Report of the Portfolio Committee on Communications and Digital Technologies on its deliberations of Budget Vote 30: Communications and Digital Technologies, dated 09 May 2023

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 2023/24, reports as follows:

1. Introduction

Section 55(2) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that the National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority including the implementation of legislation, and (ii) any organ of State.

In terms of the Public Finance Management Act (PFMA), the Accounting Officers must provide Parliament or the relevant legislature with their respective institution's Medium-Term Strategic Framework (MTSF) and, where applicable, with its Annual Performance Plan (APP).

The Money Bills Amendment Procedure and Related Matters Act was promulgated in 2009 and provided 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, Independent Communications Authority of South Africa (ICASA), Film and Publication Board (FPB), Broadband Infraco (BBI), National Electronic Media Institute of South Africa (NEMISA), Universal Service and Access Agency of South Africa/ Universal Service and Access Fund (USAASA/USAF), .za-Domain Name Authority (.ZADNA), State Information and Technology Agency (SITA), South African Post Office (SAPO) and Sentech on 02 May 2023.

The South African Broadcasting Corporation (SABC) had not tabled by the time the Committee reviewed the Annual Performance Plans.

2. The Department's APP 2023 – 2024

An APP sets out what the Department intends to do 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 Department 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 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 several acts and policies. Key among these are:

- the Films and Publications Act (1996), as amended, which provides for the classification of certain films and publications and establishes the Film and Publication Board and the appeals tribunal;

- the Postal Services Act (1998), as amended, which makes provision for the regulation of postal services;
- the Broadcasting Act (1999), as amended, which establishes broadcasting policy in South Africa;
- the Independent Communications Authority of South Africa Act (2000), which establishes the regulator in the sector; and
- the 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 licenses and social obligations; the control of the radio frequency spectrum; and the regulation of electronic communication network services, electronic communication services, and broadcasting services.

3. Updates to Institutional Policies and Strategies

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 within the Outcome of *Enabling digital transformation policies and strategies,* which informed the legislative programme over the MTEF period.

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

Broadcasting Digital Migration (BDM) Programme

South Africa, in response to the International Telecommunications Union (ITU) resolution that all countries in Region 1 of the ITU, i.e., Europe, the Middle East (excluding the Islamic Republic of Iran) and Africa, must cease all analogue transmissions by 17 June 2015 started the process of migrating broadcasting signals from analogue to digital. The government has committed to providing subsidies to indigent television-owning households as part of fast-tracking the migration process. The migration is also contributing to the revitalisation of the electronic manufacturing industry. In addition, by means of Gazette, it will restrict the dumping of analogue television sets in South Africa.
In September 2021, Minister went to Cabinet and secured approval for a new delivery model. Minister then appointed a Project leader to oversee the implementation of the programme. Subsequently, a Steering Committee was established to ensure strategy development, plans and project governance that the Minister leads. The Department ramped up public awareness programme to ensure the message reaches South Africans through different platforms such as radio, television (TV), print and community outreach. These include but are not limited to broadcasting of key messages on all the South African Broadcasting Corporation (SABC) public radio stations in their languages through at least five slots per radio station per day. Consideration was made to working with community radio stations where 96 community broadcasters were used to disseminate information and engage with beneficiaries at least three times a day.
The Department and Entities also deployed teams of officials on the ground across all provinces doing community activations to educate people about digital migration, drive registrations and monitor the distribution and installations of decoders.
Significant progress has so far been realised, and five (5) of the nine (9) Provinces, namely, Free State, Northern Cape, North West, Limpopo and Mpumalanga, have already been completely switched off, and Sentech has completed frequency restacking.
Following the President's announcement during the 2023 State-of-the-Nation Address (SONA), the Department and Entities are finalising the installations of outstanding

registered households and completing the switch-off of analogue transmission in the remaining four (4) Provinces of Eastern Cape, KwaZulu Natal, Western Cape and Gauteng. To achieve this objective quicker, Sentech has enhanced the capacity of installers across the country. This process is being supported by the provincial governments, district and local municipalities, as well as COGTA to raise awareness campaigns about the progress and what is expected of communities. Post installation of infrastructure, a Consumer Contact Centre located at Sentech is in place to support beneficiaries with programme-related challenges.

SA-Connect

SA-Connect is the implementation of the national broadband policy that was approved by the 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 a number of underserved district municipalities to 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 networks built by network operators reduce the associated investment risk by ensuring demand.

Due to the magnitude of the project, the programme initially aimed at connecting 6135 government facilities, which included all schools, health facilities, Post Offices, police stations and government offices, in the eight rural district municipalities to broadband services. However, 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 end-to-end broadband services to the 970 government facilities in the eight identified district municipalities, namely (i) Dr Kenneth Kaunda in North West, (ii) Thabo Mofutsanyane in Free State, (iii) OR Tambo in Eastern Cape, (iv) Vhembe in Limpopo, (v) Gert Sibande in Mpumalanga, (vi) Pixley ka Seme in Northern Cape, (vii) uMgungundlovu and (viii) uMzinyathi in KZN.

The remaining 5165 facilities that were not provided with broadband services due to the limited budget allocation were transferred to Phase Two of the programme.

Breakdown of 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
TOTAL SITES CONNECTED 970					
Province	District Municipality	Total Facility Planned	Schools	Health	Government
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	**970**	**597**	**116**	**258**

SA-Connect Progress Update

The Department requested funding of R2 964 billion from National Treasury and received a preliminary allocation letter for R2 964 billion. The teams are finalising the implementation

plan and the deployment will commence in April 2023. The detailed designs have started and are scheduled to be completed in early May 2023.
Broadband Infraco (BBI) received R219 million to connect 412 sites (300 in Eastern Cape and 112 in Northern Cape) before the end of the current financial year. The project is in progress with 101 sites installed to date, i.e., 36 sites in Pixley ka Seme (NC) and 65 sites in OR Tambo (EC) district municipality. The remaining facilities (311) are projected to be completed by 22nd March 2023.
The Department also received R200m from the National Treasury as part of the Presidential Employment Stimulus (PES) access fund. The project is underway, and the high-level milestones with timelines are as indicated below:
SITA connected 724 (out of a target of 1500 for the current financial year) Government facilities in the Eastern Cape. SITA is also working with the other provinces to solicit tasking from the Provincial Governments for the connectivity to government facilities.

High Demand Spectrum Licensing

As announced by the President in his SONA 2023, *the Department and the Regulator have successfully concluded the much-anticipated high-demand radio frequency spectrum auction in March 2022*.
The release of the spectrum is one of the key pillars of the State's economic structural reforms. The auctioned high-demand spectrum assisted the government to raise funds for the fiscus. A total of R14 billion in revenue was collected from the completion of the spectrum auction and will further unlock new investment.
DCDT and ICASA worked hard on the issue of the high-demand spectrum, as it was in the public interest which demanded that the licensing of the high-demand spectrum should not be delayed any longer.

Internet Penetration/Connectivity

Internet access has been the critical source of technological "leapfrogging" in South Africa. The Department is continuously on a drive to connect citizens to the Internet. As a result, a programme to bring Internet access to all South Africans is critical to enable access to online services and provide opportunities for a digitally driven economy.
The importance of Internet connectivity was visibly demonstrated during Covid-19 pandemic. It has always been more important to share accurate information and combat fake news while being able to elicit information from citizens on behaviour and movement of people.
According to Stats SA Report, as of 2022, the share of the total population of South Africans using the Internet was nearly 80 per cent compared to 62 per cent in 2018. This share is estimated to grow up to 90 per cent by 2027. The number of active social media users reached 28 million as of January 2022. Compared to eight years prior, this represents a three-fold increase from 9.8 million users in 2014. Further, WhatsApp was the most popular social media platform in the country.
South Africa is ranked 68th on the Digital Quality of Life Index; the country enjoys the highest ranking out of 18 African Countries, which is because of high levels of mobile and broadband Internet affordability and mobile Internet stability, However, it should be noted that the country ranks 91 out of 110 countries with its number of Internet users. However, the indication is that a large proportion of the SA citizens still need access and highlights the depth of the digital divide. Much progress has been made over the past years in modernising South Africa's legislative and infrastructural bottlenecks to ensure the sector's growth and improved Quality of Service (QoS).
Key developments include the passing of the Cybercrimes Act, and the expansion of the Film and Publications Board mandate signals the readiness and the robustness of infrastructure investment, and the citizens must be protected and empowered to become beneficiaries of government policy. Furthermore, benefits brought on by the COVID-19 pandemic have placed greater emphasis on how and what people can and need to do with an Internet connection.

There are number of interventions that have assisted in accelerating Internet access and speed. These include:

- government's Broadband Policy, the SA-Connect programme adopted in 2013, prioritising access to free public Wi-Fi in schools, clinics, police stations and other government facilities. The project aims to provide universal, affordable, high-quality, and high-speed broadband access to all South Africans;
- the rolling out of Wi-Fi in several metropolitan areas, including Cape Town, Durban, Johannesburg, Tshwane, and the Ekurhuleni municipality, has also seen some success; and
- the country's fibre market has also grown exponentially, with most suburban areas including Pretoria, Cape Town, Johannesburg, Durban, and Port Elizabeth, already covered with fibre-optic cables.

There are still many obstacles to Internet access, which has made it difficult for citizens to have adequate and reliable Internet access. These include, among other factors, load shedding; high data costs; infrastructure deployment; and inequality gap challenges.

The power cuts, which have been implemented since 2007, are expected to continue for the immediate future. Load shedding by the power utility Eskom has severely impacted reliable Internet access. Mobile operators experience challenges in ensuring that their cell phone towers remain online during power outages. This makes it difficult for companies, hospitals, small businesses, and households to run their daily operations, especially as some need access to or can afford alternative energy sources.

High data costs have been the primary obstacle to Internet access for many South Africans. In December 2019, the Competition Commission recommended that network service providers (namely MTN and Vodacom) reduce their data prices by 30 to 50 per cent or face prosecution. The Commission also found that mobile data prices in the country discriminate against the poor, adding that prepaid bundle prices are far higher than contract prices. It also found that the cost of smaller bundles far exceeds the bigger bundles.

Inequality gaps negatively impact many remote villages, rural areas and townships in the country, where access to Internet infrastructure remains a challenge.

The DCDT will focus on the Refurbishment of Electronic Devices Project, which addresses the challenges of Internet access. Furthermore, the Department is considering a program to fast-track part of responding to bridging this digital divide by ensuring that all South Africans have access to an Internet connection. Access to Internet connectivity will not only enable access to services. Still, it will also open opportunities for developing local applications and systems accessible to all South Africans and promote collaboration in the Africa Continental Free Trade Area (ACFTA), including in BRICS.

Focus on the Fourth Industrial Revolution

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 to take advantage of the socio-economic opportunities presented by 4IR; (iv) assist all spheres of the public and private sectors in identifying 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 must lead initiatives in the country, region and internationally to position South Africa on 4IR technology development. Given this, DCDT has participated

and contributed but not limited to, initiatives such as the AI Blueprint for Africa, SADC Big Data Framework and Africa 4IR Strategy.
Furthermore, DCDT has launched Artificial Intelligence (AI) Hub in partnership with the University of Johannesburg. The Tshwane University of Technology is expected to launch its AI Hub in the First Quarter of 2023. National and other academic institutions are expected to partner with the Department to launch other AI Hubs that will contribute to the work of South Africa's AI Institute, which will strategically position South Africa to lead in the field of AI. The Department will also ensure coordinated initiatives to develop and support the application of various emerging technologies such as smart drones, Internet of Things (IoT), Blockchain, Robotics, AR, and VR in the South African digital economy.
The DCDT programme of action for 4IR was developed in the PC4IR SIP and concluded and approved by Minister. The next step, as expected in the MTSF 2019/24 the PC4IR SIP must be submitted for Cabinet approval. The implementation and monitoring of the PC4IR extends to subsequent MTSF plans where monitoring happens.
The PC4IR PMO developed an M&E framework to assist in monitoring the PC4IR implementation; this framework will be operationalised through onboarding 4IR initiatives across the country which will be monitored to identify their socio-economic impact. The PC4IR SIP position the DCDT as a lead facilitator and coordinator of 4IR in the country. Through the PC4IR, all public and private institutions work together to transform South Africa digitally. Key to the DCDT's role, an awareness strategy for 4IR was developed as an initiative to be rollout to build strong relationships with stakeholders. The success of this strategy has resulted in witnessing multiple programmes in the past financial year where the Provincial government and industry have been seen working and implementing initiatives that complement the recommendations of the PC4IR.

Cost of Data
As part of the 2023/24 APP, the Department is conducting research with the primary focus on developing a cost-to-communicate review model. This research consequently needs to achieve the following:

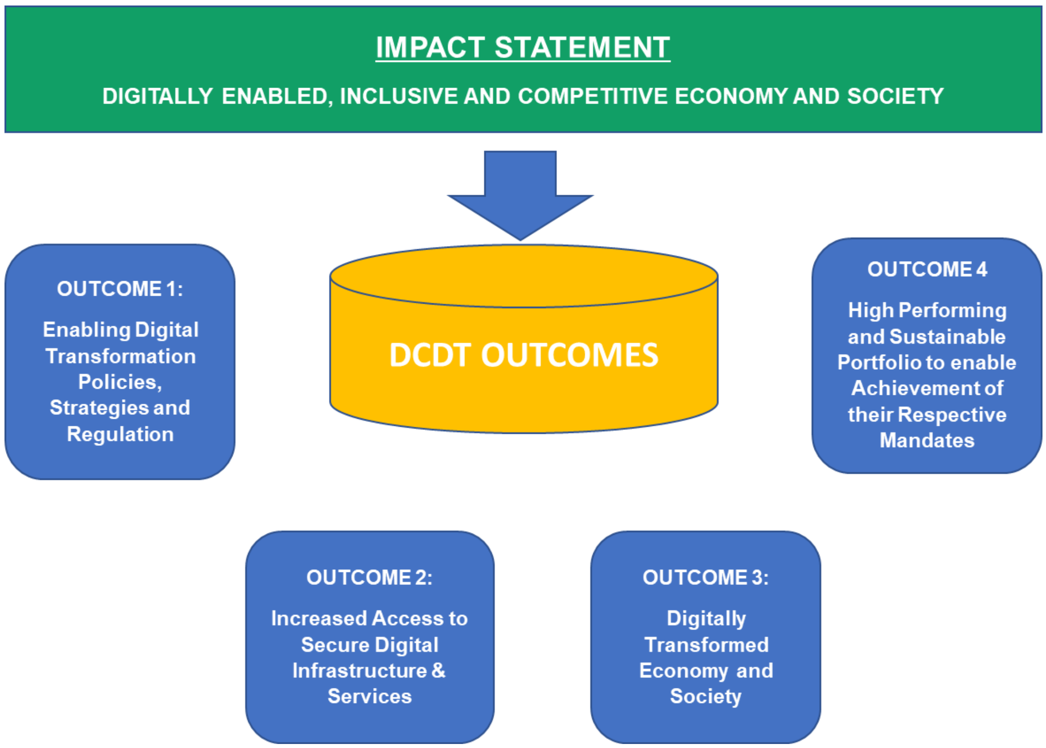
- to investigate the feasibility of developing innovative and agile regulatory policies and or strategies that could further impact the contribution of lowering the cost-to-communicate;
- to investigate existing or potential monitoring, evaluating, and reporting tools on the cost-to-communicate; and
- to investigate factors that will facilitate the rapid implementation of the cost-to-communicate programme.

Notably, the study will compare South Africa's telecommunication services, inclusive of data prices, with other countries globally. Lastly, the study will also compare South Africa's World Economic Forum Global Competitiveness ranking on ICT.
Implementation of the National E-Government Strategy
The National e-Government Strategy and Roadmap aims to guide the digital transformation of public service in South Africa into an inclusive digital society where all citizens can benefit from the opportunities digital technologies offer to improve their quality of life.
The DCDT, in collaboration with SITA has focused on re-designing the National e-Services Portal (https://www.eservices.gov.za/) for broader use by citizens in 2021/22. The re-design of the portal will ensure it is a more user-friendly, easy-to-navigate portal by including additional features such as a Chabot that is aimed to provide online interactive help inclusive of People Living With Disabilities, online call-logging facility, google analytics to collect and visualise user statistics, online blogging facility for citizens to provide their survey and feedback, government news flashes through Advert-as-a-Service.
The Portal will also provide e-services in line with the concept of a single-view window. A total 39 e-services have been prioritised for automation in the new portal.

The DCDT and SITA are developing a digital government case study in 2023/24 through the Department of Rural Development and Land Reforms (DRDLR). The case study will demonstrate how to deliver ICT solutions for the South African public service, including enabling a collaborative digital services platform shared between various government departments. This will empower the government to create and provide the right services to users efficiently and securely.

5 Department 2023/24 APP Overview and Priorities

The Department has four (4) strategic outcomes with a total 36 targets over the period, as illustrated below:



For **Outcome 1**, the following eight (8) priorities are planned:

A Total 3 Country Positions developed and approved to support the National ICT priorities focused on BRICS, UPU and WRC-23;

- BRICS ICT 2023 Ministerial meetings hosted;
- White Paper and the Bill on Audio and Audio-Visual Content Services and Online Safety submitted to the Cluster Cabinet for approval;
- Electronic Communications Amendment Bill (USAF) submitted to Cluster and Cabinet for public consultation approval;
- Digital Economy Framework and Strategy submitted to Cluster and Cabinet for approval;
- Government Cloud Computing Policy finalised;
- Cost-of-Communication Review Model developed; and
- PC4IR Strategic implementation plan coordinated.

For **Outcome 2**, the following five (5) priorities are planned:

- Implementation of the revised SA-Connect Model towards internet access and government facilities coordinated;
- Implementation of strategic national cybersecurity programmes and services monitored;

- Final approved position for South Africa developed in preparation for WRC-23;
- Distribution and installation of decoders coordinated; and
- Analogue switch off in Provinces of Eastern Cape. Western Cape, KwaZulu-Natal and Gauteng coordinated.

For **Outcome 3**, the following six (6) priorities are planned:

- implementation of two (2) international programmes to support the digital economy initiatives coordinated;
- automation of e-Government services on the e-Portal monitored;
- Digital and Future Skill training programmes coordinated through multi-stakeholder partnerships;
- four (4) Artificial Intelligence (AI) Centres of Excellent included in the Artificial Intelligence of South Africa (AIISA) network;
- four (4) partnership agreements with the industry to support DigiTech products and services facilitated; and
- policy directive issued to ICASA for households to receive data and lower mobile broadband cost

For **Outcome 4**, the following sixteen (16) priorities are planned:

- e-Submission System developed;
- gender responsive Annual Performance Plan coordinated;
- up to 60 per cent increase of DCDT Integrated Action Plan implemented in support of National Strategic Plan (NSP) on Gender-Based Violence;
- a total of 4 monitoring reports on the participation of women, youth, and persons living with disabilities participate in the procurement, SMME development and employment equity in the ICT Sector;
- implementation of the District Development Model (DDM) Plan in the prioritised Districts/ Metros coordinated;
- a 100 per cent of valid invoices paid within 30 days from the date of receipt;
- implementation of a Disaster Management Plan monitored;
- service delivery of SOEs on received performance and compliance reports analysed and submitted;
- implementation of the ICASA Councilors Performance Management System monitored;
- development of shareholder compacts of Schedule 2 and 3B Entities facilitated;
- post-acquisition integration of BBI into SENTECH monitored;
- implementation of SAPO Reposition Strategy monitored;
- implementation of the Postbank strategy towards State Bank monitored;
- implementation of the SABC Turnaround Plan monitored;
- a total of four SITA Repurposing monitoring reports developed; and
- a total of 4 USAASA disestablishment monitoring reports were developed.

6. 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; by rolling out broadband to government facilities through the SA-Connect project; The Department will also implement a legislative reform 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 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 the 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. It 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 SA- 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*

Department of Communications and Digital Technologies	2023 Financial Year Budget
1. Administration	281 412
2. International and Trade	72 221
3. Policy Research and Capacity Development	43 716
4. ICT Enterprise Development and SOE Oversight	1 646 434
5. ICT Infrastructure Support	1 381 882
6. ICT information Society and Capacity Development	86 520
Total	**3 512 185**

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 by developing relevant policies, strategies, and legislation. Over the MTEF period, this will (i) include finalising the Audio-Visual White Paper; (ii) providing policy direction on discontinuing the local production of and importing of analogue television sets; (iii) drafting and finalising the Digital Transformation Bill, (iv) the ICT Regulatory Reform Bill, and the State Digital Infrastructure Company Bill; and (v) 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.

6.1 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. The bulk of the budget allocation of the Department is focused on Programmes 4 and 5, Entity Oversight and Infrastructure Support, respectively, see table below:

As mentioned in the 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. Over the MTEF - 70 per cent of the budget allocated to Transfers to Entities amounting to R5.4 billion over the MTEF. The Department was allocated 3.512 billion for the financial year, as illustrated in the table below.

COE – Allocated ceiling not to be exceeded without the approval of Parliament. There is a decline in the 2023/24 financial year and an increase in the 2024/25 financial year.
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 the National Treasury; see table in next Section of this report.

6.2 Programme 1: Administration (R281 million)

The purpose of this Programme is to *manage the organisational resources efficiently and provide support to the Department*.

Administration expenditure trends and estimates by subprogramme and economic classification

PROGRAMME 1	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
ADMINISTRATION	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MINISTRY	5,902	4,215	4,444	4,695	5,574	5,884	6,146
DEPARTMENTAL MANAGEMENT	63,139	39,252	42,162	67,388	70,749	72,394	75,933
INTERNAL AUDIT	6,349	6,645	6,362	8,650	8,345	8,861	9,259
CORPORATE SERVICES	112,818	78,891	95,727	100,826	102,481	106,589	110,750
FINANCIAL MANAGEMENT	56,359	58,179	48,567	64,464	60,574	63,267	66,366
OFFICE ACCOMMODATION	28,479	28,719	31,109	33,367	33,689	35,306	37,001
TOTAL	**273,046**	**215,901**	**228,371**	**279,390**	**281,412**	**292,301**	**305,455**

The spending over the medium term will focus on providing strategic support to the Ministry and overall management of the Department.

Explanation of planned performance over the medium-term period

Economic Classification	2023 Financial Year Budget
Current Payments	1 848 028
Compensation of Employees	302 042
Goods and Services	1 545 986
Payments for Capital Assets	10 882
Payments for Financial Assets	-
Total	**3 521 185**

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 a specific focus on the system digitising and customising the Workflow management system, which is aligned with the mandate of digitising the work processes and moving the Department towards becoming a paperless environment.

The Department will also implement the Gender Responsive Annual Performance Plan to 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 the National Strategic Plan (NSP) on gender-based violence. Furthermore, the Department will implement the framework for women, youth, and persons with disabilities participation in the ICT Sector.

The above-planned performance is aimed at supporting the achievement of the constitutional vision of a non-sexist society and gender equality. To ensure women's empowerment at the centre of public policy, planning and budgeting and adequate resource allocation, to improve the country's performance on gender equality and women's emancipation and to promote inclusive growth and development and achieve country development goals.

The Department will also coordinate the implementation of the District Development Model, inclusive of priority projects across Districts/Metros. The District Development Model (DDM) is aimed at building a capable, ethical Developmental State.

It embodies an approach by which the three spheres of government and state entities work in unison in an impact-oriented way, and where there is higher performance and accountability for coherent service delivery and development outcomes. This will allow the Department to operate in unison focusing on the municipal district and metropolitan spaces as the impact areas of joint planning, budgeting and implementation. Furthermore, the Department will also monitor the implementation of the Disaster Management Plan.

Over the medium-term period, Programme 1 will also focus on 100 per cent of valid invoices paid within 30 days from the date of receipt. This is aimed at addressing the late and non-payment of invoices which impacts negatively on the financial health of suppliers who are often forced to borrow money in order to stay afloat financially as well as to continue meeting their contractual obligations with State institutions. When public sector institutions do not meet their contractual agreements and pay their suppliers timeously, it often results in these suppliers being liquidated, especially the SMMEs, which contributes to the already high unemployment rate.

The outputs of Programme 1 are aligned with 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 Department will also monitor the implementation of the disaster management plan to ensure that appropriate disaster risk reduction measures to reduce the vulnerability and infrastructure at risk in the Department.

6.3 Programme 2: ICT International Relations and Affairs (R72.2 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

PROGRAMME 2: ICT INTERNATIONAL RELATIONS AND AFFAIRS	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Programme Management for International Relations and Affairs	0	8216	2741	3,027	5,560	6,134	6,673
International Affairs	12,898	50,976	9,676	13,190	13,217	13,840	14,493
ICT Trade/Partnership	40,251	2,258	42,148	47,782	53,444	55,773	58,262
TOTAL	**53,149**	**61,450**	**54,565**	**63,999**	**72,221**	**75,747**	**79,428**

Over the MTEF, travel constituted the bulk of spending and increased from R 5.0 million in 2023/24 to R 5.5 million in 2025/26. The spending focuses over the medium term will be a 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. Over the MTEF, the variance is meanly due to currency fluctuations.

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 on three (3) position papers on BRICS, UPU and WRC-23 as part of contributing to the Outcome of having in place Enabling Digital Transformation Policies and Strategies. This planned performance will contribute towards South Africa's obligations to global, continental, and regional multilateral institutions to be able to improve the country's ability to be influential and to implement policies and agreements in order to deepen integration and cooperation, particularly in the region and on the continent.

South Africa will also host the leaders of Brazil, Russia, India, and China at the 15th BRICS Summit from 22 to 24 August 2023, as part of improving the global economic situation and reforming financial institutions, and how the four countries could better co-operate in the future.

Furthermore, the Department will contribute to coordinating the implementation of identified international programmes to support the digital economy initiatives towards achieving the outcome of a 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 the world.*

6.4 Programme 3: ICT Policy Development and Research (R43.7 million)

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

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

PROGRAMME 3: ICT POLICY DEVELOPMENT AND RESEARCH	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Programme Management for ICT Policy Development and Research	-	612	713	2,557	2,767	2,895	3,032
ICT Policy Development	16,924	8,821	8,147	11,183	9,785	13,500	14,128
Economic and Market Analysis	3,138	3,165	2,198	6,110	5,992	6,276	6,576
Research	4,961	4,743	4,701	7,232	8,762	9,411	10,045
Broadcasting Policy	5,549	5,453	12,650	1,260	1,706	1,785	1,866
Small Medium and Micro Enterprise	1,703	1,498		8,644	7,726	7,969	7,542
Presidential Commission on 4IR	-	8,995	1,177	8,337	6,978	3,838	4,045
TOTAL	32,275	33,287	29,586	45,323	43,716	45,674	47,234

The spending focus over the medium term will be on ICT Legislation development in line with the National Integrated ICT Policy White Paper. The budgeted amount for travel over the MTEF is R 17.4 million and for Consultants: Business and advisory services is R 11.8 million. The MTEF allocation is driven by inflationary adjustment.

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 Regulations, 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 others, the 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.

The specific focus will also be given to implementing recommendations stemming from the study on cost to communicate towards reducing the cost of data and implementing the Cost-of-Communication Review Model/ Plan. Programme 3 planned outputs are aligned with the NDP Priority 1: Economic transformation and job creation and the Outcome of Improved competitiveness through ICT adoption.

6.5 Programme 4: ICT Enterprise and Public Entity Oversight (R1.6 billion)

The purpose of the Programme is to oversee and manage the 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

ICT ENTERPRISE AND PUBLIC ENTITY OVERSIGHT	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Programme Management for ICT Enterprise and Public Entity Oversight	2,022	3,084	3,162	4,402	4,091	4,218	4,401
Regulatory Institutions	552,018	645,754	562,222	880,904	580,515	606,607	636,000
Universal Services and Access	4,008,589	1,037,682	1,009,230	909,690	953,499	960,466	1,000,490
ICT Skills Development	95,347	97,448	98,468	102,121	103,104	107,734	112,560
SOE Governance and Support	5,427	2,780	5,778	7,381	5,225	5,539	5,759
TOTAL	4,663,403	1,786,748	1,678,860	1,904,498	1,646,434	1,684,564	1,759,210

The spending focuses over the medium term will be on continuing to strengthen the Department's ability to exercise oversight over public entities and the establishment of the

National e-Skills Institute (iNeSI). The budgeted amount for travel over the MTEF is R14 million, and the 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 the achievement of their respective mandates and policy objectives* with a specific focus on the State-Owned Entities within the portfolio. The Programme, over the medium-term period, will focus on facilitating the implementation of the ICASA Councilors Performance Management System. The facilitation of the development of Shareholder compacts of Schedule 2 and 3B entities will be a focus. The Shareholder's Compact represents the agreement between the Executive Authority and the Accounting Authority. It reflects the expectations of each party, expressed in terms of outcomes and outputs that need to be achieved.

Due to the stated positions of government based on policy pronouncements relating to the rationalisation of the state-owned entities, the programme will also monitor the post-acquisition integration of BBI into Sentech. Therefore, the Department will be paying attention to entities that will be repurposed and/or merged to make them fit for purpose to deliver more value to SA citizens, and these will include the implementation of SAPO Reposition strategy, monitoring of SITA repurposing and the implementation of the SABC Turnaround Strategy. Furthermore, the Department will implement the USAASA Disestablishment Plan.

This Programme, amongst others, is also responsible for the consolidation of the performance monitoring and reporting for the Portfolio and, more importantly, for coordinating the implementation of recommendations from the analysis of Departmental & SOE Performance Reports. The Outputs of Programme 4 are aligned with Priority 6 of the NDP: A capable, ethical, and developmental state and Outcome 2: Functional, efficient, and integrated government.

6.6 Programme 5: ICT Infrastructure Development & Support (R1.3 billion)

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

PROGRAMME 5: ICT INFRASTRUCTURE DEVELOPMENT AND SUPPORT	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Programme Management for ICT Infrastructure Development and Support	-	2,150	2,265	2,956	3,172	3,262	3,377
Broadband	274,814	226,929	227,987	440,402	1,345,876	2,160,412	272,735
ICT Support	6,092	5,739	7,558	11,825	10,531	10,903	11,429
Broadcasting Digital Migration	300,403	782,597	1,275,145	89,289	22,303	24,554	25,677
TOTAL	**581,309**	**1,017,415**	**1,512,955**	**544,472**	**1,381,882**	**2,199,131**	**313,218**

A total R3.668 billion is available over medium term in respect of the Broadband Policy project to support the Digital Development as per the SA- Connect implementation plan. Funding for the BDM project has stopped, as the project will conclude on 31 March 2023.

Infrastructure Projects

No.	Project name	Programme	Project description	Outputs	Project start date	Project completion date	Total Estimated cost	Current year Expenditure
1	SA Connect (Broadband Connectivity)	5	Facilitating and monitoring the provision of broadband connectivity and services to identified sites	Revised SA Connect Model	2018/19 financial year	Continuous project	R203,9 million	R203,9 million
2	Broadcasting Digital Migration	5	Facilitating Household Migration and Analogue Switch off for the Broadcasting Digital Migration	Analogue Switch off	2015/16 financial year	31 March 2023	R2.2 billion	R59,4 million

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 key infrastructure projects in the form of the SA Connect Project responsible for Broadband roll-out. Programme 2 will coordinate the implementation of the revised SA Connect Model towards internet access.

Monitoring the implementation of strategic national cybersecurity programmes and services through the awareness programmes and also improving the Quality of services of the Cybersecurity Hub over the medium term will also be a focus of the programme.

Amongst others, the programme will also focus on the development of the country strategy for digital infrastructure to support universal access applications and services, and develop a final position for South Africa, in preparation for WRC-23 and Outcomes report.

The Department as part of the BDM will also continue with the coordinating distribution, installation of decoders and analogue switch off in four provinces. The planned outputs are aligned to the NDP Priority 1: Economic transformation and job creation and the Outcome of Improve competitiveness through ICT adoption.

6.7 Programme 6: ICT Information Society Development and Research Development: (R86.5 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

PROGRAMME 6: ICT INFORMATION SOCIETY AND CAPACITY DEVELOPMENT	Audited Outcome			Adjusted Appropriation	Medium Term Expenditure		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Programme Management: ICT Information Society and Capacity Development	-	1,465	2,572	2,925	2,859	2,997	3,124
Information Society Development	57,163	39,004	59,112	77,059	73,895	72,703	75,918
Capacity Development	3,437	9,355	3,443	10,111	9,766	10,487	10,953
TOTAL	60,600	49,824	65,127	90,095	86,520	86,187	89,995

Over the MTEF, Goods and Services will decrease from R39.4 million in 2023/24 to R38.6 million in 2025/26. The budgeted amount for travel over the MTEF is R28.1 million and for Consultants: Business and Advisory Services is R61.5 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 implementing e-Government Strategy and Roadmap, the Department will focus on monitoring the automation of the e-Government services on the e-Portal.

Another key issue is addressing the skills gap through coordinating the Digital and Future Skills training programmes through local and international Public and Private partnerships. The programme will also focus on facilitating the DigiTech Products and Services for adoption by Government. Programme 6 will also contribute to the Outcome: Enabling Digital Transformation Policies, Strategies and Regulation.
The planned outputs are aligned to the NDP Priority 1: Economic transformation and job creation and the Outcome of Improved 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.

7. Entities Reporting to the Department

TRANSFERS AND SUBSIDIES	R 000
Film and Publication Board	103 860
Independent Communications Authority of South Africa	473 947
National Electronic Media Institute of South Africa	103 104
Universal Service and Access Agency of South Africa	86 860
Universal Service and Access Fund	67 419
African Telecommunications Union	1 828
DONA Foundation	1 863
International Telecommunication Union	25 805
Organisation for Economic Cooperation and Development	642
Pan-African Postal Union	2 400
Universal Postal Union	7 615
Vehicle licences	26
South African Broadcasting Corporation: 2024 Elections coverage*	35 000
South African Broadcasting Corporation: Channel Africa	67 368
South African Broadcasting Corporation: Programme productions	15 865
South African Broadcasting Corporation: Public broadcaster	135 403
South African Post Office*	524 270
TOTAL	1 653 275

Total allocation on transfers to Entities over the MTEF amounts to R1.65 billion as illustrated above.

7.1 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 licensee terms and conditions, develop regulations for the 3 sectors, plan and manage the radio frequency spectrum, and protect consumers in relation to these services.
The Authority plans to issue 13 community television licenses per year over the medium term and monitor 255 broadcasting licenses. In its efforts to protect consumers against unfair practices by service providers over the period ahead, the authority plans to develop 6 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.

7.1.1 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 the 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.

Statement of Financial Performance	Medium-term estimate		
R thousand	2023/24	2024/25	2025/26
Revenue			
Tax revenue	–	–	–
Sale of goods and services other than capital assets	–	–	–
Non-tax revenue	17 506	18 285	19 104
Transfers received	473 947	495 232	517 418
Total revenue	**491 453**	**513 517**	**536 523**
Expenses			
Compensation of employees	356 327	372 184	388 858
Goods and services	345 272	219 361	229 189
Depreciation	22 624	23 630	24 689
Interest, dividends and rent on land	13	13	14
Transfers and subsidies	-	-	-
Total expenses	**724 236**	**615 189**	**642 749**

7.2 Postbank

The South African Postbank Company was established in April 2017 and was gazetted to take over the Postbank business from the South African Post Office, effective on 1 April 2019.

This was after the promulgation of the Postbank Limited Act in 2010, which initiated the transitioning of the organisation into an independent, fully licensed retail bank. Following this decision, Postbank received Section 13 approval to establish a bank in 2016 and subsequently submitted its Section 16 banking license application in 2017.

As part of the journey, Postbank was designated as a fully registered participant in the National Payment System in 2020. As part of transitioning Postbank from a State-owned savings bank to a registered state-owned bank, the shareholder initiated a process to amend the Postbank Act to enable the establishment and incorporation of the South African Postbank Holding Company, a Bank Controlling company as per the Banks Act.

Once promulgated, Postbank intends to start the process of resubmitting and finalising its Section 16 application to become a registered State-owned bank. The aforesaid presented a persuasive case for Postbank to refocus its strategies, business models, and operating models to provide a full range of retail, small and medium-sized business, and public sector banking services.

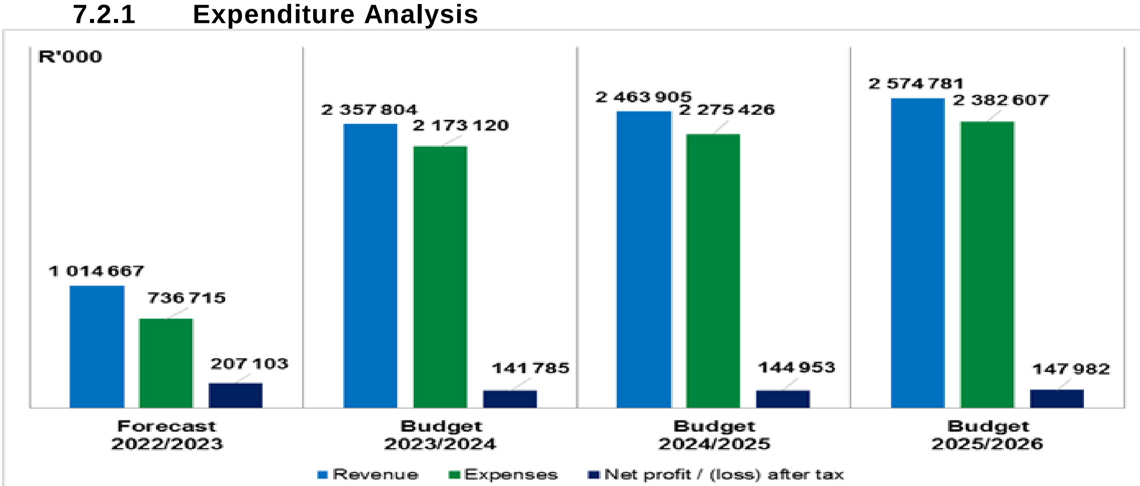
An intensive consultation process took place during the strategy strategic planning sessions that shaped the strategy and the subsequent Corporate Plan for the financial year 2023/24 – the financial year 2025/26.

In order to transition the Postbank into a registered retail bank, the shareholder (Department of Communications and Digital Technologies/DCDT) initiated a process to amend the Postbank Act in order to allow the establishment and incorporation of the South African Postbank Holding Company. Postbank intends to begin the process of resubmitting and finalizing its Section 16 application to become the future State Bank once the Bill has been promulgated.

Postbank will pursue differentiation in the market by focusing with intent on the underserved segments. This will be enabled by innovative solutions and business model(s) found off the beaten track and achieved through:

- immersion into communities considered potential and current customers and employees;
- providing innovative solutions beyond the mainstream banked customer market;
- driving cost efficiencies that will be leveraged to provide affordable services;
- acquiring and retaining talent that aligns with Postbank's ethics and values;
- using smart digitisation to achieve efficiencies and effectiveness;
- seeking partnerships that complement and resonate with Postbank's capabilities and values; and
- regaining trust and establishing credibility through real value delivery.

7.2.1 Expenditure Analysis



	FY2023/24		FY2024/25		FY2025/26	
Revenue	2 357 804	132%	2 463 905	5%	2 574 781	5%
Expenses	2 173 120	195%	2 275 426	5%	2 382 607	5%
NPAT	141 785	-32%	144 953	2%	147 982	2%

ath to becom ensed bank is reliable, state-of-the-art infrastructure and equipping itself with state-of-the-art systems and applications. Postbank has allocated R279 million for CAPEX for the financial year 2023/24.

Total assets are budgeted to increase to R12.9 billion in the financial year 2023/24. Postbank aims to optimise returns on invested funds as the interest rate continues to rise in the financial year 2023/24. The lending book will be introduced in a measured and prudent manner to ensure that the liquidity mismatch with the deposits as well as impairments and write-offs are actively managed.

The first loan disbursement of R70 million is expected to kick start in the financial year 2023/24. Expected is a list of projects that are to take place in the financial year 2023/24, which include, amongst others, ATMs, and building relocation for both the Head office as well as Bloemfontein.
Deposits Due to Customers: From the prior actuals, Postbank anticipates an increase from R8.5 billion to R9.8 billion in depositors' balances for the financial year 2023/24.

7.3 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 one (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.

7.3.1 Expenditure Analysis

A total of 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 optimisation project, which will see the number of employees decrease from 16 275 in 2021/22 to a projected 10 254 in 2024/25.

SA Post Office SOC Limited (R'000)	Actual 2021/2022	Forecast 2022/2023	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026
Revenue	**3,536,484**	**2,567,908**	**2,630,655**	**3,099,037**	**3,860,118**
Postal Services revenue	1,694,085	1,489,880	1,626,118	1,674,902	1,725,149
Courier & Parcels revenue	46,714	38,339	44,586	274,746	815,489
Financial services revenue	1,256,294	799,664	780,900	964,327	1,128,257
Interest revenue	69,624	22,000	12,000	13,000	14,000
Property revenue	144,158	69,931	83,734	86,246	88,834
Sundry revenue	325,608	148,094	83,316	85,816	88,390
Expenses	**6,213,970**	**5,340,167**	**5,157,160**	**4,510,281**	**4,154,137**
Staff expenses	3,646,461	3,473,434	3,485,650	2,706,595	2,273,540
Transport expenses	168,316	184,681	232,444	264,066	277,269
Property expenses	542,854	422,537	448,578	439,607	430,815
IT expenses	384,762	325,977	342,990	360,140	378,147
Security services	580,984	381,064	86,659	90,992	95,542
Interest expenses	124,389	20,332	7,379	7,748	8,135
Bank charges	221,194	131,516	109,798	115,288	121,053
Other operating expenses	545,011	400,625	443,662	525,846	569,638
Operating (loss) / profit	**(2,677,486)**	**(2,772,259)**	**(2,526,505)**	**(1,411,243)**	**(294,019)**
Subsidy	483,510	451,542	455,887	476,361	497,702
Net profit / (loss) before tax	**(2,193,976)**	**(2,320,717)**	**(2,070,618)**	**(934,882)**	**203,683**
Taxation	-	-	-	-	-
Net profit / (loss) after tax	**(2,193,976)**	**(2,320,717)**	**(2,070,618)**	**(934,882)**	**203,683**

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.

7.4 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 partner with local research institutions to develop innovative digital solutions for the 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.

7.4.1 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 account 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 – requires substantial capital investment, R1.5 billion is allocated for the acquisition of assets over the MTEF period. Revenue for financial year 2023/24 is estimated at R6.616 bn. This will be an overall revenue increase of 11 per cent as compared to the forecast for financial year 2022/23. The increase in revenue will be achieved through continued efforts to build on SITA’s business development strategies for revenue growth, harnessing more value and achieving a larger share of the current approved ICT spend.

Description	Audited/Actual Performance			Budget	Forecast	Medium Term Budget		
	2019/20 (Re-Stated)	2020/21 (Re-Stated)	2021/22	22/23	22/23	23/24	24/25	25/26
Total Revenue:	**5 121 935**	**5 733 572**	**5 830 518**	**5 917 049**	**5 956 709**	**6 615 602**	**7 144 850**	**7 502 093**
Service Revenue	4 428 261	4 968 780	5 110 730	5 402 947	5 323 660	5 856 026	6 324 508	6 640 733
Agency Revenue	693 673	764 793	719 788	514 103	633 050	759 577	820 343	861 360
Total Cost of Sales:	**3 658 067**	**3 933 279**	**3 869 005**	**4 174 532**	**4 299 815**	**4 713 441**	**5 090 517**	**5 345 043**
Agency Cost of Sales	683 253	682 014	633 151	493 538	601 169	721 402	779 115	818 070
Direct Labour	952 340	955 799	942 406	1 039 841	1 080 702	1 067 157	1 152 530	1 210 156
Service Delivery Expenses	1 877 598	2 145 550	2 140 301	2 371 092	2 458 530	2 704 383	2 920 734	3 066 771
Direct Depreciation	144 877	149 915	153 146	270 061	159 414	220 498	238 138	250 045
Gross Margin - overall	**1 463 867**	**1 800 294**	**1 961 513**	**1 742 517**	**1 656 894**	**1 902 161**	**2 054 334**	**2 157 050**
Gross Margin % - overall	**29%**	**31%**	**34%**	**29%**	**28%**	**29%**	**29%**	**29%**
Gross Margin - services	**1 453 446**	**1 717 515**	**1 874 876**	**1 721 953**	**1 625 013**	**1 863 987**	**2 013 106**	**2 113 761**
Gross Margin % - services	**33%**	**35%**	**37%**	**32%**	**31%**	**32%**	**32%**	**32%**
Gross Margin - agency	**10 421**	**82 779**	**86 637**	**20 564**	**31 881**	**38 174**	**41 228**	**43 289**
Gross Margin % - agency 18: 19	**2%**	**11%**	**12%**	**4%**	**5%**	**5%**	**5%**	**5%**
Other Income	48 608	15 566	115 594	11 787	73 396	45 828	49 494	51 969
Total Operating Expenses:	**1 329 400**	**1 491 131**	**1 608 761**	**1 728 249**	**1 372 809**	**1 587 481**	**1 714 480**	**1 800 204**
Indirect Labour	886 268	944 322	979 082	1 022 813	980 999	1 053 807	1 138 111	1 195 017
Marketing expenses	-	-	-	45 602	37 704	41 474	44 792	47 032
Indirect Depreciation	10 397	10 922	12 162	31 295	22 293	50 729	54 787	57 527
Other Indirect Costs	432 735	506 296	587 691	482 715	317 134	412 191	445 166	467 425
Research and Development	-	-	-	9 500	0	0	0	0
Performance Bonus	-	-	-	96 141	0	0	0	0
Training	-	29 591	29 825	40 182	14 679	29 280	31 623	33 204
Operating Surplus	**183 075**	**324 729**	**468 346**	**26 056**	**357 480**	**360 508**	**389 348**	**408 816**
Net Finance Income	**58 126**	**36 342**	**70 944**	**0**	**124 403**	**0**	**0**	**0**
Profit Before Tax	**241 201**	**361 071**	**539 291**	**26 056**	**481 883**	**360 508**	**389 348**	**408 816**
Income tax payable	(117 635)	(303 145)	(171 202)	(7 296)	(134 927)	(100 942)	(109 017)	(114 468)
Net Profit	**123 566**	**57 926**	**368 089**	**18 760**	**346 956**	**259 565**	**280 331**	**294 347**
Operating Surplus	**183 075**	**324 729**	**468 346**	**26 056**	**357 480**	**360 508**	**389 348**	**408 816**
PLUS direct depreciation	144 877	149 915	153 146	270 061	159 414	220 498	238 138	250 045
PLUS indirect depreciation	**10 397**	**10 922**	**12 162**	**31 295**	**22 293**	**50 729**	**54 787**	**57 527**
EBITDA	**338 349**	**485 566**	**633 655**	**327 412**	**539 187**	**631 735**	**682 274**	**716 388**

Operating expenses (Opex) are expected to increase by 15 per cent, from a forecast of R1.373 billion for financial year 2022/23 to an estimated R1.584 billion in financial year 2023/24. This increase is due to a general rise in the cost of products and services due to inflation and other related factors including the upgrade and maintenance of facilities and computer equipment.

The total capital expenditure requirement for financial year 2023/24 is budgeted at R1billion. This includes the original R750 million and the R250 million which will be ring-fenced from available cash in current financial year.

The prioritisation of this CAPEX has been considered and prioritised by the Project Investment Committee (PIC). An amount of R250 million will be ring-fenced for Internal Capital projects during the financial year (22/23) for use in the next financial year (23/24). These funds will be utilised to maintain the existing internal infrastructure and to restore the infrastructure to create a conducive working environment (specifically as it relates to Facilities R150m). Funding will also be ring-fenced for an overhaul of the Internal IT systems as well as the purchasing of an automated budgeting tool (R100m).

7.5 Sentech

Sentech was established in terms of the Sentech Act (1996) and is listed as a schedule 3B 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 2 additional licenses, 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 behaviour 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.

7.5.1 Expenditure Analysis

Sentech plans to spend R1.1 billion on acquiring 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 filling vacant posts arising from resignations.
The Company is projecting revenues of R1.433 billion for the financial year 2023/24, and operating expenditure of R1.023 billion, resulting in an EBITDA of R410 million. 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

The Company is projecting revenues of R1.433 billion for the FY2023/24, and operating expenditure of R1.023 billion, resulting in an EBITDA of R410 million.

Details R 'mil	FY2022 Actual	FY2023 Forecast	FY2024 Budget	FY2025 Budget	FY2026 Budget
Revenue	**1 237**	1 250	1 433	1 689	1 945
Operating expenses	**(953)**	(973)	(1 023)	(1 360)	(1 487)
Adjustment for dual illumination	**136**	132	–	–	–
EBITDA	**420**	409	410	329	458
Cash generated from operations	**251**	(111)	727	225	359
Cash balances	**2 151**	1 721	1 491	1 084	876
Capital expenditure	**(75)**	(85)	(777)	(508)	(419)

switched off, resulting in television revenue decreasing slightly before recovering again.

7.6 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 offer customers a 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.

7.6.1 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.

- Total revenue of R168 million (29%) existing;
- High Probability Revenue (>80%) R1 million (0.2%);
- Low Probability Revenue (<80%) R1.4 million (0.3%);
- SA Connect contracted sales of R141 million (24.4%);
- SA Connect USAASA sites of R25 million (4.4%) included;
- WACS revenue of R68 million (11.7%) included;
- Network Investment Strategy revenue of R58 million (10.0%) included;
- Renewal revenue of R5 million (1%) included;
- Growth of existing and new customers of R109 million (18.9%) included; and
- KZN EDTEA R2 million (0.3%).

Generation of revenue projects will be the most important 74 per cent in delivering services customers, which includes 2Tbps network capacity upgrade.

There will be a focus on the Protection of revenue (12%), within the above principles. This will include the replacement of critical sections of AdLash fibre and relocation of data centres.

	Mar-24 Year end Budget R'000	Mar-25 Year end Budget R'000	Mar-26 Year end Budget R'000	Mar-27 Year end Budget R'000	Mar-28 Year end Budget R'000
Continuing operations					
Total revenue	**896 932**	**864 155**	**985 831**	**1 092 182**	**1 092 680**
Anchor Customers	77 760	79 617	81 770	84 284	19 758
MNOs	25 262	31 577	39 472	49 340	54 274
SA Connect	111 228	111 228	111 228	111 228	111 228
USAASA SA Connect	97 888	115 545	166 630	190 435	199 957
National Revenue	462 123	391 248	438 297	493 619	527 860
WACS	122 672	134 940	148 434	163 277	179 605
Year on Year Growth	*56,4%*	*-3,7%*	*14,1%*	*10,8%*	*0,0%*
Cost of Sales excluding depreciation	**408 933**	**423 980**	**400 514**	**423 736**	**403 281**
Cost of Sales	**557 240**	**583 491**	**578 063**	**576 702**	**546 133**
Year on Year Growth	*16,1%*	*3,7%*	*-5,5%*	*5,8%*	*-4,8%*
Gross Profit	**339 692**	**280 664**	**407 768**	**515 480**	**546 547**
Gross Profit	*37,9%*	*32,5%*	*41,4%*	*47,2%*	*50,0%*
Other income	-126	-132	-139	-146	-120
Year on Year Growth	*6,3%*	*-2,6%*	*8,2%*	*5,0%*	*4,3%*
Operating expenses	**274 087**	**267 061**	**288 868**	**303 312**	**316 268**
Employee expenses	128 210	127 457	133 830	140 522	147 548
Marketing	2 208	2 318	2 434	2 556	2 684
Travel expenses	3 896	4 091	4 296	4 510	4 736
Administrative expenses	58 258	60 414	63 435	66 607	69 937
Consulting fees	4 714	4 950	5 198	5 457	5 730
Co-Sourcing Costs	20 553	17 286	20 225	21 236	22 298
Legal fees	1 260	1 323	1 389	1 459	1 532
Operating leases	9 036	9 488	9 962	10 460	10 983
Repairs and Maintenance	26 863	19 690	27 054	28 407	29 827
Depreciation, amortisation, impairment and write-offs	19 089	20 043	21 046	22 098	20 993
Results from operating activities	**65 479**	**13 470**	**118 761**	**212 023**	**230 160**
Interest and facility fee	(56 758)	(35 410)	(40 572)	(25 849)	(27 142)
Profit/(loss) before taxation	**9 876**	**(20 727)**	**79 462**	**187 510**	**204 422**
Taxation	**313**	329	346	363	381
Profit/(loss) for the year	**10 189**	**(20 398)**	**79 808**	**187 873**	**204 803**
EBITDA	**232 875**	**193 025**	**317 356**	**387 086**	**394 005**
Employee Cost as % Revenue	14,3%	14,7%	13,6%	12,9%	13,5%

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.

7.7.1 Expenditure Analysis

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.

	FY 2023	FY 2024 MTEF Baseline	FY 2024 Request	Additional Funds (Variance)
Transfers	102 870	103 860	188 774	
Regulatory Income	20 681	25 142	25 142	
Interest	1 474	2 564	2 564	
Revenue	**125 025**	**131 566**	**216 480**	
Expenditure	**125 025**	**131 566**	**216 480**	84 914

Total revenue is projected to grow from R132.7 million (FY) 2023/24 to R137.3 million in the outer period of the MTEF financial year 2025/26. Taking note that all strategic deliverables of the Entity may not be funded by Government Grants and Subsidies, the Entity is seeking to increase the percentage of Self-Generated Revenue as a percentage of Total Revenue. To carry out these activities, expenditure 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.

In financial year 2020/21, Self-Generated Revenue consisted of 6 per cent of the Total Annual Revenue. The goal is to increase Self-Generated Revenue to 20 per cent of Total Annual Revenue by the financial year 2024/25. When the Amendment Act is implemented, the fines and penalties issued by the Enforcement Committee will be collected by the FPB and not paid over to the National Revenue Fund.

Total Expenditure is expected to increase in line with Total Revenue during the period. The FPB is a Schedule 3A PFMA entity and, accordingly, does not budget for a surplus or a shortfall. The budget going forward will be reprioritised to accommodate the following priorities: Regulatory Development & Research Analysis, Enforcement and Technology and Platform Monitoring. This includes human resource expenses and operational costs.

7.8 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.

7.8.1 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, while 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.

Programmes	Approved budget	Medium- term estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2021/22 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000	2021/22 -2024/25	
Administration	57,237	52,586	51,566	53,713	-2%	52%
e-Astuteness development	37,856	45,348	48,253	50,106	10%	43%
Knowledge for innovation	1,875	2,294	3,104	3,104	18%	2%
Aggregation framework	1,500	1,893	3,324	3,324	30%	2%
Total	**98,468**	**102,121**	**106,248**	**110,248**	**4%**	**100%**

and

The Universal Service and Access Agency of South Africa 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 Agency is allocated a total budget of R263.7 million over the MTEF period, derived through transfers from the Department. These funds will mostly be used to manage the implementation of the broadcasting digital migration project.
The Universal Service and Access Fund (the 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 Universal Service and Access Agency of South Africa manages the Fund.
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 Fund will also provide 850 sites in underserviced areas with internet connectivity and maintain these connections over the period ahead.

7.9.1 Expenditure Analysis

Total expenditure for the Agency 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.

	Original	Additional	Revised / Final	Medium-term estimate		
	2022/23 R'000	2022/23 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000	2025/26 R'000
Administration	86 033	30 418	116 451	86 860	90 761	94 827
Warehousing and distribution costs (SAPO BDM)	0	268 819	268 819	0	0	0
Total expense	**86 033**	**299 237**	**385 270**	**86 860**	**90 761**	**94 827**

For the 2023/24 financial year, the Agency expenses will equal R86.9 million and 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 made to the Fund in previous financial years and retained with the approval of the National Treasury in terms of section 53(3) of the Public Finance Management Act (1999).
Total expenditure for the Fund 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 once-off allocations for broadcasting digital migration conclude in 2021/22. The Fund derives all its revenue through transfers from the Department and has no personnel.

	Original	Additional	Revised / Final	Medium-term estimate		
	2022/23 R'000	2022/23 R'000	2022/23 R'000	2023/24 R'000	2024/25 R'000	2025/26 R'000
Administration	3 000	16 005	13 005	3 000	3 000	3 000
Broadband infrastructure and connectivity	63 777	230 251	294 028	64 419	67 447	70 603
Broadcasting Digital Migration	59 406	2 506 315	2 565 721	0	0	0
Total expense	126 183	2 749 571	2 875 754	67 419	70 447	73 603

registration. It complies with international best practices in the administration of the .ZA domain name space; license and regulate registries and registrars and publish guidelines on .ZA domain namespace. .ZADNA is the custodian of Internet Governance in South Africa.
.ZADNA is a statutory, not-for-profit Entity established in terms of Chapter X of the ECT Act 25 of 2002 to administer, manage and regulate.
The .ZA namespace mandate can be summed up as follows:

a) Management and administration of the .ZA namespace;
b) .ZA policy, licensing and regulation;
c) Monitoring and compliance;
d) Domain name awareness and education;
e) Research and development;
f) Making relevant policy recommendations to the Minister; and
g) Alternate Dispute Resolution Regulations.

7.10.1 Approved Budgeted Income & Expenditure for 2022/2023

Approved Budgeted Income & Expenditure for 2023/2024

2023/2024		
Budget item	**Description**	**2023/2024 @R15 Proposed Budget**
INCOME		**23 772 343**
	Revenue: ZARC	**21 075 000**
Other Income		
	Interest Income	**2 061 443**
	Non-Commercial Subsidy	**635 900**
EXPENDITURE		**26 287 675**
Basic office costs		**2 030 964**
Stakeholders Engagement		**1 290 000**
Vehicle		**43 000**
ICT		**1 081 112**
Legal Expenses		**500 000**
Meetings & events		**2 078 336**
Namespace Development		**3 735 900**
Professional Fees		**1 850 675**
Employee cost		**12 850 188**
Training & Development		**343 750**
Systems & controls		**215 000**
Travel, accommodation & subsistence other		**268 750**
Surplus/Deficit for the year excluding CAPEX		**(2 515 332)**
CAPEX		**350 000**
Deficit for the year		**(2 865 332)**

Allocation from Reserves

Allocation from reserves	**2 865 332**

The Authority is expecting a deficit of R2.8 million. This deficit will be covered with the short-term investments available from our reserves per investment portfolio. This is approved by the Board so that approved engagements may be conducted.

8. Committee Observations

8.1 The Department

Having considered the 2023/24 Annual Performance Plan and Budget of the Department, the Committee noted:

i. its appreciation to the DCDT and its Entities for its presentations made;
ii. that the Department outlines its 2023/24 Annual Performance Plan (APP) to include 4 outcomes and 36 targets;
iii. its appreciation for the Minister's commitment to fill vacancies within certain timeframes;
iv. with concern that the process of concluding digital migration appears to be cumbersome;
v. with concern over cross-cutting mandates of Entities;

vi. with serious concern that the challenges relating to spectrum were long outstanding, and since 2014, plans for future virtual schools were initiated and promised but never materialised due to the lack of spectrum;
vii. with concern that cost-to-communicate in South Africa is still high while the release of the digital dividend spectrum was supposed to bring the costs down;
viii. with concern the slow progress in regulating the OTTs;
ix. with concern that load shedding has had a negative impact on network coverage and Quality of Service in South Africa;
x. with concern that the lack of reliable energy is likely to affect the rollout of new technologies for the appropriation of the digital economy;
xi. and welcomed feedback and update on the filling of the position of Director General of the Department;
xii. with concern that the Department staff is bloated and that there are too many Entities, which is a burden to the fiscus, especially if the rationalisation process is not finalised expediently;
xiii. with greater concern that while Parliament rises in March 2024 and that the time left to amend legislation was insufficient for the current administration, this will mean more delays to providing critical ICT services to South African citizens;
xiv. with concern that the Department's attempts to promote ICT SMMEs are inadequate;
xv. that allocation of programmes set aside for women, youth and people Living with Disabilities is also little inadequate;
xvi. with greater concern that women and People Living with Disabilities are underrepresented within the Department and its Entities;
xvii. that since the oversight visits undertaken by the Committee, it is more evident that Internet connectivity is a paramount necessity to the people of South Africa;
xviii. with concern that the SABC did not table its Corporate Plan on time and that the bailout from Treasurer is nearing the end in May;
xix. with concern that Entities are spending most of their budgets on salaries;
xx. with concern that there seems to be confusion about the government policy position on the Wireless Open Access Networks(WOAN);
xxi. as per the Deputy Minister's brief that the three (3) pieces of legislation that to be tabled to Parliament include (i) the South African Post Office Amendment Bill (which was already dealt with by the Committee), (ii) the South African Broadcasting Corporation Bill, and (iii) the Electronic Communications Amendment Bill; and
xxii. that during the oversight visits, the Committee had an opportunity to engage with employees and observed that the staff morale was low in the Portfolio.

8.2 ICASA

The Committee noted:

i. that ICASA operates in a litigious environment;
ii. that the role of the Department and ICASA in the handling of the company StarLink, which offered free broadband to South Africa could have been handled better;
iii. and accepted the Department's response that Starlink was consulted and informed that there are regulatory requirements to be fulfilled before services can be accepted. To date, StarLink has not submitted an application;
iv. that ICASA funding model is not fit-for-purpose for the sustainability of the sector Regulator;
v. with concern the delays in appointment of the chairperson of ICASA;

vi. with concern the delays associated to the release of policy directives to direct ICASA to release the rest of the spectrum under the digital dividend; and
vii. with concern that 76 per cent of ICASA budget goes to staff salaries, and therefore their appointments were confined to critical positions.

8.3 Film and Publication Board (FPB)

The Committee noted:

i. and commended the FPB for being financially stable;
ii. that the FPB workload would increase because of an expanded mandate;
iii. that there was a new amended Act and commended FPB for protection of children;
iv. that the reskilling of employees at the Board is continuous and technology-driven;
v. with concern that during the oversight of the Committee with the organised labour of the Entity; it was evident that there is a discord between organised labour and Management/Board; the serious need for organised labour and Management/Board to interact with each other;
vi. with serious concern about the low staff morale at the Entity;
vii. with concern that the FPB structure is bloated;
viii. the committee welcomes the contribution of FPB to the arrest and successful conviction of Mr Ackermans; and
ix. that FPB does not have adequate funds to carry out its mandate.

8.4 Broadband Infraco (BBI)

The Committee noted

i. with concern that BBI fibre does not belong to BBI but to Eskom and Transnet;
ii. that BBI and Sentech are cohabitating due to the acquisition;
iii. that although the merger has not been finalised between BBI and Sentech, the transfer of skills is an integral part of the process;
iv. that there are stakeholder engagements between BBI and Sentech relating to the acquisition;
v. that BBI has social obligations attached to its mandate;
vi. that the BBI and Sentech would form the core of the digital company; and
vii. that the acquisition between Sentech and BBI will be continuously reviewed and plans will be workshopped.

8.5 USAASA/ USAF

The Committee noted:

i. and sent condolences to the untimely passing of the USAASA councillor, Mr Talelani Ramaru, who passed away in a car accident;
ii. that the purpose of the USAF Fund remains relevant;
iii. that the disestablishment of USAASA progress is slow further creating uncertainty on the rationale for why it is being disestablished;
iv. with greater concern that the dissolution of USAASA remains indefinite while USAASA is performing with less than 50 per cent of the approved structure;
v. that USAASA/USAF considering the disestablishment, the tasks are sufficient and the impact and work supported is big in nature;
vi. with concern that there is a lack of consultation with staff;
vii. that the role of USAASA in the BDM project is ongoing;
viii. that broadband funding is ring-fenced; and
ix. with concern that the APP makes mention of acquiring new STBs whereas globally, countries are adopting IDTV technologies.

8.6 NEMISA

The Committee noted:

i. with serious concern that NEMISA was a bloated Entity and spends R12.8 million on the salaries of staff; and
ii. that Sentech developed an OTT platform for NEMISA and that NEMISA will use its students to develop the content.

8.7 .ZADNA

The Committee noted:

i. that .ZADNA is a statutory, not-for-profit and self-sustaining Entity with a sustainable number of clients of domain spaces;
ii. .ZADNA has five strategic outcomes, which include a sustainable domain space, empowered communities, engaged stakeholders to regulate the domain space and become a SMART an effective regulator; and
iii. that the previous Chief Executive Officer has been fired, and the matter is currently in the courts.

8.8 SITA

The Committee noted:

i. and congratulated Dr B Mabaso on his appointment as the Managing Director of SITA;
ii. and commended SITA for its improved performance;
iii. and commended SITA for filling some of the critical vacancies;
iv. that SITA still has five critical outstanding vacancies to be filled;
v. that SITA partnerships with SOEs on cybersecurity awareness are critical;
vi. and commended the management of SITA for the assurance that some of the changes will take place within the timeframe of 90 days;
vii. and commended the programmes initiated by SITA, especially promoting SMMEs and empowering of women; and
viii. that there has been progress in connecting government although there have been complaints about the stability of the connection.

8.9 SAPO

The Committee noted:

i. with concern that it was not able to properly engage SAPO during the proceedings because of commercial sensitivity of the issues at hand;
ii. with greater concern that even during the oversight visits, SAPO was unable to articulate its position to the Committee indicating similar concerns of commercial sensitivity;
iii. that the Committee may at any time request a closed meeting and summon SAPO to account for it;
iv. with great concern that SAPO is not taking the Committee into its confidence regarding the current situation, despite emphasis by the Committee to focus on the Entity
v. that SAPO has an obligation to ensure services are rendered to all communities;
vi. that SAPO has benefitted from government funds more than other Entities in the Portfolio;
vii. with scepticism over the implementation of a cardless SAASSA system;
viii. with concern that state of affairs at SAPO impacts negatively on the distribution of SASSA grants;
ix. with serious concern that SAPO is under provisional liquidation;
x. with concern that there are 675 operational post offices currently;

- xi. with concern that if there is no plan in place to save SAPO from liquidation, it will have a negative impact on the people of the country;
- xii. with serious concern over loss of jobs at SAPO; and
- xiii. that SAPO tariffs are dealt with in accordance with the legislative framework.

8.10 Postbank

The Committee noted:

- i. that the services of Postbank were vital to the communities at large;
- ii. that Postbank does not adequately market itself;
- iii. that Postbank is not innovative about packaging its product; that the poor citizens are unbanked;
- iv. that the process to fully register Postbank is slow;
- v. that communities will not easily differentiate Postbank from SAPO considering the joint past;
- vi. that load shedding may impact negatively on the operations of Postbank; and
- vii. that Postbank regularly interacts with similar Postbanks internationally and much closer with the Postbanks of Lesotho, Zimbabwe and Uganda.

8.11 Sentech

The Committee noted:

- i. that Sentech has a healthy balance sheet for leverage and a positive operating cash flow;
- ii. that Sentech had strategic high sites to grow infrastructure services;
- iii. that Sentech was targeting an amount of R1.4 billion in revenue for the financial year;
- iv. with concern that maintenance of analogue signals is costly to the Entity;
- v. with serious concern on impact of load shedding to communications infrastructure
- vi. and commended Sentech for its profitability and that it was not a burden to the fiscus;
- vii. that the sustainability of Sentech is key and that in general, Sentech was doing well;
- viii. its appreciation to the current CEO, Mr Booi, who will retire at the end of his term; and
- ix. that the acquisition of BBI by Sentech is delaying and causing instability to staff.

8.12 SABC

The SABC was unable to finalise its Corporate Plan on time and requested an extension from the Speaker of the National Assembly. For that purpose, the Corporate Plan was not interrogated by the Committee.

9. Committee Recommendations

9.1 The Department

The Committee recommends that the Minister should ensure that:

- i. processes are in place to finalise matters as it relates to the spectrum;
- ii. processes are in place to finalise matters as it relates to the spectrum;
- iii. the Committee is urgently updated in respect of the finalisation in filling of key vacancies;
- iv. there is integration between Entities and without the need for cross-cutting powers;
- v. processes are in place for the promotion of SMMEs;
- vi. access to Internet connectivity for the rural communities becomes the main priority for the Department with clear timelines;

vii. the practicability of the timeframes for tabling and processing of legislation on the part of Parliament be considered;
viii. the Minister address the issues pertaining to the sustainability of the SABC and its state of financial viability;
ix. the Minister and Deputy Minister urgently engage the Committee to address critical issues impacting negatively at the SABC;
x. women and People Living with Disabilities are adequately represented in the Department and its Entities;
xi. processes are in place to achieve meaningful impact in promoting digital economic policies;
xii. the issues pertaining to staff morale for the Department and its Entities be addressed expediently;
xiii. spectrum is set aside for SA-Connect project, especially in underserved areas;
xiv. that the Department and its Entities must work 'smart' and efficiently;
xv. the Department finalise the reconfiguration of the Entities;
xvi. the budget allocated to the Portfolio makes a positive impact on the communities and addresses real issues;
xvii. the Department ensures alignment with treasury regulations such that funds of the Portfolio are not merely spent on staff remunerations;
xviii. the Department provides a clear indication in writing as to the work it has undertaken in rural areas; and
xix. all Entities commit to specific timelines within which to achieve set targets.

The Committee welcomes the progress of employment of women in senior positions in Entities such as in ICASA. The Committee further urges the Minister to ensure stability of Entities especially in the wake of the restructuring of the Portfolio.

The Minister should create certainty within the regulatory environment ahead of the anticipated merger by facilitating for more cooperation.

9.2 ICASA

The Committee recommends that the Minister should ensure that:

i. ICASA is effective and not understaffed;
ii. the funding model of ICASA is reviewed to be fit-for-purpose and ensure the sustainability of the Regulator;
iii. there is equitable distribution of spectrum;
iv. plans are put in place to integrate SMME's benefit of spectrum allocation;
v. that because ICASA operates in a litigious environment mitigating measures must be developed and deployed by the Department;
vi. policy directives for ICASA on the release of spectrum be finalised; and
vii. the Universal Service Obligations and Quality of Service obligations be enforced by ICASA.

9.3 FPB

The Committee recommends that the Minister should ensure that:

i. processes are in place to properly reskill employees in line with the new mandate as an online regulator;
ii. proper interaction between management and the Board takes place;
iii. procedures are in place to improve staff morale and resolve the issue of performance bonuses;
iv. the FPB adopts technology solutions suited for content regulation, including the use of online tools and AI capabilities to improve monitoring and classification;
v. the FPB structure be relooked; and that the Board is funded adequately; and
vi. the Unions and management must collaborate to find viable solutions.

9.4 BBI

The Committee recommends that the Minister should ensure that:

i. fibre from Eskom and Transnet is returned to BBI;
ii. the staff morale at the Entity is improved;
iii. management engages with the unions at BBI; and
iv. processes are in place for BBI to become a viable business post the acquisition process.

9.5 USAASA/USAF

The Committee recommends that the Minister should ensure that:

i. there is better communication within to employees on the disbandment of USAASA;
ii. there is clarity of the role of USAF Fund beyond the existence of USAASA;
iii. the lack of consultation with employees on the relocation of offices is addressed;
iv. USAASA must put in writing actual numbers required of the new Set-Top Boxes and IDTV's for BDM purposes;

9.6 NEMISA

The Committee recommends that the Minister should ensure that:

i. NEMISA significantly increases its training programmes for young people.

9.7 ZADNA

The Committee recommends that the Minister should ensure that:

i. the Committee is updated on the proceedings dealing with the previous CEO who was fired from the Entity.

9.8 SITA

The Committee recommends that the Minister should ensure that:

i. all vacancies, including the 5 critical vacancies, are filled;
ii. processes are in place to facilitate partnerships with other SOEs in order to eradicate duplication on services as well cooperation of cybersecurity;
iii. the relationship with community radio stations and MDDA be improved; and
iv. that SITA improves its representation of women at management.

8.9 SAPO

The Committee recommends that the Minister should ensure that:

i. SAPO avails itself for a future closed meeting with the Portfolio Committee to deliberate extensively on its finances, the Auditor General recommendations, criminal charges and the bailout among others;
ii. that as it relates to provisional liquidation, that the Committee is briefed on a by-weekly basis either formally or in writing; and
iii. distribution of SASSA grants is sustained.

8.10 Postbank

The Committee recommends that the Minister should ensure that:

i. Postbank is fully registered and compliant to legislation so that it can start to offer services to the poor;
ii. Postbank maintains its good performance;
iii. Postbank implements strategies to advertise its services to a larger market audience;
iv. Postbank does not confine itself to a certain market segment;

v. strategies in place by Postbank to improve on its name because it was previously associated with SAPO;
vi. Postbank brings equality when it comes to banking services for poor communities;
vii. Postbank works towards protecting the vulnerable banking communities;
viii. Postbank makes an environmental assessment of the banked and unbanked/underbanked persons in the country;
ix. Postbank develops strategies and banking model that will cater for the poor and unbanked;
x. Postbank puts programmes in place to circumvent load shedding; and
xi. cybersecurity measures are scrutinised in order to prevent scams at Postbank.

9.11 Sentech

The Committee recommends that the Minister should ensure that:

i. the acquisition of BBI by Sentech is expedited and clarity for the employees is communicated;
ii. ASO must be completed as a matter of urgency; and
iii. the Department working with the GCIS, further investigate the ongoing closures of Community Radio Stations by Sentech due to non-payment.

The Committee thanks CEO, Mr Booi for the sterling work done over the last eight years. The Committee urges the Minister that a report on the implementation and or timelines of the above recommendations be presented during the first meeting of the Committee next term programme (29 August to 22 September 2023) of all outstanding projects for the Department and its Entities.

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

Report to be considered.