Report of the Portfolio Committee on Communications on its deliberations of Budget Vote 30: Communications and Digital Technologies, dated 10 May 2021

The Portfolio Committee on Communications (the Committee), having considered Budget Vote 30: Communications and Digital Technologies (herein referred to as "the Department" and the Annual Performance Plans (APPs) for 2022/23, reports a 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, ICASA, FPB, BBI, NEMISA, USAASA/USAF, ZADNA, SITA, SAPO, SABC and Sentech on 3 May 2022.

2. The Department's APP 2022 – 2023

An APP sets out what the institution intends doing in the upcoming financial year and during the Medium Term Expenditure Framework (MTEF) to implement its Strategic Plan. The document sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the institution realising its goals and objectives set out in the Strategic Plan.

The overall purpose of Budget Vote 30 is to *create an enabling environment for inclusive growth in the ICT sector by developing policies and legislation that promote infrastructure investment and socioeconomic development.*

2.1 Mandate

The Department of Communications and Digital Technologies is mandated to enable South Africa's digital transformation to achieve digital inclusion and economic growth by creating an enabling policy and regulatory environment. This is done through the implementation of the 2016 National Integrated ICT Policy White Paper, which provides for the participation of multiple stakeholders for inclusive digital transformation; interventions to reinforce competition and facilitate innovation across the value chain; measures to address issues raised by ICT and convergence; and the establishment of a new national postal policy framework.

It also provides for policies to address the digital divide and affordable access, supply-side issues and infrastructure rollout, and demand-side issues to facilitate inclusivity. The department derives its mandate from a number of acts and policies. Key among these are the:

- Broadcasting Act (1999), as amended, which establishes broadcasting policy in South Africa;
- Electronic Communications Act (2005), as amended, which provides the legal framework for convergence in the broadcasting, broadcasting signal distribution, and telecommunications sectors. It also allows for the granting of new licences and social obligations; the control of the radio frequency spectrum; and the regulation of electronic communication network services, electronic communication services, and broadcasting services;

- Film and Publications Act (1996), as amended, which provides for the classification of certain films and publications, and establishes the Film and Publication Board and Tribunal;
- Independent Communications Authority of South Africa Act (2000), which establishes the regulator in the sector; and
- Postal Services Act (1998), as amended, which makes provision for the regulation of postal services.

Chapter 4 of the National Development Plan recognises that ICT is a key enabler of inclusive economic growth that is critical to addressing inequality in South Africa. Taking into consideration the developments in relation to the Fourth Industrial Revolution (4IR) as well as the PC4IR Country Report developed by the Presidential Commission on the 4IR, coupled with direction stemming from the NDP Five-Year Implementation Plan and the MTSF, the DCDT will in the medium-term focus on developing new and revising existing policies, strategies and legislation. Such initiatives are encapsulated with in the Outcome of *Enabling Digital transformation policies and strategies, which* also informed the legislative programme over the MTEF period.

3. Alignment to the 2019-2024 Revised Medium-Term Strategic Framework (MTSF)

Digital Migration programme

Broadcasting include superior image resolution (detail) for a given bandwidth. Smaller bandwidth for a given image resolution. Compatibility with computers and the Internet. While South Africa is shifting to digital, it will avoid dumping of analogue Televisions in South Africa. Minister was having consultation with the Department of Trade, Industry and Competition (DTIC), Department of International Relations and Cooperation (DIRCO) and the International Trade Administration Commission (ITAC) to coordinate government's approach on the non-proliferation of analogue TVs in the South African market. The after-market support strategy and plan was established and approved. The objective of the aftermarket support is to ensure that registered households are supported in all languages during and after STB installation process. The existing Call Centre within Sentech will be transitioned to the After-Market Support Centre within the SABC.

Following the President announcement during the 2021 SONA, Analogue Transmitter switch off is targeted for 31 March 2022 across all provinces. The department has engaged with all provincial governments to raise awareness campaigns in order to register qualifying indigent households.

Minister went to Cabinet in September 2021 and a new delivery model was approved. Subsequently, a Steering Committee was established to ensure strategy development, plans and project governance. This is led by the Minister a Project Manager was appointed. To date, four of the Provinces, namely, FS, NC, NW and MP have been fully switched off. Limpopo to be switched off by the 8th of February 2022. The remaining provinces (KZN, EC, WC and GP will be switched off between February and March 2022.

Funding for phase 2 of SA connect must be finalised

SA Connect is the implementation of the national broadband policy that was approved by Cabinet in 2013. SA Connect seeks to meet the technology goals of the National Development Plan of creating an inclusive information society and position the government to play an enabling role in the provision of broadband to the number of underserved district municipalities thereby bridge broadband connectivity gaps. This would be achieved by the pooling of public sector demand and procuring of high-capacity and future-proof network capacity at more affordable rates to address public sector broadband requirements. And in the process stimulating network builds by the network operators by reducing the associated investment risk, by ensuring demand. Due to the magnitude of the project, the programme was divided into two phases, phase one and phase two.

In terms of phase one, the programme initially aimed at connecting 6135 government facilities, which include all schools, health facilities, post offices, police stations and government offices, in the eight rural district municipalities, to broadband services. Phase one scope was subsequently reduced to 970 government facilities due to budget constraints.

Government has mandated the State Information Technology Agency (SITA) and Broadband Infraco (BBI) to provide the end-to-end broadband services to the 970 government facilities in the eight identified district municipalities, namely (1) Dr Kenneth Kaunda in North West, (2) Thabo Mofutsanyane in Free State, (3) OR Tambo in Eastern Cape, (4) Vhembe in Limpopo, (5) Gert Sibande in Mpumalanga, (6) Pixley ka Seme in Northern Cape, (7) uMgungundlovu and (8) uMzinyathi in KZN. The remaining 5165 facilities that were not provided with broadband service due to the limited budget allocation for the programme will be transferred to phase two of the programme.

Breakdown of Phase 1 connected government facilities:

TOTAL SITES CONNECTED 970					
Province	**District Municipality**	**Total Facility Planned**	**Schools**	**Health**	**Government**
EC	OR Tambo	178	38	23	17
FS	Thabo Mofutsanyane	171	99	23	49
KZN	uMgungundlovu	142	78	10	54
KZN	uMzinyathi	55	31	4	20
LIM	Vhembe	75	46	5	24
MP	Gert Sibande	142	62	14	66
NC	Pixley Ka Seme	71	40	14	17
NW	Dr Kenneth Kaunda	136	103	22	11
TOTAL	**TOTAL**	**970**	**597**	**116**	**258**

Auctioning of high demand spectrum licensing

The Department and the regulator was planning to start the process of auctioning new spectrum at the beginning of March 2022. Spectrum refers to the radio frequencies on which data and information are transmitted. The release of more spectrum by ICASA means a better-quality service for consumers, with fewer dropped calls, faster internet download speeds and the promise of lower mobile data costs. The last time SA released spectrum was 2004/2005. It is important to accelerate the release of spectrum, as it’s been identified as one of the key pillars of the state’s economic structural reforms.

For the mobile operators, spectrum allocation will help provide faster and more widespread high-speed data services. It’s expected the freed-up spectrum will reduce the cost of data and increase access to the internet. An auction of high-demand spectrum will further assist the government to raise funds for the fiscus. It should be noted that DCDT and ICASA are working hard on the issue of the high demand spectrum, as it is public interest demands that the licensing of high-demand spectrum cannot be delayed any longer.

Internet penetration/connectivity

Internet access has been the critical source of technological “leapfrogging” in South Africa. This explains why, for example, there are places without running water where one can stream a music video or make a mobile payment. But Africa is not nearly connected enough. It is still the continent with the lowest internet penetration rate at 39% of the population, compared to a global average of nearly 60%. What’s more, there are large differences in internet access between rural and urban areas, with smartphone usage in urban areas exceed that of rural areas by almost 200 per cent in some countries.

Covid-19 has shown the importance of connectivity. It has never been as important to share correct information and combat fake news, while being able to elicit information from citizens (and internet-users) on behavior and movement.

In South Africa, improving connectivity need not be a long-term goal. Learners in poor schools need internet access and tablets or smartphones in hand if they are to continue their school year. Even if greater connectivity does not solve all challenges, from access to information and accountability to unemployment and poverty – simply attempting an improvement in South Africa will activate positive dividends.

According to StatsSA, in 2021, 60.73 percent of the South African population were internet users. This share is projected to grow to 66.06 percent in 2026. Furthermore, report by the Digital 2020 for South Africa, indicates that more South Africans have access to the net, with the number of internet users increasing by 1.1 million between 2019 and 2020. Internet penetration in South Africa stood at 62 per cent in January 2020.

Freedom of the Net 2020 reports on a number of interventions that have helped accelerate internet access and speed. These include:

the Internet. Combined revenues from Internet access and Internet advertising will account for an estimated R71.6bn, accounting for 37.6% of total revenues.

Focus on the Fourth Industrial Revolution

The Fourth Industrial Revolution (4IR) represents a new era of innovation in technology, one that is enhancing human-machine relationships, unlocking new market opportunities, and fueling growth across the global economy. South Africa is promoting the 4IR and taking steps to leverage it, which may take time we can enjoy the fruits of innovation-led prosperity. First, a sufficient supply of advanced engineering talent needs to be available. Beyond that, people in regular jobs need to develop the skills to deal with the disruptive effects of new technologies in their work environments. The future of South Africa's education system is an important consideration in its journey towards the 4IR. Digital technologies have the potential to vastly improve education and have become key to mitigating the learning disruption caused by COVID-19. As we are entering an era of technological empowerment, but in order to benefit from the many solutions 4IR technologies offer, we first need to address the widening professional skills gap.

According to Accenture expects, by 2026, 4IR could unlock around R1.4 trillion of value in South Africa across agriculture, infrastructure, manufacturing, and financial services. Ensuring that South Africa's workforce will be ready for the future of work will likely require a combination of effort from various stakeholders. Mounting enthusiasm for the 4IR from different groups is a positive sign, but translating that energy into strong, cross-sectoral partnerships will be the key to effective digital skills creation.

It's clear that if South Africa is to become a legitimate participant in the digital revolution, it will need to make some fundamental changes first. Chief among these will be to combat the low levels of digital literacy in its workforce. Despite the daunting task ahead, South Africa has already begun to prepare to take this leap into the future with technological transformation rolling out across sectors. Beyond simple productivity improvements, 4IR technologies have also become a sign of hope in South Africa's social and developmental challenges. It offers the opportunity for transformation, growth, and improvement, for both governments, organisations, and professionals. In more ways than one, the 4IR is a solution and tool to be harnessed, so that the future of work is one that's inclusive and beneficial for all.

The DCDT programmes of action for 4IR were developed in the PC4IR SIP, which has been concluded submitted for Ministers consideration. Target for the PC4IR SIP was for submission for cabinet approval in the fourth quarter of 2021/2022 financial year.

The implementation and monitoring of the PC4IR extends to subsequent MTSF plan where monitoring happens. The PC4IR PMO developed an M&E framework to assist in the monitoring of the PC4IR implementation. The PC4IR SIP position the DCDT as a lead facilitator and coordinator of 4IR in the country, through the PC4IR all public and public institutions work together to digitally transform south Africa. Key to the DCDT role an awareness strategy for 4IR was developed as an initiative to be rollout to build strong relationships with stakeholders.

As a background, the purpose of the PC4IR Strategic Implementation Plan is to provide clear directives, and guidelines in line with South Africa's 4IR implementation strategy on how 4IR can be used to accelerate socio-economic development.

The purpose is further outlined in detail as follows: (i) Guide South Africa in identifying potential investment areas and opportunities towards ensuring that the country adequately responds to the fourth industrial revolution; (ii) Provide a model for alignment that all spheres of government can work with towards 4IR implementation; (iii) To unify all government technological initiatives to drive digital transformation and position South Africa take advantage of the socio-economic opportunities presented by 4IR; (iv) Assist all spheres of the public and private sectors to identify areas of collaboration and cooperation towards a 4IR-enabled South Africa; and (v) Establish South Africa's monitoring and evaluation framework to facilitate inclusivity that has an impact on society and to assist in the coordination of technological initiatives.

Besides the PC4IR; DCDT has to lead initiative in the country, region and internationally to position South Africa on 4IR technology development. The DCDT has also to lead initiative in the country, region and internationally to position South Africa on 4IR technology development. Some of the initiatives include the AI Blueprint for Africa, SADC Bid Data Framework and Africa 4IR Strategy. Furthermore, South Africa is to establish the AI Institute, which will lead programmes strategic to South Africa development in the field of AI. The Department will also ensure coordinated Initiatives to develop and support the application of Drones, IOT, Block Chain, Robotics and A/VR in the South African Economy.

Cost of Data

According to WEF South Africa is among the countries that are still on the mend to improve their infrastructure development programmes for economic transformation. Countries that are well prepared include Denmark, Estonia, Finland, and the Netherlands. South Africa ranked 89 out of 141 countries surveyed by the World Economic Forum (WEF) in terms of the global competitiveness on ICT adoption.

In terms of the current state of affairs in the ICT Mobile Industry, collaborative approaches between the Department and regulators has seen average data prices reduce by 35 per cent per 1GB across major operators. In addition, the past eight months has seen the introduction of more flexible regimes for data expiry in the prepaid segments. Below is a detail explanation of changes in prepaid data prices for 100MB, IGB, 10GB and 20GB following the Competition Commission data services market inquiry. According to another report produced by the International Telecommunications Union (ITU), According to the report, infrastructure is the main factor causing slow progress to improve ICT adoption in Africa, since infrastructure is the main enabler, key for policy objectives and for rankings and competitiveness.

With regards to the price changes of 100MB prepaid data for 30-day validity, South Africa has suitable ICT policy framework, the impact of COVID-19 pandemic in the country and the rest of the world has reshaped the operations of economic systems and disrupted the world economy. For this reason, economic sectors and the general population depends on internet connectivity hence the implementation of Government programmes to reduce of data costs. In South Africa the most impoverished communities because of affordability depends on small data bundles for internet connection, hence the importance of depicting small bundle data costs.

Regarding the price changes for 1GB Prepaid Data for 30-day validity, as part of implementing the Market Inquiry recommendations, mobile network operators, Vodacom, MTN and Cell C, have entered into an agreement with the Competition Commission to reduce the prices of data, improve access to data services and increase in price transparency. The biggest impact of the Market Inquiry happened in the 1GB category of

data bundles, which is the bundle most affected by the settlement agreements entered into between the Competition Commission and the respective licensees.
Vodacom's and MTN 1GB prepaid data prices has decreased by 34% or R50 from R149 to R99. Cell C amended its standard 30-day prepaid data bundles, reduced its 1GB data bundle price by 1 per cent from R100 to R99, effective 20 September 2020.
As the Department, we will be engaging the stakeholders to further appeal for more reductions and initiatives on further implement zero rate services, and:

- Develop initiatives to foster an enabling environment for investment and ensure that citizens receive affordable, reliable, and quality services,
- Conduct a study to further to investigate the feasibility of regulatory, policy and strategies that could impact on lowering the cost to communicate,
- Provide clear principles for access and price regulation for the leasing of different types of facilities,
- Progress of the rapid infrastructure deployment strategy contained in the previous ECA Amendment Bill, and
- The development of alternative infrastructure to provide data services in lower areas and smaller secondary cities and towns nationally.

3.3 2020/21 Overview and Priorities

The Department has four strategic outcomes over the period and a total 33 APP targets as illustrated next page:

- Audio Visual White Paper submitted to Cabinet for approval
- Policy Direction on the discontinuation of analogue TV sets from domestic production and imports developed
- Postbank Amendment Bill monitored in Parliamentary process
- Draft Regulatory Reform Policy developed
- SABC Bill submitted to Cabinet for approval to introduce in Parliament
- Disestablishment of USAASA undertaken
- Digital Economy Strategy developed

- South African Post Office (SAPO) Amendment Bill submitted to Cabinet for approval to introduce in Parliament
- Draft National Cloud Computing Policy submitted to Minister for approval
- Strategy developed to leverage delivery of services through 5G and Wi-Fi 6 to stimulate the digital economy
- Policy to discontinue GMS phones developed and submitted for approval
- Electronic Communications Amendment Bill submitted to Cluster and Cabinet for public consultation approval

For **Outcome 2**, the following are the priorities:

- Implementation of the revised SA Connect Model coordinated on the funded sites
- Rapid deployment of digital infrastructure coordinated
- Implementation of strategic national cybersecurity programmes and services monitored
- Household Migration and Analogue Switch-off for the Broadcasting Digital Migration coordinated from households registered after 31 October 2021
- Policy Direction for 5G deployment developed
- Implementation of social obligations for new spectrum licence holders monitored
- Second Draft SA Preliminary Positions for WRC-23 developed

For **Outcome 3**, the following are the priorities:

- Implementation of identified international programmes to support the digital economy initiatives coordinated
- Study on Cost to Communicate conducted to inform the revision on the data costs and recommendations stemming from the study implemented
- Implementation of the National e-Government Strategy and Roadmap, with a focus on a Single Portal for prioritised government services coordinated
- Implementation of the Digital and Future Skills Programme facilitated and monitored
- Green Paper developed on Digital Government Act
- Digital and Future Skill training programmes coordinated through local and international Public and Private Partnerships
- Establishment of the Artificial Intelligence (AI) coordinated AI Strategy developed
- Digital Economy Master Plan approved and implemented

For **Outcome 4**, the following are the priorities:

- Digital transformation strategy initiative implemented (Work Flow Management System)
- Departmental and SOC's GDYC Responsive Programmes monitored in line with National targets
- Implementation of DCDT integrated action plan in support of the implementation of National Strategic Plan (NSP) on gender-based violence coordinated focusing on Prevention, Reporting and Economic Power Pillars
- District Development Model (DDM) plan in the prioritised District/ Metros implemented
- Consolidated performance monitoring and reporting for the Portfolio developed
- Implementation of recommendations from analysis of Departmental & Public Entities Performance Reports coordinated
- Tabling of submitted Annual Performance Plans of Public Entities in line with the MTSF in line with the MTSF facilitated
- Monitoring and evaluation of the Performance Management System for ICASA Councillors facilitated.

4. Expenditure Analysis

Over the medium term, the Department will mainly focus on implementing the broadcasting digital migration policy to release high-demand spectrum, which will aid socioeconomic development and bridge the digital divide; rolling out broadband to government facilities through the South Africa Connect project; and implementing the legislative programme to support the 2016 National Integrated ICT Policy White Paper.

The Department has a budget of R7.7 billion over the medium term, of which 72.2 per cent (R5.4 billion) is allocated for transfers to entities for their operations, and for project-specific funding. Expenditure is expected to decrease at an average annual rate of 13.3 per cent, from R3.9 billion in 2021/22 to R2.5 billion in 2024/25 because of a one-off allocation of R1.1 billion in 2021/22 for the broadcasting digital migration project.

The Department's second-largest cost driver is compensation of employees, spending on which increases at an average annual rate of 1 per cent, from R295.8 million in 2021/22 to R304.4 million in 2024/25. The number of personnel is expected to decrease from 379 in 2021/22 to 376 in 2024/25 in line with the new organisational structure, which is expected to be finalised over the medium term. This is also expected to enable the Department to remain within its expenditure ceiling for compensation of employees.

To fast-track the broadcasting digital migration project, the department has revised its delivery model. All analogue transmitters are expected to have been shut down by the end of 2021/22. The bulk of funding for this project has been transferred to the Universal Service and Access Fund and the South African Post Office in previous financial years and has been retained by the entities with approval from National Treasury where required. As a result, spending in the *Broadcasting Digital Migration* subprogramme in the *ICT Infrastructure Development and Support* programme is expected to decrease from R1.3 billion in 2021/22 to R84.1 million in 2024/25, at an average annual rate of 59.5 per cent.

The Department will continue to provide broadband connectivity to government facilities through the South Africa Connect project, which will be supported by relevant state-owned entities. Accordingly, at a projected cost of R744 million over the MTEF period in the *Broadband* subprogramme in the *ICT Infrastructure Development and Support* programme, the department will monitor and maintain the provision of broadband services to 970 government buildings that have already been connected.

The Department will continue to provide a supporting and enabling legislative environment through the development of relevant policies, strategies and legislation. Over the MTEF period, this will include finalising the audio-visual white paper; providing policy direction on discontinuing the local production of and importing analogue television sets; drafting and finalising the Digital Transformation Bill, the ICT Regulatory Reform Bill, and the State Digital Infrastructure Company Bill; and providing policy direction for the deployment of 5G. Expenditure for these activities is within an allocation of R155.5 million over the period ahead in the *ICT Policy Development and Research* programme.

5. Performance and Allocation per Programme

The Department implements its outcomes through six programmes, namely (i) Administration; (ii) ICT International Relations and Affairs; (iii) ICT Policy Development and Research; (iv) ICT Enterprise and Public Entity Oversight; (v) ICT Infrastructure Development and Support; and (vi) ICT Information Society and Capacity Development.

As mentioned in previous section of this report, the total allocation over the MTEF amounts to R7.7 billion and R2.7 billion for the 2022/23 financial years, see table below. Over the MTEF - 70 percent of the budget allocated to Transfers to Entities amounts to R5.4 billion over the MTEF as illustrated in table below:

Economic Classification	2022/23	2023/24	2024/25	MTEF	%
	R'000	R'000	R'000	R'000	
Compensation of employees	302 941	291 288	304 366	**898 595**	12%
Goods and services	440 338	441 198	460 985	**1 342 521**	17%
Transfers and subsidies	1 960 420	1 679 253	1 754 592	**5 394 265**	70%
Payments for capital assets	13 483	14 670	15 417	**43 570**	1%
Payments for financial assets	-	-	-	**-**	0%
TOTAL	**2 717 182**	**2 426 409**	**2 535 360**	**7 678 951**	**100%**

COE – Allocated ceiling not to be exceeded without approval of Parliament. There is a decline in the 2023/24 financial year and an increase in the 2024/25 financial year.

Programme	2022/23	2023/24	2024/25	MTEF	%
	R'000	R'000	R'000	R'000	
Administration	271 043	271 752	284 296	**827 091**	11%
ICT International Relations and Affairs	63 395	68 867	71 892	**204 154**	3%
ICT Policy Development and Research	53 736	49 702	52 103	**155 541**	2%
ICT Enterprise and Public Entity Oversight	1 903 513	1 614 422	1 691 058	**5 208 993**	68%
ICT Infrastructure Development and Support	343 031	338 900	354 039	**1 035 970**	13%
ICT Information Society and Capacity Development	82 464	82 766	81 972	**247 202**	3%
TOTAL	**2 717 182**	**2 426 409**	**2 535 360**	**7 678 951**	**100%**

Goods & Services - Included is the allocation for the SA Connect as follows:

2022/23 – R203.857 million
2023/24 – R204.063 million
2024/25 – R212.827 million
Total = R620.747 million

Transfers – paid to Entities in line with the pre-approved schedule by National Treasury, see table on next page:

Transfers	2022/23	2023/24	2024/25	MTEF
	R'000	R'000	R'000	R'000
Provinces and Municipalities	26	26	27	79
ICASA	769 431	473 947	495 232	1 738 610
FPB	102 870	103 860	108 524	315 254
National Electronic Media Institute of South Africa	102 121	103 104	107 734	312 959
Universal Service and Access Agency of South Africa	86 033	86 860	90 761	263 654
Universal Service and Access Fund	66 777	67 419	70 447	204 643
USAF: Broadcasting digital migration	59 406	59 978	62 672	182 056
SABC: Channel Africa	66 581	67 368	70 393	204 342
SABC: Public broadcaster	133 821	135 403	141 484	410 708
SABC: Programme productions	15 680	15 865	16 577	48 122
South African Post Office	519 273	524 270	547 815	1 591 358
Sentech: Migration of digital signals	-	-	-	-
Sentech: Dual illumination costs relating to the digita	-	-	-	-
Foreign governments and international organisation	38 401	41 153	42 926	122 480
TOTAL	**1 960 420**	**1 679 253**	**1 754 592**	**5 394 265**

5.2 Programme 1: Administration (R271 million)

Purpose of this programme is to provide strategic leadership, management and support services to the Department.

Administration expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Ministry	7.9	5.9	4.2	6.6	-5.8%	2.3%	4.5	5.4	5.7
Departmental Management	82.0	63.1	39.3	66.1	-6.9%	23.7%	65.9	69.5	72.7
Internal Audit	7.5	6.3	6.6	10.2	10.9%	2.9%	8.4	8.1	8.7
Corporate Services	108.2	112.8	78.9	94.4	-4.4%	37.3%	96.3	95.7	100.2
Financial Management	79.5	56.4	58.2	61.5	-8.2%	24.2%	62.6	59.3	61.8
Office Accommodation	9.2	28.5	28.7	34.0	54.7%	9.5%	33.4	33.7	35.2
Total	**294.2**	**273.0**	**215.9**	**273.0**	**-2.5%**	**100.0%**	**271.0**	**271.8**	**284.3**
Change to 2021 Budget estimate				(8.8)			(29.6)	(25.4)	(18.4)

Explanation of planned performance over the medium-term period

The Department of Communications and Digital Technologies under the Administration programme will focus on the Outcome of a “High performing and sustainable portfolio to enable achievement of their respective mandates and policy objectives”. The focus of Programme 1 will be to implement the Digital transformation strategy initiatives with specific focus on the development of the Workflow management system which is aligned to the mandate of digitising the work processes moving the Department towards becoming a paperless environment.

Furthermore, the Department will also monitor the Departmental and SOCs GDYC Responsiveness programmes in line with National targets and coordinate the implementation of the DCDT integrated plan of action in support of the implementation of National Strategic Plan (NSP) on gender-based violence. The outputs of Programme 1 are aligned to Priority 6 of the NDP: A capable, ethical and developmental state and Outcome 2: Functional, efficient and integrated government. The initiatives are aimed at accelerating the implementation of Departmental projects to improve service delivery.

The justification for the choice of the outcome indicators is based on the reason that DCDT is to ensure that the issues of the gender, disability, youth and children are given a necessary attention it deserves and to improve relevant skills and digitise processes and system. The Department will also develop the Implementation plan inclusive of priority projects across Districts/Metros to coordinate and monitor the District Development Model.

5.3 Programme 2: ICT International Relations and Affairs (R63.4 million)

The purpose of the programme is to position South Africa as a digital technological infrastructure and innovation hub leading on digital transformation to contribute to the digital economy.

ICT International Relations expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Programme Management for International Relations and Affairs	–	–	2.3	2.7	–	1.9%	3.0	2.8	2.9
International Affairs	14.8	12.9	8.2	12.8	-4.9%	19.0%	12.9	12.9	13.5
ICT Trade/Partnership	70.0	40.3	51.0	41.1	-16.3%	79.0%	47.6	53.2	55.5
Total	**84.9**	**53.1**	**61.5**	**56.5**	**-12.7%**	**100.0%**	**63.4**	**68.9**	**71.9**
Change to 2021 Budget estimate				(8.1)			6.2	11.8	(0.1)

Over the MTEF travel constitutes the bulk of spending and decreases from R4.6 million in 2022/23 to R4.4 million in 2024/25 The spending focus over the medium term will be transfer of membership fees to international organisations within the communications sector; participating in the global discourse within the United Nations system on telecommunications, postal services, information society and green technology and pursuing bilateral engagement with countries of the South and North.

Explanation of planned performance over the medium-term period

The DCDT will over the medium-term focus on developing Country Positions to support the National ICT priorities focusing 3 position papers on BRICS, ITU-PP 22 and WTDC as part of contributing to the Outcome of having in place Enabling Digital Transformation Policies and Strategies.

Furthermore, the Department will contribute to coordinating the implementation of identified international programmes to support the digital economy initiatives towards achieving the outcome of Transformed Digital Society. The planned outputs contribute to the NDP implementation plan outcome of an Inclusive economy, enabled by advanced digital technologies, which provides equally accessible, intelligent, and competitive products and services through government and industry while also aligning to Priority 7: A better Africa and world.

5.4 Programme 3: ICT Policy Development and Research (R53.7 million)

The purpose of the programme is to develop ICT policies and legislation that support the development of an ICT sector that creates favorable conditions for the accelerated and shared growth of the economy. Develop strategies that create the uptake and usage of ICT by the majority of the South African population, thus bridging the digital divide.

ICT Policy Development and Research expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Programme Management for ICT Policy Development and Research	–	–	0.6	1.2	–	1.2%	2.8	2.7	2.8
ICT Policy Development	12.8	16.9	8.8	14.0	2.9%	34.1%	11.5	10.9	14.6
Economic and Market Analysis	4.6	3.1	3.2	5.6	6.7%	10.7%	6.3	6.6	7.0
Research	7.2	5.0	4.7	8.9	7.2%	16.7%	7.6	7.8	8.2
Small, Medium and Micro Enterprise	1.6	1.7	4.3	1.8	4.6%	6.0%	2.1	2.2	2.2
Broadcasting Policy	8.6	5.5	5.5	10.2	5.8%	19.3%	9.4	9.1	9.6
Presidential Commission on 4IR	–	–	9.0	9.6	–	12.0%	14.2	10.3	7.6
Total	**34.8**	**32.3**	**36.1**	**51.2**	**13.8%**	**100.0%**	**53.7**	**49.7**	**52.1**
Change to 2021 Budget estimate				(6.4)			4.7	1.8	3.8

The spending focus over the medium term will be on ICT Legislation developing in line with the National Integrated ICT Policy White Paper. Over the MTEF, goods and services will increase from R15.1 million in 2022/23 to R15.9 million in 2024/25. The budgeted amount for travel over the MTEF is R15.1 million and for Consultants: Business and advisory services is R 13.6 million.

Explanation of planned performance over the medium-term period

The DCDT will over the medium-term focus on implementing a targeted legislative Programme aimed at achieving the Outcome of having in place Enabling Digital Transformation Policies, Strategies and Regulation, which will form the foundation of the digital economy.

Such policies and legislation will be targeted at stabilising and strengthening its State-Owned Entities. Amongst the Digital Transformation Bill, and SABC Bill will be submitted to Cabinet. Relevant policy, legislation and plans will also be focused on creating a conducive policy environment for the Digital Economy.

Further, the process of establishing the State Digital Infrastructure Company will commenced during this financial year. Programme 3 planned outputs are aligned to the NDP Priority 1: Economic transformation and job creation and the Outcome of Improve competitiveness through ICT adoption.

5.5 Programme 4: ICT Enterprise and Public Entity Oversight (R1.9 billion)

The purpose of the programme is to oversee and manage government's shareholding interest in the ICT public entities and State-Owned Companies.

ICT Enterprise and Public Entity Oversight expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Programme Management for ICT Enterprise and Public Entity Oversight	2.5	2.0	3.1	3.6	12.4%	0.1%	4.3	4.0	4.1
Regulatory Institutions	545.8	552.0	645.8	567.3	1.3%	19.2%	880.7	585.9	612.2
Universal Service and Access	3 293.9	4 008.6	1 037.7	988.8	-33.0%	77.4%	909.2	916.8	962.2
ICT Skills Development	90.8	95.3	97.4	98.5	2.8%	3.2%	102.1	103.1	107.7
State-owned Enterprise Governance and Support	3.6	5.4	–	5.3	13.6%	0.1%	7.2	4.7	4.9
Total	**3 936.6**	**4 663.4**	**1 784.0**	**1 663.5**	**-25.0%**	**100.0%**	**1 903.5**	**1 614.4**	**1 691.1**
Change to 2021 Budget estimate				13.4			291.3	(11.6)	(0.1)

The spending focus over the medium term will be on continuing to strengthen the department's ability to exercise oversight over the public entities and the establishment of National e-Skills Institute (iNeSI). The budgeted amount for travel over the MTEF is R14 million and Consultants budget over MTEF amount to R5.8 million.

Explanation of planned performance over the medium-term period

The ICT Enterprise and Public Entity Oversight programme contribute to the Outcome: *High Performing and financially sustainable portfolio to enable achievement of their respective mandates and policy objectives* with specific focus on the State-Owned Entities within the portfolio. The programme will focus on the consolidation of the performance monitoring and reporting for the Portfolio and more importantly to coordinate the implementation of recommendations from analysis of Departmental & SOE Performance Reports. Furthermore, particular focus will be given to facilitating the monitoring and evaluation of the Performance Management System for ICASA Councilors and the facilitating the tabling of submitted Annual Performance Plans of Department and Public Entities, in line with the MTSF. The outputs of Programme 4 are aligned to Priority 6 of the NDP: A capable, ethical and developmental state and Outcome 2: Functional, efficient and integrated government.

5.6 Programme 5: ICT Infrastructure Development & Support (R343 million)

The purpose of this programme is to facilitate the provision of robust, reliable, secure and affordable ICT Infrastructure that supports universal access to applications and services.

ICT Infrastructure Development and Support expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Programme Management for ICT Infrastructure Development and Support	–	–	2.2	3.0	–	0.1%	2.9	2.8	2.9
Broadband	143.8	274.8	226.9	476.7	49.1%	29.8%	239.8	246.1	258.0
ICT Support	8.6	6.1	5.7	11.4	9.8%	0.8%	11.6	9.4	9.0
Broadcasting Digital Migration	258.8	300.4	782.6	1 269.4	69.9%	69.3%	88.7	80.6	84.1
Total	**411.2**	**581.3**	**1 017.4**	**1 760.4**	**62.4%**	**100.0%**	**343.0**	**338.9**	**354.0**
Change to 2021 Budget estimate				196.4			8.4	2.8	1.5

A total R629.3 million is available over medium term in respect of the broadband policy project to support the Digital Development as per the South African Connect implementation plan.

Infrastructure Projects

Project name	Outputs	Project Completion Date	Total Est. Cost	Current year Expenditure
SA Connect (Broadband Connectivity)	Revised SA Connect Model	To be confirmed	R194.5 million	**R66 million**
Broadcasting Digital Migration	Analogue Switch off	31 March 2022	R2.2 billion	**R1.3 billion**

Explanation of planned performance over the medium-term period

The ICT Infrastructure Development and Support Programme contributes towards the Outcome: Increased Access to Secure Digital Infrastructure and Services through undertaking two key infrastructure projects in the form of Broadband roll-out and Broadcasting Digital Migration. Programme 2 will further monitor the implementation of strategic national cybersecurity programs and services through the awareness programmes and also improve the Quality of services of the Cybersecurity Hub over the medium term. Amongst others, the programme will also focus on the development of the Policy Direction for 5G deployment, and the SA preliminary positions in preparation of WRC-23 in the 2022/23. The planned outputs are aligned to the NDP Priority 1: Economic transformation and job creation and the Outcome of Improve competitiveness through ICT adoption.

5.7 Programme 6: ICT Information Society Development and Capacity Development: (R82.5 million)

The purpose of this programme is to facilitate the development and implementation of interventions that increase the adoption and use of digital technologies to promote digital transformation.

ICT Information Society and Capacity Development expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Programme Management for ICT Information Society and Capacity Development	–	–	1.5	2.7	–	1.6%	2.9	2.8	2.9
Information Society Development	55.6	57.2	39.0	67.3	6.6%	85.8%	69.6	69.8	68.7
Capacity Development	9.3	3.4	9.4	9.8	1.9%	12.5%	10.0	10.2	10.4
Total	**64.9**	**60.6**	**49.8**	**79.8**	**7.1%**	**100.0%**	**82.5**	**82.8**	**82.0**
Change to 2021 Budget estimate				5.2			19.0	20.6	13.4

Over the MTEF, goods and services will decrease from R26.8 million in 2022/23 to R23.8 million in 2024/25. The budgeted amount for travel over the MTEF is R12.4 million and for Consultants: Business and advisory services is R 36.4 million.

Explanation of planned performance over the medium-term period

ICT Information Society Development and Research Programme will focus on the Outcome: Digitally transformed Economy and Society, which concentrates on key building blocks for a digital society and the digital economy. Therefore, specific focus will be given to modernisation of business processes within the public sector through the coordination of the implementation of National e-Government Strategy and Roadmap, with a focus on a Single Portal for prioritised government services.

Another key issue is addressing the skills gap through the facilitating and monitoring the Digital and Future Skills Programmes through local and international Public and Private Partnerships focused at training as well.

Programme 6 will also contribute to the Outcome: Enabling Digital Transformation Policies, Strategies and Regulation, through the development of the Strategy to leverage delivery of services through 5G and Wi-Fi 6 to stimulate the digital economy and development of the policy to discontinue GMS phones. The planned outputs are aligned to the NDP Priority 1: Economic transformation and job creation and the Outcome of Improve competitiveness through ICT adoption as well as Priority 6 of the NDP: A capable, ethical and developmental state and Outcome 2: Functional, efficient and integrated government.

6. Entities Reporting to the Department

Transfers

Transfers	2022/23 R'000	2023/24 R'000	2024/25 R'000	MTEF R'000
Provinces and Municipalities	26	26	27	79
ICASA	769 431	473 947	495 232	1 738 610
FPB	102 870	103 860	108 524	315 254
National Electronic Media Institute of South Africa	102 121	103 104	107 734	312 959
Universal Service and Access Agency of South Africa	86 033	86 860	90 761	263 654
Universal Service and Access Fund	66 777	67 419	70 447	204 643
USAF: Broadcasting digital migration	59 406	59 978	62 672	182 056
SABC: Channel Africa	66 581	67 368	70 393	204 342
SABC: Public broadcaster	133 821	135 403	141 484	410 708
SABC: Programme productions	15 680	15 865	16 577	48 122
South African Post Office	519 273	524 270	547 815	1 591 358
Sentech: Migration of digital signals	-	-	-	-
Sentech: Dual illumination costs relating to the digita	-	-	-	-
Foreign governments and international organisation	38 401	41 153	42 926	122 480
TOTAL	**1 960 420**	**1 679 253**	**1 754 592**	**5 394 265**

Total allocation on transfers to Entities over the MTEF amounts to R5,4 billion as illustrated above.

6.1 ICASA

The Independent Communications Authority of South Africa was established by the Independent Communications Authority of South Africa Act (2000) to regulate the South African communications, broadcasting and postal services sectors. The authority is listed as a schedule 1 public entity in terms of the Public Finance Management Act (1999) and is a chapter 9 institution in terms of the Constitution.

It derives its mandate from the Electronic Communications Act (2005) to license and regulate electronic communications and broadcasting services, and the Postal Services Act (1998) to license and regulate the postal services sector.

The Authority is empowered 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.

The Authority plans to issue 13 community television licences per year over the medium term and monitor 255 broadcasting licences. In its efforts to protect consumers against unfair practices by service providers over the period ahead, the authority plans to develop six tariff analysis reports and resolve an average of 85 per cent of consumer complaints.

In addition, to increase competition in the telecommunications and broadcasting sectors, various projects are planned over the period, including finalising regulations on the subscription television broadcasting market and developing regulations on call termination.

To increase access to quality broadband services, the authority plans to implement the radio frequency migration plan and develop a monitoring report on the impact of the deployment of 5G in the ICT sector. Additional funding of R300 million in 2022/23 is earmarked for strengthening regulatory capacity and licensing spectrum for international mobile telecommunications, specifically wireless broadband services.

Updates on Relevant Court Rulings

One of the key strategic risks faced by the Authority in executing its mandate is litigation. As an administrative body, the Authority is subject to PAJA and its decisions constitute administrative action as defined in terms PAJA. As such, its decisions and processes are subject to judicial review and legal challenge by any affected parties and or stakeholders. The reviews and legal challenges have a bearing on the Authority’s ability to execute its mandate and enforce / implement its decisions. Furthermore, the reviews and challenges have resulted in court rulings providing much needed clarity on the powers of the Authority as well as its status as an independent statutory and constitutional body.

There have been several notable court rulings over the past five years, which are relevant to the Authority which dealt with *inter alia* the status of the Authority as an independent constitutional body, the scope and extent of its powers as well as the lawfulness of its decisions.

6.1.1 Expenditure Analysis

Expenditure is expected to decrease at an average annual rate of 0.7 per cent, from R524.3 million in 2021/22 to R513.5 million in 2024/25, because of one-off funding of R48.2 million in 2021/22 for the licensing of spectrum. As the authority requires highly specialised personnel to conduct its work, spending on compensation of employees accounts for an estimated 67 per cent (R1.1 billion) of expenditure over the MTEF period. The moratorium on the filling of vacant posts is expected to be maintained over the period ahead to remain within the expenditure ceiling for compensation of employees.

The authority receives all (R1.7 billion) of its revenue over the medium term through transfers from the Department. Revenue is expected to decrease in line with expenditure.

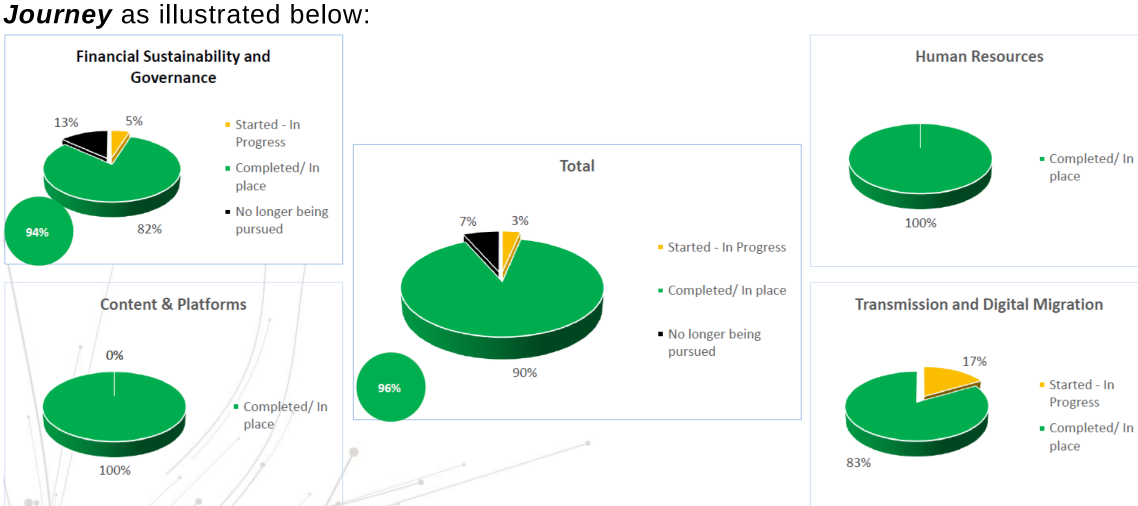
ICASA Expenditure trends and estimates by programme/objective/activity

R million	Audited outcome 2018/19	2019/20	2020/21	Revised estimate 2021/22	Average growth rate (%) 2018/19 - 2021/22	Average: Expen-diture/ Total (%) 2018/19 - 2021/22	Medium-term expenditure estimate 2022/23	2023/24	2024/25
Administration	278.8	255.7	236.1	266.5	-1.5%	54.1%	306.5	241.2	251.9
Licensing	53.8	56.7	68.8	59.5	3.4%	12.5%	230.6	70.1	73.3
Engineering and technology	22.7	21.1	15.8	34.4	14.9%	4.8%	55.7	19.1	19.9
Policy research and analysis	29.5	23.6	25.2	28.0	-1.8%	5.5%	31.3	24.5	25.7
Compliance and consumer affairs	27.7	34.2	23.4	36.8	9.9%	6.3%	40.4	37.0	38.6
Regions	75.1	73.8	71.4	99.1	9.7%	16.6%	104.9	99.6	104.1
Total	**487.6**	**465.1**	**440.8**	**524.3**	**2.5%**	**100.0%**	**769.4**	**491.5**	**513.5**

In terms of section 15 of the ICASA Act, the Authority is financed from funds appropriated by Parliament. To this end, 96.3 per cent of the Authority's revenue over the medium term is derived via transfers (grants) from the DCDT and 3.7 per cent is generated from interest earned from short-term investments. Grant allocation is expected to increase from R769.4 million in 2022/23 to R495.2 million in 2024/25, at an average annual rate of 5.8 per cent, see table on previous page.

6.2 SABC

The South African Broadcasting Corporation derives its mandate from the Broadcasting Act (1999) and is listed as a schedule 2 public entity in the Public Finance Management Act (1999). The Corporation is mandated to provide broadcasting and information services through a wide range of programming that displays South African talent in educational and entertainment programmes; offer diverse views through a variety of news, information and analysis; and advance national and public interests through popular sports, for example. Over the MTEF period, the Corporation will continue to transform its programming, operations and management. It will also explore other revenue opportunities through the introduction of its own streaming and satellite services and seek to increase revenue generated from advertising. The Corporation will work with the Department on legislative and regulatory interventions to assist with its long-term sustainability and will continue to focus on implementing its turnaround plan to ensure financial sustainability.
The commendable progress achieved by the SABC in terms of implementing the key actions in its Turnaround Plan must be viewed in the context of the ***SABC's Turnaround Journey*** as illustrated below:



6.2.1 Expenditure Analysis

Expenditure is expected to increase at an average annual rate of 6.4 per cent, from R7 billion in 2021/22 to R8.5 billion in 2024/25, driven by increased investment in content, audience research and broadcasting costs. Compensation of the corporation's estimated 2

699 employees accounts for 33 per cent (R7.7 billion) of its projected spending over the medium term.
As the Corporation is mostly self-funding, transfers from the Department account for an estimated 2.9 per cent (R663.2 million) of revenue over the medium term, while proceeds from television licence fees account for an estimated 15.9 per cent (R3.8 billion). The remaining 81.2 per cent (R20.2 billion) is expected to be generated by advertising and other commercial activities. Total revenue is expected to increase at an average annual rate of 10.9 per cent, from R6.4 billion in 2021/22 to R8.8 billion in 2024/25.

SABC expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Administration	1 571.6	1 530.2	1 274.5	1 779.6	4.2%	23.8%	1 811.4	1 952.5	2 040.2
Local content delivery: Video entertainment	2 129.9	1 862.5	1 719.8	2 409.7	4.2%	31.4%	2 514.1	2 991.8	3 126.1
Local content delivery: Radio	867.0	821.0	817.3	828.8	-1.5%	13.0%	802.6	802.7	842.0
Universal access transmitter rollout news	818.0	810.1	792.2	709.5	-4.6%	12.2%	695.8	708.4	740.3
Sports of national interest and mandate	725.0	454.3	233.8	384.9	-19.0%	6.8%	583.1	580.1	606.1
Digital terrestrial migration and technology	847.9	771.4	759.0	915.4	2.6%	12.8%	937.2	1 063.1	1 110.8
Total	**6 959.4**	**6 249.6**	**5 596.6**	**7 028.0**	**0.3%**	**100.0%**	**7 344.1**	**8 098.6**	**8 465.5**

Advertising revenue is expected to increase by 13 per cent in the Financial Year 2023, this is based on Industry expectations and the slow improvement in the economic climate of the world as the Covid19 Pandemic continues. Over the MTEF period, revenue is expected to grow by an average of 11 per cent.
Sponsorship revenue is projected to close off at R600 million for the FY2022, which is a 70 per cent improvement from the Financial Year 2021 numbers. Sponsorship revenue is budgeted to increase by 44 per cent in the Financial Year 2023, owing to enhance strategies to grow this revenue line. Sponsorship revenues will improve by average of 20 per cent over the MTEF period. Sponsorship Revenue will increase in Financial Year 2025 from R1.026 billion to R1.195 billion.
The SABC OTT platform is expected to launch in the second quarter of the Financial Year 2022. Revenue from the OTT platform is expected to amount to R88 million for FY2023. OTT will total R471 million over the MTEF period, with 59 per cent of that from access fees and 20 per cent from advertising revenue.
License fees are expected to improve by 10 per cent in the Financial Year 2023. This is based on the current collection rate. License will grow at an average of 5 per cent over the MTEF period. Other revenue and income includes government grants, Trade exchanges, Content exploitation Revenue, Revenue from websites totaling an expected 48 per cent. Over the MTEF period permanent employee costs bill increase by R280 million.
Marketing costs are expected to increase by 277 per cent in Financial Year 2023. The SABC is in a process of trying to reshape itself in terms of marketing and branding in line with competitors. Three agencies will be appointed in the Financial Year 2023 to the value of R100 million. Radio is planning to host their annual awards events. All these marketing initiatives are aimed at drawing audiences back to the SABC and improve revenue generation.

6.3 South African Post Office (SAPO)

The South African Post Office is a schedule 2 public entity in terms of the Public Finance Management Act (1999). It is a government business enterprise established to provide postal and related services to the public and derives its mandate from the Postal Services Act (1998) and the South African Post Office SOC Ltd Act (2011).

The Postal Services Act (1998) makes provision for the regulation of postal services and the operational functions of the post office, including universal service obligations, and grants it an exclusive mandate to conduct postal services in the reserved sector for items such as letters, postcards and parcels less than 1 kilogram.

Over the medium term, the post office will continue to provide universal access to postal and related services, focusing on courier services, postal services, financial services and e-commerce. The COVID-19 pandemic and subsequent lockdown restrictions resulted in a slowing down of the post office's business activities, which negatively affected revenue in 2020/21 and 2021/22. Accordingly, over the period ahead, the post office plans to focus on the implementation of its revised turnaround strategy to improve its financial position.

6.3.1 Expenditure Analysis

R1.6 billion over the MTEF period is allocated to fund the post office's public service mandate. This will enable it to maintain 1 979 points of presence, including post offices and retail postal agencies, and provide postal services in areas that have been historically neglected. Total expenditure is expected to decrease at an average annual rate of 4.8 per cent, from R7 billion in 2020/21 to R6 billion in 2024/25.

This is mainly due to a decrease in spending on compensation of employees, from R4 billion in 2021/22 to R2.7 billion in 2024/25, due to the staff optimization project, which will see the number of employees decrease from 16 275 in 2021/22 to projected 10 254 in 2024/25.

The post office derives its revenue from providing postal and courier services, and from fees for financial transactions. Revenue is expected to increase at an average annual rate of 4.7 per cent, from R5.5 billion in 2021/22 to R6.3 billion in 2024/25, due to expected opportunities in the government sector and the unreserved market in which the post office competes with the private sector.

SAPO expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Administration	1 209.7	2 383.5	2 227.1	2 546.9	28.2%	31.0%	2 615.8	2 494.8	2 741.3
Logistics	35.6	37.0	32.3	34.8	-0.8%	0.5%	39.8	41.8	43.9
Postbank	548.5	–	–	–	-100.0%	2.1%	–	–	–
Post office operations	4 801.1	4 437.9	4 185.7	4 436.5	-2.6%	66.4%	3 421.7	3 260.8	3 260.8
Total	**6 594.9**	**6 858.4**	**6 445.2**	**7 018.2**	**2.1%**	**100.0%**	**6 077.3**	**5 797.5**	**6 046.0**

The financials has been prepared against a backdrop of increased financial pressures, difficult trading conditions and the COVID-19 pandemic that has resulted in a slowdown in SAPO's business activities during the 2020/2021 financial year, resulting in a loss of R2.4 billion. SAPO's financial difficulties have continued for the nine months ending 31 December 2021 with a loss of R1.6 billion; which has further exacerbated the cash flow position.

SAPO's cash flow position is dire, as creditors, medical aid contributions, pension fund contributions and SARS obligations remained unpaid and will continue not to be paid unless urgent financial assistance is provided.

Postal services declined by R1.2 billion in 2020/2021 financial year in comparison to the 2019/2020 financial year. The reduction in postal services volumes has been accelerated by the impact of the COVID-19 pandemic. The lower volumes have continued in the nine months of the 2021/2022 financial year and it is anticipated that this trend will continue for the remainder of the financial year.

MTEF allocations to fund the public service mandate (excludes VAT):

- 2022/2023 FY - R452 million
- 2022/2023 FY - R456 million

- 2023/2024 FY - R476 million

The following revenue initiatives have been included in the budgets for the 2022/2023 financial year to the 2024/2025 financial year:

Revenue Growth Initiatives (R' millions)	2022/2023	2023/2024	2024/2025	Total
Hybrid mail	650	910	1,092	2,652
Courier and parcels	300	1,240	1,348	2,888
MVL	394	435	395	1,224
Payment Channel Services	100	150	165	415
Digital revenue	50	155	216	421
Infrastructure – service	100	105	110	315
Total	**1,594**	**2,995**	**3,326**	**7,915**

6.4 State Information Technology Agency

The State Information Technology Agency was established through the State Information Technology Agency Act (1998) and is listed as a schedule 3A public entity. The agency is mandated to provide IT, information systems and related services to and on behalf of government departments and organs of state.

This includes the provision and maintenance of transversal information and data processing systems and their associated services, the maintenance of secure information systems, and the execution of its functions according to approved policies and standards.

Over the period ahead, the agency will focus on its financial sustainability, and has reconfigured its strategic programmes to complement the objectives of the national economic reconstruction and recovery plan. In line with this focus, it will continue to seek collaborations with the industry and learning institutions to create relevant and useful content and seek to build innovation capital by encouraging initiatives such as hackathons among the public.

The Agency will also collaborate with local research institutions to develop innovative digital solutions for government and focus on information and cybersecurity to ensure that the state and its citizens are able to transact, communicate and interface within a secure and safe environment.

6.4.1 Expenditure Analysis

Expenditure is expected to increase at an average annual rate of 3.8 per cent, from R6.2 billion in 2021/22 to R7 billion in 2024/25. Goods and services accounts for an estimated 61.2 per cent (R12.2 billion) of expenditure over the medium term, mostly for the provision of IT services, whereas compensation of employees accounts for an estimated 33.5 per cent (R6.7 billion).

As the implementation of strategic projects – such as South Africa Connect, cloud infrastructure and the Gauteng broadband network – require substantial capital investment, R1.5 billion is allocated for the acquisition of assets over the MTEF period.

The Agency generates revenue by providing ICT infrastructure and services to government departments and organs of state. Revenue is expected to increase at an average annual rate of 4.3 per cent, from R6.2 billion in 2021/22 to R7.1 billion in 2024/25. Revenue for the Financial Year 2022/2023 is estimated at R5.917 billion an increase of 4 per cent as compared to the forecast of the Financial Year 2021/22.

SITA expenditure trends and estimates by programme/objective/activity

R million	Audited outcome 2018/19	2019/20	2020/21	Revised estimate 2021/22	Average growth rate (%) 2018/19 - 2021/22	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate 2022/23	2023/24	2024/25
Administration	1 039.9	1 456.1	1 809.0	1 330.2	8.6%	25.2%	2 166.1	1 447.1	1 910.5
Revenue generation stream	4 300.2	3 658.1	3 925.0	4 886.5	4.4%	74.8%	4 173.5	5 209.0	5 043.8
Total	**5 340.0**	**5 114.2**	**5 734.0**	**6 216.7**	**5.2%**	**100.0%**	**6 339.6**	**6 656.1**	**6 954.3**

Cost of sales increased by 5.1 per cent when compared to the Financial Year 2021/2022 forecast to R4.175 billion for the 2022/2023 financial year, which is aligned with the concerted, cost cutting measures that have been implemented.
Operating expenses (Opex) are expected to increase by 25 per cent from a forecast of R1.387bn for the Financial Year 2021/22 financial year to an estimated R1.728 billion in the Financial Year 2022/23.
The total capital expenditure requirement for the Financial Year 2022/23 is budgeted at R750 million. However, the actual total Capex requirement far exceeds this amount. SITA may have to consider borrowing funds as well as applying for conditional grants in order to meet its capital expenditure requirements. As per currently available information the allocation of capital expenditure per programme is reflected below:

Programme	Capex allocation
Programme 1: Thought leadership and service deliver	R 65 730 000
Programme 2: Digital Infrastructure	R652 670 000
Programme 3: Skills and capability development	R 31 600 000
Programme 4: Financial sustainability	-
Programme 5: Procurement and industry transformation	-
Total	**R 750 000 000**

public entity in the Public Finance Management Act (1999). It is responsible for providing broadcasting signal distribution services to licensed television and radio broadcasters. In 2002, following the deregulation of the telecommunications sector, Sentech was granted two additional licences, allowing the entity to provide international voice-based telecommunications and multimedia services.
Over the MTEF period, the entity will continue to develop new and innovative digital solutions in response to shifts in consumer behavior and preferences; expand its radio network; improve its existing infrastructure; and conclude the process of shutting down analogue transmitters in the migration to digital, which is expected to be completed by 31 March 2022.
Accordingly, the Entity will ensure that it provides digital television coverage to 85 per cent of households each year over the medium term, and that digital terrestrial television is available for 99 per cent of households.

6.5.1 Expenditure Analysis

Sentech plans to spend R1.1 billion on the acquisition of property, plant and equipment over the MTEF period. Goods and services account for an estimated 37.6 per cent (R1.5 billion) of expenditure over the period ahead, mostly for service expenses such as satellite costs.
Compensation of employees accounts for an estimated 25.9 per cent (R1 billion) of the Entity's budget, spending on which is expected to decrease at an average annual rate of 1.1 per cent, from R1.5 billion in 2021/22 to R1.4 billion in 2024/25. This is due to a moratorium on the filling of vacant posts arising from resignations.

The Entity expects to derive 93.8 per cent (R4.1 billion) of its revenue over the MTEF period through television, radio and streaming services rendered to customers, and the remainder through other sources such as rental income.

Revenue is expected to decrease at an average annual rate of 1.3 per cent, from R1.5 billion in 2021/22 to R1.4 billion in 2024/25, because of the analogue signal network being switched off, resulting in television revenue decreasing slightly before recovering again.

Sentech expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Administration	1 149.5	1 487.8	1 029.8	1 298.8	4.2%	88.8%	1 303.8	1 372.8	1 416.0
Attain digital terrestrial television network	130.6	149.1	167.1	166.4	8.4%	11.2%	–	–	–
Total	**1 280.1**	**1 636.9**	**1 196.8**	**1 465.1**	**4.6%**	**100.0%**	**1 303.8**	**1 372.8**	**1 416.0**

Sentech is forecasting a cash balance of approximately R1.9 billion by end of March 2023. For the 2022/23 financial year, Sentech is projecting revenues of R1.501 billion and operating expenditure of R1,301 billion from continuing operations, resulting in an operating profit of R200 million. The Company is employing strategic initiatives which will result in continuing revenue increasing by 19 per cent (R243m) on 2021/22 financial year forecasted R1.259 million.

There is a sizable increase in cash generated from operations in financial year 2023 compared to financial year 2022. Management is positioning the Company for future growth and there will be cash outflows for these strategic initiatives amounting to R250 million per year in financial year 2023, financial year 2024, and R100 million in financial year 2025.

6.6 Broadband Infraco

Broadband Infraco's legislative mandate, as set out in the Broadband Infraco Act (2007), is to provide ICT infrastructure and broadband capacity in South Africa. Its main objectives are to expand the availability and affordability of access to electronic communications, including in underdeveloped and underserviced areas; ensure that the bandwidth requirements for specific projects of national interests are met; and enable the state to provide affordable access to electronic communications networks and services.

Over the medium term, the Entity will focus on becoming financially and operationally sustainable. This will involve obtaining access to additional infrastructure, investment and funding, which will assist its growth and enable it to offer customers better network and connectivity.

Structural changes such as working from home and delivering education online have resulted in greater cost efficiencies. The Entity will harness these insights to optimise its business model; review its operating model; and implement improved processes, systems, structures and governance. Over the MTEF period, the entity plans to facilitate the connection of 713 government sites to broadband and maintain the time taken to restore faults on the core network at 7.5 hours.

6.6.1 Expenditure Analysis

Expenditure is expected to increase at an average annual rate of 3.7 per cent, from R734.8 million in 2021/22 to R820 million in 2024/25. This is mainly due to increased spending on goods and services, which accounts for an estimated 53.9 per cent (R1.3 billion) of the company's total expenditure over the MTEF period.

Revenue is derived mainly from rendering connectivity services and is expected to increase at an average annual rate of 0.5 per cent, from R914.2 million in 2021/22 to R929.1 million in 2024/25.

BBI expenditure trends and estimates by programme/objective/activity

R million	Audited outcome 2018/19	2019/20	2020/21	Revised estimate 2021/22	Average growth rate (%) 2018/19 - 2021/22	Average: Expen-diture/ Total (%) 2018/19 - 2021/22	Medium-term expenditure estimate 2022/23	2023/24	2024/25
Administration	210.1	241.9	114.8	158.2	-9.0%	27.7%	171.5	171.8	169.9
Network operations	401.1	450.1	457.5	576.6	12.9%	72.3%	626.3	646.1	650.1
Total	**611.3**	**692.0**	**572.3**	**734.8**	**6.3%**	**100.0%**	**797.8**	**817.9**	**820.0**

Total funds to be raised in 2023 is R622 million and R334 million to fund specific capacity upgrades will be sourced from Project Finance.R28 million will be used to supplement funding generated from operations required for customer and refurbishment projects. R178 million will be used to fund the upgrade SDH to IP network and OSS/BSS.
Total revenue expected is R168 million (29%) existing. Low Probability Revenue (<80%) R1.4 million (0.3%). SA Connect contracted sales of R141 million (24.4%) and USAASA sites of R25 million (4.4%) included.
Network Investment Strategy revenue of R58 million (10.0%) included and renewal revenue of R5 million (1%). The growth of existing and new customers is expected at R109 million (18.9%).

6.7 The FPB

The Film and Publication Board was established in terms of the Films and Publications Act (1996), as amended, and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). Its mandate is to regulate the creation, production, possession and distribution of certain publications and films by classifying them; imposing age restrictions on content; and rendering the exploitative use of children in pornographic publications, films or online material punishable.
Over the medium term, the board plans to improve its productivity by automating registration processes to allow distributors to register online; review its classification guidelines to align them with societal norms and standards; and deploy compliance monitors to conduct 21 000 inspections at all identified distributors of content to ensure their compliance with relevant legislation.

6.7.1 Expenditure Analysis

To carry out its medium term activities, expenditure for FPB is expected to increase at an average annual rate of 5.7 per cent, from R116.8 million in 2021/22 to R138 million in 2024/25.
Compensation of employees is the board’s main cost driver, accounting for an estimated 53.1 per cent (R207 million) of its expenditure over the MTEF period. The board expects to derive 81.4 per cent (R315.3 million) of its revenue over the period ahead through transfers from the department and the remainder through fees for classification and registration. Revenue is expected to be in line with expenditure over the medium term.

FPB expenditure trends and estimates by programme/objective/activity

R million	Audited outcome 2018/19	2019/20	2020/21	Revised estimate 2021/22	Average growth rate (%) 2018/19 - 2021/22	Average: Expen-diture/ Total (%) 2018/19 - 2021/22	Medium-term expenditure estimate 2022/23	2023/24	2024/25
Administration	72.6	71.4	71.9	98.6	10.8%	75.1%	104.1	108.0	112.9
Industry compliance	7.0	12.3	9.6	11.4	17.3%	9.6%	12.4	14.7	14.9
Public awareness and education	2.9	4.4	4.7	6.0	27.2%	4.2%	6.5	7.8	7.9
Online and mobile content regulation	10.5	11.4	11.5	0.8	-56.9%	8.5%	–	–	–
Partnerships and collaboration	3.3	3.2	3.6	–	-100.0%	2.5%	–	–	–
Research and Development	–	–	–	–	–	–	2.1	2.3	2.2
Total	**96.2**	**102.6**	**101.2**	**116.8**	**6.7%**	**100.0%**	**125.1**	**132.8**	**138.0**

Total revenue is projected to grow from R111.8m (to be audited) Financial Year 2022 to R125.0m in Financial Year 2023. Taking note that all strategic deliverables of the entity may not be funded by the Government Grant and Subsidies, the entity is seeking to increase the percentage of Self Generated Revenue as a percentage of Total Revenue as well as the reprioritization of existing funds.
The FPB has embarked on a Revenue Enhancement Strategy to enhance revenue streams outside of the Government Grant and Subsidies. In Financial Year 2021, Self Generated Revenue consisted of 6 per cent of the Total Annual Revenue and it has grown to 10 per cent of Total Annual Revenue in Financial Year 2022. It is expected to grow to 21 per cent of total revenue in Financial Year 2025/26. The goal in Financial Year 2023 is to increase Self Generated Revenue to 18 per cent of Total Annual Revenue.

6.8 National Electronic Media Institute of South Africa

The National Electronic Media Institute of South Africa was established as a non-profit institution for education in terms of the Companies Act (1973) and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). Its programmes were initially structured to enhance the market readiness of students in broadcasting, but its mandate has been expanded to include the development of e-skills capacity in South Africa and the implementation of e-skills programmes in collaboration with its partners.
Over the medium term, the institute will continue to implement its operating model and digital skills agenda in collaboration with government, businesses, civil society and the education sector. Identified e-skills priority areas include government e-enablement, creative new media industries, e-inclusion and social innovation.
Accordingly, over the medium term, the institute aims to provide specialist technology skills to 9 400 citizens and train 370 000 learners in e-literacy.

6.8.1 Expenditure Analysis

Expenditure is expected to increase at an average annual rate of 4.1 per cent, from R98.5 million in 2021/22 to R111.2 million in 2024/25. Goods and services, mainly rental costs for office space and in-house training, account for an estimated 38.4 per cent (R121.6 million) of expenditure over the medium term.

NEMISA expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Administration	53.3	59.5	50.0	57.2	2.4%	59.5%	52.6	52.6	54.6
Multistakeholder collaboration	1.2	1.5	–	–	-100.0%	0.6%	–	–	–
e-Astuteness development	39.7	47.6	14.2	37.9	-1.6%	35.0%	48.1	48.4	50.2
Knowledge for innovation	7.0	8.3	1.1	1.9	-35.4%	4.4%	1.5	3.1	3.1
Aggregation framework	0.1	0.2	–	1.5	122.6%	0.4%	0.6	3.3	3.3
Total	**101.4**	**117.1**	**65.2**	**98.5**	**-1.0%**	**100.0%**	**102.7**	**107.4**	**111.2**

Transfers and subsidies to higher education institutions to fund e-skills projects account for an estimated 27.3 per cent (R85.9 million). The institute derives all its revenue through transfers from the Department. Revenue is expected to increase in line with expenditure over the period ahead.

6.9 Universal Service and Access Agency of South Africa & Universal Service and Access Agency Fund (USAASA/USAF)

The Universal Service and Access Agency of South Africa (the Agency) was established in terms of section 80 of the Electronic Communications Act (2005) and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). Its sole mandate is to promote universal service and access to electronic communications and broadcasting services.

The Universal Service and Access Fund was established in terms of section 89(1) of the Electronic Communications Act (2005) and is listed as a schedule 3A public entity in the Public Finance Management Act (1999). The fund's sole mandate is to subsidise ICT equipment and services, and electronic communications and broadcasting networks for needy people in underserviced areas. The USAF is managed by the Agency.

Over the medium term, the fund will focus on concluding the broadcasting digital migration project, which will ensure the release of much-needed spectrum. In line with the President's 2021 State of the Nation Address, analogue transmission is set to be shut down and switched to digital on 31 March 2022. As such, the fund will focus on providing aftermarket support for the installation of set-top boxes, supporting the objectives of the revised analogue switch-off plan adopted by Cabinet in September 2021, and funding the operational costs and the maintenance of the national call centre established to support broadcasting digital migration.

The Universal Service and Access Fund will also provide 850 sites in underserviced areas with internet connectivity and maintain these connections over the period ahead.

6.9.1 Expenditure Analysis

The Agency is allocated a total budget of R263.7 million over the MTEF period, which is derived through transfers from the department. These funds will mostly be used to manage the implementation of the broadcasting digital migration project.

USAASA expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Administration	107.5	91.6	65.9	177.1	18.1%	100.0%	86.0	86.9	90.8
Total	**107.5**	**91.6**	**65.9**	**177.1**	**18.1%**	**100.0%**	**86.0**	**86.9**	**90.8**

Total expenditure is expected to decrease at an average annual rate of 20 per cent, from R177.1 million in 2021/22 to R90.8 million in 2024/25, because of additional funding for the broadcasting digital migration project, which was earmarked for the South African Post Office to cover distribution costs, coming to an end in 2021/22.

The USAF is allocated R386.7 million over the medium term, mostly for implementing activities related to broadcasting digital migration. These funds will be supplemented with transfers that have been made to the fund in previous financial years and retained with the approval of National Treasury in terms of section 53(3) of the Public Finance Management Act (1999).

USAF expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expen-diture/ Total (%)	Medium-term expenditure estimate		
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25
Administration	0.9	1.1	1.2	3.0	48.7%	2.0%	3.0	3.0	3.0
Broadband infrastructure and connectivity to underserviced unserved areas	33.6	14.8	0.1	61.2	22.1%	17.6%	63.8	64.4	67.4
Broadcasting digital migration programme	308.0	38.5	29.5	119.4	-27.1%	80.4%	59.4	60.0	62.7
Total	**342.5**	**54.4**	**30.8**	**183.5**	**-18.8%**	**100.0%**	**126.2**	**127.4**	**133.1**

Total expenditure is expected to decrease at an average annual rate of 10.2 per cent, from R183.5 million in 2021/22 to R133.1 million in 2024/25, as the one-off allocations for broadcasting digital migration conclude in 2021/22. The USAF derives all its revenue through transfers from the Department and has no personnel.

6.10 .ZA Domain Name Authority (.ZADNA)

.ZADNA is a statutory, not-for-profit entity established in terms of Chapter X of the Electronic Communications and Transactions (ECT) Act 25 of 2002 to administer, manage and regulate the .ZA namespace.

Its mandate is to regulate the za domain namespace and ensure that the namespace is used and managed efficiently. This in order to ascertain that the za country code Top Level Domain (ccTLD) is always visible on the internet, as za is the South African identifier online. Furthermore, to ensure that the za namespace is robust and resilient at all times.

For 2022/23, ZADNA will focus on the following to deliver on its statutory mandate and reposition itself for the future:

(a) We will continue to improve our stakeholder engagement and management;
(b) Focused .ZA awareness;
(c) Better co-ordination of Internet Governance dialogue with stakeholders;
(d) Registrar Reseller Training which focuses on Women, Youth and People living with disabilities;
(e) Better support of the non-commercial Second Level Domain community;
(f) Implementation of the promulgated regulation and compliance checks; and
(g) Enhancement of our internal capabilities and process with the intent to improve our delivery on the mandate.

6.10.1 Approved Budgeted Income & Expenditure for 2022/2023

2022/2023				
Budget item	**Description**	**Notes**		**2022/2023 @R15 Proposed Budget**
INCOME				**21 816 200**
Other Income	Domain Name Revenue	1.		20 475 000
	Interest Income	2.		1 341 200
EXPENDITURE				**21 746 947**

7. Committee Observations

7.1 The Department

Having considered the Strategic Plan and APP of the Department, the Committee noted:

(i) that Entities that have previously been lagging to deliver on their set targets, strive to improve service delivery;
(ii) that some entities are struggling to maintain clean audits; and
(iii) that there is focus on compliance, meeting targets and responding to the Auditor-General with no measurements on the impact of such performances and the impact on the lives of ordinary citizens.

7.2 ICASA

Having considered the APP of ICASA, the Committee noted:

(i) and welcomed the conclusion of the spectrum auction;
(ii) and welcomed the reduction of litigation costs; and
(iii) with concern the high staff turnover.

7.3 SABC

Having considered the APP of the SABC, the Committee noted:

(i) the plans to mitigate risks were inadequate;

(ii) with concern that the SABC is unable to achieve annual target revenues;
(iii) with concern that the PFMA supply chain restrictions led to inadequate procurement of compelling content;
(iv) with appreciation of the 12-month exemption from the PFMA, restrictions by National Treasury thereby facilitating speedy procurement of compelling content which makes the SABC competitive;
(v) with further concern that the SABC is unable to recruit and retain a competent workforce;
(vi) with greater concern about the improper governance practices;
(vii) with concern that there is inadequate reporting to the Committee on update on addressing of findings by various State organs;
(viii) that the Corporation has yet to resolve all Auditor-General's findings despite seriousness of the findings;
(ix) that the increases in marketing spend are geared at increasing revenue as a result of non-investment over a number of past years by the Corporation;
(x) welcome the feedback on the resolve between the Executive and the Board; and
(xi) that there are unresolved governance matters that may still cripple the Corporation in its quest to remain competitive.

7.4 USAASA/USAF

Having considered the APP of USAASA/USAF, the Committee noted:
(i) with concern that financial presentations are not adequately presented

7.5 SITA

Having considered the APP of SITA, the Committee did not have any input to make. The presentation was noted and agreed to.

7.6 SAPO

Having considered the APP of SAPO, the Committee noted:
(i) with concern that SAPO is struggling to provide services especially to rural communities;
(ii) with serious concern that the Entity has R4.2 billion in debt; and
(iii) that there is not clear plan by SAPO to integrate the District Development Model of municipalities.

7.7 Sentech

Having considered the APP of Sentech, the Committee noted:
(i) that Sentech is struggling to attract new customers.

7.8 . ZADNA

Having considered the APP of. ZADNA, the Committee did not have any input to make. The presentation was noted and agreed to.

7.9 BBI

Having considered the APP of BBI, the Committee noted:
(i) with concern that plans to mitigate risks are not adequately described;
(ii) with further concern that the report is not clear on the mitigations plans for the situations;
(iii) with further concern that there is low employee morale at BBI;
(iv) with serious concern about the customer defections; and
(v) with concern that BBI is unable to adapt to rapid changes in the market and technology.

7.10 NEMISA

Having considered the APP of NEMISA, the Committee did not have any input to make. The presentation was noted and agreed to.

7.11 FPB

Having considered the APP of FPB, the Committee noted:

(i) that customer satisfaction initiatives of the Board are inadequate; and
(ii) that inadequate capacity of the Entity may impact negatively on its ability to implement the amendments of the Act.

8. Committee Recommendations

8.1 The Department

The Committee recommends that the Minister should ensure that the Department:

(i) guarantees that entities strive to deliver on their set targets in order to improve service delivery;
(ii) and its entities use the billions of public funds are handled with the highest level of accountability—should present a plan to the Committee next Term on plans to mitigate non-performance;
(iii) and all its portfolio maintains clean audits; and
(iv) guarantees compliance of its portfolio is equal to service delivery and translates to tangible results in changing the lives of ordinary citizens.

8.2 ICASA

The Committee recommends that the Minister should ensure that ICASA:

(i) develops strategies to circumvent the high staff turnover and present to the Committee during next Term; and
(ii) appears before the Committee after the adoption of the report to present a progress report on the spectrum auction and related process.

8.3 SABC

The Committee recommends that the Minister should ensure that

(i) the Corporation develops plans to mitigate risks;
(ii) the Corporation provides plans to expedite addressing of findings by various State organs;
(iii) the Corporation endeavours to resolve all Auditor General's findings because they are serious in nature;
(iv) the Corporation maximises its allocated marketing spend in order to increase revenue and appear before the Committee before Board term end to present a marketing plan;
(v) the Corporation strives to maximise on annual target revenues;
(vi) presents a plan to the Committee no later than April 2023 on how it plans to procure compelling content;
(vii) develops a plan to recruit and retain a competent workforce;
(viii) improves on governance practices and the current Board should provide a governance sustainability plan no later than their end of term; and
(ix) appears before the Committee during next term and provide a report on the causes and resolutions of differences between the Board and the Executive relating to the BDM Policy.

8.4 SAPO

The Committee recommends that the Minister must ensure that:

(i) rural communities receive services provided by SAPO at all times; should appear before the Committee to present on the operations of SAPO outlets across the country; and
(ii) SAPO integrates its Strategy with the District Development Model of municipalities.

8.5 USAASA/USAF

The Committee recommends that the Minister must ensure that USAASA/USAF:

(i) financial models are adequately outlined in future plans.

8.6 SITA

The Committee did not have any further recommendations for the Entity having noted and agreed to the presentation.

8.7 Sentech

The Committee recommends that the Minister should ensure that Sentech:

(i) develops strategies to attract new customers.

8.8 . ZADNA

The Committee did not have any further recommendations for the Entity having noted and agreed to the presentation.

8.9 BBI

The Committee recommends that the Minister should ensure that BBI:

(i) develops plans to mitigate risks especially the low staff morale and present a report before the Committee no later than April 2023;
(ii) provides a clear strategy on how to circumvent customer defections;
(iii) improves on its reporting to the Committee; and
(iv) improves on its inability to adapt to rapid changes in the market and technology.

8.10 NEMISA

The Committee did not have any further recommendations for the Entity having noted and agreed to the presentation.

8.11 FPB

The Committee recommends that the Minister should ensure that FPB:

(i) develop plans to improve customer satisfaction initiatives of the Board and present to the Committee in the coming term of Parliament;
(ii) builds adequate capacity to enable the implementation of responsibilities imposed by the Amendments of the Act.

Lastly, the Committee will continue to support SAPO by engaging National Treasury to speed up funding.

The Committee recommends that the House approve Budget Vote 30: Communications and Digital Technologies.

The DA and the EFF reserved their right on the adoption of the Report.

Report to be considered.