ANNUAL REPORT 2017/18

CONTENTS

SECTION A:
GENERAL INFORMATION

1. General Information

1.1 Organisational Information

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EXTERNAL AUDITORS	:	Auditor-General of South Africa
BANKERS	:	Nedbank First National Bank Investec Private Bank
ISBN	:	978-0-6399684-0-7

Social Media Pages

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ICASA.org

ICASA

1.2 Abbreviations and Acronyms

ADSL	Asymmetrical Digital Subscriber Line
ADR	Alternate Dispute Resolution
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
AREDC	Audit, Risk, Ethics and Disclosures Committee
ASMS	Advanced Spectrum Management System
ATU	African Telecommunications Union
BBBEE	Broad-Based Black Economic Empowerment
CAP	Consumer Advisory Panel
CCC	Complaints and Compliance Committee
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CRASA	Communications Regulators' Association of Southern Africa
CRM	Customer Relationship Management
CTO	Commonwealth Telecommunications Organisation
DCF	Disability Consultative Forum
DoC	Department of Communications
DTT	Digital Terrestrial Television
DTPS	Department of Telecommunications and Postal Services
ECA	The Electronic Communications Act
ECNS	Electronic Communications Network Service
ECS	Electronic Communications Service
FM	Frequency Modulation
GAAP	Generally Accepted Accounting Practice
GHz	Gigahertz
GRAP	Generally Recognised Accounting Practice
GSM	Global System for Mobile Communications
HDI	Historically-Disadvantaged Individual
HSDPA	High-Speed Downlink Packet Access
ICT	Information and Communications Technology
IEC	International Electrotechnical Commission
IIA	Institute of Internal Auditors
IMT	International Mobile Telephony
IIC	International Institute of Communications
ISDN	Integrated System Digital Network
IT	Information Technology
ITA	Invitation to Apply
ITR	International Telecommunications Regulation
ITU	International Telecommunications Union
LTE	Long Term Evolution
MHz	Megahertz
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
OHS	Occupational Health and Safety
Opex	Operational Expenditure
PA	Political Advertisement
PAJA	Promotion of Administrative Justice Act
PAPU	Pan African Postal Union
PBS	Public Broadcasting Service
PEB	Party Election Broadcast
PFMA	Public Finance Management Act
PPCC	Parliamentary Portfolio Committee on Communications
QoE	Quality of Experience
QoS	Quality of Service
RF	Radio Frequency
RFID	Radio Frequency Identification
RFSAP	Radio Frequency Spectrum Assignment Plan
RIA	Regulatory Impact Assessment
SAPO	South African Post Office
SABC	South African Broadcasting Corporation
SABPP	South African Board for People Practices
SADC	Southern African Development Community
SATRA	South African Telecommunications Regulatory Authority
SKA	Square Kilometre Array
SMP	Significant Market Power
UPU	Universal Postal Union
USAO	Universal Service and Access Obligations
WRC	World Radio Conference
WWRF	Wireless World Research Forum

1.3 Chairperson's Foreword

— Rubben Mohlaloga —

The 2017/18FY was a great year for the Independent Communications Authority of South Africa. The Authority achieved 89% of its predetermined objectives for the year - a feat which has not been seen in the Authority's recent past. This was notwithstanding the financial / resource constraints as well as the policy and legislative restrictions in our environment. It is thus fair to acknowledge the immense contribution of all ICASA employees for this achievement.

As we reflect on the Authority's performance for the year under review, we do so in the context of its set strategic priorities and how such priorities contribute to the attainment of national policy objectives.

The cost to communicate has remained one of the contentious issues in the sector over the 2017-18 financial year. It is critical to note that, the cost to communicate cuts across numerous ICASA strategic objectives for the medium term period in that:

- it is a reflection of the effectiveness of competition in the market
- the level of pricing (and associated business rules) is also a measure of the adequacy of consumer protection measures in the sector
- the regulatory and policy impediment on the release of spectrum (which is key input cost for the industry) is also reflected in the level of pricing of ICT services in the country
- the ability and extent of technological innovation in the sector is adversely impacted by the high barriers of entry occasioned by lack of access to spectrum (which inadvertently results in less competition)

To ensure that the regulatory environment enables the broader economy to exploit the opportunities of the fourth industrial revolution, the Authority has undertaken measures of ensuring that South Africa becomes one of the leading countries in the adoption of opportunitisic and innovative spectrum management principles.

To this end, ICASA promulgated regulations on the dynamic use of TV White Spaces during the 2017-18FY. We believe that the regulatory framework designed for dynamic spectrum assignment and opportunistic spectrum management is in the best interests of South Africa's digital future. The regulations are critical in facilitating universal access to broadband, particularly in rural and underserviced areas. It was on the basis of these regulations that the Authority was bestowed with an award for Innovation in Dynamic Spectrum Access Policies by the Dynamic Spectrum Alliance (DSA) during the 2018 Global Summit held in London from 1 – 3 May 2018.

The DSA Global Summit brought together policy makers, regulators, academia, and private sector leaders in spectrum management to discuss and debate spectrum sharing methods and models, from exclusive use licensing to unlicensed spectrum allocations. The Summit explored how various spectrum sharing regulatory regimes across a variety of complementary spectrum bands can be coordinated to lower the cost of broadband roll-out (particularly to rural and underserved areas) to ensure connectivity for the 4 billion people across the globe who remain unconnected to the digital economy. The Authority is humbled and encouraged by this award.

The Authority also launched the 5G Forum for South Africa. The Forum's mandate is amongst others, to support the Authority and government in preparing for the World Radio Conference-2019 (WRC-19) scheduled to take place from 28 October to 22 November 2019. It is at WRC-19 that standards for deployment of 5G technology are expected to be adopted.

On the other hand, broadcasting (community, commercial and public) plays a critical and meaningful role within the South African society as it provides a window and platform through which our heritage, histories, languages, culture, experiences, views and interests can be expressed and shared among our people.

In our endeavour to develop a sound licensing approach to community broadcasting services, ICASA published a discussion document and later the findings thereof. The review of the community broadcasting framework sought to address known and unknown shortcomings in the regulatory and operational environment of the community broadcasting services sector; with the intention to streamline the community broadcasting related regulations, and reconcile the interests of, among others, society and/or communities, government and business within an acceptable regulatory framework. This process has culminated into the publication of the draft regulations which are expected to be finalised in the 2018/19 financial year.

ICASA has also initiated an inquiry into subscription broadcasting services with the intention to assist us in defining markets and market segments, the effectiveness of competition in the relevant markets, determining dominant licensees, and possible appropriate pro-competitive licence conditions that may be imposed. This was perpertuated by the perceived difficulty for new players to enter and stay in the payTV market. This is one of the interventions to level the playing field but to ensure that those who are licensed are able to sustain themselves and provide a quality service to the public.

In the spirit of promoting competition in the broadcasting sector, ICASA has since received applications for the licensing of additional individual commercial free-to-air television broadcasting services and a radio frequency spectrum licence for 55% on multiplex 3 frequencies; and we intend to complete this licensing process in due course.

As the Council of ICASA we will continue to keep abreast with the latest international trends and developments through our participation in ITU meetings and conferences with a view to be able to adopt sound and informed regulatory positions in line with international best practices.

Rubben Mohlaloga
Chairperson

General Information

ICASA Council

1.4 CEO's report

— Willington Ngwepe —

The Authority's performance in 2017/18FY bears testament that the strategic and operational measures implemented since the beginning of the medium term period to build capacity and align resources (people, technology etc.), processes and systems across the organisation are bearing fruit.

These measures include the following:

- establishing a full complement of staff at the leadership level (including the appointment of the full Council by the executive authority)
- the normalisation of the industrial relations environment through the amicable resolution of the long-standing dispute emanating from the 2014/15FY organisational structure realignment
- completion of phase one of the review of standard operating procedures has resulted in our operational, regulatory environment being more coordinated and streamlined for service delivery.

The Authority is progressively advancing towards the realisation of the strategic outcome-oriented goals for the 2015/16 to 2019/20 medium term period.

The Authority is mandated to regulate the ICT sector in the public interest. As such, the advancement of consumer welfare should be the key measure of ICASA's success as a sector regulator. Advancement of consumer welfare should, therefore, be inculcated in everything that ICASA does. To this end, some of the key measures implemented by ICASA in the 2017-18FY in the fulfilment of its mandate include the following:

Consumer protection – as part of the first phase of the cost to communicate program the Authority published the draft amendments to the end user and subscriber service charter regulations. The objective of the amendment was to bring much-needed relief to consumers against unfair or unconscionable business rules in the sector relating to the expiry of data bundles, out of bundle charging and lack of transparency in the provision of services, particularly data services. The Authority consulted extensively with stakeholders and as such delayed finalisation of the amendments until after the end of the 2017-18FY.

The cost to communicate – the Authority extended the measures imposed in the wholesale call termination market to regulate the interconnection rates for voice calls until September 2018, pending finalisation of the market review study. The extension was necessary to ensure that the benefits of lower retail voice prices emanating from the wholesale call termination market regulations remain in place for the vast majority of consumers for whom voice remains a significant mode of communication.

Social cohesion - the Authority conducted a benchmark research report on the broadcasting of elections during the year under review. This research report provides a sound basis for the review of regulations governing the broadcasting of national elections in anticipation of the 2019 national elections.

Organisational efficiency – in an endeavour to improve efficiencies, the Authority commenced with the deployment of the advanced spectrum management system (ASMS) during the 2017-18FY. The deployment of the ASMS represents a key milestone in the efforts to modernise the operations of the Authority and aims to completely revolutionise how the Authority will process applications for spectrum licences and type approval authorisations going forward. The full launch of the system will mean that all applications for spectrum licences and type approval authorisations will be processed completely online. It is anticipated that the system will be fully implemented and functional during the third quarter of the 2018/19FY.

The year ahead –In assessing the benefits and possible risks to society emanating from the 4th Industrial Revolution, Klaus Schwab[2] opines that the extent to which society embraces technological innovation is a major determinant of progress. He further states that the reality of disruption and the inevitability of the impact the fourth industrial revolution will have on us does not mean that we are powerless in the face of it. On the contrary, it is our responsibility to ensure that we establish a set of common values to drive policy choices and to enact the changes that will make the fourth industrial revolution an opportunity for all.

It is against this context that the efficient management and utilisation of the country's spectrum resources hence forward cannot be left to chance. Spectrum is the lifeblood of the ICT sector - it is to the sector (and to the broader economy) what water is to the agricultural sector (and to the broader economy). The release of the high-demand spectrum is urgently necessary to provide a platform for investment in broadband infrastructure so that the country can fully participate in the digital economy; promote the transformation of the sector and enable delivery of high-quality data services at affordable prices to consumers.

However, the management of spectrum must be futuristic to ensure delivery of maximum and long-term socio-economic benefits for all. In making policy decisions on spectrum, the government must take these factors into account as it seeks to enable the sector and the country to the reap benefits that could be unleashed through the exploitation of this valuable resource.

Willington Ngwepe
Chief Executive Officer

[2]Klaus Schwab, **The 4th Industrial Revolution,** (Portfolio Penguin) 2017

General Information

ICASA Executive Management

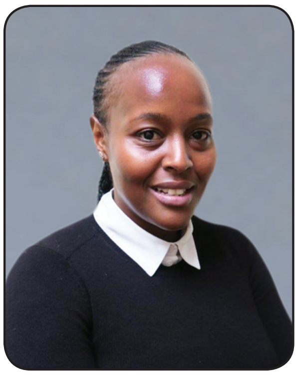
Willington Ngwepe
Chief Executive Officer

Nkhetheleni Gidi
Executive:
Legal, Risk and CCC

Zakhele Kganakga
Executive:
Human Resources

Junior Khumalo
General Manager:
Policy, Research and Analysis

Tebogo Matabane
Chief Financial Officer



Leah Maina
General Manager:
Licensing

Portia Mngomezulu
Executive:
Corporate Services

Anele Nomtshongwana
General Manager:
Regions

Dr. Praneel Ruplal
Acting General Manager:
Engineering and Technology

Anneal Sookharan
Chief Audit Executive

Elize van der Walt
General Manager:
Compliance and Consumer Affairs

1.5 Statement of responsibility and Confirmation of Accuracy for the Annual Report

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General. The annual report is complete, accurate and free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury. The Annual Financial Statements (Section E) have been prepared in accordance with the standards applicable to ICASA.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of ICASA for the financial year which ended on 31 March 2018.

Rubben Mohlaloga
Chairperson

Willington Ngwepe
Chief Executive Officer

1.6 Strategic Overview

1. Our Vision
An inclusive digital society

2. Our Mission
To ensure that all South Africans have access to a wide range of high-quality communication services at affordable prices.

3. Our Values
Values are the essence from which companies extract inspiration when crafting strategies. These are concepts that are entrenched in the fabric of every organisation and by which they are judged. All ICASA's regulatory activities are centred on five core values, which are innovation, collaboration, accountability, results-driven and stakeholder-centric.

Innovation
- Willingness and ability to generate viable new approaches and solutions; and
- Finding different and better ways of applying best solutions to meet stakeholder needs.

Collaboration
- Eradicate 'silos' by developing a conscious mind-set that aligns our work to organisational vision and strategy; and
- Create synergies internally to fast-track organisational performance.

Accountability
- Execution of daily work in a proactive manner; and
- Taking full responsibility for the work that we do in collaboration with others.

Results-driven
- Achieving high quality results that are consistent with organisational standards; and
- Coaching and performance assessment against goals, as well as identifying areas of improvement.

Stakeholder-centric
- Carrying out our duties with the stakeholders in mind. Stakeholders are central to what we do and we welcome their feedback for consistent and effective partnerships.

1.7 The Mandate of ICASA

The Independent Communications Authority of South Africa ('ICASA' or 'the Authority') falls under schedule 1 of the Public Finance Management Act No 1 of 1999 (PFMA). ICASA's mandate is set out in the Independent Communications Authority of South Africa Act, Act No 13 of 2000, (ICASA Act), Electronic Communications Act, Act No 35 of 2005, as amended (the EC Act), the Postal Services Act No 24 of 1998 (the Postal Services Act) and the Broadcasting Act, Act No 4 of 1999, (the Broadcasting Act) for the regulation of electronic communications, broadcasting and the postal services in the public interest. The legislation empowers ICASA to grant licenses, monitor compliance with licence terms and conditions, develop regulations, plan and manage the radio frequency spectrum and protect consumers.

The Constitution of the Republic of South Africa

- The Constitution of the Republic of South Africa (RSA) mandates Parliament to establish an independent regulatory institution to regulate broadcasting in the public interest and to ensure fairness and a diversity of views broadly representing South African society (S 192).

The Independent Communications Authority of South Africa Act 13 of 2000, as amended

The Act establishes ICASA as an institution and provides that it must:

- perform its functions through Council as contemplated in section 5,
- to be independent and subject only to the Constitution and the law,
- to be impartial and to perform its functions without fear or favour.
- act in a manner that is consistent with the obligations of the Republic under any applicable international agreement, according to section 231 of the Constitution.
- conclude concurrent jurisdiction agreements with any regulator in respect of areas of regulatory overlaps.

The Broadcasting Act 4 of 1999

- The Act clarifies the powers of the Minister and ICASA respectively and provides for the regulation of broadcasting activities in the public interest.

The Electronic Communications Act, No. 36 of 2005, as amended

- The ECA provides the legal framework for convergence of the telecommunications, broadcasting and information technology services. More importantly, it also sets out ICASA's detailed powers for regulations of the electronic communications and broadcasting sectors.

- ICASA has concurrent regulatory oversight/jurisdiction with the Competition Commission on competition matters in terms of Chapter 10 of the ECA read with 4B(8)(b) of the ICASA Act.

The Postal Services Act, No. 124 of 1998

- The Postal Services Act requires the Authority to licence and monitor SAPO in relation to minimum service standards and the fulfilment of universal service obligations, including the roll-out of street addresses and the provision of retail postal services in underserviced areas.

The Promotion of Administration Justice Act, No. 3 of 2000

- PAJA gives effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action, as contemplated in section 33 of the Constitution.

Department of Communications

The DoC policy framework is embedded within and aligned to broader government priorities and policy, as promulgated. The Authority believes its strategic objectives will contribute directly to the DoC's outcomes, relating specifically to Outcome 12 and Outcome 14.

Outcome 12: providing an efficient, effective and development–oriented public service

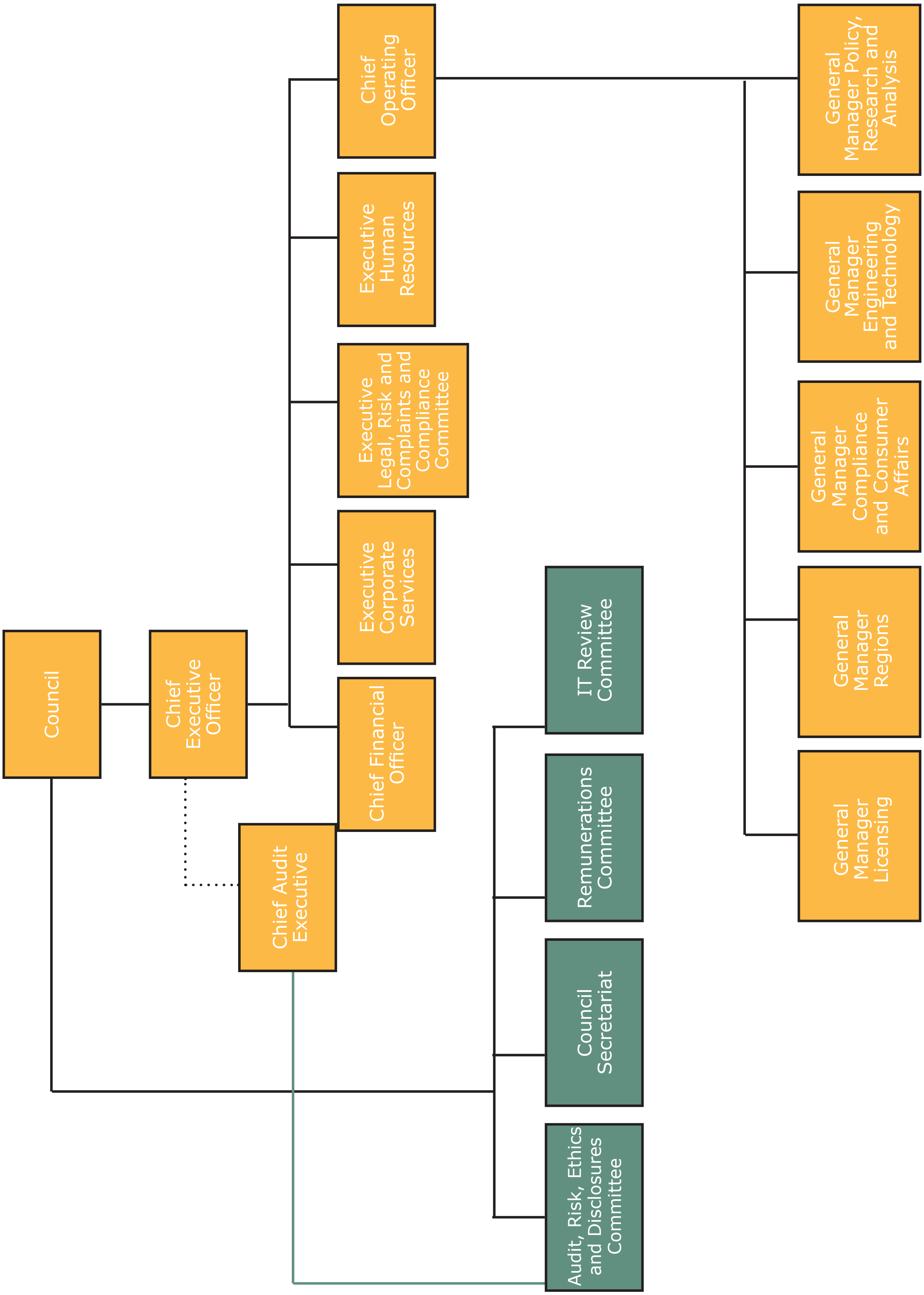
Outcome 12 contemplates that information technology is an important tool for advancing service delivery. It can be used to make services more accessible, reduce the cost of accessing services, streamline administrative processes and improve turnaround times, thus strengthening administrative accountability and responsiveness. It is the aim of government to identify those areas of IT that have the greatest potential to improve access to services.

Outcome 14: providing a diverse, socially cohesive society with a common national identity

Outcome 14 contemplates that sharing of common space across race and class will be enabled through instituting community dialogues. This will be promoted by the narrative that facilitates healing, social cohesion, nation building, dialogue and trust. This will require that the use of currently marginalised languages be increased. Furthermore, the broadcast media, especially the national broadcaster, will be encouraged to air programmes that popularise narratives and visions of a non-sexist, non-racial, equal and democratic South Africa. The Authority will promote social cohesion through the licensing of regional and local broadcast media and promotion of the broadcast of local content.

The Department of Telecommunications and Postal Services policy framework

DTPS policy framework is embedded within and aligned to broader government priorities and policy, as promulgated. The Authority's strategic objectives contribute to the DTPS outcomes, relating specifically to Outcome 6, namely an efficient, competitive and responsive economic infrastructure network.



Council
Chief Executive Officer
Chief Audit Executive
Chief Operating Officer
Executive Human Resources
Executive Legal, Risk and Complaints and Compliance Committee
Executive Corporate Services
Chief Financial Officer
General Manager Policy, Research and Analysis
General Manager Engineering and Technology
General Manager Compliance and Consumer Affairs
General Manager Regions
General Manager Licensing
IT Review Committee
Remunerations Committee
Council Secretariat
Audit, Risk, Ethics and Disclosures Committee

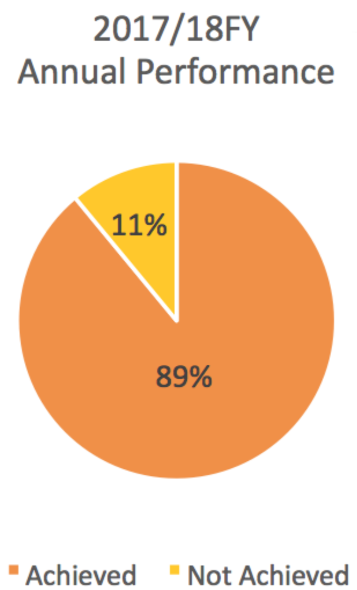
SECTION B:
PERFORMANCE INFORMATION

2. Performance Information

2.1 Introduction

Out of the sixty-one (61) targets set for the 2017/18FY, fifty-four (54) were achieved and seven (7) were not achieved. This constitutes an eighty-nine percent (89%) annual achievement. The percentage signifies the Authority's annual contribution towards the achievement of its predetermined objectives (Strategic Outcome Oriented Goals and Strategic Objectives) as outlined in its' 5-year Strategic Plan 2015/16 – 2019/20.

Figure 1: Annual Performance 2017/18FY



Voted Funds

The level of performance attained by the Authority was funded through an appropriation received from National Treasury through the Department of Communications as indicated below.

Main Appropriation (Rands)	Adjusted Appropriation (Rands)	Actual Amount Spent (Rands)	Over Expenditure (Rands)
430 383 000.00	430 383 000.00	464 748 018	34 364 018
Responsible Minister/MEC	Minister of Communications		
Administering Department	Independent Communications Authority of South Africa		
Accounting Officer	Chief Executive Officer		

The total expenditure amount of R 464 748 018 is inclusive of the following non-cash items accounted for during the current financial year:

Depreciation and amortization	R 17 226 140
Labour dispute Provision	R 8 972 913
Bonus provisions	R 27 307 331
Total non-cash amount	**R 53 506 384**

The net amount spent excluding non-cash items is R 411 241 634.

Aim of Vote

The Department of Communications is responsible for oversight regarding the implementation of the ICASA Act of 2000. The Authority shares the vision of the Department's Vote, which is *to create an enabling environment for the provision of inclusive communication services to all South Africans in a manner that promotes socioeconomic development and investment through broadcasting, new media, print media and other new technologies, and brand the country locally and internationally.*

2.2 Strategic Outcome Oriented Goals

The Authority's activities for the year under review were guided by the following long-term Strategic Outcome Oriented Goals as reflected in its 5-year Strategic Plan 2015/16 – 2019/20:

SOOG 1: Facilitate investment in broadband infrastructure and licence broadband spectrum for sustainable socio-economic development
SOOG 2: To promote competition and facilitate universal access to communication services at an affordable cost
SOOG 3: To promote social integration, inclusivity and nation building
SOOG 4: To establish and position ICASA as a credible and independent regulator that inspires the confidence of consumers and other stakeholders
SOOG 5: To enhance ICASA's capacity to fulfil its mandate through improved organisational efficiency

2.3 Situational analysis

2.3.1 Overview of the service delivery environment for 2017/18

The Authority began implementation of its Annual Performance Plan 2017/18 within a dynamic ICT service delivery environment marked by many developments globally, in Africa and nationally. They included the following:

- An increased global demand for digital platforms of communication;
- New innovative services such as Over-the-top services;
- IP-based OTT messaging which is becoming the preferred choice of messaging and voice calls;
- New concepts and standards being developed for 5G;
- Internet-of-things where several devices will communicate amongst themselves and which are predicted to out-number, within the next ten years, human beings on the planet by many orders of magnitude;
- High demand for spectrum by service operators;
- Decline in standard mail volumes across the postal industry due to new technologies for transmitting messages resulting in the need for the postal industry to come up with new strategies on how to survive amid the new technologies which are challenging its business model;
- Adoption of a turnaround strategy by SAPO;
- The review of the Broadcasting Policy;
- An ICASA moratorium on community radio stations licences award pending a review of the regulatory framework;
- Increased focus on market consolidations as industry players seek to build economies of scale and scope.

The above service delivery environment was at the same time being impacted by several political, economic, social, technological, environmental and legal factors in varying magnitudes.

Politically, the Authority reports to both the Department of Communications and the Department of Telecommunications and Postal Services, and this often causes some challenges due to institutional arrangements and policy uncertainty. However, the Authority has endeavoured to mitigate these challenges through streamlining of processes with both ministries and continued engagement with policymakers.

Economically, the ICT sector remains one of the few sectors in the economy that has continued to invest even in the face of tough economic conditions and low economic growth. In this regard, the Authority has – through a variety of regulatory measures – sought to create an enabling environment so as to ensure sustainability and growth of the sector.

Socially, there is a grave need to close the digital divide not only in respect of access to services but also in respect of affordability. The benefit and impact of the measures implemented by the Authority to address concerns relating to costs to communicate will likely be felt from 2019-20FY onwards.

Organisational Improvement and Efficiency

The Authority successfully completed several projects which contributed to its improvement and efficiency in carrying out its functions. The Authority began measuring its satisfaction rating by its customers in 2016 which stood at 20%. The rating improved to 30% during the year under review and the future aim is to increase the sample size to gain a more representative view. The Authority also increased its affiliation to international fora from five affiliations to six to improve its brand image.

The Authority had maintained 99% revenue collection year-on-year over the past three financial years. As part of its effort to develop its human capital, the Authority successfully developed a human training and development strategy. To improve organisational performance through human capital, the Authority has been on a drive to fill critical positions since 2016/17FY. The vacancy rate stood at 7% during the year under review.

In order to ensure compliance with the prescripts of the Public Finance Management Act, the Authority completed several audits and issues tracking activities meant to ensure management's resolution of the findings and issues raised by the Auditor-General.

The Authority maintained its risk maturity level of 2, over-achieved on its target to resolve 65% of cases received, assessed and investigated for adjudication by CCC and provided legal advice on all the matters as required to enable Council to execute its mandate.

From licensing activities, the Authority completed all its planned projects which included processing of class broadcasting license applications, renewals, amendments, transfer and broadcasting channel authorisations. It also processed an average of 50% of all type approval, 96% of numbering, 100% of individual license amendment, transfer and change of control and 97.69% of radio frequency spectrum license applications. Despite the above achievements, the Authority did not complete several projects. These included the inability to secure an additional office in the North West Province due to not finding a suitable office. The Authority also missed its target to pay suppliers within 30 days. Furthermore, continuous monitoring of high-risk process could not be completed.

Access to Broadband Spectrum

According to Klaus Schwab, there are two critical effects technology will have on society going forward (and accordingly, the country's position on broadband spectrum will determine its positioning to take advantage of such effects). First, there is the destruction effect – as technology fuelled disruption and automation substitute capital for labour, forcing workers to become unemployed or to reallocate their skills elsewhere. Second, this destruction effect is accompanied by a capitalisation effect in which the demand for new goods and services increases and leads to the creation of new occupations, businesses and even industries. The key in this revolution will be the timing and extent to which the capitalisation effect supersedes the destruction effect and how quickly the substitution will take.

The role of national radio frequency spectrum in shaping the effect of technology on society going forward cannot be underestimated. According to the recent study by GSMA, one of the most welfare creating policies that a regulator can adopt is to release spectrum bands as soon as local operators have a business case to deploy them. Artificially constraining supply of spectrum comes at a huge cost for society in terms of lower competition and reduced quality of services in the downstream market.
In this regard, the Authority successfully published an invitation to apply (ITA) for the First Phase of International Mobile Telecommunications "IMT" Licensing Process during the 2016-17FY. However, this was suspended pending the legal review application instituted by the Minister of DTPS.

In the meantime, the Authority also completed 50% of the frequency migration plan, 30% of the IMT roadmap and four frequency assignment plans. It also published two reports on frameworks for dynamic and opportunistic spectrum management and one regulatory framework on TV white spaces in fulfilment of its mandate for effective management of radio frequency spectrum management.

Promotion of Effective Competition

Promotion of competition in the market is a fundamental strategic objective in the medium-term period. Competition is one of the key tools to reduce the cost to communicate. It is against this objective that the Authority commenced the multi-year cost to communicate programme with the objective of protecting consumers against anti-competitive or and exploitative prices. In the beginning, the programme was about lowering the cost of voice calls. However, the proliferation of data services and the resultant changes in consumption patterns has resulted in calls for accessibility to quality and affordable data services.

In response to these calls, the Authority adopted a three-phased approach to lowering the cost to communicate. The first and second phases commenced during the 2017/18FY.

Phase One – protecting consumers against unfair industry business rules

The promulgation of the End-User and Subscriber Service Charter Regulations seeks to address the business rules which have been applied by the operators over the years to the disadvantage of consumers and to this end: protect consumers against bill shock; afford consumers the right to roll-over unused data and/or to transfer it to others on the same network instead of having such data expire; and guarantee consumers the right to information about their service usage and consumption. The amendments have since been welcomed by all key stakeholders, civil society organisation and the general South African public.

Phase Two – comparative pricing assessment and study to identify priority markets

In this particular phase, the Authority has undertaken a benchmark study to assess how South Africa's data prices compared to other peer countries in SADC and BRICS. The outcome of the benchmark study was released to stakeholders and published on the Authority's website. Though the benchmark reveals that we compare fairly in this regard, this is cold comfort for consumers, and it does not in itself mean that there are no competition problems in the market.

Further, the Authority has initiated a study on priority markets. The objective of the study is to identify the markets – across the data services provision value chain - that are prone to uncompetitive behaviour. The identified markets (and the schedule and criteria for their prioritisation) will be outlined in the Findings Document to be published during the second quarter of the next financial year. These markets will then be subject to a detailed market review in the order of prioritisation in terms of section 67 of the Electronic Communications Act, 2005.

Phase Three - market review to assess competitiveness and determine which licensees SMP have

In this phase, ICASA will assess the competitiveness of the identified market, determine whether there is any operator with significant market power, in such a market and impose appropriate procompetitive remedies on such operator (which may include price controls). Given the outcry in the country, ICASA will endeavour to expedite completion of phase three within six to eight months from the date of inception.

In accordance with its statutory mandate and in line with the Memorandum of Understanding concluded between ICASA and the Competition Commission, the Authority will collaborate with the Commission in this process.

Creation of a Common National Identity

Creation of a common national identity and social cohesion is one of the key priorities of government. In this regard, the role played by the community broadcasting sector in ensuring that the South African broadcasting system serves to safeguard, enrich and strengthen the cultural, political, social and economic fabric of South Africa is immeasurable. Unfortunately, the community broadcasting sector has been plagued by serious challenges over the years.

These range from financial mismanagement, governance lapses and lack of capacity. In light of these challenges, the Authority imposed a moratorium on licensing of community broadcasting services. The moratorium was imposed by the Authority in September 2015 pending the review of the regulatory framework that governs the sector.

The Authority published a Discussion and a Findings Document on the framework for the community broadcasting sector. The review of the regulatory framework for community broadcasting will be finalised in the 2018/19 financial year with the promulgation of new regulations for the community broadcasting sector.

Protection of Consumers

The protection of consumers from harmful and unlawful practices by service providers in the ICT sector forms one of the most important parts of the Authority's mandate. The Authority successfully completed four projects in the policy research and advocacy space, geared towards the protection of consumers, which are: two tariff analysis reports, comments on policy changes and one regulatory impact assessment study.

Quality of service monitoring was done in six provinces. It extended from voice communication to include data services. Ninety-five percent (95%) of RF interference cases were resolved against a set target of ninety-four percent (94%). Ninety-one percent (91%) of broadcasting inspections were completed against a set target of a thirty percent (30%). One thousand nine hundred and one (1901) high-site investigations were completed against a set target of one thousand two hundred and fifty (1250). Three thousand seven hundred and twenty-one (3721) type approval inspections were completed against a target of two thousand (2000) inspections. One hundred percent (100%) of test letters were posted within the set timelines. The Authority also received 6 NATJOINTS requests against a target of 4 requests. All six requests were executed successfully. One consumer education plan was developed and implemented successfully. .

In 2016/17FY, the Authority conceptualised a CAP that could elevate its consumer protection efforts. The Panel was launched in March 2018. The Authority also resolved ninety-three percent (93%) of the complaints received against an eighty-five (85%) target set for the year under review. Seventy-one percent (71%) broadcasting licencees were monitored for compliance against a set target of fifty (50). One hundred (100) ECS/ECNS licencees were also monitored for compliance against a set target of 50 . Monitoring of the South African Post Office (SAPO) was also completed successfully. Ninety-four per cent (94%) of interconnection and facilities leasing agreements were reviewed within the regulated time frames against a set target of eighty percent (80%).

However, the Authority fell short by 10% in the resolution of inter-operator disputes between licencees by resolving 50% of the disputes against a set target of 60%.

Figure 2 below shows how the Authority's performance stated above is dispersed by Programme.

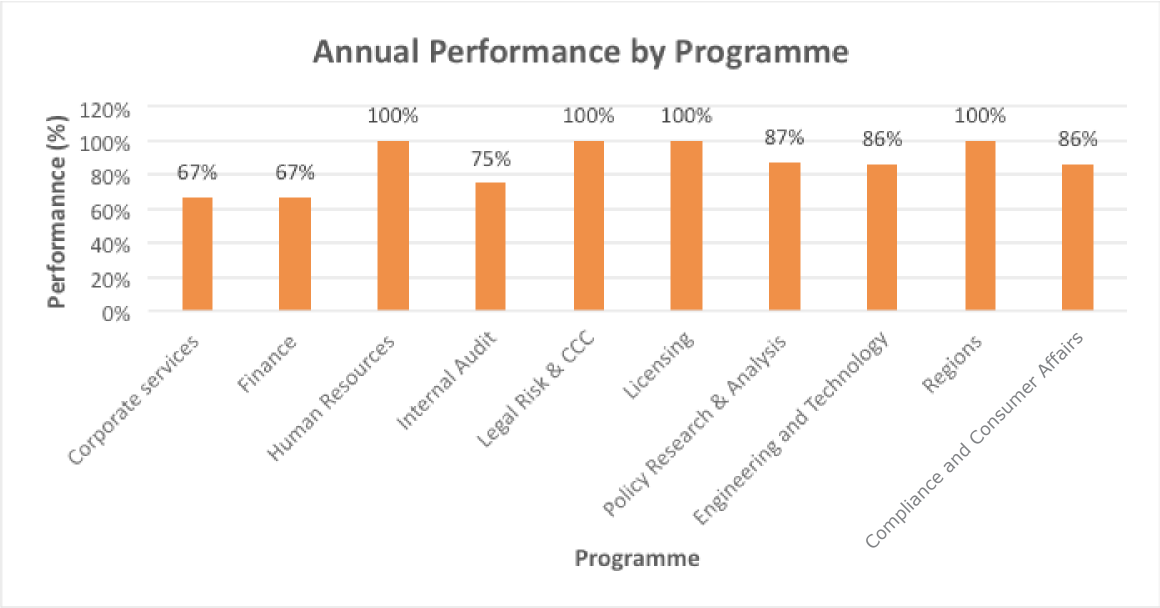


Figure 2: Annual Performance by Programme

International Activities

The Authority participates in a number of international activities through its affiliations as part of its mandate. It is a member of CRASA and participates in a number of international bodies such as the ITU, SADC, as part of the South African delegation team, the UPU, the IIC, IIA, ATU, IEC, CTO, and WWRF, among others.

Notably, the Authority was awarded the chairpersonship of CRASA for the year under review. Under its chairpersonship, it led the successful development of the CRASA Strategic Plan 2018/19 – 2023 which was developed through a task team chaired by South Africa through a delegate from the Authority. The chairpersonship of CRASA culminated in a successful ICASA-led CRASA Annual General Meeting (AGM) which took place in Swaziland in April 2018.

On 23 March 2018, the Authority published the Final Regulations for the use of Television White Spaces (TVWS). The regulations establish the mechanisms for ensuring the protection of primary users in the band 470 MHz to 694 MHz from harmful interference. With the initiative, the Authority was bestowed with an award in recognition for Innovation in Dynamic Spectrum Access Policies at the 7th Dynamic Spectrum Alliance Global Summit 2018, held in Wembley, London in the United Kingdom.

Performance Information Contribution towards Government
Priority Outcomes and the NDP

Achievements Contribution towards Government Priority Outcomes and National Development Plan 2030 Milestones

The Authority's work is part of the national effort to improve the lives of all South Africans, which is spelt out in government's policy mandates, national priority outcomes and the National Development Plan 2030.

The achievements that the Authority realised during the year under review should make contribution towards high level government outcomes, specifically the following:

- Outcome 4: decent employment through inclusive economic growth,
- Outcome 6: an efficient, competitive and responsive economic infrastructure network,
- Outcome 12: an efficient, effective and development-oriented public service and empowered, fair and inclusive citizenship.

The achievements should also make contribution to the following National Development Plan 2030 enabling milestones:

- Milestone 4: establishment of a competitive base of infrastructure human resources and regulatory frameworks,
- Milestone 6: broadening of ownership of assets by historically disadvantaged groups,
- Milestone 12: availability of high-speed broadband internet universal availability at competitive prices,
- Milestone 14: broadening of social cohesion and unity while redressing the inequalities of the past.

Lastly, they should make contribution to the following National Infrastructure Plan Strategic Integrated Projects (SIPs)

- SIP 15: expanding of access to communication technology and,
- SIP 16: SKA and Meerkat.

Table 1 below indicates how each Programme's achievements contributed to the Authority's Strategic Outcome Oriented Goals (SOOGs) which are linked and should contribute to the above Government Priority Outcomes and National Development Plan 2030 milestones.

Table 1: Programme Contribution per Strategic Outcome Oriented Goal

Programme	SOOG 1		SOOG 2		SOOG 3		SOOG 4		SOOG 5	
Deliverables	Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved
Programme 1: Administration										
Corporate Services									2	1
Finance									2	1
Human Resources									2	0
Internal Audit									3	1
Legal, Risk & CCC									3	0
Programme 2: Licensing										
Licensing	1	0	3	0					5	0
Programme 3: Policy, Research and Analysis										
Policy Research & Analysis			5	1	3	1	3	0		
Programme 4: Engineering & Technology										
Engineering & Technology	5	0	0	1			1	0		
Programme 5: Regions										
Regions							9	0	1	0
Programme 6: Compliance and Consumer Affairs										
Compliance and Consumer Affairs							6	1		
Total Deliverables per SOOG	6	0	8	2	3	1	19	1	18	3
Contribution towards SOOGs	100%	0%	80%	0%	75%	25%	95%	5%	86%	14%

2.3.2. Overview of the Organisational Environment for 2017/18

As the Authority began implementation of the Annual Performance Plan 2017/18, several strengths, weaknesses, opportunities and threats were identified during the analysis of the internal environment.

The Authority began the year with the objective to reinforce its independence as a regulator, its clear constitutional and legislative mandates underpinned by an enabling legislation, a qualified and experienced human work force.

In the same breath, the Authority acknowledged several weaknesses during the analysis, which included outdated, inefficient and manual operating systems and lack of succession planning.

Opportunities were identified and these included the need to close the digital divide, leveraging of membership of regional and international platforms, decentralisation of services with enhanced capacity to service consumers, an opportunity to exercise and leverage on constitutional and legislative independence, automation of processes and integration of internal systems, promotion of competition, political infrastructure deployment and enhancement of corporate image.

Threats identified included possible failure of regulation to keep up with technological trends, an uncertain policy environment and the loss of critical human resource skills to industry.

As the annual performance plan implementation continued, several developments took place, which contributed positively and negatively towards the achievement of planned outputs and set targets.

Strategy

The Authority is implementing its Strategic Plan 2015/16 – 2019/20 with no major policy changes that took place to warrant a re-tabling of its plan.

Structure

The Authority began a process to address the matter of excess employees by starting a process of reviewing the organisational structure which was put in place in 2014 as part of a realignment exercise.

A Consumer Advisory Panel was established in line with the ICASA Act which gives the Authority powers to establish committees that will enable it to execute its work effectively.

Staff

The Authority welcomed new Councillors, bringing the membership of Council to a full complement, as required by the ICASA Act.

The CEO resigned during the 2017/18FY and the process for the appointment of the new CEO ensued thereafter and completed during the same financial year.. The Authority also welcomed a new Executive in Human Resources after the resignation of the incumbent in the latter part of the 2016/17FY. It also welcomed a new General Manager in Licensing after the position was left vacant by an appointment of the incumbent to the position of Executive: Legal Risk and CCC.

The Authority also experienced the movement of several staff members across all levels, the most notable being the departure of General Manager: Engineering and Technology, whose contract came to an end in February, 2018. The vacant position is currently being occupied by a Senior Manager in an acting capacity until a permanent replacement is found.

The Authority reached a settlement with unionised-employees on a long-standing dispute related to the 2016 industrial action .

Skills

As part of its human capital skills development strategy, the Authority implemented a Senior Management Development Programme in partnership with Stellenbosch University Executive Development School for a group of senior managers, specialists and managers who all completed the Programme successfully and graduated in April 2018. The graduates have begun applying some of the skills learned in the Programme. This has contributed positively to the achievement of some of the targets which the organisation has set for itself.

Moreover, the Authority monitors the implementation of all staff members' individual development plans and implementation, during performance reviews, in order to gauge progress made by employees in developing themselves.

Shared Values

The Authority continued to propagate for the living of the shared values by all employees. The shared values were developed in 2014. The Authority maintained the shared values as part of Executive and General Manager performance agreements.

Systems

The Authority deployed a new system called ASMS that is meant to bring efficiency and effectiveness to licencing management. The system was acquired to the tune of R19.5million.

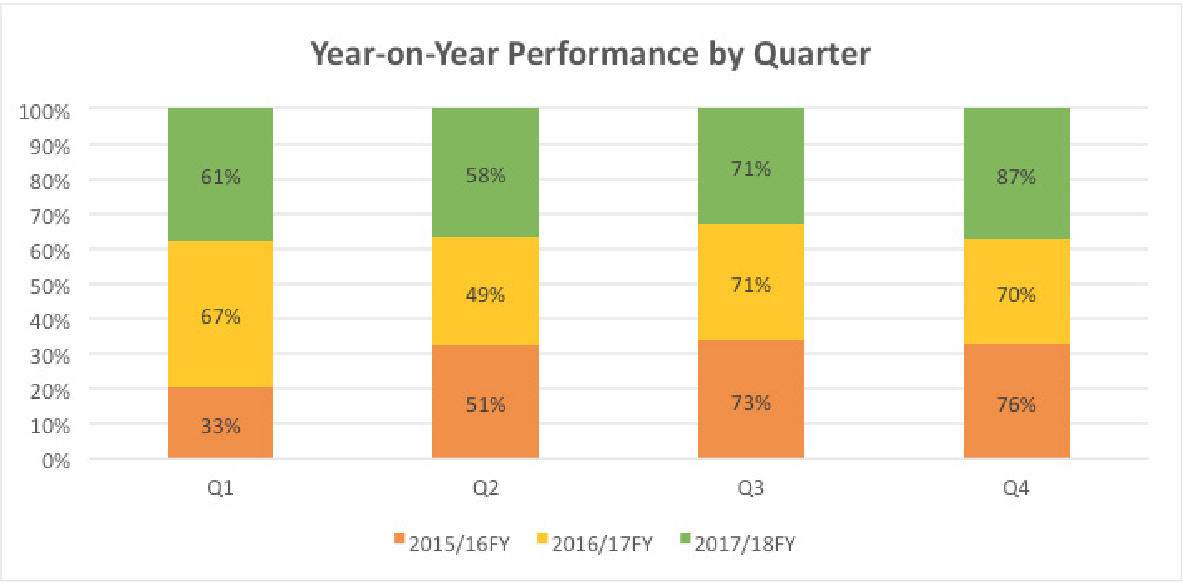
The project management office in the office of the Chief Operations Officer launched a project management system meant for management of the Authority's strategic and operational projects.

The Authority successfully reviewed several policies which were a matter of dispute with the unionised-employees, further completing all the matters which were in dispute between the Authority and the unionised-employees.

Annual Performance trend

Figure 3 below shows a three-year performance trend of the Authority by a quarter from 2015/16FY to 2017/18FY. The Authority improved significantly from last year's performance to the year under review; an improvement of seventeen percent(17%) .

Figure 3: Annual Performance Trends



2.3.3. Key policy developments and legislative changes

There were no policy developments and legislative changes which impacted the work of the Authority during the year under review.

2.4 Performance Information by Programme

The activities of the Authority were organized in the following Programmes during the year under review:

Programme 1: Administration
Programme 2: Licensing
Programme 3: Policy, Research and Analysis
Programme 4: Engineering and Technology
Programme 5: Regions
Programme 6: Compliance and Consumer Affairs

2.4.1 . Programme 1: Administration

Administration is made up of four sub-programmes, namely: Corporate Services, Finance, Human Resources, Internal Audit

Purpose: To provide coordinated strategic leadership, management and support to the organisation to deliver on its mandate.

Strategic Objectives: To improve organisational performance by 20 percentage points, by 2019/20, through different interventions in the Corporate Services, Finance, Human Resources, Internal Audit and the Legal, Risk & Complaints Compliance Committee Sub-Programmes.

Sub-Programme: CEO's Office

Purpose: To provide overall administrative leadership and strategic management to ensure that ICASA lives up to its mandate as spelled out in Section 192 of the Constitution, the ICASA Act, its underlying statutes and in line with relevant government policies that are developed by the government from time to time.

Sub-Programme: COO's Office

Purpose: to direct, administer, coordinate and where relevant decide on all regulatory operational activities in accordance with the mandate of ICASA and to provide regulatory and administrative support to Council in the execution of its mandate. The office is also responsible for overseeing the Programme Office to ensure execution of all strategic and operational projects in the organisation particularly for Programmes number 2 and 6.

Sub-Programme: Corporate Services

Purpose: To provide corporate support services to the Authority through communication, information technology, security, facilities and administration of the highest quality.

Performance Indicators and Targets

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Stakeholder satisfaction percentage	20% satisfaction rating	30% satisfaction rating	30% satisfaction rating	
Number of affiliations to international fora	Annual membership to 5 international fora	Annual membership to 6 international fora	Annual membership to 6 international fora	
Number of offices throughout nine (9) provinces	7 established offices	8 established offices	7 established offices	The building could not be found in a two -tender process followed

Sub-Programme: Finance

Purpose: To provide an efficient and effective support service to ICASA from a finance perspective, through the implementation of sound financial management and ensuring compliance with all applicable legislation and policies.

Performance indicators and targets:

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Percentage of revenue collected	99%	99%	99%	
Percentage of suppliers paid within 30 days after all relevant documentation received	94%	95%	94%	Higher volumes of invoices for the financial period which included processing of ad-hoc invoices and newly finalised contracts took longer to process than usual
Audit opinion	Unqualified audit	Unqualified audit	Unqualified audit	

Sub-programme: Human Resources

Purpose: To ensure that the Authority can plan for required human resources, recruit the right talent in the right positions at the right time, continuously develop the talent to maintain the required levels of competence and create a conducive environment that enables employee engagement and a high-performance culture.

Performance Indicators and Targets:

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Number of approved training and development strategy	Draft training and development strategy	Approval of training and development strategy	One training and development strategy approved	
Vacancy rate	Reduction of vacancy rate to 9%	Reduction of vacancy rate to 7%	5.9%	Over-achievement

Sub-Programme: Internal Audit

Purpose: To provide assurance to management and the Audit, Risk, Ethics and Disclosures Committee (AREDC) by evaluating the adequacy and effectiveness of risk management, control and governance processes.

Performance indicators and targets:

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Number of audits completed	26	27	28	Over-achievement
Number of issue tracking analysis reports produced	12	12	12	
Number of continuous monitoring of high risk processes reported	2	3	2	The third risk could not be done due to the resignation of the Data Analyst and SQL Programmer
Number of combined assurance reports	3	4	4	

Sub-Programme: Legal, Risk and Complaints Compliance Committee

Purpose: The Legal, Risk and Complaints and Compliance Committee Division's (LRCCC Division) primary role is to safeguard ICASA's interests and to ensure that all of its actions and decisions are legally compliant with the Constitution, enabling legislation and other applicable laws.

It is also to promote good governance through ensuring overall, effective risk management, including fraud risk management, regulatory compliance and business continuity to support the Authority to fulfil its legislative mandate and achieve its strategic objectives. insert: The Division also supports the CCC in discharging its mandate as prescribed in terms of the ECA and the ICASA Act.

Performance Indicators and Targets

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Risk maturity level of the organisation	Level 2	Level 2	Level 2	
Percentage of cases received, assessed and investigated for adjudication by CCC in accordance with the CCC handbook	60%	65%	82%	Overachievement. 55 cases out of 67 set for the year were completed.
Percentage of advice provided to council committee within SLA turnaround time	60%	70%	88%	Overachievement. Out of 36 matters - Advice was given on 32 matters within the SLA turnround time.

Achievements' Contributions towards Organisational Strategic Outcome Oriented Goals

All of the Sub-programmes achievements have contributed to the Authority's Strategic Outcome Oriented Goal to enhance ICASA's capacity to fulfil its mandate though improved organisational efficiency.

2.4.2. Programme 2: Licensing

Purpose: To issue, renew, amend, transfer and revoke broadcasting services, electronic communications services, electronic communications network service, postal services and spectrum licences; to authorise use of numbering and other scarce resources; to grant equipment type approval; and to authorise channels as well as licence exemptions for the purposes of socio-economic development and promotion of competition.

Strategic Objectives: To increase access to broadband spectrum; to promote effective competition and reduce costs of electronic communications, electronic communications networks, postal and broadcasting services through licensing of additional Free to Air TV service; to revise the number of portability regulations to ensure portability of all numbers; to licence additional community television broadcasting services and to improve organisational performance by increasing access to applications processed within the specified turnaround.

Performance Indicators and Targets

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Percentage of completed licensing processes for broadband (IMT) spectrum	25% (Publication of the invitation to apply (ITA) for the First Phase of international Mobile Telecommunications "IMT" Licensing Process	50% (Decision of the Council on the First Phase of the IMT Licensing process	50% (Council decided on the First Phase of the IMT Licensing process)	
Percentage of completed licensing processes for commercial free to air television broadcasting services	25% (Publication of the ITA for Licensing of FTA Television Broadcasting Service	50% (Publication of Notice regarding applications for FTA Television Broadcasting Service)	50% (Notice regarding applications for FTA Television Broadcasting Service published)	
Percentage of completed licensing processes of (MUX) 3 spectrum capacity	25% (Publication of the ITA for licensing of 55% of Multiplexer "MUX" 3 spectrum capacity for ITA Television Broadcasting Service	50% (Publication of Notice regarding applications for 55% of MUX 3 spectrum capacity for FTA Television Broadcasting Service)	50% (Notice regarding applications for 55% of MUX 3 spectrum capacity for FTA Television Broadcasting Service published)	
Number of revised/new portability regulations developed	0	1 (Publication of the Amended/New Number Portability Regulations for positions on number portability)	1 (Amended Number Portability Regulations published)	

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Percentage of class broadcasting licence applications, renewals, amendments, transfer and broadcasting channel authorisations, processed within 30 days	92%	92% average	95% average	Over-achievement by 3 percentage points
Percentage of type approval applications processed within 30 working days	50%	50% average	50.13% average	Over-achievement by 0.13 percentage points
Percentage of numbering applications processed within 20 working days	96%	96% average	96% average	
Percentage of an individual licence amendment, retransfer and change of control applications processed within 180 working days	92%	92% average	100% average	
Percentage of radio frequency spectrum licence applications processed within 60 working days	83%	83% average	97.69% average	Over-achievement by 14.69 percentage points
Percentage of completed licensing processes for community television	100% (Decision of the Council on Community Television Licensing Process)	0	0%	Publication of the Amended/ New Portability Regulations or positions on number portability

Achievements' Contributions towards Organisational Strategic Outcome Oriented Goals

The Programme's achievements have contributed to the Authority's SOOGs to increase access to broadband spectrum by service providers in the sector; to promote competition and facilitate universal access to communication services at affordable prices; and to enhance ICASA's capacity to fulfil its mandate though improved organisational efficiency.

2.4.3. Programme 3: Policy, Research and Analysis

Purpose: To conduct research and policy analysis into all the regulatory sectors in line with the mandate of ICASA's strategic plan to promote competition.

Strategic Objectives: To promote competition and reduce costs of electronic communications, electronic communications networks, postal and broadcasting services; to foster the creation of a common national identity through necessary regulatory frameworks for ICT platforms; to influence policy and legislation by developing position papers on policy and legislation; and to continuously track and determine the impact of regulatory decisions.

Performance Indicators and Targets

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target	Reason for Variance	
		Target (2017/18)	Actual (2017/18)	
Number of findings documents on subscription broadcasting	1	1	0	Stakeholders requested extension for submissions. Extensions were granted and the closing date was the 4th December 2017. In addition, stakeholders requested confidentiality to their submissions. The new TOR for RFQ were drafted for the finalisation of the deliverable.
Number of position papers on subscription broadcasting	First Medium-Term Target is for 2019/20			
Number of statistical reports	1	1	1	
Number of reviews on wholesale call termination regulations		1	1	
Number of reports on priority markets	1	1	1	
Number of market reviews in terms of section 67(4)	First Medium-Term Target is for 2018/19			
Number of analysis reports on SAPO annual tariff increase produced	1	1	1	
Number of reports on unreserved postal services	1	1	1	

Number of position papers on unreserved postal services	First Medium-Term Target is for 2019/20			
Number of reports on community broadcasting	1	1	1	
Number of position papers on community broadcasting	First Medium-Term Target is for 2019/20			
Number of reports on community broadcasting of national elections		1	1	
Number of regulations on broadcasting of national elections	First Medium-Term Target is for 2019/20			
Number of reports on the broadcasting of national sporting events		3	3	
Number of reviews on the broadcasting of national sporting events regulations		1	1	
Number of tariff analysis reports	3	2	1	
Number of comments on policy changes submitted	1	1	1	
Number of impact assessment studies				

Achievements’ Contributions towards Organisational Strategic Outcome Oriented Goals

All these achievements have contributed to the Authority SOOG to increase access to broadband spectrum by spectrum users in the country; to enhance the promotion of effective competition and reduce costs of electronic communications, electronic communications networks postal services and broadcasting services; and to improve the Authority’s performance by 20 percent by 2019/20.

2.4.4. Programme 4: Engineering and Technology

Purpose: To develop, coordinate and manage the regulatory framework for management of radio frequency spectrum including the development of equipment technical standards and representing ICASA at international regulatory forums.

Strategic Objectives: To increase access to broadband spectrum from 566 MHz to 958 MHz; to develop regulatory frameworks for the use of dynamic and opportunistic spectrum; to regulate in a manner that develops effective competition and compliance with regulations in the broadcasting, electronic communications and postal services; and to promote the delivery of quality services to consumers and other stakeholders.

Performance Indicators and Targets

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Percentage frequency migration plan revised	National Radio Frequency plan 2017	50% of migration plan work completed	50% of migration plan work completed	
Percentage of International Mobile Telecommunication (IMT) roadmap revised	National Radio Frequency plan 2017	30% of IMT roadmap work completed	30% of IMT roadmap work completed	
Number of Radio Frequency Spectrum Assignments Plans (RFSAPs) produced	National Radio Frequency plan 2017	4 frequency spectrum assignment plans	4 frequency spectrum assignment plans	
Number of research reports on regulatory frameworks on the use of dynamic and opportunistic spectrum management produced	2 research reports on dynamic and opportunistic spectrum management	2 reports relating to frameworks on dynamic and opportunistic spectrum management	2 reports relating to frameworks on dynamic and opportunistic spectrum management	
Number of regulatory frameworks on the use of TV white space spectrum established	Draft TV white space regulations	1 regulatory framework on TV white space spectrum	1 regulatory framework on TV white space spectrum	

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Findings document on the use of digital sound broadcasting produced		1 findings document on the use of digital sound broadcasting	1.Publication of the discussion document on 29 March 2018 2. Study visits on DSB undertaken	Delays in finalising discussion document
Number of province specific QoS reports increased from four to nine provinces per year and extended to include data services, in addition to voice services		6 provinces monitored for QoS	6 provinces monitored for QoS	

Achievements' Contributions towards Organisational Strategic Outcome Oriented Goals

The Programme's achievements have contributed to the promotion of competition and reduction of fees for electronic communications, electronic communications networks, postal and broadcasting services, fostering of the creation of a common national identity through necessary regulatory frameworks, influencing of policy and legislation through advocacy and continuous tracking and determining of the impact of regulatory decisions on the economy.

2.4.5 Programme 5: Regions

Purpose: To enable uninterupted national provision of electronic communications, broadcasting and postal services through compliance monitoring and enforcement.

Strategic Objectives: To protect the rights of consumers by enforcement of regulations.

Performance Indicators and Targets

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Percentage of reported RF interference cases resolved or mitigation	92.50%	94%	99%	Over-achievement of 5 percentage points. 227 interference cases out of 230
Number of additional services offered in the regional offices	3 additional services offered in the regional offices	1	1 Type approval applications offered in the regional offices.	
Percentage of predetermined list of broadcasting compliance inspections conducted	n/a	30%	91%	Over-achievement by 61 percentage points. 191 broadcasting compliance inspections out of 210 were conducted
Number of reports on Code of Conduct compliance inspections conducted	n/a	1	1	
Number of high-site investigations conducted	2415 high-site investigations conducted	1250	1906	Over-achievement by 656 high-site investigations.
Number of type approval compliance inspections conducted	1957 type approval inspections conducted	2000	3721	Over-achievement by 1721 compliance inspections conducted

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Percentage of test letters posted within the agreed timeline	n/a	92%	100%	Over-achievement by 8 percentage points. 761 test letters posted out of 761
Number of NATJOINTS instructions executed	n/a	Execution of 4 NATJOINTS instructions received	6	
Number of consumer education plans developed and implemented	n/a	1	1	
Percentage of pre-assigned Radio Frequency Spectrum Applications processed within 15 days	100% of pre-assigned radio frequency spectrum applications processed within 15 days	94%	99%	Over-achievement by 5 percentage points. 1534 pre-assigned Radio Frequency Spectrum Applications out of 1551 were processed within 15 days

Achievements' Contributions towards Organisational Strategic Outcome Oriented Goals

The Programme's achievements have contributed to the protection of consumer rights.

2.4.6 Programme 6: Compliance and Consumer Affairs

Purpose: To ensure compliance with licence terms and conditions, the requirements of the enabling legislation and associated regulations; and to protect the interest of consumers in the ICT sector.

Strategic Objectives: To protect the rights of consumers by enforcement of regulations and to monitor licencees' compliance with legislation, regulations and licence terms and conditions.

Performance Indicators and Targets

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Number of established consumer advisory panels	0	1	1	
% of consumer complaints resolved	80%	85%	93%	Over-achievement by 8 percentage points
Number of broadcasting licencees monitored	50 broadcasting licencees monitored and annual compliance reported	50	71	Over-achievement by 21 broadcasting licencees monitored
Number of ECS/ ECNS licencees monitored	50 ECS/ECNS licencees monitored and annual compliance reported	50	100	Over-achievement by 50 ECS/ECNs licencees monitored for annual compliance
Number of postal licencees monitored	Postal licencee monitored and annual compliance reported	1	1	
Percentage of inter-licencee disputes decided on within given time frame	0%	60%	No Assessments done	No Inter-licencee disputes were lodged between 1 April 2017 and 31 March 2018

Performance Indicator	Baseline (Actual Output) 2016/17	Actual Performance Against Target		Reason for Variance
		Target (2017/18)	Actual (2017/18)	
Percentage of interconnection and facilities leasing agreements reviewed within the regulated time frames	0%	80%	100%	Over-achievement by 20 percentage points
Number of compliance reports of broadcaster's coverage of 2019 National elections	1 (in respect of 2016 municipal elections)	0	0	

Achievements' Contributions towards Organisational Strategic Outcome Oriented Goals

The Programme's achievements have contributed to the protection of consumer rights and monitoring of compliance with legislation, regulations and licence terms and conditions by licencees.

SECTION C:

GOVERNANCE

ICASA Council

Rubben Mohlaloga
Chairperson

Nomonde Gongxeka-Seopa

Palesa Kadi

Paris Mashile

Dr. Keabetswe Modimoeng

Botlenyana Mokhele

Adv. Dimakatso Qocha

Thembeka Semane

Peter Zimri

3. Governance

3.1 Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the PFMA and run in tandem with the principles contained in the King Report on Corporate Governance.

3.2 The Accounting Authority

The Council of ICASA acts as the Accounting Authority and is accountable to the Executive Authority. The Council provides leadership and is responsible for monitoring the implementation by management of its decisions and strategies. The Council ensures that ICASA adheres to good governance practices and that it complies with all relevant legislation and underlying statutes.

3.3 Regulatory role

- Licensing of electronic communications
- Licensing of Broadcasting services
- Licensing of postal services
- Development of regulations for all regulated sectors

3.4 Governance role

- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the Minister and Parliament, as well as other stakeholders along corporate governance principles;
- Provide effective leadership on an ethical foundation;
- Ensure that ICASA is, and is seen as, a responsible organisation by having regard to not only the financial and regulatory aspects of ICASA, but also the impact ICASA's operations have on the environment and the society within which it operates;
- Ensure that ethics are effectively managed within ICASA;
- Ensure that ICASA has an independent and effective Audit and Risk Committee;
- Responsible for the governance of risk;
- Responsible for information technology governance;
- Ensure that ICASA complies with applicable laws and considers adherence to non-binding rules and standards;
- Ensure that there is an effective risk-based internal audit;
- Appreciate that stakeholders' perceptions affect ICASA's reputation
- Ensure the integrity of ICASA's integrated report;
- Act in the best interests of ICASA by ensuring that individual councillors adhere to legal standards of conduct;
- Ensure that ICASA Council and Councillors take independent advice in connection with their duties following an agreed procedure;
- Disclose real or perceived conflicts to Council and deal with them accordingly
- Appoint and evaluate the performance of the CEO;
- Ensure that disputes,including labour disputes, are resolved effectively, efficiently and expeditiously;
- Monitor management in implementing Council decisions and strategy; and
- Develop ICASA's strategy and vision.

3.5 Council Charter

As recommended in the King III Code of Good Governance, the Council endorses the principles recommended in the code. Council applies these principles where appropriate and applicable, on the condition that the King Code is not in contravention with constitutional and legislative mandates. The Council has an approved Council Charter that sets out policies to guide Council, management and staff to effectively discharge their duties.

The Council Charter outlines:

- The demarcation of roles, responsibilities and powers of the Chairperson, Councillors and the Chief Executive Officer;
- Powers delegated to various committees of the Authority;
- Matters reserved for final decision-making by Council; and
- Roles and procedures of meetings of Council and its committees.

ICASA Councillors are appointed through a public parliamentary process outlined in the ICASA Act.

The term of office of the Chairperson is five years and that of Councillors is four years

3.6 The Composition of Council

Name	Date appointed	Qualifications	No .of Council meetings
Rubben Mohlaloga (Chairperson)	2018.01.01	MA Public Policy and Management BA degree majoring in Communication and International Politics, Senior teachers diploma Certificate in Information Technology Certificate in Public Relations Practice	42
Paris Mashile	2016.04.04	MSc in Physics MSc in Electrical Engineering BSc (Honours) in Physics and Electronics Engineering Member of the Institute of Electrical and Electronics Engineers (IEEE)	47
Botlenyana Mokhele	2016.04.04	MA in Public Policy BA (Honours) in Counselling Psychology Postgraduate Diploma in Information Policy Postgraduate Diploma in Telecommunication Studies Advanced Project Management Diploma	48
Dr Keabetswe Modimoeng	2016.04.04	PhD (Management Sciences) MBA Certificate in Applied Project Management (Cum Laude) National Diploma in Public Relations Management	45
Peter Zimri	2016.04.04	MA in ICT Policy and Regulation Holds various electronic-engineering qualifications and credits in telecoms- and broadcasting-related programmes from Wits, the University of Pretoria, the United States Telecommunication Training Institute, Telkom SA, Rohde & Schwarz and Oracle SA	40
Nomonde Gongxeka-Seopa	2018.02.01	MA in ICT Policy and Regulation Diploma in Journalism Management Advancement Programme Certificate in Broadcasting Policy and Regulatory Trends Certificate in Telecommunications Policy and Regulation	10

Palesa Kadi	2017.09.26	MA in Visual and Heritage Studies BA Honours in Political Studies and Comparative Economic Systems BA in Political Studies Advanced Post-Graduate Diploma in Public and Development Sector Monitoring and Evaluation Certificate in Scenario Planning	18
Dimakatso Qocha	2017.09.21	LLB degree Postgraduate Diploma in Interpretation and Drafting of Contracts Admitted Advocate in 2006 Certificate in Telecommunications Policy, Regulation and Management Certificate in Broadcasting Policy, Regulation and Management	18
Thembeka Semane	2018.02.01	Post Graduate Diploma in Business Administration B.Com: Accounting Certified Associate of the Institute of Bankers	10

Two Councillors had their term expire on the 20th April 2017.

3.7 Council Governance Committees

The Council of ICASA has established the following committees to support council in attending to all governance-related matters effectively:

1. Complaints and Compliance Committee (CCC)
2. Audit, Risk, Ethics and Disclosures Committee (AREDC)
3. Human Resources and Remuneration Committee (REMCO); and
4. Information Technology Review Committee (ITRC).

The table shows the composition of these committees and meetings attended by members

Committee	No. of meeting	Name of member	No. of meetings attended
Information Technology Review Committee	2	Pierre Cronje Potlaki Maine	2
Audit, Risk, Ethics and Disclosures Committee	6	Massaccha Mbonambi Mpho Mosweu Suren Maharaj Rowan Nichols	6
Remuneration Committee	4	Nomkhita Mona Mxolisi Msomi Charles Mohalaba Luyolo Geza	4

3.8 Council led Requlatory Projects

In line with the provisions of section 17 of the ICASA Act and in order to efficiently fulfil its regulatory mandate, Council established the following Committees to lead the various regulation-making process and related activities during the 2017-18 financial year

1. 5G Readiness
2. Code for Persons with Disabilities
3. Digital sound broadcasting.
4. Equity Ownership for HDG
5. Frequency migration plan revised
6. Inquiry into the Subscription Television Broadcasting Services
7. International Mobile Telecommunications (IMT) roadmap revised
8. Licensing of available IMT Spectrum
9. Licensing of Commercial Free-to-Air
10. Licensing of Multiplexer 3 (MUX 3) Radio Frequency Spectrum
11. Priority Markets
12. Protecting the SKA
13. Radio Frequency Spectrum Assignment Plans (RFSAP)
14. Regulatory Framework for Community Broadcasting Services
15. Regulatory Frameworks on Television White Spaces (TVWS)
16. Research reports on dynamic and opportunistic spectrum management
17. Review of Number Portability Regulations
18. Review of regulations on National Elections Broadcasting
19. Review of the Call Termination Regulations
20. Review of Unreserved Postal Services

3.9 Audit, Risk, Ethics and Disclosures Committee

Mandate

This report is provided by the AREDC in respect of the 2017/18 financial year. The Committee's function is guided by a detailed charter which is informed by the relevant governance prescript and aligned to the business.

Purpose

The purpose of the Committee is to assist Council in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards.

Overview

We are pleased to present our report for the financial year ended 31 March 2018. The audited results were unqualified with matters of emphasis.

Audit, Risk, Ethics and Disclosures Committee Members and Attendance

The Committee consists of the members listed below. As per its terms of reference, the committee is required to meet at least four (4) times a year. During the year under review, six (6) meetings were held.

Member	11 May 2017	25 May 2017	22 July 2017	19 Oct 2017	22 Jan 2018	28 Feb 2018	Total attendance	Meeting Held
Ms. M. Mbonambi (Chairperson)	√	x	√	√	√	√	5	6
Ms. M Mosweu	√	√	√	√	√	√	6	6
Mr R Nicholls	√	√	√	√	√	√	6	6
Mr S Maharaj	√	√	x	x	√	x	3	6

All members were appointed 1 July 2016 and their term will expire on 31 October 2018.

Responsibilities

The AREDC is a committee of the Council and has discharged its responsibilities as they relate to the accounting, internal auditing, internal control and financial reporting practices. The Committee has formal terms of reference, has regulated its affairs in compliance with these terms of reference and has discharged its responsibilities contained therein.

The effectiveness of Internal Controls

The systems of controls are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA and King III Report on Corporate Governance requirements, Internal Audit provides the Committee with the assurance that the internal controls are appropriate and effective. This is achieved by means of reviews and testing of the design, implementation and effectiveness of internal controls, as well as the identification of corrective actions and suggested an enhancement to the internal controls and processes. From the various reports of the Internal Auditors, the Audit report on financial statements, and the management letter of Auditor-General of South Africa (AGSA), it was noted that there have been certain control deficiencies reported. Accordingly, we can report that the systems of internal controls for the period under review were partially adequate and partially effective.

Areas were identified for improvement of the Code of Ethical Conduct and Disclosures of Interests e.g. monitoring of ethical conduct and the reporting to the commitee on findings.

Monthly and Quarterly Performance Information

The Committee is of the view that the content and quality of monthly and quarterly reports prepared and issued during the year under review has been standard. The Committee notes the continued improvement from the previous year in performance reports.

Internal Audit

The Committee reviewed the activities of the internal audit function and has concluded the following:

a. The internal audit function is effective, with no unjustified restrictions or limitations.
b. The internal audit reports were reviewed at quarterly meetings, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to issues raised therein.

In respect of the co-ordination of assurance activities, the Committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business. The Chief Audit Executive has direct access to the Committee Chairperson and other members.

The Committee is also responsible for the assessment of the performance of the Chief Audit Executive Audit, and the internal audit function.

Compliance and Legal

The Committee noted with concern the growing number of instances which led to non-compliance with the Supply Chain Management (SCM) prescripts. These non-compliances resulted in irregular expenditure and fruitless and wasteful expenditure; which was confirmed by the AGSA during the audit. Management and Council were implored to ensure compliance with the SCM prescripts by training employees responsible for SCM and those who transact on a day-to-day basis and to capacitate the SCM Unit.

Risk Management and Information Technology

Regarding risk management and information technology, the Committee, insofar as relevant to its functions:

a. Reviewed the policies on risk assessment and risk management, including IT risks as they pertain to financial reporting and the going concern assessment, and found them to be adequate.
b. Considered and reviewed the findings and recommendations of the Internal Audit.
c. Monitored and evaluated significant IT investments, delivery of services, IT governance and the management of IT.

Internal Audit performed a review on Risk Management for the year under assessment and found the system of internal controls to be partially adequate and partially effective. Internal Audit assessed the risk management processes to be at Level 2 of the maturity model.
The Committee notes that its recommendation from the previous financial year to build capacity in risk management which is still receiving attention.

Evaluation of Annual Financial Statements

The Committee has:
a. Reviewed and discussed with the AGSA and the Accounting Authority the audited Annual Financial Statements to be included in the Annual Report;
b. Reviewed the AGSA's audit report, the management letter and management responses thereto; and
c. Reviewed the significant adjustments resulting from the audit.

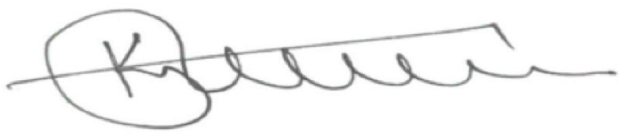
The committee notes the conclusions of the Auditor-General on the Annual Finacial Statements

Auditor-General's report

The AGSA acted as external auditors throughout the year. The Committee reviewed the AGSA's scope and work plan to ensure that key risk areas of the business were being addressed during the audit process.

The Committee has also reviewed ICASA's implementation of the audit action plan on issues raised in the prior year and is not satisfied that most of the significant matters have been adequately addressed.

The Committee concurs and accepts the conclusion of the AGSA on the annual financial statements and recommends that the audited annual financial statements should be read and accepted, together with the report of the Auditor-General South Africa.



Ms. Massaccha Khulekelwe Mbonambi
Chairperson of the Audit, Risk, Ethics and Disclosure Committee

31 July 2018

3.10 Internal Controls
3.10.1. Internal Audit

ICASA's Internal Audit function is an integral part of its corporate governance system. The division is responsible for evaluating systems of control and ensuring that business risks are adequately mitigated. Ultimately, the assurance provided by ICASA's Internal Audit function serves to assist the Council in fulfilling its disclosure obligations under its corporate governance codes and to report annually on the effectiveness of ICASA's systems of control to the Minister of Communications and the Portfolio Committee on Communication.

The division helps management to identify, evaluate and assess significant risks and provides reasonable assurance as to the adequacy and effectiveness of related internal controls, i.e. whether controls are appropriate and functioning as intended. Where controls are found to be deficient or not operating as intended, recommendations for enhancement or improvement are provided by the division.

The division's Annual Plan and the Three-year rolling plan was developed and implemented after considering the significant risks identified by Council, Management and the division. A risk-based approach was followed in developing this plan. The plan provides coverage across all major processes of the orgnaisation. The division attends to ad-hoc requests by Management for specific purpose reviews.

The division completed twenty eight (28) audits for the year against a set target of twenty seven (27). This equates to an achievement 104% audit projects completed for the year. Progress on work done for the year was reported to AREDC as per the mandate.
The division received and completed fourteen (14)

ad-hoc management requests during the reporting period. Among other matters, the AREDC is responsible for monitoring and reviewing the effectiveness of ICASA's Internal Audit function. Each year it considers and approves the Internal Audit Plan, receives and reviews Internal Audit progress reports and approves any changes or shortfalls in the Internal Audit Plan.

3.10.2 Risk Management

ICASA made great strides in 2017/18 and all managers within the organisation understand environmental risks need to be managed to ensure that ICASA remains proactive in everything it does. This ensures that ICASA is resilient and can face unique challenges in the ICT sector and an ever-changing economic landscape.

Diligence is applied when designing controls and action plans to ensure ICASA remains risk averse. This also means that the controls are monitored through ICASA's combined assurance activities.

The enterprise risk management (ERM) methodology is followed across all functional areas and considers all root causes as well as all potential impacts (financial, operational, stakeholder, legal/compliance etc.) that the risk may trigger.

Risk owners are identified across all layers for every risk and take accountability for ensuring that the appropriate risk strategy is implemented. Action owners are also identified for every action and report to risk owners on maintenance of controls and implementation of action plans. The risk management process has been automated to ensure that all risks are captured and reviewed on a quarterly basis.

A Risk Key Performance Area has been included in all managers' performance contracts so as to ensure effective risk management within the organisation. Regular risk assessments are conducted for every Business Unit to ensure effective management of risks at the divisional level. Risks are identified and reviewed on a regular basis and submitted to the AREDC for inputs on risk mitigation and then recommended to the Council for approval. The Authority recognises that it has to deliver services in an increasingly litigious environment and therefore uses risk management to promote innovation in support of the corporate strategy.

The Authority has seen improvements in the management of risks with more action plans being implemented by management. The improvement in risk management is also reflected in the level of achievment of predetermined objectives for the year. Although the Authority has improved in areas previously identified as requiring attention, especially risk awareness and a proactive approach to risk management, the aim is to improve ICASA's risk maturity level from 'risk repeatable' (level 2) to 'risk defined' (level 3).

3.10.3 Fraud and Corruption

The Authority has a Fraud and Corruption Prevention Policy in place. The Policy aims to create a culture of zero tolerance for fraud and provide guidelines on prevention, detection and investigation of incidents of corruption/ fraud. Fraud awareness campaigns were conducted throughout the year under review in order to create awareness among employees of the impact of fraud and corruption on the Authority. The Authority has established a facility that enables whistleblowers to report wrongdoings related to the business of ICASA.

ICASA's independent external hotline service (Whistle Blower fraud hotline) guarantees employees, suppliers, consultants and members of the public their anonymity when reporting any incidents of fraud. The Whistle Blowing Policy was also revised during the year to enhance the reporting of incidents by whistleblowers.

3.10.4. Code of Conduct

The Authority upholds high ethical standards in line with good governance principles and business practice. A set of values and a Code of Ethics require Councillors, the CEO and Employees to display honesty, fair dealing, integrity, or good morals and ethical values in their conduct. ICASA's Code of Ethics is subject to the provisions of the ICASA Act, the PFMA and Treasury Regulations, and any other applicable law or regulatory provision. The Audit, Risk, Ethics and Disclosure Committee is responsible for monitoring ethical practices.

The Code of Ethics requires all Councillors and employees of ICASA to adhere to ethical business practices in their relationships with one another, suppliers, licensees and the public. The Code of Ethics also sets stringent standards relating to the acceptance of gifts from third parties and declarations of potential conflict of interests.

The Authority continues to provide training to employees on the Code of Ethics to enhance compliance with the Code. Employees, stakeholders and members of the public can report suspected unethical conduct by using the Whistle Blower fraud hotline.

3.10.5 Health and Safety and Environmental Issues

ICASA is committed to providing and maintaining a safe and healthy working environment for all its employees, stakeholders and interested parties. Therefore, ICASA always strives to comply with the Occupational Health and Safety (OHS) Act 85 of 1993 as amended. To ensure compliance with OHS statutory requirements, ICASA has put in place the following measures:

- An approved Occupational Health & Safety Policy;
- An OHS Policy Statement, displayed at our offices, as required by the OHS Act;
- Appointed representatives as per the OHS Act;
- Approved annual OHS plan (of activities) and;
- Training and awareness in all aspects of safety, health and environment in order to assist the Authority in fulfilling its statutory and common law duties of care;

Occupational Health & Safety Committee

The purpose of the Committee is to monitor and implement OHS related business decisions and oversee compliance with the OHS Policy and the Act. The Committee convened four (4) times in the 2017/18 financial year (quarterly) and is comprised of a wide range of representation of staff from across ICASA. Some of the operational activities undertaken by the Committee in the 2017/18 financial year include:

- Conducting emergency evacuation drills. Two (2) drill exercises were conducted and the activities involved preparing employees, contractors, stakeholders and interested parties for life-threatening situations;
- Recording and reporting various OHS incidents.
- Providing competent and professional advice on a range of safety, health and environmental issues occurring within ICASA and
- Providing Personal Protective Equipment (PPE) to employees whose work enviroment requires some.

Audits & Inspections

Annual building assessments, through an external service provider, were conducted and completed on all of ICASA's premises, as listed below:

No	Province	Location	Percentage achieved
1.	Head Office	Sandton	86%
2.	Free State	Bloemfontein	76%
3.	Western Cape	Cape Town	83%
4.	KwaZulu Natal	Durban	89%
5.	Eastern Cape	Port Elizabeth	82%
6.	Mpumalanga	Nelspruit	93%
Average Compliance			84%

Human Resource Management

ICASA's year in review

SECTION D:

HUMAN RESOURCE MANAGEMENT

4. Human Resource Management

4.1 Introduction

The Human Resources division is the custodian of the overall human capital management function, with the responsibility to ensure that ICASA can deliver on its mandate and achieve its strategic goals through the optimum utilisation of its human capital. In doing so, the function is guided by its long-term vision of working in partnership with business to create an environment where employees can thrive and are enabled to deliver sustainable organisational performance.

Currently, four long-term strategic priorities have been identified for HR:

1. implementing a training and development strategy that will improve employee engagement by establishing clear career paths for employees within ICASA;
2. reducing staff vacancies from 7% to 5%, as this will improve ICASA's capacity to achieve its mandate;
3. achieving a 40% HR compliance with SABPP standards, as this will ensure that ICASA's HR practices meet the highest standard of compliance and excellence;
4. reviewing the organisational structure, this will address the incongruence between ICASA's structure and the strategy.

4.2. Workforce Plan

ICASA uses a systematic method for identification and analysis of organisational workforce needs. This technical innovation has facilitated the development of a workforce plan that ensures ICASA always has the sustainable organisational capability it requires to meet its strategic and operational objectives. The workforce plan sets out the actions necessary to have the right people in the right place at the right time.

The main objective of the workforce plan is to fill positions within the Authority efficiently. This requires the fulfilment of the following sub-objectives:

1. to design a strategic workforce plan which meets the Authority's needs and responds to workforce and labour market trends;
2. to align the workforce planning cycle with the Authority's strategic planning and budgeting cycle;
3. to ensure appropriate budgeting or cost modelling when preparing the budget for the workforce plan;
4. to provide an adequate supply of qualified staff by sourcing and building a future supply of the right skills in order to meet the Authority's needs.

4.3. Individual and Team Performance

ICASA follows a planned process of directing, developing, supporting, aligning and improving individual and team performance to enable a sustained achievement of organisational objectives. This objective facilitates effective performance management within the Authority. This requires the fulfilment of the following sub-objectives:

1. to translate and cascade broad performance drivers to teams and individual performance targets and measure progress against agreed objectives;
2. to develop a performance culture by establishing a performance management system, process and methodology tailored to the needs, size, and complexity of ICASA;
3. to link performance management to other HR processes, in order to align appropriate performance consequences that attract, retain and motivate employees and to address poor performance;
4. to ensure fair, ethical and organisational cultural practices focusing on the sustainable achievement of performance targets.

4.4. Employee Wellness Strategy

This strategy helps to ensure that a safe and healthy work and social environment is created and maintained, together with individual wellness commitment that enables employees to perform optimally while meeting all health and safety legislative requirements and other relevant wellness best practices in support of the achievement of organisational objectives. This objective aims to guarantee effective health and wellness management within the Authority. This requires the fulfilment of the following sub-objectives:

1. to enable employees to manage their physical, mental, spiritual, financial and social well-being;
2. to allow ICASA to manage employee wellness issues that can have a negative impact on the employees' ability to deliver on the Authority's objectives;
3. to promote a safe and healthy working environment that is conducive for encouraging

high productivity and preserving human life and health;

4. to enhance Employment Value Proposition by promoting a culture of individual health and overall wellness throughout the Authority.

4.5. HR Policy Review

HR has reviewed the terms and conditions of employment, remunerations policy and HR development strategy. These policies are in line with modern developments in the HR field and have been benchmarked with the best HR practices. In the fiscal year 2018/19, HR will revise its HR strategy and develop a comprehensive service level agreement which will then be implemented in the following years.

In the fiscal year 2017/18, the HR division had the following highlights:

1. 100% achievements against the set targets.
2. The staff vacancy rate of ICASA decreased by 2.5% from 8.4% to 5.9%, making this the lowest rate that the organisation has ever experienced
3. ICASA together with the University of Stellenbosch Business School developed the Senior Management Development Programme, launched in 2017. A total of 14 Senior Employees benefitted from the tailor-made programme
4. SABPP audit of ICASA's HR was conducted practices against the SABPP national standards. ICASA's HR practices were rated to be above the national average.
5. Conducted multiple Employee Wellness Events

Human Resource Management
HR Oversight Statistics

Human Resource Oversight Statistics:

4.6 HR Oversight Statistics

Personnel Cost by programme

Programme	2016/17 Employee Costs	2017/18 Employee Costs	No. of employees	2016/17 Average employee cost	2017/18 Average employee cost	Variance
Basic	R254 667 869	R290 165 330	361	R676 004	R783 966	16.0%
Training	R12 658 535	R9 524 827	360	R35 162.60	R26 457.85	-32.9%
Grand Total	**R267 326 404**	**R299 690 157**	**361**	**R711 167**	**R810 424**	10.80%

Staff costs increased by 10.80% from R267 326 404 to R299 690 157.

Staff complement

	2016/17	2017/18	Variance	Movement
Approved posts	356	356	0%	0
Number of employees in approved structure	305	314	3%	14
Total number of employees	357	361	1%	4
Vacancies	30	21	-30%	-6
Vacancies (vacancy rate percentage)	8.4%	5.9%	-30%	-2%

Vacancy rate decreased by 2.5% from 8.4% to 5.9%, making this the lowest vacancy rate experienced by the organistation

Divisional staff cost

Division	2016/17	2017/18	Inc(Dec)rease	Inc(Dec)rease %
Licensing	R39 496 544	R44 990 369	R5 493 825	13.9%
Engineering & Technology	R12 302 408	R13 323 842	R1 021 433	8.3%
Policy, Research and Analysis	R18 600 066	R16 470 549	-R2 129 516	-11.4%
Compliance and Consumer Affairs	R26 625 994	R23 555 337	-R3 070 657	-11.5%
Regions	R44 707 482	R52 270 678	R7 563 196	16.9%
Finance	R20 114 482	R26 532 434	R6 417 952	31.9%
Corporate Services	R22 110 538	R23 133 423	R1 022 885	4.6%
Human Resource Management	R27 276 716	R44 022 248	R16 745 532	61.4%
Legal, Risk and CCC	R11 142 630	R13 216 500	R2 073 870	18.6%
Internal Audit	R10 038 015	R10 455 647	R417 632	4.2%
Council	R14 621 766	R14 462 922	-R158 843	-1.1%
CEO	R4 064 664	R5 038 218	R973 555	24.0%
COO	R3 566 565	R2 693 163	-R873 402	-24.5%
Grand Total	**R254 667 869**	**R290 165 330**	**R35 497 461**	**13.9%**

Staff costs excluding training increased by 13.9% from R254 667 869 to R290 165 330.

Training Costs

Business Unit	No. of employees trained	Training Expenditure R	Average of Training Cost per Employee R
CEO Office	4	R52 835	R13 208.77
Compliance & Consumer Affairs	36	R799 827	R22 217.41
COO Office	3	R61 830	R20 609.86
Corporate Services	47	R1 412 685	R30 057.12
Engineering & Technolgy	16	R664 648	R41 540.52
Finance	48	R688 947	R14 353.06
Human Resource Management	20	R1 382 967	R69 148.37
Internal Audit	19	R307 376	R16 177.68
Licensing	49	R722 213	R14 739.03
Policy, Research and Analysis	19	R390 652	R20 560.63
Regions	63	R1 056 278	R16 766.32
Council & Secretariat	21	R667 947	R31 807.00
Legal, Risk and Complaints and Compliance Comittee	15	R1 316 623	R87 774.86
Grand Total	**360**	**R9 524 827**	**R30 689**

An amount of R9 524 827 was spent on training for the year under review at an average cost of R 30 689 per employee

Headcount and Vacancies per Occupational Level

Programme	2016/17 No. of Employees in approved positions	2015/2016 Vacancies	2017/18 No. of Employees in approved positions	2017/18 Active Vacancies	% of vacancies
Top Management	7	0	10	0	0.0%
Senior Management	11	1	9	0	0.0%
Professional qualified	99	13	102	7	6.9%
Skilled	168	14	165	12	7.5%
Semi-skilled	69	2	72	2	2.8%
Unskilled	3	0	3	0	0.0%
TOTAL	**357**	**30**	**361**	**21**	**5.9%**

ICASA has 356 approved positions, of which 21 are currently vacant.This translates to a vacancy rate of 5.9%.

Human Resource Division

Overview of HR Statistics

Employment changes

Salary Band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top Management	7	4	4	10
Senior Management	11	1	6	9
Professional qualified	99	8	1	102
Skilled	168	12	1	165
Semi-skilled	69	3	8	72
Unskilled	3	0	0	3
Total	**357**	**28**	**20**	**361**

ICASA employed 28 new employees and this contributed to the low vacancy rate.

Reasons for staff attrition

Reason	Number	% of total no. of staff leaving
Dismissal	1	5%
Deceased	1	5%
Contract End	2	10%
Resignation	16	80%
Total	**20**	**100%**

A turnover that is higher than 10% is considered high. In the 2014/15 financial year, ICASA's turnover rate stood at at 17%. By the end of the 2015/16 financial year, it was down to 12%. In the 2016/17 financial year, the turn-over fluctuated between 10% and 11%. As at end of 2017/ 18 the turnover was at 7%

Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	2016/17 Number	2017/18 Number	Variance	Status of Cases
Labour Court	1	1	0%	Unresolved
CCMA	4	5	25%	1 case resolved, 4 unresolved
Disciplinary	10	8	-20%	1 case awaiting data for hearing, 1 charges against employee dropped, 1 continuing on the 9-10 April 2018, 1 employee found guilty awaiting sanction, 1 employee found guilty awaiting sanction and 3 resolved
Grievance	22	26	18%	18 resolved, 6 unresolved and 2 withdrawn
Total	**37**	**40**	**8%**	

There were 8% more disciplinary cases in 2017/18 than 2016/17 financial year. The number of labour court cases did not increase, CCMA cases increased by 25% from 4 to 5 cases, disciplinary cases decreased by 20% from 10 to 8 cases, and the number of grievances increases by 18% from 22 to 26 cases.

Equity Target and Employment Equity Status

Occupational Levels	Male								Female								Foreign National		Grand Total
	African	Target	Coloured	Target	Indian	Target	White	Target	African	Target	Coloured	Target	Indian	Target	White	Target	Male	Female	
Top management	4	4	1	0		0		2	5	3		0		1		0			10
Senior management	4	2		0	1	0		2	2	1		1		0	1	0		1	9
Professionally Qualified	50	24	3	3	6	3	7	2	25	16	2	1	1	1	1	1	5	2	102
Skilled Technician and academically qualified workers	60	54	12	4	2	4	11	14	65	47	7	3	3	1	5	5			165
Semi-skilled and discretionary decision-making	18	16	1	1	1	2	3	3	40	46	3	3	2	1	4	2			72
Unskilled and defined decision-making		0		0		0		0	3	0		0		0		0			3
Grand Total	**136**	**100**	**17**	**8**	**10**	**9**	**21**	**23**	**140**	**113**	**12**	**8**	**6**	**4**	**11**	**8**	**5**	**3**	**361**

Persons with Disibilities per gender

Occupational Level	Male	Female	Grand Total
Top management	0	0	0
Senior management	0	0	0
Professionally Qualified	1	0	1
Skilled Technician and academically qualified workers	3	1	4
Semi-skilled and discretionary decision-making	1	0	1
Unskilled	0	0	0
Grand Total	**5**	**1**	**6**

The above tables compare the demographics of ICASA's headcount to targets based on the Economically Active Population of SA of South Africa (EAP). Six people who are living with disabilities work for the Authority.

SECTION E:

COMPLAINTS AND COMPLIANCE COMMITTEE

5. Complaints and Compliance Committee

5.1 Chairperson's Report

The Complaints and Compliance Committee at ICASA is an independent administrative tribunal, recognised as such by the Constitutional Court. It investigates and adjudicates all matters referred to it by the Authority, as well as complaints received by it pertaining to *inter alia* and allegations of non – compliance with the ICASA Act or underlying statutes. It acts in terms of the ICASA Act 2000, the Electronic Communications Act 2005, the Broadcasting Act 1999 and the Postal Services Act 1998.

The CCC consistently aims to dispense with the adjudication of disputes and complaints expeditiously, given the huge economic stakes involved and the time-based sensitivity of matters before it. Furthermore, increased awareness of the role of the CCC by the public and other stakeholders is likely to lead to an increase in the organisation's caseload as more people make use of this avenue for resolving disputes and complaints rather than approaching the courts.

The responsiveness of regulations to technological advances within the industry is brought into sharp focus in the inquiries before the CCC. Traditionally, regulation in telecommunications and broadcasting sector has focused on interconnection, access to infrastructure and facilities, quality of service, competition, spectrum management, and broadcast digital migration. Increasingly, regulation will be challenged to deal with modern developments within the electronic communications field. This scenario implies an increasingly important role for the CCC.

Industry Disputes

Since the Authority may refer disputes between licencees to the CCC for resolution and it also has direct jurisdiction in disputes concerning contracts, the CCC was also brought closer to matters such as interconnection, leasing of facilities and what was termed by a complainant to have been an unreasonable fee for interconnection. A complaint as to the omission to port numbers by a licencee was also resolved on an urgent basis.

Members of the CCC

During the year under review, the council appointed three new members to the CCC. They are Mr. Mzimkulu Malunga, an expert in journalism and finance, Mr. Jack Tlokana and Mr. Peter Hlapolosa are experts in technical matters. Other members are: Prof Kasturi Moodaliyar (Law) and Mr. Jacob Medupe (Technical). Dr. Keabetswe Modimoeng (Councillor) was also appointed to the CCC as required by the ICASA Act, in addition to his other duties as Councillor. The Councillor has extensive knowledge of the media and state organisations.

Except for the Councillor, all of the members are appointed on a part time basis.

Organisational

According to the ICASA Act the Chairperson, who must be a senior lawyer, has the task of managing the work of the CCC. In this regard, the Chairperson is assisted by a full time Coordinator and a Divisional Assistant. As mentioned, there are also three Assessors who have been appointed for a specific term to assist the Coordinator in managing the affairs of the CCC and to ensure complience with the Promotion of Administrative Justice Act requires for constitutionally just legal enforcement. All judgments of the CCC and Orders of Council in this regard are placed on the ICASA Website.

Hearings

During the year under review, 55 cases were resolved. Quarterly meetings, where the Chair and Coordinator provided an overview of the issues which were decided, as well as an overview of the matters which were not referred to the CCC, for lack of jurisdiction, to members of the CCC, were held.

Challenges

The speedy and equitable resolution of disputes and complaints and acting within its powers lie at the core of the ideals and mandate of the CCC. The following statement by the Constitutional Court in *Gcaba (2010)* is, in closing, particularly significant:

'[56] Therefore, a wide range of rights and the respective areas of law in which they apply are explicitly recognised in the Constitution. The legislature is sometimes specifically mandated to create detailed legislation for a particular area, like equality, just administrative action (PAJA) and labour relations (LRA). *Once a set of carefully crafted rules and structures has been created for the effective and speedy resolution of disputes and protection of rights in a particular area of law, it is preferable to use that particular system*."

The CCC constantly strives to apply such rules within the electronic and broadcasting spheres – consistently bearing in mind that it must abide by the Rule of Law, which requires equality and justice

J. C. W. van Rooyen

Prof Kobus van Rooyen SC
Chairperson of the CCC

12 June 2018

5.2 Committee Membership and Attendance

The members depicted in Table 1 served on the CCC during the period under review:

Committee Member	Commencement of Term	Expiry date of Term
Prof. JCW Van Rooyen	18 December 2014	17 December 2017
Dr. Keabetswe Modimoeng	April 2016	April 2020
Jack Tlokana	29 June 2017	28 June 2020
Mzimkulu Malunga	29 June 2017	28 June 2020
Peter Hlapolosa	29 June 2017	28 June 2020
Kasturi Moodaliyar	1 December 2014	30 November 2017
Jacob Medupe	1 December 2014	30 November 2017

Meeting Attendance

Member	17 Internal Meetings	1 Quarterly Meetings	3 Deliberations	14 Hearings	0 Strategic Session (Over a period of 2 days)	Total
Prof. JCW Van Rooyen	17	1	3	14	0	35
Dr Keabetswe Modimoeng	3	1	2	14	0	20
Jack Tlokana	1	1	3	14	0	19
Mzimkulu Malunga	1	1	3	13	0	18
Peter Hlapolosa	1	1	3	13	0	18
Kasturi Moodaliyar	1	1	2	12	0	16
Jacob Medupe	1	1	3	11	0	16

Number of Complaints adjudicated by the CCC during the period under review

Postal	Broadcasting	Telecommunications
1	14	40

TOTAL = [55]

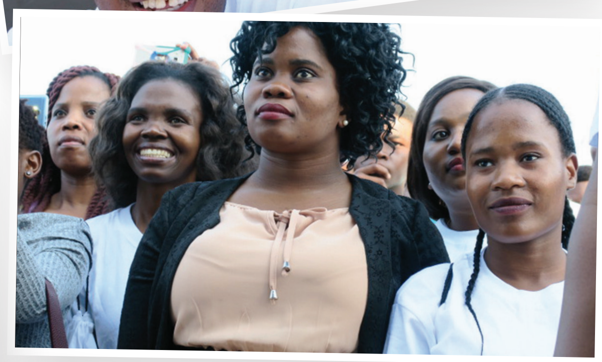
ICASA's year in review


ICASA


@funfitness.sa
@funfitclubsa
@funfitclubsa


ICASA
INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA
ICASA


mdda



SECTION F:

FINANCIAL STATEMENTS
ANNUAL REPORT 2017/18

Annual Financial Statements
Report by the Accounting Officer

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999) (PFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is beyond reproach. The focus of risk management in the Authority is that of identifying, assessing, managing and monitoring all known forms of risk across the Authority.

While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements.

However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. The auditors are responsible for auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented below.

The annual financial statements set out in the Annual Report, which have been prepared on the going concern basis, were approved by the accounting officer on 31 July 2018 and were signed on its behalf by:

Willington Ngwepe
Chief Executive Officer
31 July 2018

Report of the auditor-general to Parliament on the Independent Communications Authority of South Africa (ICASA)

Report on the audit of the financial statements

Unqualified opinion

1. I have audited the financial statements of the Independent Communications Authority of South Africa set out on pages 82 to 136, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Independent Communications Authority of South Africa as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the constitutional institution in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

Emphasis of matter

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material impairments - National Revenue Fund receivables

7. As disclosed in note 5 to the financial statements, the entity has impaired receivables from non- exchange transactions amounting to R245 176 928 (2017: R242 401 843) as a result of potential irrecoverable trade debtors.

Fruitless and Wasteful expenditure

8. As disclosed in note 32 to the financial statements, the constitutional institution incurred fruitless and wasteful expenditure of R7 379 427.

Irregular expenditure

9. As disclosed in note 33 to the financial statements, the constitutional institution incurred irregular expenditure of R66 716 970 as proper procurement processes were not followed.

Responsibilities of the Accounting Authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting authority is responsible for assessing the Independent Communications Authority of South Africa's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the constitutional institution or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the constitutional institution. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the constitutional institution for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – Licensing	37 – 38
Programme 3 – Policy, Research and Analysis	39 – 40
Programme 4 – Engineering & Technology	41 – 42
Programme 5 – Regions	43 – 44
Programme 6 – Compliance and Consumer Affairs	45 – 46

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 5 – Regions

Percentage of test letters posted within the agreed timeline

19. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of 100%. This was due to inadequate technical indicator descriptions relating to the term "agreed timelines" that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 100% as reported in the annual performance report.

Programme 6 – Compliance and Consumer Affairs

Percentage of inter-licensee disputes decided on within a given timeframe

20. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of 0%. This was due to inadequate technical indicator descriptions, proper performance management systems and processes, and formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 0% as reported in the annual performance report.

21. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2– Licensing
- Programme 3– Policy, Research and Analysis
- Programme 4 – Engineering & Technology

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages 33 - 46 for information on the achievement of planned targets for the year and explanations provided for the achievement of all targets. This information should be considered in the context of the findings expressed on the usefulness and reliability of the reported performance information in paragraphs 19 to 21 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Licensing; Programme 3: Policy, Research and Analysis; Programme 4: Engineering and Technology; Programme 5: Regions and Programme 6: Compliance and Consumer Affairs. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness of the reported performance information. Those that were not corrected are included in the findings reported.

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Constitutional Instituition with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

26. The material findings on compliance with specific matters in key legislations are as follows:

Expenditure management

27. Effective steps were not taken to prevent irregular expenditure amounting to R66 716 970, as disclosed in note 33 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

28. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R7 379 427, as disclosed in note 32 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

Procurement and Contract Management

29. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.

30. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3. Similar non-compliance was also reported in the prior year.

31. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids as required by treasury regulations 16A6.1. Similar non-compliance was also reported in the prior year.

32. Bid documentation for procurement of commodities designated for local content and production did not meet the stipulated minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8.2. Similar non-compliance was also reported in the prior year.

33. Some of the commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation. Similar non-compliance was also reported in the prior year.

34. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar limitation was also reported in the prior year.

35. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

Other information

36. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the chairperson's report and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this respect.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Financial and performance management

40. Management did not implement effective monitoring and review procedures to ensure compliance with supply chain management (SCM) legislation, regulations and policies and procedures applicable to the entity.

41. Management did not adequately review the annual performance plan to ensure that indicators are well-defined and measurable.

Auditor - General

Pretoria
31 July 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the constitutional institution's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

    - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
    - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the constitutional institution's internal control
    - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by council, which constitutes the accounting authority
    - conclude on the appropriateness of the council, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Independent Communications Authority of South Africa's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a constitutional institution to cease continuing as a going concern
    - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

The annual financial statements set out on pages 81 to 135, which have been prepared on the going concern basis, were approved by the Council of the Authority on 31 July 2018 and were signed on its behalf by:

Willington Ngwepe
Chief Executive Officer

Rubben Mohlaloga
Chairperson

	Note(s)	2018 R	2017 R
Assets			
Current Assets			
Inventories	3	69 2250	489 576
Receivables from exchange transactions	4	485 7480	6 022 319
Receivables from non-exchange transactions	5	855 576 486	806 647 505
Prepayments	6	55 849 92	9 704 751
Cash and cash equivalents	7	633 182 270	754 960 180
		1 499 893 478	**1 577 824 331**
Non-Current Assets			
Property, plant and equipment	8	115 497 477	122 546401
Intangible assets	9	189 185 82	18 840674
		134 416 059	**141 387 075**
Non-Current Assets		134 416 059	141 387 075
Current Assets		1 499 893 478	1 577 824 331
Total Assets		**1 634 309 537**	**1 719 211 406**
Liabilities			
Current Liabilities			
Finance lease obligation	10	320 971	289 783
Operating lease liability	11	(34 218)	1 604 344
Payables from exchange transactions	12	4 0348 928	29 067 621
Payables from non-exchange transactions	13	20 937	20 937
National Revenue Fund Payables	14	1 395 472 416	1 355 918 275
Unspent conditional grants and receipts	15	7 810 214	9 615 947
Provisions	16	27 307 331	19 693 431
		1 471 246 579	**1 416 210 338**
Non-Current Liabilities			
Finance lease obligation	10	28 246	34 9130
Operating lease liability	11	94 8628	976 857
		976 874	**1 325 987**
Non-Current Liabilities		976 874	1 325 987
Current Liabilities		1 471 246 579	1 416 210 338
Total Liabilities		**1 472 223 453**	**1 417 536 325**
Assets		1 634 309 537	1 719 211 406
Liabilities		(1 472 223 453)	(1 417 536 325)
Net Assets		**162 086 084**	**301 675 081**
Accumulated surplus		162 086 084	301 675 081

Statement of financial performance for the year ended 31 March 2018

	Note(s)	2018 R	2017 R
Revenue			
Revenue from exchange transactions			
Other income	18	18 787 132	23 941 973
Revenue from non-exchange transactions			
Revenue from non - exchange transactions	17	430 383 000	414 481 000
Other revenue from non-exchange transactions	17	2 389 042	17 336 003
Total revenue from non-exchange transactions		**432 772 042**	**431 817 003**
		18 787 132	23 973 379
		432 772 042	431 817 003
Total revenue		**451 559 174**	**455 790 382**
Expenditure			
Employee related costs	19	(290 165 330)	(254 667 869)
Depreciation and amortisation	20	(17 226 140)	(17 251 452)
Impairment loss/ Reversal of impairments		(40 921)	(24 863)
Finance costs	21	(54 380)	(163 273)
Repairs and maintenance	22	(7 475 685)	(7 383 541)
General Expenses	23	(149 785 562)	(149 868 236)
Total expenditure		**(464 748 018)**	**(429 359 234)**
Total revenue		451 559 174	455 790 382
Total expenditure		(464 748 018)	(429 359 234)
		-	-
(Deficit) surplus before taxation		(13 188 844)	26 431 147
Taxation		-	-
(Deficit) surplus for the year		**(13 188 844)**	**26 431 147**

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	282 494 071	282 494 071
Adjustments		
Prior year adjustments	(7 250 137)	(7 250 137)
Balance at 01 April 2016 as restated*	**275 243 934**	**275 243 934**
Changes in net assets (Deficit) surplus for the year	26 431 147	26 431 147
Total changes	26 431 147	26 431 147
Opening balance as previously reported	301 675 084	301 675 084
Adjustments	(126 400 156)	(126 400 156)
Funds surrendered to National Revenue Fund		
Balance at 01 April 2017	**175 274 928**	**175 274 928**
Changes in net assets (Deficit) surplus for the year	(13 188 844)	(13 188 844)
Total changes	(13 188 844)	(13 188 844)
Balance at 31 March 2018	**162 086 084**	**162 086 084**

	Note(s)	2018 R	2017 R
Cash flows from operating activities			
Receipts			
Finance income		18 203 823	23 939 973
Cash received from Department of Communications		430 383 000	414 481 000
Other receipts		583 309	450 651
Cash received by Administered Revenue for NRF		1 502 539 288	1 540 671 844
		1 951 709 420	1 979 543 468
Payments			
Employee costs		(264 364 282)	(231 437012)
Suppliers		(158 300 242)	(219 304840)
Finance costs		(2 272)	(90 581)
Cash paid by Administered Revenue for NRF		(1 511 912 507)	(1 444 314 003)
		(1 934 579 303)	(1 895 146 436)
Total receipts		1 951 709 420	1 979 543 468
Total payments		(1 934 579 303)	(1 895 146 436)
Net cash flows from operating activities	25	**17 130 117**	**84 397 032**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(13 413 330)	(28 317 658)
Proceeds from sale of property, plant and equipment	8	552 763	-
Purchase of other intangible assets	9	(1 313 069)	(12 298 982)
Net cash flows from investing activities		**(14 173 636)**	**(40 616 640)**
Cash flows from financing activities			
Funds surrendered to National Revenue Fund		(124 734 391)	-
Net increase/(decrease) in cash and cash equivalents		**(121 777 910)**	**43 780 392**
Cash and cash equivalents at the beginning of the year		754 960 180	711 179 788
Cash and cash equivalents at the end of the year	7	**633 182 270**	**754 960 180**

Budget on Cash Basis

	Approved budget	Adjust-ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer-ence
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	27 000 000	-	**27 000 000**	18 787 132	**(8 212 868)**	Note 34
Revenue from non-exchange transactions						
Funding from the Department of Communications	430 384 000	-	**430 384 000**	430 383 000	**(1 000)**	Note 34
Other Revenue from Non-exchange transactions	-	-		2 389 042	**2 389 042**	Note 34
Total revenue from non-exchange transactions	**430 384 000**	-	**430 384 000**	**432 772 042**	**2 388 042**	
'Total revenue from exchange transactions'	27 000 000	-	**27 000 000**	18 787 132	**(8 212 868)**	Note 34
'Total revenue from non-exchange transactions'	430 384 000	-	**430 384 000**	432 772 042	**2 388 042**	Note 34
Expenditure						
Personnel	(273 450 946)	-	**(273 450 946)**	(290 165 330)	**(16 714 384)**	Note 34
Depreciation and amortisation	(18 040 183)	-	**(18 040 183)**	(17 226 140)	**814 043**	Note 34
Impairment loss/ Reversal of impairments	(17 382)	-	**(17 382)**	(40 921)	**(23 539)**	Note 34
Finance costs	(203 692)	-	**(203 692)**	(54 380)	**149 312**	
Repairs and maintenance	(3 924 487)	-	**(3 924 487)**	(7 475 685)	**(3 551 198)**	Note 34
General Expenses	(172 021 162)	-	**(172 021 162)**	(149 785 562)	**22 235 600**	Note 34
Total expenditure	**(467 657 852)**	**-**	**(467 657 852)**	**(464 748 018)**	**2 909 834**	
	(10 273 852)	-	**(10 273 852)**	(13 188 844)	**(2 914 992)**	Note 34
	-	-		-	**-**	Note 34
Deficit before taxation	**(10 273 852)**	**-**	**(10 273 852)**	**(13 188 844)**	**(2 914 992)**	
Deficit before taxation	-	-		(13 188 844)	**(13 188 844)**	
Taxation	-	-		-	**-**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-		**(13 188 844)**	**(13 188 844)**	
Reconciliation						

1. Presentationof Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the constitutional institution.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the constitutional institution will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The constitutional institution assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Authority makes judgements as to whether there is observable data indicating a measurable decrease/increase in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for inventory to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation Authority note.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value- in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The constitutional institution reviews and tests the carrying value of assets when events or changes in circumstances suggestthat the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of entity-specific variables such as existing disputes between the Authority and the licencee and long outstanding fees billed under repealed regulations, as well as economic factors such as inflation, exchange rates and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the constitutional institution;
- and the cost of the item can be measured reliably.
- Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

1.4 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	7 - 27 years
Motor vehicles	Straight line	10 - 19 Years
Office equipment	Straight line	7 - 26 Years
Computer equipment	Straight line	5 - 26 Years
Computer software	Straight line	5 - 19 Years
Leasehold improvements	Straight line	Depreciated over lease period
Technical equipment	Straight line	5 - 29 Years
Office and Computer Equipment under Finance Lease	Straight line	Depreciated over lease period

The depreciable amount of an asset is allocated on a systematic basis over its useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the constitutional institution. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accountingestimate.

The constitutional institution assesses at each reporting date whether there is any indication that the constitutional institution expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the constitutional institution revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in Authority or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in Authority or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the constitutional institution holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds fromsales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The constitutional institution separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 22).

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licenced, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the constitutional institution or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic

benefits or service potential that are attributable to the asset will flow to the constitutional institution;and
- the cost or fair value of the asset can be measuredreliably.

The constitutional institution assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is re ognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	5 - 19 Years

The constitutional institution discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity;or
- a contractual right to:
  - receive cash or another financial asset from another entity;or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity;or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

1.6 Financial instruments (continued)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution;or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition;or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge;or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the constitutional institution incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the constitutional institution.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which therelated revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

(a) the period of time over which an asset is expected to be used by the constitutional institution;or
(b) the number of production or similar units expected to be obtained from the asset by the constitutional institution.

1.10 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

(a) the period of time over which an asset is expected to be used by the constitutional institution;or
(b) the number of production or similar units expected to be obtained from the asset by the constitutional institution.

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an constitutional institution after deducting all of its liabilities.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations;or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date;or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service;and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund;and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.13 Provisions and contingencies

Provisions are recognised when:

- the constitutional institution has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the constitutional institution settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/ operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring;and
- not associated with the ongoing activities of the constitutional institution

No obligation arises as a consequence of the sale or transfer of an operation until the constitutional institution is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision;and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The constitutional institution recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms;and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the constitutional institution for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the constitutional institution considers that an outflow of economic resources is probable, anconstitutional institution recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less,

where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Authority receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
the constitutional institution has transferred to the purchaser the significant risks and rewards of ownership of the goods;

- the constitutional institution retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the constitutional institution;and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the constitutional institution;
- the stage of completion of the transaction at the reporting date can be measured reliably;and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on astraight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the constitutional institution,and
- The amount of the revenue can be measured reliably.

Interest is recognised, in Authority or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an constitutional institution, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the constitutional institution can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other lawenforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an constitutional institution either receives value from another constitutional institution without directly giving approximately equal value in exchange, or gives value to another constitutional institution without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extentthat a liability is also recognised in respect of the same inflow.

As the constitutional institution satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the constitutional institution.

When, as a result of a non-exchange transaction, the constitutional institution recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxation

The constitutional institution is exempted from paying Income Tax in terms of section 10 (1) (cA) of the Income Tax Act (Act No 58 of 1962).

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the constitutional institution.

Where the constitutional institution collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the constitutional institution is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an constitutional institution is a principal or an agent requires the constitutional institution to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The constitutional institution assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the constitutional institution in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the constitutional institution concludes that it is not the agent, then it is the principal in the transactions.

The constitutional institution is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the constitutional institution has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The constitutional institution applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the constitutional institution is an agent.

Recognition

The constitutional institution, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The constitutional institution, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The constitutional institution recognises assets and liabilities arising from principal-agent arrangements in accordance withthe requirements of the relevant Standards of GRAP.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wastefulexpenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

(a) this Act;or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act;or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Budget information

Constitutional Institution are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by constitutional institution shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Apr 2017 to 31 Mar 2018.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Related parties

The constitutional institution operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the constitutional institution, including those charged with the governance of the constitutional institution in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the constitutional institution.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The constitutional institution will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The constitutional institution will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Administered revenue on behalf of the National Revenue Fund

In terms of section 15 (3) of the Independent Communications Authority of South Africa Act (Act No 13 of 2000), the Authority is required to pay all fees received and held on its behalf to the National Revenue Fund within 30 days after receipt of such revenue, through the Department of Communications.

Separate bank accounts are held for the purpose of collecting these revenues and paying them across to the NRF. The Authority has an obligation in terms of statute to administer these funds on behalf of National Treasury and to pay them across within a prescribed time limit.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the currentyear

In the current year, the Authority has not adopted any new standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and Interpretations early adopted

The Authority has chosen to early adopt the following standards and interpretations:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required;and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with relatedparties. The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity.
    If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a);and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity(or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration;and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions;and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The impact of the standard is not material.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal- agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The impact of the standard is not material.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.
It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The impact of the standard is not material.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The impact of the standard is not material.

GRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The impact of the standard is not material.

2.3 Standards and interpretations issued, but not yet effective

The Authority has not applied the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2018 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a materia impact

2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2018 or later periods but are not relevant to its operations:

3. Inventories

	2018 R	2017 R
Consumable stores	223 988	154 329
Groceries	155 064	73 997
Stationery	294 955	242 968
Toiletries	18 243	18 282
	692 250	**489 576**
Inventories recognised as an expense during the year	571 835	759 532

4. Receivables from exchange transactions

Staff Receivables	3 605 596	4 115 231
Other receivables	1 279 041	1 934 245
Less: Provision for impairment of receivables	(27 157)	(27 157)
	4 857 480	**6 022 319**

The above mentioned receivables are mainly related to bursaries, travel and cellular phones. In the event a staff member stops studying, leaves the employment of the Authority or changes the course for which the staff member was initially sponsored, the bursary is recouped. The employee is expected to serve a term equivalent to the period sponsored. If not, the total amount due will be deducted from the employee's final payment.

Travel and cellphone receivables refer to amounts that the employee owes the Authority after a business trip or forexcess/personal usage of the cellphone provided to the employee by the Authority. Normally, no impairment is provided for on these amounts as these amounts are recovered from employees on a regulated basis. The employees sign contracts for bursaries, standing advances and cellphones, which give the Authority the right to deduct outstanding amounts. For training related international travel, employees sign letters that give the Authority the right to deduct such amounts should employees decide to leave before the stipulated period of time.

Credit quality of trade and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

Trade receivables

The rating of other receivables was as follows:

Medium Risk	4 857 480	6 022 320
High Risk	27 157	27 157
	4 884 637	**6 049 477**

The trade and other receivables balances are mainly granted to staff members and these are normally deducted from the employees. Dealings outside the Authority are normally with reputable institutions with good credit ratings. The ratings are as follows:

Medium risk: receivables with no defaults in the past and not provisionally-impaired.

High risk: receivables (more than 90 days) provisionally impaired.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2018, R 624 308 (2017: R 1 992 177) were past due but not impaired.

	2018 R	2017 R
The ageing of amounts past due but not impaired is as follows:		
1 month past due	269 740	1 966 086
2 months past due	354 568	26 091
3 months past due	4 233 172	4 057 300

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R 27 157 (2017: R 27 157) were impaired and provided for. The amount of the provision was R 27 157 as of 31 March 2018 (2017: R 27 157).

The ageing of these loans is as follows:

3 to 6 months	-	157
Over 6 months	27 157	27 000

Reconciliation of provision for impairment of trade and other receivables

Opening balance	27 157	335 110
Provision for impairment	-	27 157
Unused amounts reversed	-	(335 110)
	27 157	**27 157**

5. Receivables from non-exchange transactions

Broadcasting services	122 807 455	119 214 146
Spectrum receivables	244 991 258	239 328 971
ECS and ECNS services	718 801 841	675 892 678
Postal services	14 152 859	14 613 553
Allowance for impairment of NRF Receivables	(245 176 927)	(242 401 843)
	855 576 486	**806 647 505**

Accruals for licence fees relate to the accrual for all licences that were due at the end of the reporting period but were only due for settlement after the end of the reporting period. These are based on either the actual results of the licencee, where the licencee has finalised its financial statements, in instances where actual results are not available at the end of the reporting period, and the licencee submits the expected financial results.

ECS and ECNS receivables relate to all the amounts that had been billed to but not settled by the Electronic Communications Services and the Electronic Communications Network Services licencees. The broadcasting receivables relates to all the outstanding licence fees for broadcasting licences.

The Authority acts as an agent for the National Revenue Fund. The transfer of licence fees received is paid over to the Department of Communications, hence receivables on behalf of the National Revenue Fund.

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2018, R 850 446 343 (2017: R 806 647 505) were past due but not impaired.

	2018 R	2017 R
The ageing of amounts past due but not impaired is as follows:		
Current	850 446 343	792 033 952
1 months past due	-	14 613 553
3 months past due	250 307 070	242 401 843

Receivables from non-exchange transactions impaired

As of 31 March 2018, other receivables from non-exchange transactions of R (245 176 928) (2017: R (242 401 843)) were impaired and provided for.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(242 401 843)	(286 596 814)
Provision for impairment	(5 468 686)	(9 841 906)
Amounts written off as uncollectible	-	9 080 641
Unused amounts reversed	2 693 601	-
Amounts recovered	-	44 956 236
	(245 176 928)	**(242 401 843)**

The licences are granted to various customers with very different credit profiles. These include successful multinational corporations, big security companies, medium-sized entities and very small entities. The credit profiles of these entities vary significantly and, in terms of the legislation, the Authority cannot refuse to grant any entity licences due to its credit rating. Despite the fact that no credit vetting takes place, all licences are granted after they have lodged their applications with the Authority. In instances where the licencee fails to comply with its licence conditions, which include payment terms, the licencee is referred to the Complaints and Compliance Committee or has its equipment sealed. Amounts written-off during the year were previously included in the impairment provision. Council approved the write off.

6. Prepayments

	2018	2017
Local training	-	86 194
Membership fees	-	78 075
Software licence and support	715 358	1 017 044
TV licence subscriptions	9 066	9 066
Insurance	-	34 556
IT maintenance and infrastructure	51 515	724 774
Library subscriptions	622 914	350 116
Advertising	-	2 108 875
Rent	313 393	1 971 978
Shows and Exhibitions	460 488	-
International training	88 184	-
Deposits	3 324 072	3 324 072
	5 584 990	**9 704 750**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018	2017
	R	R
Bank balances	93 216 840	205 619 503
Administered revenue cash balance	539 897 557	549 270 775
Other cash and cash equivalents (bank)	18 054	39 567
Other cash and cash equivalents (other)	49 819	30 335
	633 182 270	**754 960 180**

	Bank statement balances		Cash book balances	
	2018	2017	2018	2017
Call accounts	58 311 329	58 311 329	58 311 329	58 311 329
Current accounts	34 905 510	54 707 286	34 905 510	54 707 286
Investments/Fixed deposits	-	92 267 779	-	92 267 779
Petty cash	18 054	39 567	18 054	39 567
Subtotal	93 234 893	205 286 394	93 234 893	205 286 394
	93 234 893	**205 325 961**	**93 234 893**	**205 325 961**

	Bank statement balances		Cash book balances	
	2018	2017	2018	2017
Current accounts - National Revenue Fund	539 897 557	14 928 216	539 897 557	14 928 216
Investments/Fixed deposits - National Revenue	-	534 342 559	-	534 342 559
Fund				
Subtotal	539 897 557	549 270 775	539 897 557	549 270 775
	539 897 557	**549 270 775**	**539 897 557**	**549 270 775**

*The above analysis of bank accounts excludes 'Other cash and cash equivalents (other)' as this is not bank account-related, cash and cash equivalents.

Figures in Rand

8. Property, plant andequipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	11 584 640	(6 871 025)	4 713 615	11 519 849	(6 564 013)	4 955 836
Motor vehicles	16 982 722	(6 239 184)	10 743 538	17 529 680	(5 586 864)	11 942 816
Office equipment	55 168 352	(28 791 993)	26 376 359	53 108 941	(25 298 628)	27 810 313
Leasehold improvements	8 880 419	(7 014 040)	1 866 379	9 458 972	(7 366 860)	2 092 112
Test equipment	117 476 335	(45 997 633)	71 478 702	112 580 733	(48 735 688)	63 845 045
Work In Progress	-	-	-	11 288 215	-	11 288 215
Office equipment under finance lease	879 541	(560 657)	318 884	879 541	(267 477)	612 064
Total	**210 972 009**	**(95 474 532)**	**115 497 477**	**216 365 931**	**(93 819 530)**	**122 546 401**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Furniture and fixtures	4 955 836	848 479	(241 616)	32 907	(881 991)	-	4 713 615
Motor vehicles	11 942 816	42 839	(174 368)	-	(1 067 749)	-	10 743 538
Office equipment and computer equipment	27 810 313	5 741 982	(777 528)	(32 907)	(6 324 580)	(40 921)	26 376 359
Leasehold improvements	2 092 112	199 662	-	-	(425 395)	-	1 866 379
Test equipment	63 845 045	6 580 368	(4 136 760)	11 288 215	(6 098 166)	-	71 478 702
Work in Progress	11 288 215	-	-	(11 288 215)	-	-	-
Office and computer equipment under finance lease	612 064	-	-	-	(293 180)	-	318 884
	122 546 401	**13 413 330**	**(5 330 272)**	**-**	**(15 091 061)**	**(40 921)**	**115 497 477**

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Re-instatements & Other Adjustments	Depreciation	Impairment loss	Total
Furniture and fixtures	5 516 436	391 702	(60 127)	1 252	221 880	(1 115 307)	-	4 955 836
Motor vehicles	11 830 556	2 310 442	(1 149 186)	-	-	(1 048 996)	-	11 942 816
Office equipment	21 049 356	12 398 914	(450 755)	-	979 923	(6 142 262)	(24 863)	27 810 313
Leasehold improvements	1 522 173	2 144 057	1 250	(1 252)	(590 394)	(983 722)	-	2 092 112
Test equipment	59 552 595	10 140 912	(324 627)	(52 090)	(35 422)	(5 436 323)	-	63 845 045
Work in Progress	11 236 125	52 090	-	-	-	-	-	11 288 215
Office equipment under finance lease	-	879 541	-	-	-	(267 477)	-	612 064
	110 707 241	**28 317 658**	**(1 983 445)**	**(52 090)**	**575 987**	**(14 994 087)**	**(24 863)**	**122 546 401**

9. Intangible assets

	2018			2017		
	Cost Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	20 022 521	(12 882 584)	7 139 937	18 736 150	(10 747 507)	7 988 643
Work In Progress	11 778 645	-	11 778 645	10 852 031	-	10 852 031
Total	**31 801 166**	**(12 882 584)**	**18 918 582**	**29 588 181**	**(10 747 507)**	**18 840 674**

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	7 988 643	386 455	899 916	(2 135 077)	7 139 937
Work in Progress	10 852 031	926 614	-	-	11 778 645
	18 840 674	**1 313 069**	**899 916**	**(2 135 077)**	**18 918 582**

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Re- instatements & Other Adjustments	Amortisation	Total
Computer software	9 286 484	2 346 867	(639 092)	(748 251)	(2 257 365)	7 988 643
Work In Progress	899 916	9 952 115	-	-	-	10 852 031
	10 186 400	**12 298 982**	**(639 092)**	**(748 251)**	**(2 257 365)**	**18 840 674**

10. Finance lease obligation

	2018 R	2017 R
Minimum lease payments due		
- within one year	341 804	341 804
- in second to fifth year inclusive	28 571	370 288
	370 375	712 092
less: future finance charges	(21 158)	(73266)
Present value of minimum lease payments	**349 217**	**638 826**
Present value of minimum lease payments due		
- within one year	-	289 696
- in second to fifth year inclusive	28 246	349 130
	28 246	**638 826**
Non-current liabilities	28 246	349 130
Current liabilities	320 971	289 783
	349 217	**638 913**

The average lease term was 3 years and the average effective borrowing rate was 10% (2017: 10%).The Authority entered into a 36 - month finance lease agreement with Bytes Documents Solutions Pty Ltd for office automation for 16 WC7835, 8 WC5325 and 1 WC6655 Xerox multi - function printers from 3 May 2016. The monthly instalments are fixed and do not contain any escalation clauses. Interest is charged at an effective rate of 10.25%.

11. Operating lease asset (accrual)

Non-current liabilities	948 628	976 857
Current liabilities	(34 218)	1 604 344
	914 410	**2 581 201**

Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

12. Payables from exchange transactions

	2018 R	2017 R
Trade payables	5 782 906	5 093 190
Interest payable	-	113 625
Structured savings	312 854	420 750
Third-party payables	98 479	224 911
Accrued leave pay	14 327 938	11 859 302
Labour dispute Accrual	8 972 913	-
Accrued expenses	10 853 838	11 355 843
	40 348 928	**29 067 621**

The Labour Dispute accrual relates to

On 28 March 2018, the Council of the Authority approved the terms of the settlement between the Union (NTUC) and the Authority as follows:

- Once off payment of 9% based on the 2016-2017 Cost to Company for the affected employees.
- Payment to be in full and final settlement of all claims related to Variable allowance.

The total amount payable as per the conditions listed above amounts to R8 972 913. This amount will be paid subsequent to year-end.

13. Payables from non-exchange transactions

	2018 R	2017 R
Donations from Staff	20 937	20 937

14. National Revenue Fund Payables

NRF Payables	865 074 113	814 553 284
Receipts in advance and other payables	530 398 303	541 364 991
	1 395 472 416	**1 355 918 275**

15. Unspent conditional grants and receipts

Movement during the year		
Balance at the beginning of the year	9 615 947	60 661 162
Funds returned to National Treasury	-	(34 159 863)
Income recognition during the year	(1 805 733)	(16 885 352)
	7 810 214	**9 615 947**

Of the unspent conditional grant balance in the prior year of R9 615 947, it mainly relates to ICASA's infrastructure needs. The Automated Spectrum Management System contract outstanding amount of R8 024 059 is being finalised by 31 September 2018. R1 805 733 (2017: R16 885 352 was recognised as revenue in the current year, which equalled the expenditure on these.The balance of R7 810 214(2017:R9 615 947) is shown as unspent conditional grant. We have applied for permission to retain 100% of the funds from National Treasury for funds committed and contractual obligations finalised by 31 March 2018.

16. Provisions

	2018 R	2017 R

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Bonus provisions	19 693 431	27 307 331	(19 693 431)	27 307 331

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus provisions	17 605 357	19 693 431	(14 578 218)	(3 027 139)	19 693 431

This Bonus provision relates to the provision for performance bonuses and the figure is based on the key performance criteria that have to be met in order for the cash payout to be made. The cash payout is subject to approval by the Council. The timing of the approval of the performance bonus incentives is always subject to approval by the Council. This then creates uncertainty regarding the amount of the liability to be recognised in the financial statements.

17. Revenue from non - exchange transactions

	2018 R	2017 R
Grant received from the Department of Communications - Current year	430 383 000	414 481 000
Unspent Grants of prior year recognised	1 805 733	16 885 352
Insurance claim settlements	583 309	450 651
	432 772 042	**431 817 003**

The Authority received its funding from the Department of Communications in order to enable it to carry out its mandate as laid out in the ICASA Act. The grant received from the Department of Communications above consists of an original allocation of R 430 383 000 (2017:R 414 481 000).

18. Revenue from exchange transactions

Interest income	18 787 132	23 939 973
Other income	-	2 000
	18 787 132	**23 941 973**

19. Employee related costs

Basic	222 707 704	196 289 283
Bonus	31 975 673	17 006 877
UIF	678 518	693 145
WCA	488 215	560 724
SDL	2 340 387	1 981 411
Leave pay provision charge	4 908 611	4 469 259
Defined contribution plans	20 167 032	22 234 541
Overtime payments	268 172	272 634
Long-service awards	659 000	369 000
Graduates Development Programme	2 846 730	1 825 956
Periodic payments*	185 464	216 886
Temporary Staff	2 939 824	8 748 152
	290 165 330	**254 667 868**

Average staff

Total number of employees as at 31 March 2018: 360 (31 March 2017: 356). Temporary staff as at 31 March 2018: 13 (31 March 2017: 23).

20. Depreciation and amortisation

	2018 R	2017 R
Depreciation	15 091 063	14 994 087
Intangible assets	2 135 077	2 257 365
	17 226 140	**17 251 452**

21. Finance costs

Finance leases	52 108	72 692
Other interest paid	2 272	90 581
	54 380	**163 273**

22. Repairs and maintenance

Office and computer equipment	1 257 354	2 076 978
Spectrum Management System	2 825 288	3 432 895
Monitoring equipment	2 768 971	1 141 256
Motor vehicles	624 072	732 412
	7 475 685	**7 383 541**

23. General expenses

	2018 R	2017 R
Advertising	10 264 765	9 896 205
Auditors remuneration	5 317 605	3 720 211
Bank charges	1 690 105	112 635
Cleaning	2 038 700	2 169 595
Consulting and professional fees	8 225 294	7 521 192
Legal fees	9 851 076	13 461 360
Training and conferences	13 515 342	14 256 931
Publications	1 919 328	3 484 786
Insurance	1 155 176	1 068 702
IT expenses	10 410 999	12 893 469
Motor vehicle expenses	2 155 433	2 000 291
Recruitment costs	1 573 926	1 102 032
Security	2 422 961	2 526 995
Telephone and fax	2 708 927	3 498 578
Travel and subsistence	28 283 307	21 058 532
Assets expensed	173 072	430 739
Electricity	2 818 135	1 990 219
Rates and taxes	2 680 559	4 162 856
Loss on disposal of assets	4 915 512	2 019 615
Printing and stationery	1 024 007	1 020 689
Operating lease maintenance costs	569 823	754 180
Lease rentals on operating lease	28 349 490	26 271 732
General and administrative expenses	2 587 475	5 196 738
Settlement for Spectrum System Bid ICASA 54/2009	-	3 000 000
Other expenses	5 134 545	6 249 954
	149 785 562	**149 868 236**

Travel and subsistence expenditure includes International travel which increased in the current financial year due to increase in international membership affiliations and stakeholder engagements including international forums. The Authority is a member of CRASA. The Authority was appointed as the Chair for CRASA during the current financial year. Number of meeting attended by our officials increased during the current financial year which led to an increase in travel and subsistence expenditure.

General and administrative expenses includes employee wellness programmes and stakeholder engagements.
Other expenses includes international membership organisations and association workshops.

24. Auditors' remuneration

External audit fees	5 317 605	3 720 211

25. Cash generated from operations

	2018 R	2017 R
(Deficit) surplus	(13 188 844)	26 431 149
Adjustments for:		
Depreciation and amortisation	17 226 140	17 251 452
Income from equity accounted investments	-	(31 406)
Finance costs - Finance leases	52 108	72 692
Impairment deficit	40 921	24 863
Movements in operating lease assets and accruals	(1 666 791)	(902 087)
Movements in provisions	7 613 900	2 088 074
Loss on disposal of asset	-	4 841 886
Other non-cash items	1 870 030	(8 647 508)
Changes in working capital:		
Inventories	(202 674)	90 041
Receivables from exchange transactions	1 164 839	(2 295 118)
National Revenue Fund receivable	(48 928 981)	(69 696 811)
Prepayments	4 119 759	5 622 092
Payables from exchange transactions	11 281 307	(7 191 937)
National Revenue Fund payables	39 554 136	167 784 865
Unspent conditional grants and receipts	(1 805 733)	(51 045 215)
	17 130 117	**84 397 032**

26. Commitments

Authorised capital expenditure

Already contracted for but not provided for

	2018 R	2017 R
• Property, plant andequipment	929 412	2 171 322
• Intangible assets	10 743 446	10 595 493
	11 672 858	**12 766 815**

Not yet contracted for and authorised by members		
Property, plant and equipment	433 378	356 692

Total capital commitments		
Already contracted for but not provided for	11 672 858	11 667 295
Not yet contracted for and authorised by members	433 378	356 692
	12 106 236	**12 023 987**

This committed expenditure relates to equipment and intangible assets and will be financed by government grants only.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	17 662 981	16 314 664
- in second to fifth year inclusive	11 116 178	11 795 023
	28 779 159	**28 109 687**

Operating lease payments represent rentals payable by the constitutional institution for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years.
No contingent rent is payable.

27. Contingencies

Contingent liabilities	2018 R	2017 R
1. An employee was dismissed due to her probation not being confirmed due to poor performance. The Applicant referred the dispute for Conciliation, the CCMA ruled in favour of the Applicant, ICASA approached the Labour Court for a review of the decision of the CCMA, and paid a security bond of amount to R 1 778 195.	1 778 195	-
2. On 5 August 2016, the Minister of Telecommunications and Postal Services filed an Application for review interdicting the Authority from implementing licensing steps and processes contemplated in an ITA published by the Authority on 15 July 2016 pending the determination of the review application.The ITA published by the Authority is for radio frequency spectrum licenses within the designated ranges for the purposes of providing national broadband wireless access services. In terms of the review application, the Telecoms Minister seeks an order declaring the decision of the Authority to initiate a licensing process in terms of the ITA be declared unlawful, invalid and to declare the ITA invalid and unlawful. In terms of Rule 53, the Authority is required to provide within 15 days from 5 August 2016, the record of proceedings (documents, memoranda and circular) available at the time when the decision to initiate the ITA was taken and reasons provided in relation thereto.	-	-
3. An employee was dismissed and thereafter reinstated. The employee is applying for general damages.The Trial date was set for 12 August 2016. In court, the matter was postponed *sine die* as there was no Judge available to hear the matter. Estimate unknown	-	-
4. A dispute arose between ICASA and a company called Waiters, regarding a process in terms of which Waiters was irregularly added to the ICASA data base, and used to provide services to ICASA. ICASA does not have a contract with Waiters, although it acknowledges that services were provided and paid for. ICASA subsequently indicated that it does not acknowledge Waiters as a service provider, whereafter, Waiters International issued summons against ICASA for services that were allegedly going to be rendered in future. (Steps were taken against the staff members involved in the irregular process).	-	400 000
5. On 27 September 2012, ICASA entered into a contract with Duma Travel for the provision of corporate travel management services. A contractual dispute arose regarding the interpretation of provisions in the contract related to payment, and the annual travel spent. Duma terminated the contract and claimed fees for services rendered which is being disputed by ICASA.	408 531	-

6. Sentech SOC Limited filed an application with the Registrar of the High Court of South Africa, Gauteng Division (Johannesburg), to review and set aside ICASA's decision and findings, with regard to the Broadcasting Transmission Services Discussion Document published in the Government Gazette of 07 June 2013. Both parties are engaged in negotiations with the intention to settle the dispute, ICASA is awaiting a formal notice of withdrawal of the matter by Sentech. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority	-	-
7. On 12 December 2012, Telkom SA SOC Limited filed an application in the South Gauteng High Court, to interdict and prohibit ICASA and the Complaints and Compliance Committee ("CCC"), from implementing and giving effect to a decision of the CCC. On 24 August 2012, the CCC made a ruling that a request by Neotel, to obtain access to Telkom's local loop in an unbundled manner was a valid request and that, Telkom was obliged to comply with same. It is against this background that Telkom sought to interdict the ruling of the CCC. However, Telkom has since abandoned part "A" of its application, which deals with interdicting both ICASA and the CCC. The only outstanding matter which is still to be determined is the review of the CCC decision. Pleadings are being exchanged between the parties and we are finalising signature of the Answering Affidavit to change details of deponent to the Affidavit. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority.	-	-
8. Mzanzi Community Satellite TV filed an application in the High Court of South Africa, Gauteng Division (Johannesburg) seeking relief to review ICASA's decision to decline its application for a licence. Pleadings have been exchanged, we have been awaiting an allocation for a date of the hearing which the Applicant has failed to apply for, ICASA has requested its legal representation to request a formal withdrawal of the matter and a tender for legal costs. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority.	-	-
9. Atretone (Pty) Ltd t/a Pulse FM filed an application, seeking relief from the High Court of South Africa, Gauteng Division (Johannesburg) to review ICASA's decision to decline its application for a licence. The review application consisted of two parts, namely, Part "A" pertaining to urgency of its application and Part "B" pertaining to the merits of its application. ICASA answered to Part "A" of the application (placing matter to be on urgent roll) and filed its answering affidavit on 1 July 2014. Applicant's replying affidavit was filed on 10 November 2014. Applicant does not appear to be progressing the matter i.e. papers have not been indexed and paginated in preparation for filing of heads of argument etc. ICASA has requested its Attorneys of record to seek a formal withdrawal of the matter and a tender for legal costs. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority.	-	-

10. On 29 August 2014, the Authority issued an Invitation To Apply (ITA) for Individual Commercial Free To Air Television Broadcasting Service Licences. On 15 March 2016, the Authority announced its decision not to award licences to any of the applicants. On or about 17 October 2016, Rubicon Investments filed an application to review and set aside ICASA's decision and that the Court should substitute or vary the decision and award the licence applied for to the Rubicon Investments. The Authority has instructed external attorneys to oppose the application, and file a record of the application with the court. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority.	-	-
11. On 12 December 2016, Cell C (Pty) Ltd filed an application to review, set aside and substitute the Authority's decision taken on 29 June 2016 to refuse Cell C's application for an amendment to its radio frequency spectrum licences. On 20 December 2016, the Authority requested Cell C to suspend proceedings until 31 March 2017 on the basis that the Authority has embarked on a process of removing all USOs from radio frequency spectrum licences and transfer same to electronic communications network service licences. The transfer process is envisaged to be finalised by 31 March 2017. On 22 December 2016, Cell C requested the Authority to provide a detailed letter setting out the process and time table the Authority intends to follow in implementing the administrative process. The letter has to be submitted by 16.01.2017. On 19.01.2017 Cell C rejected ICASA's proposed timelines for the implementation of the migration process. On 01/02/2017 ICASA attended consultation with Unterhalter SC wherein it was agreed that ICASA should proceed with opposing the review application on the basis that the remedies sought by Cell C are not fair, just or equitable. Further, the application may be challenged on the basis of legality, as it is not unlawful for ICASA to have USO conditions imposed on Cell C in the spectrum license. ICASA filed the Rule 53 Record on 24/02/2017. Cell C filed Supplementary Affidavit on 23/03/2017 and alleged that the Record is bare and insufficient to enable them to file an appropriate answer. ICASA filed its Supplementary Record during April 2017 and Cell C will be filing a Supplementary Affidavit in due course. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority.	-	-
12. On 4 April 2016 the Applicant (former employee) referred a dispute to the CCMA and has applied for Condonation for late filing of his application. The hearing for condonation was held on 22 April 2016 and we are awaiting the award of the Commissioner. Estimate unknown	-	-
13. Leef FM lodged a review application against ICASA in the High Court Pretoria. Legal Costs should the matter proceed, estimated at R180 000. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority.	-	-
14. SLAM Gauteng, SLAM Western Cape, and SLAM KwaZulu Natal (SLAM), filed an application to review and set aside ICASA's refusal to grant slam a commercial sound broadcasting license in three regions, namely Gauteng, Western Cape and KwaZulu Natal. No Contingent liability amount is determined as the Licensees seeks recourse from decisions made by the Authority.	-	-
	2 186 726	400 000

28. Related parties

ICASA is a Schedule 1 entity in terms of the Public Finance Management Act (PFMA). The related party disclosure is required in terms of GRAP 20, related party disclosures, issued by National Treasury.

National Departments Department of Communications
The Authority receives its budget allocation from the Department of Communications, which is based on the approved allocation from Parliament and therefore this is at arm's length. The Authority collects the licence fees from communication licencees, and application fees, on behalf of the National Revenue Fund and transfers this to the Department of Communications, which is done at arm's length.

The following departments are licenced under the Electronic Communications Act. All the transactions and the issued licences are at arm's length:

- Department of Environmental Affairs;
- Department of Defence and Military Veterans;
- Department of Water Affairs;and
- South African Police Service.

Entities

The following government entities are licenced under the Electronic Communications Act and Postal Service Act. All the transactions and the issued licences are at arm's length

- Broadband Infraco;
- Sentech;
- State Information Technology Agent;
- South African BroadcastingCorporation;
- South African PostOffice;
- Transnet; and
- Telkom.

The Authority acquires services at arm's length from the followingentities:

- Government Communication and InformationSystems;
- Government Printing Works;
- South African PostOffice;
- South African BroadcastingCorporation;
- State Information Technology Agency;
- Transnet; and
- Telkom.

Figures in Rand

28. Related parties (continued)

Remuneration of management Council

2018

Name	Service as	Date of appointment	Date of resignation/ end of term	Basic salary	Other short-term employee benefits	Post-employment benefits	Acting Allowance	Other benefits received	Total
Batyi NA *	Councillor	11 Feb 2013	10 Feb 2017	69 462	-	12 439	-	-	81 901
Modimoeng K	Councillor	04 Apr 2016		1 216 025	-	157 489	-	34 800	1 408 314
Mokhele BC	Councillor	04 Apr 2016		1 216 025	-	157 489	-	34 800	1 408 314
Qocha DS	Councillor	21 Sep 2017		640 390	-	47 347	-	17 400	705 137
Mashile P*1	Councillor & Acting Chairperson	04 Apr2016		1 380 278	-	-	43 874	34 800	1 458 952
Pillay KGS *	Councillor	11 Feb2013	10 Feb 2017	69 462	-	12 439	-	-	81 901
Zimri P	Councillor	04 Apr 2016		1 216 025	-	157 489	-	34 800	1 408 314
Kadi P	Councillor	26 Sep 2017		661 578	-	46 310	-	17 400	725 288
Mohlaloga MR*2	Councillor& Acting Chairperson	01 Jul 2013	04 Sep 2017	520 861	114 704	62 199	195 946	-	893 710
Semane T	Councillor	01 Feb 2018		202 670	-	26 248	-	-	228 918
Gongxeka Seopa NP	Councillor	01 Feb 2018		202 670	-	26 248	-	-	228 918
Mohlaloga MR*3	Chairperson	01 Jan 2018		414 474	-	29 013	-	7 900	451 387
				7 809 920	**114 704**	**734 710**	**239 820**	**181 900**	**9 081 054**

*1 Appointed as Acting chairperson from 5 September 2017 to 31 December 2017.

*2 Appointed as Acting chairperson for the period 15 May 2016 to 4 September 2017.

*3 Appointed as Chairperson from 01 January 2018.

Figures in Rand

2017

Name	Service as	Date of appointment	Date of resignation/ end of term	Basic salary	Post-employment benefits	Other benefits received	Total
Batyi NA *	Councillor	11 Feb 2013	10 Feb 2017	1 159 659	156 640	-	1 316 299
Modimoeng K	Councillor	04 Apr 2016		1 148 306	155 106	34 800	1 338 212
Mohlaloga MR	Councillor& Acting Chairperson	01 Jul 2013		1 184 974	156 640	-	1 341 614
Mokhele BC	Councillor	04 Apr 2016		1 148 306	155 106	34 800	1 338 212
Mashile P	Councillor	04 Apr 2016		1 290 754	12 658	34 800	1 338 212
Pillay KGS *	Councillor	11 Feb 2013	10 Feb 2017	1 159 659	156 640	-	1 316 299
Zimri P	Councillor	04 Apr 2016		1 148 306	156 113	34 800	1 339 219
				8 239 964	**948 903**	**139 200**	**9 328 067**

* The term of office ended on 11 February 2017. Per Section 7 (4) of the ICASA Act as amended, which makes a provision for Councillors whose term of office has come to an end to remain in office for an extended period that may not exceed forty-five (45) working days until the commencement of the term of office of their successors. The Councillors opted for the extended period, hence the period extended to 19 Apr 2017.Executive management 2018

Figures in Rand

Executive management
2018

Name	Service as	Date of appointment	Date of resignation/ end of term	Basic salary	Bonuses and performance related payments	Other short term employee benefits	Post employment benefits	Acting Allowance	Other benefits received	Total
Pongwana PK*1	CEO	01 Nov 2013	31 Aug 2017	1 022 978	131 850	1 098 751	70 469	-	-	2 324 048
Ngwepe WA*2	CEO	17 Oct 2017		1 135 184	-	-	153 964	-	16 500	1 305 648
Ngwepe WA*3	COO & Acting CEO	01 Sep 2014	17 Oct 2017	803 408	204 256	-	97 106	-	10 000	1 114 770
Matabane BTA	CFO	04 Jul 2016		1 448 859	115 697	-	107 300	-	112 800	1 784 656
Gidi NN	Executive: Legal, Risk and CCC	26 Aug 2009		1 486 303	251 566	-	192 494	-	28 800	1 959 163
Seeber R	GM : Engineering & Technology	01 Mar 2013	28 Feb 2018	1 517 829	78 252	133 239	-	-	26 400	1 755 720
Van der Walt ME	GM: Compliance & Consumer Affairs	01 Mar 2015		1 458 881	155 779	-	188 942	-	24 000	1 827 602
Nomtshongwana AZ	GM: Regions	16 Mar 2015		1 441 739	250 407	-	109 321	-	148 800	1 950 267
Sookharan AK	CAE	01 May 2014		1 472 452	157 229	-	190 700	-	28 800	1 849 181
Maina LW	GM: Licensing	01 Sep 2017		1 260 242	161 262	-	88 216	-	26 300	1 536 020
Mngomezulu PB	Executive: Corporate Services	01 Jul 2015		1 178 014	78 252	-	92 394	-	407 250	1 755 910
Khumalo AJ	GM: Policy, Research & Analysis	01 Nov 2015		1 438 435	-	-	186 294	-	28 800	1 653 529

Figures in Rand

Name	Service as	Date of appointment	Date of resignation/ end of term	Basic salary	Bonuses and performance related payments	Other short term employee benefits	Post employment benefits	Acting Allowance	Other benefits received	Total
Kganakga MD	Executive: HR	02 Oct 2017		719 217	-	-	93 147	-	14 400	826 764
Makola BD ***	Senior Manager:- Legal (Regulatory Support & Legislative Drafting), Legal & CCC & Acting Executive: Legal, Risk and CCC	01 Apr 2017	16 May 2017	-	-	-	-	10 643	-	10 643
Louw N*4		01 May 2017	30 Sep 2017	-	-	-	-	49 099	-	49 099
Leah*5				-	-	-	-	-	-	-
Philemon Molefe*5				-	-	-	-	-	-	-
Monyetsane K*6			31 Aug 2017	-	-	-	-	16 544	-	16 544
				16 383 541	**1 584 550**	**1 231 990**	**1 570 347**	**76 286**	**872 850**	**21 653 921**

*1 Chief Executive Officer (CEO), Mr Pakamile Pongwana placed on precautionary suspension pending an internal disciplinary process on 4 July 2017

*2 Mr Willington Ngwepe appointed as CEO from 17 October 2017.

*3 Chief Operating Officer (COO), Mr Willington Ngwepe, was appointed to be acting in the CEO's position from 4 July 2017 to 31 August 2018 without acting allowance. COO was further appointed as acting CEO from 1 September 2017 to 17 October 2017.

*4 Appointed Acting Executive:HR for the period from 1 May 2017 to 30 September 2017.

*5 Appointed Acting GM: Licensing without acting allowance for the period 19 June 2017 to 16 July 2017.

*6 Appointed GM:Licensing for the period 17 July 2017 to 31 August 2017 .

Figures in Rand
2017

Name	Service as	Date of appointment	Date of / end of term	Fees for services as a member of management	Basic Salary	Bonuses and performance related payments	Post- employment benefits	Other benefits received	Total
Pongwana PK	CEO	01 Nov 2013		-	2 386 325	244 167	250 678	-	2 881 170
Ngwepe WA	COO	01 Sep 2014		-	1 805 660	244 731	236 905	24 000	2 311 296
Matabane BTA	CFO	04 Jul 2016		-	1 075 035	-	84 244	21 600	1 180 879
Van der Walt ME	GM: Compliance & Consumer Affairs	01 Mar 2015		-	1 372 419	72 456	185 378	24 000	1 654 253
Seeber RJ	GM : Engineering & Technology	01 Mar 2013		-	1 565 042	144 911	-	28 800	1 738 753
Gidi NN	GM: Licensing	01 Feb 2015		-	1 385 185	188 385	187 799	28 800	1 790 169
Khumalo AJM	GM: Policy Research & Analysis	01 Sep 2015		-	1 366 035	-	184 516	28 800	1 579 351

Figures in Rand

Name	Service as	Date of appointment	Date of / end of term	Fees for services as a member of management	Basic Salary	Bonuses and performance related payments	Post- employment benefits	Other benefits received	Total
Nomtshongwana AZ	GM: Regions	16 Mar 2015	-	-	1 404 364	144 911	161 371	28 800	1 739 446
Sookharan AK	CAE	01 May 2014	-	-	1 385 185	188 385	187 102	24 000	1 784 672
Mngomezulu PB**	Executive: Corporate Services & Acting CFO	01 Jul 2015	-	-	1 417 276	108 881	147 766	47 526	1 721 449
Mtsweni BW	Executive: HR	01 Jan 2014	-	-	1 404 364	144 911	161 883	24 000	1 735 158
Mentz L	Executive: Legal, Risk and CCC	20 Jan 2015	-	-	1 038 889	188 385	140 327	18 000	1 385 601
Makola BD ***-	Senior Manager:- Legal (Regulatory Support & Legislative Drafting), Legal & CCC & Acting Executive: Legal, Risk and CCC	02 Jan 2017	-	-	229 166	-	17 387	23 439	269 992
			-		17 834 945	1 670 123	1 945 356	321 765	21 772 189

*Refer to note "Employee related costs" 19

** Appointed Acting CFO from 1 August 2015 until 3 July 2016.

***Appointed Acting Executive: Legal, Risk and CCC from 2 January 2017.

29. Change in estimate property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for property, plant and equipment. The estimates are based on the assessed conditions of the assets, changes in technology, such as new technical innovations being introduced in the industry thus rendering our assets obsolete, as well as expected future spending on capital assets. These estimates can change significantly as a result of changes in the conditions of assets, introduction of new technologies and availability of finance resources to fund expected future spending on capital assets.

The residual values and useful lives were reviewed during the course of the financial year in line with paragraph 61 of GRAP 17, and the effect thereof was as follows:

Depreciation

	Furniture	Leasehold Improvement	Motor vehicles	Computer equipment	Office equip-ment	Office equipment under finance lease	Test equipment	Total
After changes in useful lives and residual values	881 992	425 395	1 067 749	5 526 362	798 219	293 180	6 098 166	15 091 063
Before changes in useful lives and residual values	(2 010 630)	(610 763)	(1 103 454)	(6 217 267)	(911 443)	(293 180)	(6 352 205)	(17 498 942)
Sub- total	(1 128 638)	(185 368)	(35 705)	(690 905)	(113 224)	-	(254 039)	(2 407 879)

Intangible assets

	Computer software	Total
After changes in useful lives and residual values	2 135 077	2 135 077
Before changes in useful lives and residual values	(2 463 612)	(2 463 612)
	(328 535)	**(328 535)**

30. Risk management Financial risk management

The constitutional institution's activities relating to the Administered Revenue's exposure to risks, its objectives, policies and processes for measuring and managing such risks, as well as quantitative disclosure, is discussed in this note.

Liquidity risk

The constitutional institution's risk to liquidity is a result of the funds available to cover future commitments. The constitutional institution manages liquidity risk through an ongoing review of future commitments and funding through quarterly tranches received from DOC.

The table below analyses the constitutional institution's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	(40 348 928)	-	-	-
Operating leases	(17 662 981)	(4 816 655)	(6 299 524)	-
National Revenue Fund payables	(1 395 472 416)	-	-	-
Finance lease obligation	(320 971)	(28 246)	-	-

At 31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	(29 067 621)	-	-	-
Operating leases	(16 314 664)	(4 495 787)	(7 299 236)	-
National Revenue Fund payables	(1 355 918 275)	-	-	-
Finance lease obligation	(289 783)	(349 130)	-	-

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority finances its operations through grants received from the Department of Communications and interest earned on positive bank balances. These are the only sources of finance for the Authority due to the fact that the Public Finance Management Act prohibits the Authority from raising loans and other forms of short and long-term borrowings.

The entity maintains a reasonable balance between the period over which assets generate funds and the period over which the respective assets are funded.

The table above analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, NRF receivables and Receivables from exchange transactions. The constitutional institution only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables from exchange transactions mainly originate from transactions that the Authority enters into with the employees. The main components of these receivables are bursary receivables, standing advance receivables, cellphone receivables and Travel related receivables (other). The standing advance receivables are only payable when the employee leaves the employment of the Authority, whether through resignation, disability, death or in search of greener pastures. The bursary receivables originate when a qualifying employee of the Authority is granted a bursary to pursue studies in a particular field of study that would be useful to the Authority on completion of his/her studies. Cellphone receivables and travel related receivables relate to day-to-day activities and these are recovered on a monthly basis from the employees concerned. No significant losses have ever been suffered from staff receivables. The staff receivables are owed by many employees; they are diverse and they do not pose any major concentration of credit risk.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Broadcasting services	122 807 455	119 214 146
Frequency spectrum services	244 991 258	239 328 971
ECS and ECNS services	718 801 841	675 892 678
Postal services	14 152 859	14 613 553
Total Receivables from non-exchange transactions	1 100 753 413	1 049 049 348
Receivables from exchange transactions	4 857 480	6 022 320
Cash and cash equivalents	633 182 270	754 960 180

Credit risk is the risk that the Administered Revenue may suffer a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises mainly from Administered Revenue's trade receivables. The licencees of Administered Revenue have to apply in terms of the relevant legislations in order to be authorised to conduct any activities.

Financial assets, which potentially subject the Administered Revenue to concentrations of credit risk, consist principally of cash and cash equivalents and trade receivables.

The cash and cash equivalents are placed with high credit quality financial institutions. Trade and other receivables are presented net of the allowance for doubtful receivables.

ICASA Administered Revenue collects the majority of its revenue from the major mobile and fixed line telecommunications companies that have excellent reputations with regard to compliance with regulatory obligations for the payment of both the annual licence and spectrum fees.

However, the Authority does face a risk in the collection of spectrum fees owed, in part due to the diverse nature of entities able to apply and utilise available spectrum. Such licencees include government departments, major telecommunications companies, broadcasting licencees, security companies, individuals, etc.

There is no significant exposure from major corporations and government departments. However, there is risk associated with the collection of revenue owed by those spectrum licencees who are not required to hold an ECNS licence, as these licencees tend to be small companies with geographically diverse locations. The resources available at the Authority represent a significant risk in its ability to collect all outstanding revenues from such licencees.

The broadcasting services and postal services licencees do not pose any significant risk regarding the collection of annual or spectrum licence fees.

Market risk

Interest rate risk

As the constitutional institution haxs no significant interest-bearing assets, the constitutional institution's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The constitutional institution operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The constitutional institution does not hedge foreign exchange fluctuations.

31. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

	2018 R	2017 R
32. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure: Opening balance	12 146 726	2 878 478
Add: Fruitless and wasteful expenditure current year	1 608 706	10 700 961
Add: Fruitless and wasteful expenditure prior year (identified in the current year)	14 820	1 567 287
Less: Amounts condoned*	(5 469 479)	(3 000 000)
Less: Amounts recovered to date	(921 346)	-
	7 379 427	**12 146 726**

Details of fruitless and wasteful expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Settlement for the former CEO	National Treasury	566 695
Payment of additional 1 month despite the No	Council	677 912
Work No Pay principle which is not in line with the Remuneration policy. Amount and number of employees will be reduced		
Payment of salary increases for 5 employees who performed below Rating 3.00 which is not in line with the Performance Management and Development Policy as well as the Remuneration policy	Council	213 470
Cancelled international Trip	Request for condonation was approved the CEO given the medical submission documents	64 507

ICASA USB Senior Management Development Programme 2017. 2 Employees resigned from ICASA having only attended 2 Blocks of 4 of the ICASA USB SMDP	Council	79 800
Traveller missed flight and had to stay over-night at hotel accommodation	Council	2 012
The Chairperson did not attend the SAPOA Postal Forum from 20-23 February 2018, and the funds for the Delegation was incurred in vain and could have been avoided	Council	2 038
Interest was incurred on late payment of Durban office rentals	Council	2 272
		1 608 706

Details of fruitless and wasteful expenditure – previous year (identified in the current year)

	Disciplinary steps taken/criminal proceedings	
100% Cancellation fee of Disciplinary hearing held on 26 March 2017	Council	14 820

Details of fruitless and wasteful expenditure condoned

	Condoned by (condoning authority)	
Cancelled international Trip	CEO	(64 507)
Cancellation of Allocation of Party Election Broadcast Slots to Political parties contesting the Municipal Elections	Council	(14 323)
Representative could not attend as He/She was sick and a 100% Cancellation fee for the 6th of April 2016 meeting was charged	Council	(17 784)
Interest for September 2016 on Invoices paid late	Council	(17)
Interest on Rents - Tenants of R305.28 charged on 01.11.2016 paid on 03.11.2016	Council	(305)
Performance Management Bonus paid in 2016- 2017 to 56 employees who ordinarily would not have received the Bonus per the current Performance Management Develop-ment Policy	Council	(731 880)
Salary increases to 56 employees who ordi-narily would not have received an increase per the current Remuneration policy	Council	(1 124 057)
Payment of additional 23.3% Bonus to 311 employees which is not in line with the Re-muneration policy (Organisational Perfor-mance for 2015-2016 was 76.7%)	Council	(3 516 606)
		(5 469 479)

	2018 R	2017 R
33. Irregular expenditure		
Opening balance	27 287 048	1 179 691
Add: Irregular Expenditure - current year	32 700 217	18 422 668
Add: Irregular Expenditure - previous years	7 222 203	9 062 752
Less: Amounts condoned	(492 498)	(1 378 063)
	66 716 970	**27 287 048**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Attorney for the former CEO	Appointment of Attorneys for such investigations must include at least one senior SCM official. If confidential, enquiry through National Treasury	793 655
Appointment for Internal Audit - IT Network Security Review performed by a Consultant service provider	Clear set out RFQ evaluation processes that is fair and transparent from the onset	433 220
ICASA Senior Management Development Programme 2017	Involvement of SCM in all procurement of any expenditure	1 276 800
Cover for Directors resulted in the contract amount being exceeded, National Treasury declined to approve the increase in the variation	None, as the deviation was processed by National Treasury although it was declined. National Treasury approval must be obtained well in advance	47 804
Payments made in excess of the contracted amount	Involvement of SCM in all procurement of any expenditure	56 029
Competency assessment for 2 Candidates for Type Approval Specialist held on 14 February 2018	SCM to continuously update Divisions on Contracts expiring in 6 months time. Divisions responsible taking ownership of contracts expiring to initiate new processes	7 100
Extension of the Limpopo office lease agreement without it being an emergency - competitive bidding processes already at the finalisation stage	Under investigation	192 160
No Local content included in the RFQ Process for designated sector	Inclusion of local content requirement from July 2017	611 250
Procurement process through SITA transversal contract not fully complied with	Under investigation	1 437 326

Legal opinion obtained from a Service provider whose contract was finalised whilst the tax matters were not tax compliant at award stage - 9 September 2017	Under investigation	86 396
SCM processes not followed for the appointment of a service provider for Disciplinary hearings	SCM to continuously update Divisions on procurement requirements for Disciplinary hearings	764 084
Normal SCM processes not followed of minimum three quotations for various Local and International Training service providers	From July 2017 all Training via HR through IDP.	6 326 929
Renewal of subscription for a period of 12 months with the suppliers appointed not having submitted SBD4 forms	Normal SCM processes being followed of at least three quotations	1 142 084
Legal services were procured from a Panelist without a valid contract, after previous Contract expired	SCM to continuously update Divisions on procurement requirements	742 594
Services procured with no SBD4 Forms requested thereby unable to verify possible conflict of interest	SCM to continuously update Divisions on procurement requirements	9 482 771
Services procured with no CSD Tax Compliance verification performed, thereby unable to verify if a Service providers were tax compliant at the Award stage	SCM verification of CSD Tax Compliance before any award is made from 1 April 2018	668 768
Services procured with no CSD Tax Complianceand SBD4 Forms verification performed, thereby procurement requirements unable to verify if Service providers were tax compliant and had no possible conflict of interest at the Award stage	SCM to continuously update Divisions on procurement requirements	1 137 966
No signed contract with Travel Agent, as there was a dispute with previous service provider for a three year contract from 25 November 2012 until 24 november 2015- Current year	New Travel agent appointed from 1 January 2018 with a signed contract in place, minimum three quotations requested	832 376
Deviations not in line with National Treasury Regulations	SCM to continuously update Divisions on procurement requirements	94 293
International air travel and accommodation obtained from the Travel agent with no minimum three quotations received	New Travel agent appointed from 1 January 2018 with a signed contract in place, minimum three quotations requested	6 566 612
		32 700 217

Details of irregular expenditure – previous periods (identified current year)

	Disciplinary steps taken/ criminal proceedings	
Normal SCM processes not followed, payments above R500 000, open bid process must have been followed for Service provider for Disciplinary hearings	SCM to continuously update Divisions on procurement requirements for Disciplinary hearings	443 380
Legal services were procured from a Panelist without a valid contract, after previous Contract expired	SCM to continuously update Divisions on procurement requirements for contracts when expired	4 146 515
No signed contract with Travel Agent, as there was a dispute with previous service provider for athree year contract from 25 November 2012 until 24 November 2015 - Previous years	SCM to continuously update Divisions on procurement requirements	2 623 259
Training provided without following normal SCM procurement processes	SCM to continuously update Divisions on procurement requirements	9 049
		7 222 203

Details of irregular expenditure condoned

	Condoned by (condoning authority)	
Reasons for deviation for not obtaining a minimum three written quotations was not documented/recorded	Council	492 498

The Authority will further investigate expenditure related to 2017-2018 and prior financial years to identify and record irregular expenditure not included in the balance of R 66 716 970.

34. Budget differences

Material differences between budget and actual amounts

Revenue from non-exchange transactions - Government Grant

The allocated normal grants were used in ensuring the Authority delivers on its mandate as reflected in the annual report for 2017/18.

Revenue from non-exchange transactions - Other

The deferred unspent grants which was part of the previous years' unspent conditional grant R 9 615 947 , R 1 805 733 was realized in 2017/18. The only project in progress relates to the Automated Spectrum Management System.

Personnel

During 2017/18 the Authority filled most of the vacant positions including 5 Full time Councillors from September 2017 and January 2018. From 17 October 2017, the Authority has not yet filled the position of Chief Operating Officer. Furthermore, paid a performance based bonus of R 19 693 431 based on the previous financial period performance. Current year actual personnel expenditure is inclusive of performance bonus provision of R27 307 331 and a labour dispute settlement amount of R8 972 913.

Depreciation

The annual review for assets on useful lives and residual values resulted on increased residual values on technical assets by 30% this followed earlier rand/dollar exchange loss during 2017/2018. The increased values following the review on residual values for the technical equipment which mostly are imported.

Repairs and maintenance

Given the constrained Budget allocation, only R3 million was budgeted for Repairs and maintenance whilst actual expenditure, in line with the previous years resulting in an overspending of R3 551 198.

General Expenses

Projects being reassessed, resulted in savings on consultancy and professional service and government gazetting advertising have contributed positively to the under-spending of R22 235 600.

Property, plant and equipment, and intangible assets

The Authority committed R 12 106 236 towards capital acquisitions including the Automated Spectrum Management System.

35. Events after the reporting date

The Authority post 31 May 2018, entered into a new head office lease agreement which will be with effect from 1 November 2018 for an amount of R328 288 848.00 for a period of 9 years 11 months in Centurion.

Notes

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