA) on whether the Budget vote is adequately funded. The PCC, through its oversight mechanisms, has identified that the lack thereof of adequate funding for this budget will result in unintended consequences thereby reversing the positive progress achieved thus far by government. And further derail the Department in meeting its mandate of transforming this critical sector of the new

democratic State. Parliament therefore should be in a position to establish whether the budget allocation and the 6 per cent steady increase over the medium term will suffice.

The Department had allocated its budget per programme as illustrated in the Graph 2 below:

Graph 2



The overall staff complement has seen an increase over the medium term from 55 in 2014/15 to 85 in 2016/17 financial years. The Department's compensation of employee's budget has been reduced by R3.6 million for 2017/18 and 2018/19. After consultation with the Department of Public Service and Administration (DPSA) and National Treasury, the Department will finalise, develop and implement a plan to manage its personnel expenditure within this reduced expenditure ceiling. It is equally important to make mention that despite the reduced expenditure ceiling, the Department is operating at half the approved staff complement.

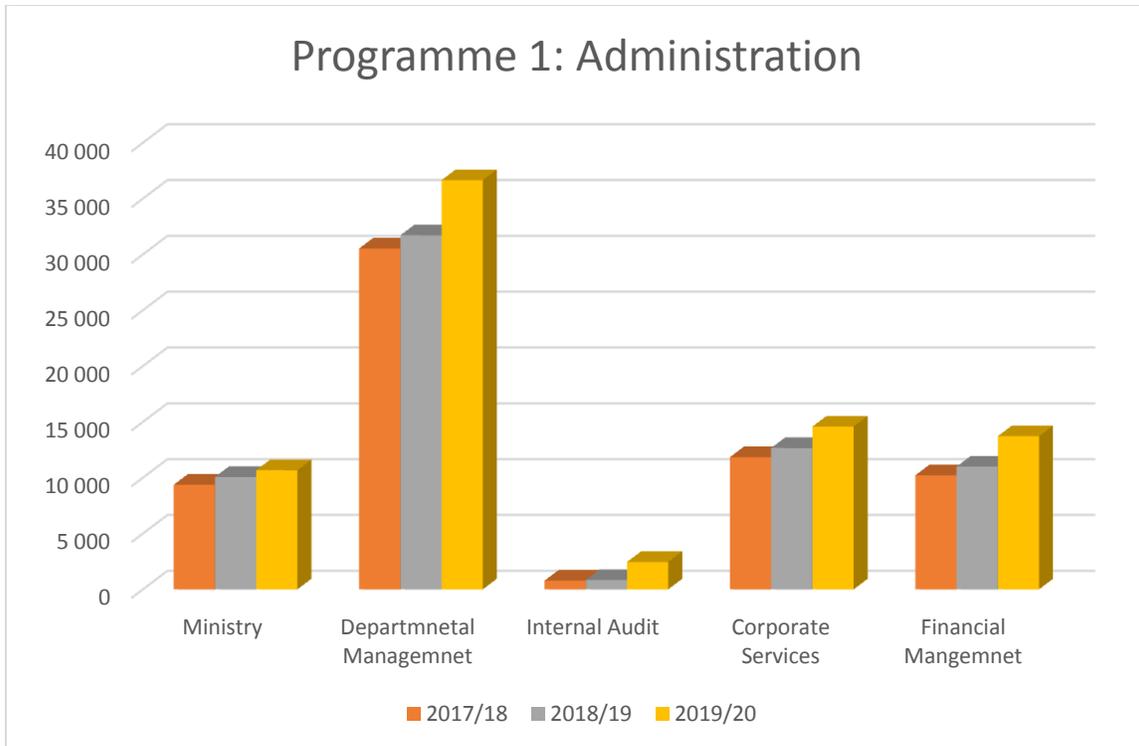
3.1 Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services to the Department. Under this programme the Department has ten sub-programmes and 21 programme indicators.

The sub-programmes are Human Resource Management and Development (HRM&D), Information and Technology management (IMT), Facilities and Security management services; Communications, Legal Services, Strategic planning and Performance Monitoring, Financial management, Accounting and Administration; Supply Chain Management, Risk Management and Internal Audit.

The Department's budget is categorised into five broad sub-programmes. The Graph 3 below presents the expenditure trends and estimates by sub-programme

Graph 3



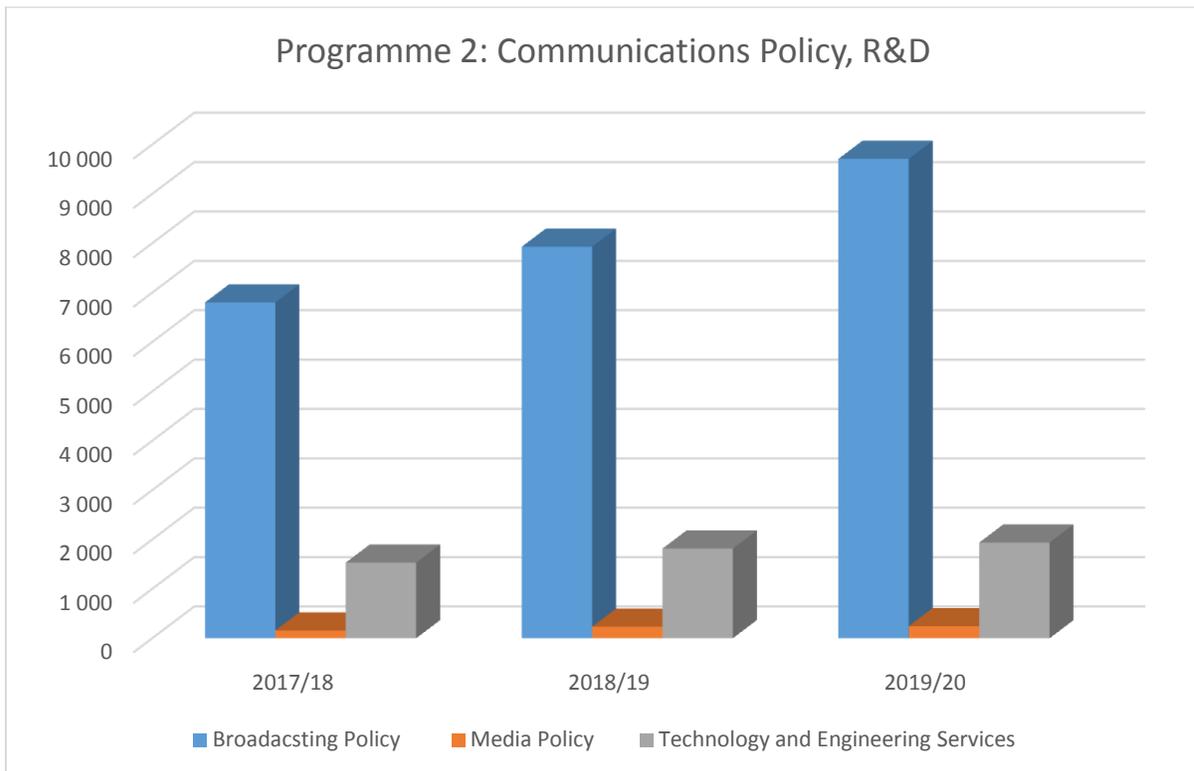
A significant portion (R30 537 000) of the appropriation goes to Departmental Management. This figure will steadily increase in the medium term. Needless to mention that the Department is left with little for its own operations. Even worse no proper facilities and resources allocated purely for its own use.

3.2 Programme 2: Communications Policy, Research and Development

The purpose of this programme is to conduct research and develop communications and broadcasting policies. The programme has three sub-programmes with ten performance indicators. The three sub-programmes are Broadcasting Policy, Media Policy and Technology and Engineering Level.

The Department's budget is presented according to three sub-programmes. The budget is presented in the Graph 4 below:

Graph 4

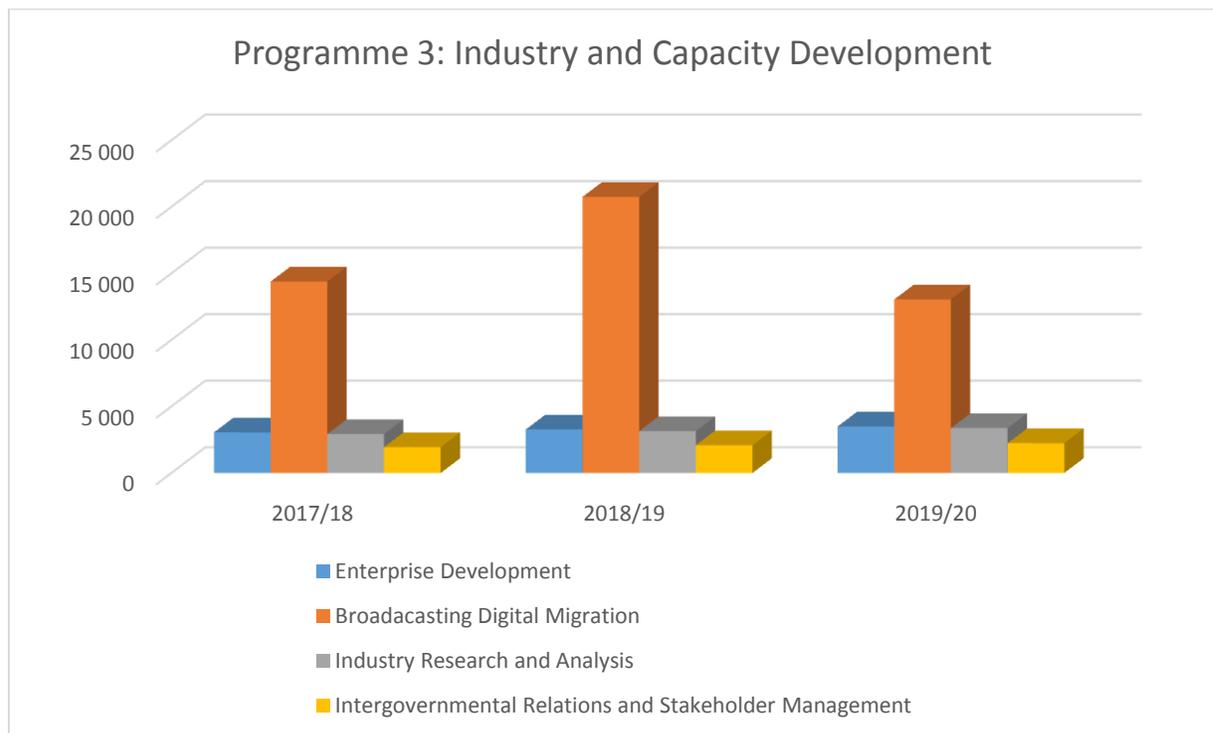


In line with the Department's plan to overhaul the country's broadcasting and media policy in order to meet the needs of a sector operating in a highly advanced technological environment and meeting the communication needs of citizens; R6 168 000 of the budget is allocated to broadcasting policy. Coupled with appropriate resource allocation and the efficiency of the Committee to process bills referred to it, the Department will find it for ever difficult to realise the goals of this programme.

3.3 Programme 3: Industry and Capacity Development

The purpose of this programme was to manage enterprise development, digital migration, and industry research and analysis. Furthermore, it is to ensure the implementation of a structured programme of engagement with stakeholders in support of the Department's programmes and projects. This programme has four sub-programmes with a total of 11 performance indicators. The Department's budget is presented according to four sub-programmes. The budget is presented in the Graph 5 below:

Graph 5



Broadcast Digital Migration (BDM) is the Department's flagship project and the majority of the budget allocated under this programme is allocated to BDM. The amount of R14 383 000 has been allocated for the 2017/18 financial year.

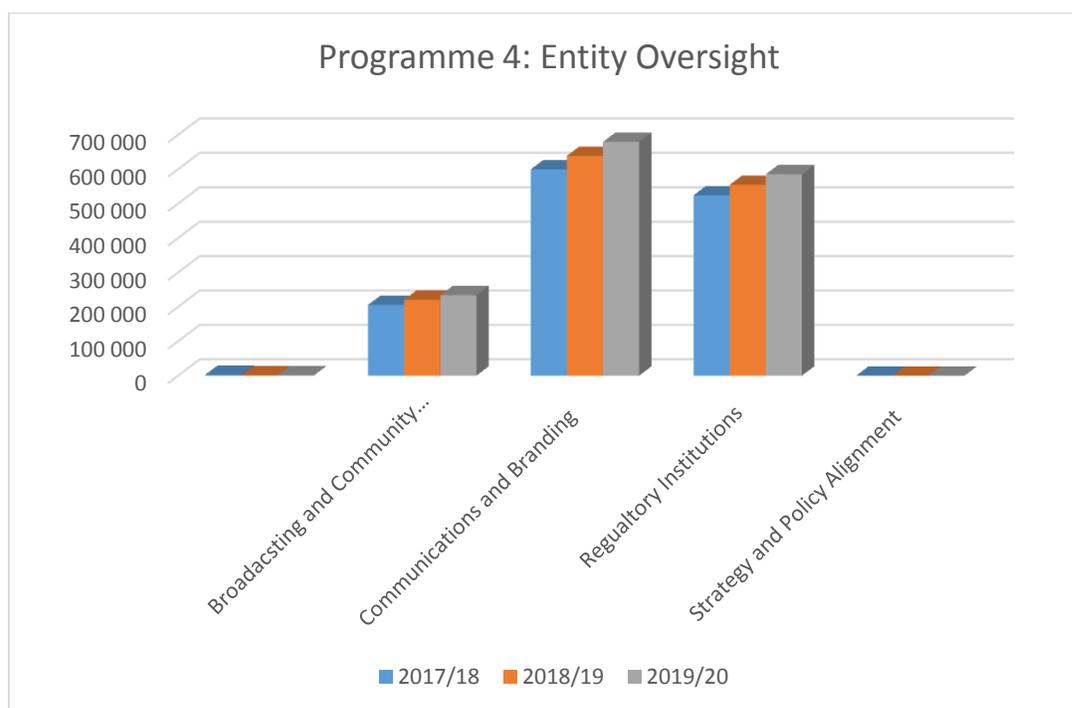
It is now in the public domain that the government DTT programme has been marred by legal contestations since inception. The Committee commits itself to resolve challenges within its domain, beginning with the restoration of collaboration with the Portfolio Committee in Telecommunications and Postal Services.

3.4 Programme 4: Entity Oversight

The purpose of this programme is to monitor the implementation of policies by SOEs and regulatory institutions, and provide guidance and oversight on their governance matters. There are four sub-programmes under this programme with 15 performance indicators.

The Department's budget is presented according to five sub-programmes. The budget is presented in the Graph 6 below:

Graph 6



3.5 Expenditure trends

The main role of the Department of Communications is to energise and mobilise South Africans to participate actively in government's socio-economic transformation programmes include initiatives to address poverty, unemployment and inequality. Over the medium term, the Department committed to focus on developing a responsive communications policy and regulatory framework; strengthening departmental oversight mechanisms; improving South Africa's image locally and internationally; promoting transformation and competition in the sector; and practising effective and efficient governance and administration.

An estimated R4.2 billion or 92.4 per cent of the Department's budget over the medium term was transferred to public entities that implemented communications and broadcasting policies developed by the Department. An amount of R332.5 million or 7.3 per cent was allocated as operational expenditure. R245.6 million or 73.9 per cent was to be spent on compensation of employees and R86.7 million or 26.1 per cent on goods and services. The work of the Department supports the realisation of outcome 14 (a diverse, socially cohesive society with a common national identity) of government's 2014-2019 Medium Term Strategic Framework (MTSF).

3.5.1 Developing a responsive communications policy and regulatory framework

The Department is committed to develop and implement several policies and regulations over the medium term. These activities are funded through the Communications Policy, Research and Development programme, which had a budget allocation of R30.4 million over the medium term. Some of the more important policies and regulations to be developed included: the Audio-Visual and Content Bill; which aims to align with the new development in the sector, such as digital convergence; the media transformation and diversity policy, which encourages diversity of content and transformation of media ownership in the sector; and the community broadcasting support strategy, which aims to maintain and strengthen citizen participation and access to the community media sector.

3.5.2 Strengthening oversight

The entity oversight unit of the Department analyses funding requests made by its entities and ensures that transferred funds are used optimally. ICASA receives the largest proportion of transfers to entities from the Department, projected at 31.9 per cent, or R1.4 billion, over the medium term. The funds are allocated to develop broadband and digital terrestrial regulations, and monitor operator's compliance with licence conditions. The second largest proportion of transfers – projected at 30.8 per cent, or R1.3 billion, over the medium term – goes to GCIS to implementation of the national communications policy. Over the medium term, the Department and its entities committed to develop and sign 15 shareholder compacts that set out performance targets for each of the entities. The Department also plans to continue analyse the entities' quarterly and annual reports and coordinating monthly and quarterly accountability forums between the Department and the entities. These activities are budgeted for within the Entity Oversight programme. They include R15 million over the medium term for spending on compensation of employees for personnel who perform and support the oversight function and R3.3 million over the same period for spending on related goods and services, such as travelling and subsistence for site visits to entities and attendance to the Committee.

3.5.3 Improving the country's brand image

The Department is planning to conduct research and develop branding policies that market the country positively, locally and internationally, with the aim of promoting socioeconomic development and investment. The Department therefore committed to develop a brand management policy to ensure that government, private sector and civil society communications strategies and key messages are aligned. The implementation of the policy involves workshops, consultations and public participation in all provinces, which would help to identify the country's competitive and reputational strengths and weaknesses. This is expected to improve the country's position on the brand ranking index. The budget for research and branding activities is set to increase by 40 per cent, from R8.5 million in 2017/18 to R11.9 million in 2019/20.

Integrating the work of Parliament will contribute to creating a holistic picture of the South African brand. The Committee by virtue should be at the forefront of Parliament information integration into the Nation Brand. The recent strategic planning review workshop of the Committee was precisely to identify and seek synergy in the implementation of the NDP goals between the Department and the Committee. The Committee shall endeavour to champion a key component for the accountability model of the South African democracy by overseeing the process to integrate the Parliament App into its own work; and by extension into the work of the Department.

3.5.4 Transforming the communications sector

The Department expects to spend R29 million over the medium term, funded through the *Industry and Capacity Development* programme, and working towards developing a transformed and competitive communications sector. The work focuses on three areas. Firstly, the Department plans to run 30 digital broadcasting awareness campaigns over the medium term. The campaigns are intended to educate and prepare ordinary South Africans for the switch-off of analogue transmitters for the broadcasting digital migration programme by 2018/19. Secondly, the Department commits to facilitate strategic multilateral partnerships and bilateral agreements and also conduct 30 intergovernmental and stakeholder engagements between 2017/18 and 2019/20. Thirdly, the Department has appointed the South African Broadcasting Advisory Body to advise the Minister of Communications on the development, production and display of local television and radio content.

Ratification of international agreements is the prerogative of National Assembly, the Committee has particular interest in relations with our neighbouring countries in relation to

the DTT programme and to the extent to which any agreements must be ratified through the work of the Committee; especially in light of the challenges facing the migration process. Cabinet approved a reprioritisation of R17.4 million in 2017/18, R14.9 million in 2018/19 and R14.6 million in 2019/20 from the SABC to fund (i) digital migration; (ii) build capacity in the Department; and (iii) allow the MDDA to upgrade its broadcasting infrastructure for community radio stations. The reprioritisation will allow the Department to (i) amend the MDDA's mandate; (ii) implement a community media support strategy; and (iii) supply 25 community radio stations with broadcasting infrastructure. Reprioritisation of funds to the said programmes is complementary to the process to realise the COMTASK recommendations.

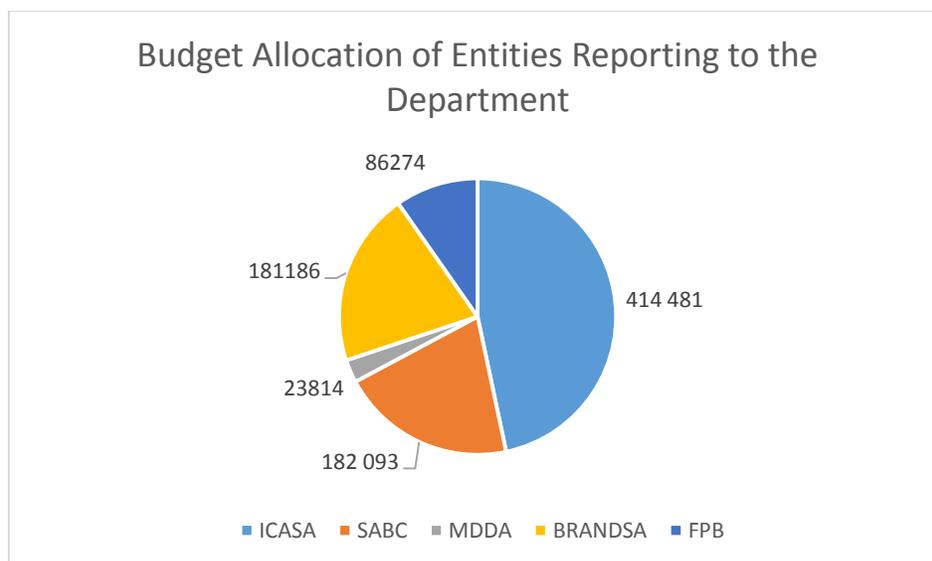
3.5.5 Effective and efficient governance and administration

The Department achieved a clean audit in 2015/16, its inaugural year, and will use this as a foundation to continue building sound financial management practises. However, the absence of in-house supply chain management and internal audit has been singled out as a major risk area. This is a priority the Department will be addressing in 2017/18 by recruiting and appointing qualified personnel. These activities are budgeted for under the Internal Audit and Financial Management sub-programmes in the Administration programme. Spending in the sub-programmes over the medium term has increased by R5.2 million, the bulk of which will be spent on compensation of employees and related goods and services. This process is expected to capacitate supply chain management with the appointment of four officials and establishing an internal audit unit through the appointment of two officials in 2017/18. Such progress must be commended against the backdrop of budget cuts and the under-funding of the Department.

4. Other Department (GCIS) within the vote and Department's SOEs

The Department has another department within the budget vote, which is the GCIS and also has five other entities reporting to it. Graph 7 below is indicative of budget allocation for 2016/17 per entity reporting to the Department with the exception of the GCIS which is allocated R 382.3 million of the total Departmental budget:

Graph 7



In terms of percentage allocation, and as mentioned previously ICASA received the most allocation of the total allocation to entities from government at (31 per cent) over the medium term.

The Committee will have to engage with relevant stakeholders so as to understand the rationale behind allocation of current budget to the Department versus the rationale for allocation to entities and the hierarchy. There must be a systematic approach to how allocation is made as an extension of the reflection of the relevance of institution to attaining the NDP goals and upholding constitutional values.

4.1 GCIS -- R382.2 million

The mandate of GCIS is derived from section 195(g) of the Constitution, which stipulated 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, transparency and openness of government. GCIS is responsible for providing strategic leadership and coordinating government communication to ensure that the public is informed and has access to government programmes and policies that benefit them.

GCIS has the following strategic goals

- (i) A responsive, cost-effective, compliant and business-focused organisation;
- (ii) Professionalise the communication system by building a reliable knowledge base and through communication products;
- (iii) Enhance the image of government; and
- (iv) Maintain and strengthen a well-functioning communication system that proactively informs and engages the public.

GCIS has the following strategic objectives:

- (i) Provide adequate and effective Corporate Services functions in pursuit of good governance;
- (ii) Produce government's communication products and services to grow share of voice of government messages in the public arena;
- (iii) Provide strategic leadership and support in government communication through public opinion research and analysis of media coverage to understand the communication environment and inform government messages;
- (iv) Provide efficient and effective communication services;
- (v) Manage the corporate identity for national government;
- (vi) Implement a proactive and reactive media engagement system by building, maintain and improving relations with the media and drive the government communication agenda;
- (vii) Improve interdepartmental coordination by joint planning and sharing of messages across the three spheres of government to ensure coherence and alignment of government messages; and
- (viii) An informed and empowered citizenry on government's policies, plans, programmes and achievements to increase public participation in government.

4.1.1 Situational Analysis

The GCIS facilitated the development of a five year communications strategy, which focuses on the Nine-Point Plan to grow and transform the economy, create jobs and attract investment. Plans on the Nine-Point Plan for 2017 include the development of a booklet (mid-term progress report) and a leaflet (narrative with nine priority interventions), and the creation of a micro-portal (a repository of information products, statements, speeches, photos videos, etc.).

The Cabinet-endorsed National Communication Strategy Framework (NCSF) called for the need to improve our footprint by enhancing existing platforms and introducing new ones. GCIS should sustain and improve our relations with the media. The GCIS should be on the forefront of outlining latest developments pertaining to the nine key priorities, namely: employment; health; education; the fight against crime and corruption, rural development

and land reform; access to housing and basic services, building a developmental and capable state; social cohesion, and a better Africa and a better world.

The GCIS had since August 2015 explored an alternative funding model to expand the reach of the newspaper by carrying paid-for government recruitment advertising with intentions to generate revenue which would be used to increase the print run of the newspaper for the coming period. Another challenge is persuading government departments to support this government media platform to carry their recruitment advertising – the intake is currently low but improving. In June 2016, *Vuk'uzenzele* celebrated its 100th edition with a total 165 million copies distributed since its first edition in 2005. More people will be reached in the frequency.

The GCIS has also embraced technology and the communication dividend it provides. The android and iOS App development offered a new entry point to www.gov.za, which is home of government's public information. The App allows users to view the latest available jobs in the Public Service; tender bulletins; news and radio bulletins; information on services such as renewing your driver's licence or renewing your car licence disk. The App gives users quick access to government leaders, events, speeches and other government information. It has contact details of all government departments across all spheres of government. It functions alongside the Vuk'uzenzele newspaper App which allows users to download and read the government newspaper that is distributed nationwide. This App extends the reach of the newspaper beyond the printed copy to mobile users.

Integration and streamlining of content between government and Parliament Apps is critical for consolidation of government messaging. It provides a holistic view of the relation between the various levels of the South African governance system.

The GCIS constantly strives to empower community media both with content and advertising as part of the overall transformation of the media landscape and promoting the diversity of content. As such, on a daily basis the GCIS provides news bulletins to all community radio stations for their free consumption and use. In addition, the news agency, SA news provides ongoing written content for community press on a daily basis.

The GCIS continues to fulfil its mandate of communicating government programmes, projects and plans to the public. The organisation had begun to take a leading role in supporting departments with their communication needs. Most notably in the form of drafting communication strategies, media engagement services, key messages, fact sheets, opinion pieces and Question and Answer documents and production of communication products intended for citizens.

4.1.2 Programmes and strategic objectives

4.1.3

The GCIS implements its mandate, goals and objectives through the following three programmes, each headed by a Deputy Director-General: (i) Administration; (ii) Content Processing and Dissemination; and (iii) Intergovernmental Coordination and Stakeholder Management.

4.1.4 Budget allocation per programme

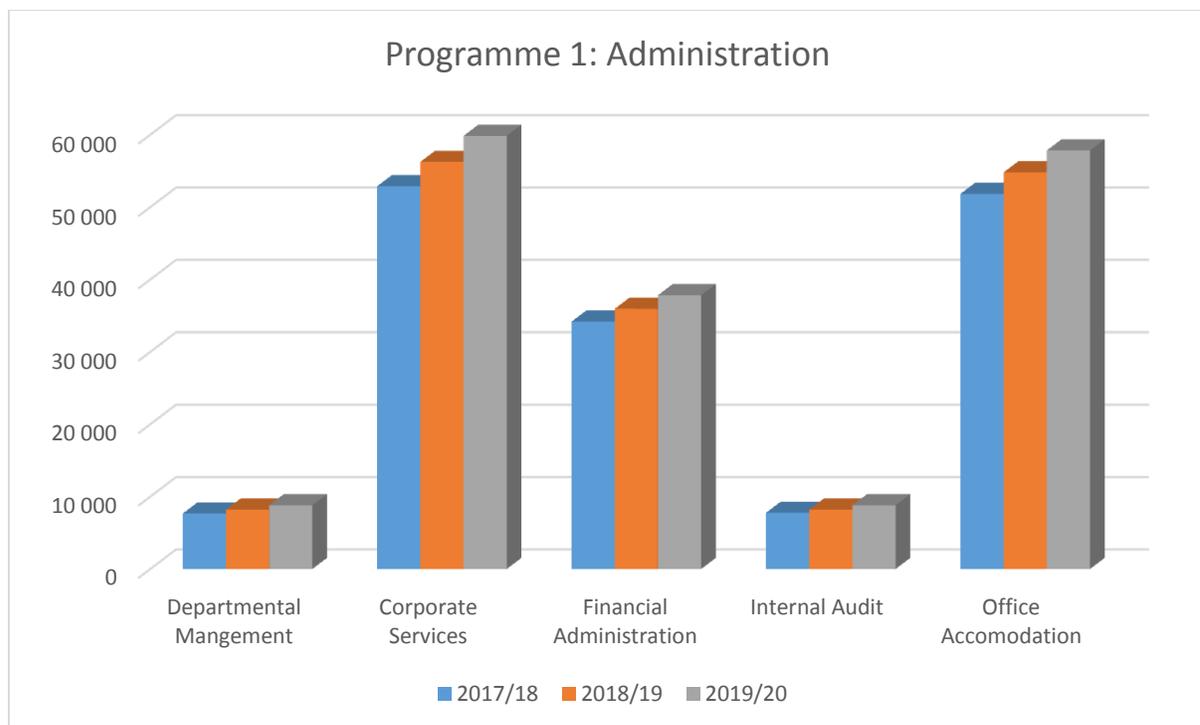
GCIS was allocated R365.5 million and R 382.2 million for the 2015/16 and 2016/17 financial years respectively. GCIS was allocated R404.8 million for the 2017/18 financial year.

4.1.3.1 Programme 1: Administration

The purpose of the programme is to provide strategic leadership, management and support services to the department. There are six sub-programmes under this programme; departmental management, strategic management, human resources, information management and technology, financial administration and internal audit. Furthermore, the programme has 11 performance indicators.

The programme's budget is broadly presented according to five sub-programmes. The budget is presented in the Graph 8 below:

Graph 8



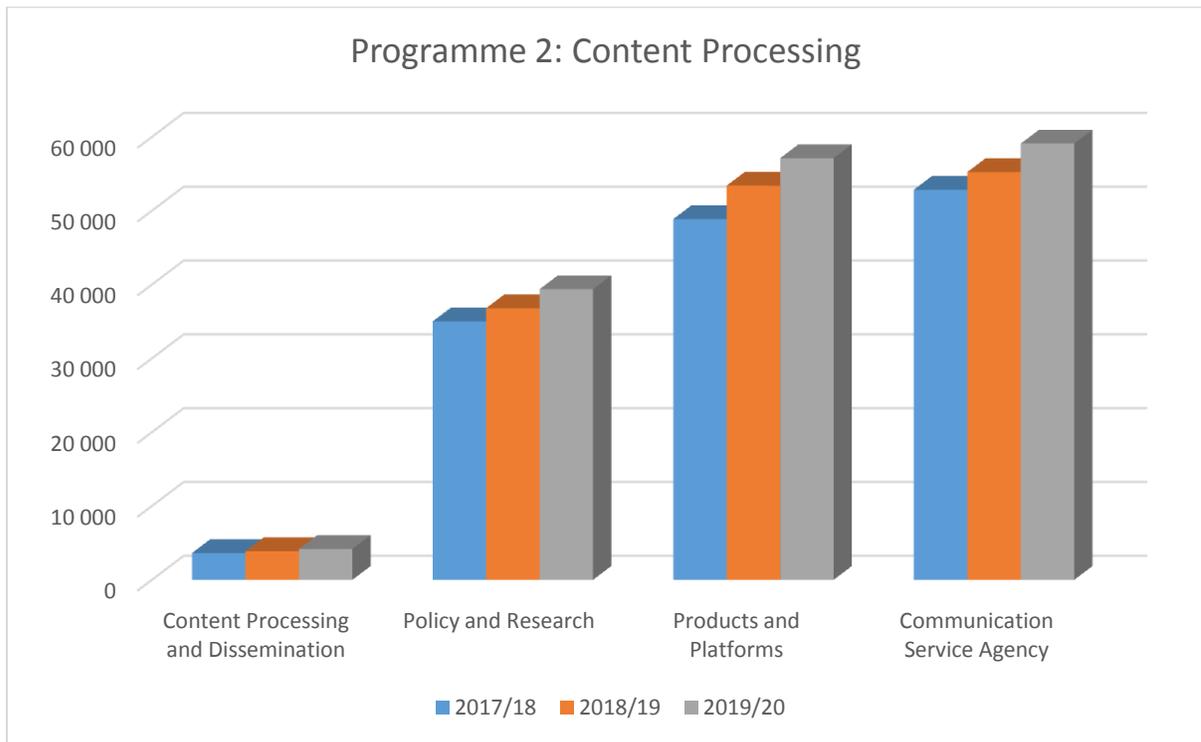
The majority of the budget under this programme is spread between Corporate services (R52 884 000) and office accommodation (R51 826 000) respectively for the 2017/18 financial year.

4.1.3.2 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. There are three sub-programmes which are products and platforms, policy and research and communications services agency. There is a total of 47 performance indicators under the programme.

The programme's budget is broadly presented according to four sub-programmes. The budget is presented in the Graph 9 below:

Graph 9



In line with its strategic objective of sharing government messages; Communication Service Agency received the most funding; R52 854 000 for the 2017/18 financial year and set to increase in the medium term.

4.1.3.3 Programme 3: Intergovernmental Coordination and Stakeholder Management

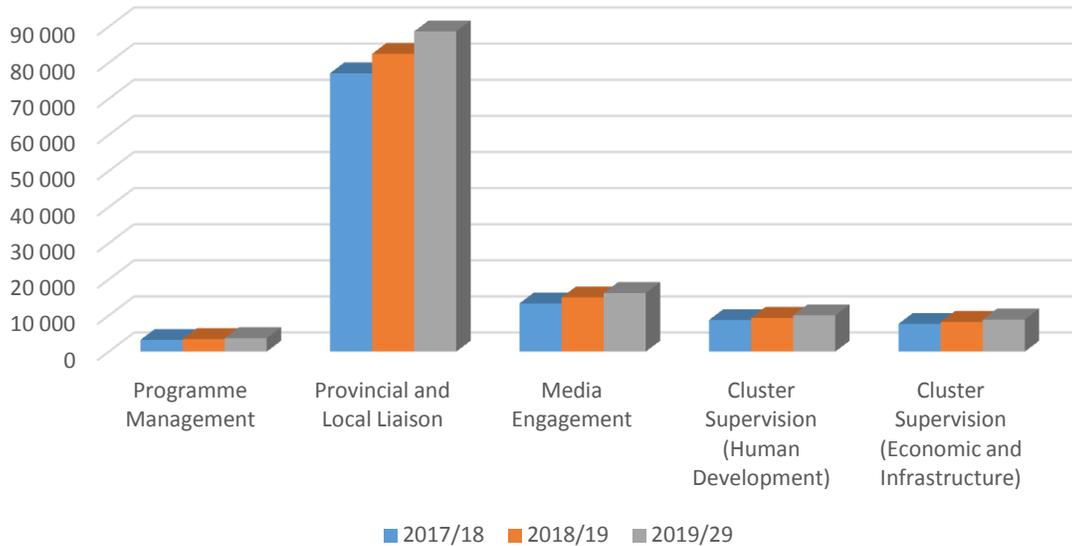
Purpose of this programme is to implement development communication through mediated and unmediated communication channels and foster sound stakeholder relations and partnerships.

There are three sub-programmes under this programmes with 31 programme indicators. The three sub-programmes are media engagement, cluster communications and provincial and local liaison.

The programme's budget is broadly presented according to five sub-programmes. The budget is presented in the Graph 10 below:

Graph 10

Programme 3: Intergovernmental Coordination and Stakeholder Management



The amount of R77 061 000 was allocated for the function of provincial and Local Liaison for the 2017/18 financial year.

4.1.5 Expenditure Trends

The National Development Plan (NDP) emphasises the need to unite all South Africans around a common goal, ensure citizens are active in their own development, and build a capable and developmental state. This goal is expressed in outcome 12 (an efficient, effective and development-oriented public service) and outcome 14 (a diverse, socially cohesive society with common national identity) of government’s 2014-2019 medium-term strategic framework. To support the realisation of these outcomes, the GCIS will continue to focus on providing strategic communications, and facilitating active citizen participation over the medium term. The bulk of these activities, which include conducting research on government communications strategies and compiling communications products, such as Vuk’uzenzele newspaper, are to be performed by the Department’s personnel. The Department will spend 58.9 per cent of its total budget on compensation of employees towards 418 funded posts and projects over the medium term.

4.1.4.1 Providing strategic communications

The GCIS provides information about government policies, plans, programmes and activities to the public. Over the medium term, GCIS plans to conduct 10 458 outreach programmes and publish 111 editions of communication products. This includes the production and distribution of 18.7 million copies of the Vuk’uzenzele newspaper in 11 official languages and 9 600 Braille copies each year over the medium term. Information published in Vuk’uzenzele focuses on key government priorities, such as issues affecting the youth, service delivery, rural development, and includes advertisements for government vacancies. The production and distribution of Vuk’uzenzele is funded in the Products and Platforms sub-programme, with a budget allocation of R80.9 million over the medium term. The GCIS aims to collect public opinion, research and analysis, and media coverage to understand the communications environment and to inform government messages. In

2015/16, the GCIS produced 83 research advisory reports for various national department and Premier's offices. These reports provide information that helps government communicators to develop communication strategies. In addition, 30 cluster reports will be produced over the medium term.

The GCIS also plans to hold 14 strategic engagements with government communicators every year, to improve the coherence and alignment of government messages. These include four engagements with national government department heads of communication and 10 internal communicator forums to share best practices and content on government programmes. An amount of R287.1 million is allocated to compensation of employees in the Intergovernmental Coordination and Stakeholder Management programme over the medium term for this work, and R69 million is allocated for operational expenditure. In addition the GCIS will provide media bulk-buying services, which are designed to (i) reduce the cost to government on advertising; (ii) facilitate a rapid response mechanism to hasten government's response to issues arising in the media; and (iii) provide media production services to support other government departments. Over the medium term, the GCIS is expected to handle 1 820 requests each year for media production services, such as photographic, video and graphic design services. It also aims to provide more than 2 000 communication services. These include advertisements, hosting of talk shows, compilation of voice-overs, and video and photographic services to client departments and public entities. These activities are budgeted for in the Content Processing and Dissemination programme, which has a total budget allocation of R449.5 million over the medium term.

4.1.4.2 Facilitating active citizen participation

The GCIS plans to conduct 1200 communication development projects and 1800 community and stakeholder liaison visits per year. These initiatives will deliver information to more than 1 million people per month through community radio talk shows, community newspapers, and awareness campaigns at taxi ranks and malls. An amount of R5.8 million was allocated mainly for communication development projects, R3.5 million for community and stakeholder liaison visits, and R2.1 million for Thusong Service Centres each year through the Provincial and Local Liaison sub-programme. The GCIS expects to spend a further R1.6 million per year over the medium term in the sub-programme on the Imbizos, which facilitates interactions between political principals and the public and develop content for print and electronic communication products.

4.2 ICASA – R414.4 million

ICASA was established by the ICASA Act of 2000, as amended, to regulate the South African communications, broadcasting and postal services sectors. The regulator's mandate is defined in the Electronic Communications Act (ECA) of 2005 as licensing and regulating electronic communication and broadcasting services, and in the Postal Services Act (1998) as regulating the postal services sector. Enabling legislation also empowers the regulator to monitor licensee compliance with licence terms and conditions, develop regulations for the three sectors, plan and manage the radio frequency spectrum, and protect consumers in relation to these services.

4.2.1 Expenditure trends

Over the medium term, ICASA will (i) continue to focus on increasing access to meet the high demand for wireless broadband services; (ii) protect consumers against harmful practices employed by operators in the use of premium rated services; increasing competition in the broadcasting sector; and (iii) developing a regulatory framework for dynamic spectrum management. The Authority contributes to outcome 14 (a decisive, socially cohesive society with a common national identity) of government's 2014-19 medium-term strategic framework, and indirectly to outcome 6 (an efficient, competitive and responsive economic infrastructure network) and outcome 12 (an efficient, effective and development-oriented public service).

The Authority seeks to increase access to high demand spectrum from the current 566.59MHz to 958MHz in 2019/20. Access to this spectrum will enable the rollout of wireless broadband infrastructure by licensees. In 2017/18, the Authority will make an additional 240MHz of broadband spectrum available to licensees for the provision of broadband services.

The Authority further seeks to protect consumers from harmful practices employed by the operators in the use of premium-rated information and entertainment services. This will be achieved by finalising regulations on premium-rated services in 2017/18.

The Authority, in a bid to increase competition in the telecommunications sector, plans to review the number or portability regulations available over the medium term, which will allow cell phone number porting for all telecommunication service users. These activities are funded through the policy research and analysis programme, which has an allocation of R53.5 million over the medium term. The Authority also plans to license an additional radio broadcaster in Northern Cape in 2018/18 and establish offices in North West and Northern Cape to expand its national footprint and increase competition in the commercial broadcasting sector, at a cost of R801.2 million over the medium term. Priority will also be given to finalising plans for relocation of the Authority's head office when the current lease expires in October 2017. As these processes are administered and managed by the Authority's personnel, compensation of employees is expected to be the main driver of expenditure, accounting for an estimated 58.8 per cent of the total budget. These activities are funded through the licensing programme, which is allocated R162.3 million over the medium term.

The Authority aims to increase the range of mobile network coverage by 15 per cent and to extend network measurements to include data, and not just voice calls. This will contribute to improving the quality of communications in South Africa and facilitate effective competition in the ICT sector by the end of 2019/20. The authority will receive inputs from the 5G Forum global network for making contributions to the International Telecommunications Union by the end of 2019/20 and update the national radio frequency plan and the radio frequency migration strategy through the engineering and technology programme, which has an allocation of R51.8 million over the medium term.

In 2016, the Authority issued service licences to monitor the equitable coverage of political parties during the local government elections.

It is only through the Committee that Parliament can be able to effectively measure the impact of regulatory mechanisms that guide elections, an important pillar of the new democratic dispensation. The Committee will inspire debate based on reports from among others the regulatory impact assessment of the elective process of South Africa as a democratic state especially amid the contestation around the banning of visual protests towards the 2016 local government elections.

Over the medium term, the Authority will develop several regulatory frameworks aimed at regulating dynamic and opportunistic spectrum management, V-band and E-band spectrums, and exemptions for resellers of electronic communications network services. These activities will be funded through the compliance and consumer affairs programme, which had an allocation of R83.3 million over the medium term.

The Authority intends to manage the cost of living adjustments for spending on compensation of employees and to keep it below 10 per cent over the medium term, to bring salaries in line with other entities within the Department and the ICT sector at large.

As a result, expenditure on compensation of employees is set to increase at an average annual rate of 4 per cent from R257.3 million in 2017/18 to R287.8 million in 2019/20.

The Authority's main source of funding is through transfers of R1.4 billion over the medium term from the Department of Communications. Revenue is expected to increase from R441.4 million in 2017/18 to R493.1 million in 2019/20.

4.3 SABC – R182 million

The SABC is listed as a schedule 2 public entity in terms of the PFMA of 1999. Its mandate is set out in its charter and in the Broadcasting Act of 1999, as amended, and requires it to provide radio and television broadcasting services to South Africa.

4.3.1 Expenditure Trends

The SABC's spending focus over the medium term will be to: (i) improve the quality, diversity and accessibility of content; (ii) support digital migration; and (iii) retain sports broadcasting rights for production. The work of the Corporation contributes to outcome 12 (an efficient, effective and development-oriented public service) and outcome 14 (a diverse, socially cohesive society with a common national identity) of government's 2014-2019 medium term strategic framework.

The Corporation will continue to produce news and current affairs content that is editorially independent; credible; relevant and informative. The Corporation will fund this activity from transfers from the Department of R560 million over the medium term. The Corporation projects to spend R174 million on Channel African's operations and broadcasts in Southern Africa, East Africa and West Africa in English, French, Chinyanja, Portuguese, Silozi and ki-Swahili, and R354 million over the same period to produce educational programmes on all channels.

Digital migration is a potential avenue for increasing the volume and quality of content. The Corporation will source new content from new producers and producers who operate outside of major urban areas. Expenditure is projected to increase at an average annual rate of 5.4 per cent over the medium term, from R9.9 billion to R11.5 billion. This is mainly driven by spending on compensation of employees increasing at an average rate of 7.8 per cent or R701.1million, to improve capacity in the technology departments; and spending on goods and services increasing at an average rate of 8.5 per cent or R 1.5 million, for broadcasting sports of national interest, digital terrestrial migration and technology upgrades. The Corporation expects to make its content freely accessible on the Internet, as part of the preparations for digital migration, with the goal of maintaining audience share for all five television channels at 50 per cent. The Corporation also aims to maintain its radio audience share at 70 per cent over the medium term.

The Corporation is planning to implement strategies that laid the groundwork for the launch of new channels on DTT. Implementing the strategies is expected to increase capital expenditure from R321 million in 2015/16 to R958 million in 2018/19. Replacing and upgrading studios to become compatible, ahead of the launch of DTT, is expected to increase spending on television outside broadcasting to R155 million, Henley Broadcasting Studios to R387 million, radio broadcast facilities to R174 million, and information technology to R243 million.

Spending on sports broadcasting rights is projected at R1.7 billion over the medium term to focus on ensuring the development and maintenance of an innovative, sustainable content portfolio; entrance into long term rights contracts with federations; and maximisation of revenue. Developing, maintaining and prioritising relationships with sporting federations is essential to building sustainability in content delivery. In addition, the corporation has committed to developing an appealing cross platform brand strategy over the medium term to enhance the brand, increase revenue and generate new audiences for sporting events. The Corporation expects to generate 96 per cent of its revenue over the medium term from license fees, commercial revenues from advertising, programme and sports sponsorships across television, radio and online platforms; 1.8 per cent from transfers from the Department; and 22 per cent from other sources, such as interest, dividends and rent on land. Revenue is expected to grow steadily from R9.3 billion in 2016/17 to R11.4 billion in 2019/20.

The broadcast landscape has also been forced to undergo change as a result of technology and creating new value chains while making others such as the sporting rights more contested. Without appropriate funding, public broadcasters will fail to secure rights that were previously not contested for due to the change in the regulatory regime of the sector. Further exacerbating the problems at the public broadcaster is that content bought in 2017 is converted back and stored in

analogue format because of lack of funding and the Committee has committed itself over the medium term to ensure adequate funding for the broadcaster. While digital transformation is to the contrary, such as state of affairs at a national key point cannot be welcomed. The insurance indemnity, which has become a tool to provide immunity of SABC executives from taking personal responsibility on failed court battles, will be an area for interrogation for the Committee taking into consideration the financial constraints of the public broadcaster.

4.4 MDDA – R23.8 million

The MDDA was set up in terms of the Media Development and Diversity Agency Act (2002) to enable historically disadvantaged communities and individuals to gain access to the media. The mandate of the agency is to: create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans; redress the exclusion and marginalisation of disadvantaged communities and people from access to the media and the media industry; and promote media development and diversity by providing support primarily to community and small commercial media projects. The overall objective of the Agency is to ensure that all citizens can access information in a language of their choice, and to transform media access, ownership and control patterns in South Africa.

4.4.1 Expenditure trends

The role of the MDDA in assisting community media to harness the power of a rapidly changing telecommunications environment contributes to outcome 6 (an efficient, competitive and responsive economic infrastructure network), outcome 12 (an efficient, responsive and development-oriented public service) and outcome 14 (a diverse, socially cohesive society with a common national identity) of government's 2014-2019 medium-term strategic framework through its approach in supporting and enabling content and production. Over the medium term, the agency's spending focus is on promoting media development and diversity through the provision of financial and non-financial support to community broadcasting and small commercial print projects; allocating grant funding towards ensuring sustainability, through the strengthening of existing small community print projects and community broadcasting projects; and funding new, small, commercial, community print projects and community broadcasting projects. Spending on these activities is expected to amount to R125 million over the medium term.

The Agency will focus on capacitating 150 projects for enhanced sustainability over a range of areas from enterprise development to content generation. The number of projects supported in any given year depends on the quality and quantity of the applications received and on the funds available. An average of 570 projects were supported between 2013/14 and 2016/17. The agency aims to support 117 projects over the medium term. Community broadcast media grants assists with the initiation of new projects and the strengthening of existing projects, accounting for 43 per cent of the agency's total budget over the medium term. Spending on transfers and subsidies to community recipients of print and digital and community broadcast media grant recipients is expected to decrease by an average of 7.4 per cent over the medium term. The decrease in spending on transfers and subsidies is attributed to a decline in funding from print media. The Agency has begun extensive stakeholder engagement to revive the print media funding stream and has begun to optimise funding from other broadcast media. Over the medium term, the Agency will embark on developing a business case in an attempt to secure additional funding from the private sector.

The Agency's main source of funding is through transfers from the Department of Communications of R94.3 million over the medium term. The Agency also receives an average of R96.3 million over the medium term from broadcast funders.

Of utmost concern to the challenges of the Agency is that contrary to the NDP goals, the decrease by an average of 7.4 per cent over the medium term, will mean less effort by Parliament

to secure funding for the Agency in order to ensure broad participation of citizens in line with the Agency's legislative mandate.

4.5 Brand SA - R181.1 million

Brand South Africa was established as a trust in 2002 and gazetted as a schedule 3A public entity in accordance with the Public Finance Management Act (1999) in 2006. Its purpose is to: (i) develop and implement a proactive and coordinated international marketing and communications strategy for South Africa; (ii) contribute to job creation and poverty reduction; and (iii) attract inward investment, trade and tourism.

4.5.1 Expenditure trends

BSA work includes (i) to improve South Africa's global competitiveness index ranking; (ii) boost business confidence in the country; and (iii) boost its reputation in the region and the world. The entity's activities over the medium term are focused on promoting pride, patriotism and active citizenry; strengthening the brand and the alignment of stakeholders to its message; and maintaining a positive, cohesive image of South Africa.

Pursuing these objectives contributes to the realisation of outcome 11 (create a better South Africa and contribute to better Africa and a better world) and outcome 14 (a diverse, socially cohesive society with a common national identity) of government's 2014-2019 medium-term strategic framework.

Several initiatives, such as roadshows, dialogues and public relation activities in all nine provinces are planned to deepen and strengthen the *Play Your Part* campaign, which aims to encourage patriotism and active citizenry by encouraging South Africans all over the world to contribute to a positive image of South Africa. The brand strategy development and management programme will place greater emphasis on developing joint initiatives, with provincial offices, government departments, civil society and ordinary South Africans, which are aligned to the *Play Your Part* objectives. Expenditure on this programme is expected to increase from R10 million in 2016/17 to R15 million in 2019/20, mainly due to travel costs and marketing activities, such as advertisements.

BSA plans to develop a corporate identity toolkit that will provide insights and guidelines for all stakeholders, to maximise the impact of their communication when they independently market South Africa globally. To further support the alignment of stakeholder communication on efforts to strengthen the brand, the BSA plans to hold nation brand alignment training sessions over the medium term. The sessions, to be held in all provinces, provide a formal framework to train and equip marketers, communicators and corporates with the necessary skills to make profiles of the unique features of South Africa's brand. Expenditure for marketing the corporate identity toolkit and running the nation brand alignment training sessions is estimated at R5.1 million over the medium term, mainly for travel costs; professional services, such as the ongoing review and updating of the corporate identity toolkit; and training-related expenses. These activities are funded by the Department through transfers, which are expected to increase from R194.3 million in 2017/18 to R217.1 million in 2019/20.

As part of promoting a unified South Africa and improving the country's global competitiveness rankings, BSA launched a nation brand forum in 2016. The objective of the nation brand forum is to bring together members of government, business representatives and citizens to agree on a common approach on how to implement the Department's mandate to brand the country locally and abroad. The intended outcome of the forum is to strengthen stakeholder participation and to develop inputs to the policy framework by 2017/18. The entity will host another nation brand forum in 2017/18. A budget of R1.5 million has been allocated for this event, mainly for goods and services. And BSA will further seek partnership to host this nation brand summit. This brand summit will ensure that the business sector also contributes their vision and understanding of the nation brand and that they play their role in active citizenry. The contribution of the entity to the summit will include meetings, discussion forums and national and provincial Imbizos – include

media assistance, online promotions and making presentations. The budgeted amount for participation by stakeholders at the summit is R1 million.

4.6 FPB – R86.4 million

FPB was established as a schedule 3A public entity in accordance with the PFMA. The FPB regulated and controlled the creation, production, possession, exhibition and distribution of films, interactive computer games and certain publications in terms of the Film and Publications Act (1996). The Board is also responsible for monitoring age restricted business premises for compliance with their licence and registration terms.

4.6.1 Expenditure trends

The NDP states that special attention should be paid to preventing crimes against women and children. This vision was expressed in outcome 3 (all people in South Africa are and feel safe) of government's 2014-2019 medium-term strategic framework. The FPB's work contributes to the realisation of this outcome. Over the medium term, the Board plans to focus its activities on informing and educating society to empower adults and protect children against harmful content; monitoring and evaluation of compliance of distributors; developing cutting-edge technology to perform online content regulation; reviewing existing legislation to align with new developments in technology; and conducting research on the impact of content on the public.

The Films and Publications Act (1996) makes the use of children in pornography a punishable criminal offence. Over the medium term, the Board aims to protect children against premature exposure to adult experiences and harmful materials, particularly on films, games and publications. The Board aims to conduct outreach programmes and public campaigns over the medium term. These will focus on encouraging adults to foster responsible viewing, gaming and reading choices among children. As a result, outreach programme and public campaign expenditure will increase marginally at an average of 0.3 per cent over the medium term.

The FPB will also monitor compliance with the act, focusing on physical and online distribution platforms; and the proliferation of online and digital distribution platforms. The FPB had made progress in implementing a content regulation framework that would ensure 100 per cent classification and labelling of classifiable content distributed on online, mobile and related platforms by 2017/18. The FPB will also implement programmes aimed at cyber safety and online child protection. The FPB is a member of the International Association of Internet Hotlines, which makes the Internet a safer place by helping countries regulate online content and coordinating a global network to help countries respond to reports of illegal content. The new technology systems implemented in 2016/17 will allow distributors to submit video games for classification and assist the FPB in filling public complaints about apparent illegal content.

The FPB's activities are informed by programmes that aim to inform and educate the public about films, videos and games that are harmful to children; conduct research on human trafficking; and monitor distributors and traders for compliance. These objectives are expected to be achieved over the medium term through industry workshops and parent/teacher workshops that will focus on child protection with regards to the Internet. Over the medium term, R11.2 million had been allocated to public awareness and education for these activities. The production of marketing material, the rental of equipment, and travel and accommodation costs are expected to be the main cost drivers on goods and services which decreased from R4.1 million in 2017/18 to R3.6 million in 2018/19 due to reprioritisation of funds to maintain ICT infrastructure.

Parliament's approval of the Films and Publications Amendment Bill [B37 – 2015] is taking a considerable amount of time and resources from the FPB, specifically relating to consultancy fees. Because of this, the planned cost-saving measures on consultancy fees could not be implemented over the medium term. Expenditure has grown marginally, mainly due to travel costs and consulting fees.

Transfers received from the Department are estimated to increase by an average of 5.8 per cent to R91.7 million in 2017/18, R97 million in 2018/19 and R102.4 million in 2019/20. The use of online platforms has negatively impacted FPB's revenue-generating capabilities. As such, revenue growth will increase by an average of R7 million per year over the medium term.

The recent spate of violence in the country poses new challenges including to the FPB. There has been an outcry about the increasing violence particularly against women and children which threatens to derail the democratic gains if not properly addressed. The work of the Board is increasingly becoming more relevant necessitating the work of the Committee to be responsive to the current crisis. Starting from the marginal allocation of the public campaign on the work of the Board to the Amendment Bill, the mere proliferation of the Internet and related complimentary technologies means that societal values can quickly dissipate.

South Africa cannot afford, in this transition period of our democracy, to work in silos. There needs to be a holistic approach to addressing issues of violence and abuse in the country. Perhaps the time is also opportune to open the debate about a standard and uniform regulatory framework for online content across all media platforms, considering that a fragmented approach to the regulatory structures of government contributes to the erosion of societal values and by default may be partly the cause for such increase in violence and abuse against women and children.

While the Committee commends the estimated average increases in transfers from the Department, a more collaborative and inter departmental approach is required as an intervention in order to pool resources together for the common cause.

Lastly on the FPB Amendment Bill, while the Committee notes the delays in finalising the Bill, the Committee's interest is in ensuring that the Bill passes the Constitutional must and serves the purpose it is intended for. These are the dictates of National Assembly that cannot be overlooked at the expense of the people.

In conclusion and in support of the budget vote, it will remain the prerogative of the PCC within the medium term to interrogate and consult (with relevant stakeholders such as DPME, Treasurer, DPSA and the Presidency) on whether the Budget vote is adequately funded. The PCC, through its oversight mechanisms, has identified that the lack thereof of adequate funding for this budget will result in unintended consequences thereby reversing the positive progress achieved thus far by government. And further derail the Department in meeting its mandate of transforming this critical sector of the new democratic State.

Parliament therefore should be in a position to establish whether the budget allocation and the 6 per cent steady increase over the medium term will suffice.

5. Committee observations

5.1 The Department

The Committee noted with great concern:

- (i) that the insufficient budget allocation for the new Department in its maiden financial year further exacerbated by the 6 per cent increase over the medium term will have a negative impact on the Department to achieving the NDP goals;
- (ii) the inadequate funding of this mandate of the Department is exemplified by the fact that the structure was approved by both Department of Public Service and Administration (DPSA) and the Minister of Communications yet there is no budget allocated to support it;
- (iii) that the budget for the core business of the Department is almost never enough;
- (iv) despite the funding challenges, the efforts by the Department to purchase vehicles for the new incumbent Ministry and at the expense of service delivery;
- (v) there is no system for comparative allocation of budget against achieving targets;
- (vi) the sharing of office space and other resources with GCIS poses a significant risk to documents management;
- (vii) inadequate funding of the Department does not complement the intent of the Proclamations made by the President in 2014;

- (viii) notwithstanding the recent initiatives, the continuing high rate of vacancies at leadership positions across the Department and entities, resulting in unending acting senior managers;
- (ix) inconsistency across the Department and entities reporting to it, the structure and language used in the strategic and annual plans is not uniform and easily interpretable for Parliament to efficiently play the oversight role and ensure that it effectively responds to service delivery challenges and the NDP goals;
 - a. the reporting nature of the Department and its entities which is not systematic and lacks a comparative approach to reporting and to consistently track progress on key deliverables.
- (x) the litigation by eTV and civil society organisations on the country's Broadcast Digital Migration Policy (BDM Policy) risks the significant progress made and should this matter not be resolved urgently, the country will miss the switch-off deadline of 2018;
- (xi) notwithstanding the commendable pronouncement by the new Minister of Communications regarding the re-enforcement of the policy of government on the STB control system;
- (xii) the slow pace in the transformation of the media sector of the country that is inconsistent with the goals of the NDP;
- (xiii) the inadequate funding of the public broadcaster relative to its mandate;
- (xiv) the tensions between ICASA and the Department created as a result of ICASA being a Chapter nine institution; and
- (xv) there is a general lack of information-sharing culture between the Department and the entities reporting to it.

5.2 GCIS

The Committee noted:

- (i) the slow implementation of a coherent community media framework that is consistent with the NCS and NDP goals for the medium term;
- (ii) that at times, contradictory statements published by various organs of the same government has a negative impact on citizen's perspective of government's commitments and programmes;
- (iii) that there is a skewed pattern of how citizens access government information in the country based on geographic and socio-economic status;
- (iv) notwithstanding that the partnership between the South African Local Government Association (SALGA) and GCIS to strengthen communication at local government sphere could positively transform the landscape of government communication in favor of the NDP goals;
- (v) that that key messages, media statements, and communication strategies of government are shared through GCIS provincial offices with local communication structures who are expected to share with their constituencies;
- (vi) that the GCIS is in earnest embracing technological developments by integrating digital media in all its communications strategy including the development of the Vuk'uzenzele App;
- (vii) efforts by the Department to have government communicators meeting on monthly basis as an intervention to consolidate government communication;
- (viii) falling advertising revenues has impacted negatively on the quality of media newsrooms and media associations/lobby groups;
- (ix) the buying of media space costs more than the allocated budget;
- (x) the inadequate budget allocation for the core business of GCIS;
- (xi) with concern the lack of a quantifiable systems to track and monitor moneys spent outside the GCIC system by government leading to inaccurate figures on government ad spend;
- (xii) the recent rise in 'fake news,' which has an adverse effect on the dictates of the South African Constitution and often contradicts government efforts to achieve a coherent communications environment;

- (xiii) that the GCIS is busy with an internal audit and viability study of Thusong Service Centres and a detailed report will be developed regarding the effectiveness of the Thusong Service Centres;
- (xiv) that active participation of the Portfolio Committee on Communications Members will serve as a entry platform to Parliament, and the GCIS will be able to proactively subscribe politicians across all parties as change agents to profile the work of the Department in support of the NDP goals;
- (xv) that the prioritization of the collaboration between the BRICS agreement counterparts is purely to share the South African experience with the counterparts with the intent to learn on ways to improve RSA's communications system of government in support of the NDP goals;
- (xvi) community media remains a critical component for communicating government programmes;
- (xvii) local government is a big contributor for the delays in payment of community media therefore contributing to the lack of sustainability of community media; and
- (xviii) with concern that the sharing of office space between the Department and the GCIS is partly as a result of inadequate budget, and will impact negatively on the operations of an important arm of government with a rippling negative effect across the country, its people and its economy.

5.3 SABC

The Committee officially welcomed the members of the interim SABC Board and assured them of continued support following their unanimous appointment by Parliament.

Highlighted by the evidently consistent erosion of public trust, the Committee congratulated the interim SABC Board for what it has achieved in such a short period of time in an attempt to restore public confidence in the SABC and further notes:

- (i) the commitment made by the Minister of Communications in ensuring that the SABC returns to stability;
- (ii) and welcomes the decision of the interim SABC Board to rescind the review of the Public Protector report;
- (iii) that the interim SABC Board is in the process of instituting a disciplinary hearing against the former COO, Mr Hlaudi Motsoeneng;
- (iv) the staff low morale as a result of the recent troubles at the Corporation, which impact negatively on staff carrying the mandate of the SABC;
- (v) with concern the surveillance activities by State Security Agency at the public broadcaster;
- (vi) that the reported break-in at SABC Parliament offices was under investigation;
- (vii) the ambiguity relating to the dates when the new Company Secretary was appointed versus when the former Company Secretary resigned including the human resources processes relating to these staff members redeployment;
- (viii) that the interim Board of the SABC is scheduled to review the SIU and Skills Audit reports; and
- (ix) the broadcasting model has changed drastically over the years with continued technology disruptions thereby changing many facets of the broadcasting sector and how it generates revenues, such as:
 - a. acquisition of sports rights;
 - b. irrelevance of the TV licence collection model in a digital media space; and
 - c. expensive signal distribution charges.

Lastly, the Committee commends the interim SABC Board for being able to align its work in terms of what is required from them during this short-term deployment, such as

- (i) the commencement of implementation of the Public Protector report;
- (ii) the commencement of implementation of the recommendations of the SABC Board Inquiry Report; and
- (iii) review of content policies.

5.4 FPB

The Committee commends the FPB for commencement to implementing some of the Committee recommendations and further notes:

- (i) that FPB had revised its vision and there was an improvement in articulation of results as well as the simplified language used in the APP;
 - a. albeit the simple articulation of plans, the ambiguous articulation of targets versus activities is of concern and makes it difficult for Members to conduct oversight;
- (ii) with concern that there is an exodus of resignations or suspensions at top management, such as the CEO, COO, CFO and Shared Services Executive;
- (iii) with concern the slow-pace of improving on the Employment Equity Quotas for People Living With Disabilities (PLWD);
- (iv) that intergovernmental collaboration is critical for the success of the Board in meeting its mandate; and
- (v) the lack of visibility of the FPB amongst communities and/or citizens.

5.5 ICASA

The Committee congratulated ICASA for not having acting people at critical senior positions except in Council where the Chairperson was in an acting capacity. The Committee further notes:

- (i) there was no goals that talk to government's outcome 14: *nation building* in the long-term strategic goals and those that were there were not 'SMART;'
- (ii) with great concern that the ongoing litigation between ICASA and the Minister of Telecommunications and Postal Services regarding spectrum auctioning will have a detrimental impact on the economy and attainment of NDP goals;
- (iii) that there are tensions between the Department and ICASA as a result of ICASA being a Chapter 9 institution;
 - a. with concern at how ICASA conveniently uses the 'Chapter 9 institution' tag, which will ultimately result in growing tensions between ICASA and the Executive Authority it reports to;
- (iv) there seem to be limited interaction between SALGA and ICASA;
- (v) that communities were blocking the installations of base stations for signal distribution; and
- (vi) with concern that the proliferation of digital TV far-superseded the policy decisions of the country to migrate to DTT by means of STBs, and this will certainly lead to technology dumping in the country at the expense of poor citizens.

5.6 MDDA

The Committee noted:

- (i) and commended the Minister for seconding an acting CEO to the MDDA;
- (ii) with serious concern that all the entities reporting to the Department of Communications had acting people in critical but funded positions;
- (iii) the simple language used in the APP, however a concern that the strategic objectives were not articulating what MDDA aimed to realize;
- (iv) serious concerns regarding the reporting templates of the Auditor-General of South Africa and National Treasury on how entities should account:
 - a. with the view that the template was depriving the entities an opportunity to report on critical service delivery matters;
- (v) further notes that the moratorium on community media projects affected only the new applications; and
- (vi) with great concern that the print media had withdrawn its funding to the MDDA whereas it (print media), received most of its business from the government.

5.7 BSA

The Committee notes that the changing of attitudes for BSA is a big mandate and commends the strategy deployed by the Agency to overcome challenges, the Committee further notes:

- (i) with concern over the language used for accountability purposes and the application of the 'SMART' principles.

6. Committee Recommendations

The Committee recommended to the Minister and entities reporting to her on the following:

6.1 DoC

- 6.1.1 that the Minister undertake a parallel process with the Committee intention to engage all relevant organs of the State in an attempt to resolve the insufficient funding for the budget vote on the basis that the lack of funding threatens the existence of the Department as well as its legislated mandate as per the Proclamations by the President to redress the imbalances and fast-track the transformation of the communications environment of South Africa;
- 6.1.2 that the Minister put a hold on efforts by the Department to purchase vehicles for the new incumbent Ministry, taking into consideration that there are existing cars; and rather prioritize service delivery objectives of the Department;
- 6.1.3 that the Minister expedites resolving the challenge of the sharing of office space and other resources between the Department and GCIS in order to mitigate potential risks;
- 6.1.4 that the Minister fast-tracks the filling of critical funded vacancies across the portfolio;
- 6.1.5 that the Minister should, in consultation with relevant departments, develop uniform reporting systems that will be standard and consistent across the Department and entities reporting to it. And paying particular attention to the structure and language used in the strategic and annual plans such that they reflect the applications of the 'SMART' principles which ultimately impact positively to the service delivery objectives of NDP and enables the Committee members to conduct oversight with more ease;
- 6.1.6 that the Minister urgently resolve the crisis relating to the litigation by eTV and civil society organisations on the country's BDM policy, taking into consideration that (i) she has already upheld the Cabinet policy decision on encryption of STBs; (ii) South Africa has already missed the ITU deadline and as such the DTT programme needs to be expedited;
- 6.1.7 that the Minister fast-tracks the current slow pace in the transformation of the media of the country by among others prioritizing the implementation of the COMTASK Report;
- 6.1.8 that the Minister collaborates with relevant structures of government and stakeholders to review the current funding structure of the public broadcaster in line with the COMTASK recommendations to ring-fence funding for public mandate purposes;
- 6.1.9 that the tensions between ICASA and the Department created as a result of ICASA being a Chapter nine institution be attended to;
- 6.1.10 that the Minister addresses as a matter of urgency, the general lack of an information-sharing culture between the Department and all entities reporting to it;
- 6.1.11 that the Minister ensures that both the Department and GCIS are well-positioned to enforce advertising in community media projects by other government departments;
- 6.1.12 that the Minister facilitates an engagement amongst organs of the state to review the current funding arrangement of the Department and its entities in support of the proclamation; and
- 6.1.13 that the Minister should ensure that there is consequence management for deliberate flouting of government policies across all Department's entities.

6.2 GCIS

The Committee recommends that the Minister should ensure:

- 6.2.1 that a coherent community media framework is implemented with urgency and in reference to the NCS and NDP goals for the medium term;
- 6.2.2 that the GCIS must develop mitigating strategies to the contradictory statements published by various organs of the same government;
- 6.2.3 that the GCIS review the skewed patterns of citizens' access to government information in the country based on geographic and socio-economic status;
- 6.2.4 that the GCIS develop a turn-around strategy to circumvent the falling advertising revenues;
- 6.2.5 that the GCIS develop or procure a system that will enable the Department to quantify, track and monitor moneys spent outside the GCIC system by government;
- 6.2.6 that the GCIS develop a strategy to engage the public at large about the dangers of the recent rise in fake news and its adverse impact on the dictates of the South African Constitution;
- 6.2.7 that the GCIS share the report with the Committee on its internal audit and viability study of Thusong Service Centres; and
- 6.2.8 that the GCIS present a comprehensive strategy on how it plans to integrate active participation of the Members of Parliament to become proactive agents to profile the work of the Department in support of the NDP goals.

6.3 SABC

The Committee recommends that the Minister should ensure:

- 6.3.1 that the interim Board of the SABC continuously communicate progress of the implementation of their mandate at the SABC taking into considerations that only four months remain and the general public expects that Parliament will within this period, have made considerable progress in an attempt to restore public confidence of the Corporation; and
 - 6.3.1.1 the interim Board must seek to urgently circumvent the imminent collapse of financial sustainability of the broadcaster;
 - 6.3.1.2 that the interim Board must ensure that there is no intimidation of staff members at the broadcaster;
 - 6.3.1.3 the interim Board must clarify the Committee regarding the ambiguity relating to the dates when the new Company Secretary was appointed versus when the former Company Secretary resigned including the human resource processes relating to these staff members redeployment; and
 - 6.3.1.4 ensure that its financial resources meet the broadcaster's contractual obligations.
- 6.3.2 the interim Board must expedite the implementation of the SABC Board Inquiry report recommendations.

6.4 FPB

The Committee commends the FPB for having begun to implement some of the Committee recommendations.

The Committee recommends that the Minister should ensure:

- 6.4.1 that the FPB must seek to bring stability at the leadership of the Board especially in filling the CEO, COO, CFO and Shared Services Executives;
 - 6.4.1.1 that the Board should report back to the Committee on the investigation within 30 days after the adoption of this report.
- 6.4.2 that the Board must address the concern raised by the Committee on the slow-pace of improving on the Employment Equity Quotas of People Living With Disabilities (PLWD);
- 6.4.3 that the Board must develop and present to the Committee during this term an intergovernmental collaboration plan;
 - 6.4.3.1 FPB establishes a clear and structured relationship with the Department of Social Development and Department of Women and Children as they have the infrastructure and common objectives respectively, that the FPB can utilize; and

- 6.4.4 that the Board works on an inter-departmental public campaign to improve its visibility (so that there is greater public awareness about the work of the FPB) and develop a plan that can be easily monitored and measured by the Committee.

6.5 ICASA

The Committee recommends that the Minister should ensure that:

- 6.5.1 relations between SALGA and ICASA, with measurable intended goals of the relations are improved;
- 6.5.2 ICASA engages local government on conducting public campaigns to communities that contribute to blocking the installations of base stations for signal distribution;
- 6.5.3 ICASA engages in solutions outside of the courts that would resolve the deadlock between ICASA and the Department of Telecommunications and Postal Services on frequency spectrum auctioning;
- 6.5.4 ICASA makes available to the Committee its report on the 2016 local government elections as a means to monitor and evaluate the relevance of the current regulatory systems; and
- 6.5.5 ICASA conduct an impact study and develop an intervention report to mitigate the proliferation of digital TV for South Africa.

6.6 MDDA

The Committee recommends that the Minister should ensure:

6.6.1 that the Agency expedites the filling of vacancies at senior management level to mitigate further instability at the Agency.

The Democratic Alliance (DA) expressed its satisfaction with the report. However, it reserved its position pending consultation with its Caucus on two recommendations of the report.

Report to be considered.