



telecommunications
& postal services

Department:
Telecommunications and Postal Services
REPUBLIC OF SOUTH AFRICA


2017 / 2018

ANNUAL REPORT



Building a better life for all through an enabling and sustainable world class
information and communication technologies environment

I have the honour of submitting the
2017/18 Annual Report of the Department
in terms of the Public Finance Management Act, 1999

A handwritten signature in dark ink, appearing to read 'R Nkuna', with a long horizontal stroke extending to the right.

MR ROBERT NKUNA

Director General

31 August 2018

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A vibrant collage of digital and communication icons. At the center is a silver laptop displaying a blue screen with a robotic hand and various data symbols. To its right is a tablet and a smartphone. In the foreground, a red telephone with a coiled cord and a black smartphone are visible. The background is filled with colorful, abstract shapes and patterns, suggesting a dynamic and interconnected digital environment.

1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS: iParioli Office Park
1166 Park Street
Hatfield, Pretoria

POSTAL ADDRESS: Private Bag X860
Pretoria
0001

TELEPHONE NUMBER: 027 12 427 8000

FAX NUMBER: 027 12 427 8561

EMAIL ADDRESS: fosman@dtps.gov.za

WEBSITE ADDRESS: www.dtps.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statement
AGSA	Auditor-General of South Africa
AIDS	Acquired immunodeficiency syndrome
APP	Annual Performance Plan
ATM	Automated teller machine
ATU	African Telecommunication Union
AU	African Union
AU CICT	African Union Committee on Information and Communication Technologies
BAC	Bid Adjudication Committee
BAS	Basic Accounting System
BBI	Broadband Infraco
BEC	Bid Evaluation Committee
BRICS	Brazil, Russia, India, China and South Africa
BRICS IMC	Brazil, Russia, India, China and South Africa Inter-Ministerial Committee
CA	Council of Administration
CA	Chartered Accountant
CFO	Chief Financial Officer
CIPC	Companies Intellectual Property Commission
COE	Compensation of employees
CSD	Central Supplier Database
CTO	Commonwealth Telecommunication Organisation
CYN	Chinese Yuan
DBSA	Development Bank of Southern Africa
DDG	Deputy Director General
DDGs	Deputy Directors-General
DEC	Departmental Executive Committee
DG	Director-General
DPSA	Department of Public Service and Administration
DTPS	Department of Telecommunications and Postal Services
DTT	Digital Terrestrial Television
ECA	Electronic Communications Act
ERP	Enterprise Resource Planning
ESEID	Economic Sectors, Employment and Infrastructure Development Cluster
ETOE	Extra Territorial Offices of Exchange

EXCO	Executive Committee
FY	Financial year
HCT	HIV counselling and testing
HDIs	Historically disadvantaged individuals
HIV	Human Immunodeficiency Virus
HR	Human resource
HRA	Human Resource Administration
HRD	Human resource development
IBM	International Business Machines
ICASA	Independent Communications Authority of South Africa
ICT	Information and communications technology
ICTs	Information and communications technologies
IMT	International Mobile Telecommunications
iNESI	Ikamva National e-Skills Institute
ISPs	Internet Service Providers
IT	Information technology
ITU	International Telecommunications Union
ITU-R	International Telecommunications Union Radiocommunication
KPIs	Key performance indicators
Ltd	Limited
MEC	Member of Executive Committee
MHz	Megahertz
MMS	Middle Management Service
MoU	Memorandum of Understanding
MP	Member of Parliament
MSA	Master Service Agreement
MTEF	Medium Term Expenditure Framework
N/A	Not applicable
NDP	National Development Plan
NEMISA	National Electronic Media Institute of South Africa
NHI	National Health Insurance
NPC	National Planning Commission
NQF	National Qualifications Framework
NRFP	National Radio Frequency Plan
OECD	Organisation for Economic Cooperation and Development
OPSCOM	Operations Committee
PAPU	Pan African Postal Union

PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act
PILAR	Procedure on Incapacity Leave and Ill-health Retirement
PMDS	Performance Management and Development System
PSA	Public Service and Administration
PSC	Public Service Commission
PSCBC	Public Service Commission Bargaining Council
PSETA	Public Service Sector Education and Training Authority
PTY	Proprietary
REC	Risk and Ethics Committee
RSA	Republic of South Africa
SA	South Africa
SA Connect	South Africa Connect
SADC	Southern African Development Community
SADC SCOM	Southern African Development Community Sub-Committee
SAPO	South African Post Office
SAPS	South African Police Service
SARB	South African Reserve Bank
SBD4	Standard Bidding Document 4
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SDM	Service delivery model
SHAR	SADC Home and Away Roaming
SHERQ	Safety, Health, Environment, Risk and Quality
SIP	Strategic Integrated Project
SITA	State Information Technology Agency
SIU	Special Investigating Unit
SMEs	Small and Medium Enterprises
SMME	Small Medium and Micro Enterprise
SMMEs	Small Medium and Micro Enterprises
SMS	Senior Management Service
SOC	State Owned Company
SOE	State Owned Enterprise
TB	Tuberculosis
TMC	Top Management Committee
TUT	Tshwane University of Technology
TV	Television

UN	United Nations
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Access Fund
VIP	Very Important Person
WRC-19	World Radiocommunication Conference 2019
WTDC	World Telecommunication Development Conference
ZACR	ZA Central Registry
.za DNA	Domain Name Authority of South Africa

3. FOREWORD BY THE MINISTER

DR SIYABONGA CWELE



I am humbled in providing the Foreword to this Annual Report in a year in which South Africa is celebrating the centenary of the birth of Tata Nelson Mandela and Mama Albertina Sisulu. These giants of the struggle for humanity journeyed through life, from the Eastern Cape to the heartland of the struggle against Apartheid in Gauteng, in parallel routes. Their journeys are a study in persistence ultimately defeating injustice.

In many ways, this Annual Report reflects the strides we are making in our tenacious efforts to embrace technology as we contribute to achieving the goals of the National Development Plan, which include the creation of a modern and inclusive society by 2030.

Addressing the International Telecommunication Union (ITU) in 1995, former President Mandela said the following; *"...many of us will not live to see the flowering of the information age. But our children will. They are our greatest asset. And it is our responsibility to give them the skills and insight to build the information societies of the future. The young people of the world must be empowered to participate in the building of the information age. They must become the citizens of the global information society. And we must create the best conditions for their participation"*.

This is the vision, which guides our work. Over the past year, we have continued to work with our partners in organised labour, organised business and other government institutions to implement the National Integrated ICT White Paper Policy. The policy seeks to achieve universal access to modern communications infrastructure and services, lowering the cost to access these services and providing skills, especially to the youth, as preparation for confronting the Fourth Industrial Revolution. The era of the Fourth Industrial Revolution is truly upon us as emergent technologies, big data, artificial intelligence and robotics become a reality.

This year, the Department, through Broadband Infraco and SITA, started connecting government facilities in the eight districts, which have been identified, for the rollout of SA Connect, the country's broadband plan and strategy. We are incorporating the lessons we are learning in this pilot phase to accelerate the rollout of this infrastructure. We are also seeking new funding models, which include engaging developmental finance institutions, which include the New Development Bank. In the coming months, we shall connect more government facilities to the transformative power of the internet.

We have prepared legislation to give effect to the White Paper. In the past year, we gazetted the Electronic Communications Amendment Act for public comment, which *inter alia*, creates the legislative environment for the establishment of the Wireless Open Access Network (WOAN). We have also established the National Rapid Deployment Coordinating Centre to assist network providers by reducing time and costs for deploying their telecommunication infrastructure.

Cabinet approved the National e-Strategy, the e-Government Strategy and the ICT SMME Development Strategy, which aims to accelerate the development, growth, and sustainability of small and medium enterprises in the ICT sector. This is meant to stimulate the creation of jobs and for greater economic inclusion, while also aiming to enhance entrepreneurship, increase the usage of ICT tools for all small businesses, and to improve their profitability and competitiveness.

Cabinet approved the framework for the establishment of a State ICT Infrastructure Company and the State IT Company. The State ICT Infrastructure Company will be formed through the merger of Sentech and Broadband Infraco. The State IT Company will be formed through the reconfiguration of the State Information Technology Agency.

In the coming months, we shall process the Postal Services Amendment Bill, the ICT Sector Commission and Tribunal Bill and the Digital Development Fund Bill.

Our pursuit of transformative policies is balanced by the need to empower our people. The Internet for All, driven by Sentech, is one such example. This initiative brings technology and skills training to the rural areas of our country. The project is being piloted in three provinces. We are planning to expand it to other provinces by the end of this financial year. In addition, NEMISA and .zaDNA will provide the much needed digital skills training in the country.

The spotlight of the world will be firmly on SA as we host the ITU Telecom World 2018. We aim through this conference to attract investment into the country, showcase the capabilities of our SMMEs and seek partnerships for skills development with large ICT companies of other countries. We shall also host the meeting of BRICS Ministers who are responsible for ICT, to consolidate the work that has been done over the past three years. We shall continue to engage like-minded countries as we seek to protect the interests of developing nations in multilateral platforms.

We remain focused on the need to contribute to financial inclusion, especially in rural areas. In the current financial year, this effort has been strengthened by the partnership between the SA Post Office and the SA Social Security Agency to pay social grants. We expect that this capacity that is being built by the State will, over time, be extend to other services. We are awaiting response from the South African Reserve Bank for the application for a banking license for the Postbank submitted in 2017.

Through our direct engagements with communities and through monitoring the media, we are reminded of the need to lower the cost to communicate. This is one of the priorities for the Department. We expect that the Independent Communications Authority of SA and the Competition Commission will release reports, which will guide us on the interventions needed to lower data costs by March 2019. We are also providing some relief to some communities by rolling out free Wi Fi services through the Universal Service and Access Agency of SA and Sentech.

We acknowledge the recommendations of the Auditor General and will ensure that the Department acts upon them.



Dr SC Cwele

Minister
Department of Telecommunications and Postal Services

4. STATEMENT BY THE DEPUTY MINISTER

MS STELLA NDABENI-ABRAHAMS



It gives me great pleasure to present this statement as the Department tables the 2017/18 Annual Report for 2017/18 financial year thereby outlining the achievements we made during this period as well as giving key highlights of what we plan to implement going forward.

Parallel to the development of this Annual Report, the Department is also preparing to host the International Telecommunications Union (ITU) Telecoms World 2018 Conference in Durban in September this year. A key legacy project for the ITU conference is the African Centre for the Fourth Industrial Revolution. Whilst located in South Africa, the centre will service Africa to ensure that the continent is at the cutting edge of ICTs and further enable conformance standards testing of technologies such as 3D printing, biotechnologies and blockchain, amongst others as well as enable the development and manufacturing of local technologies. Hosting of the ITU Telecom World will further expose 40 ICT SMMEs to opportunities through exhibition at the SA pavilion and participation in the ITU Global Awards.

South Africa is further pursuing candidature for the Council of the ITU, which is the highest decision making body of the Union and holds the key to being part of decisions that bring about transformation in the ICT landscape. Similarly, South Africa has always been playing an active role in regional activities, hence we are at the forefront of supporting our candidate, Dr. Cosmas Zavazava from Zimbabwe for the position of Director of the Development Bureau of ITU.

In the period under review, the Department finalised and obtained Cabinet approval for the National e-Strategy, e-Government Strategy and ICT SMME Development Strategy. The ICT SMME Strategy seeks to accelerate development, growth, and sustainability of small and medium enterprises in the ICT sector with the objective of job creation and economic inclusion as well as to enhance entrepreneurship, increase the usage of ICT tools by all small businesses, and improve their profitability and competitiveness.

In the 2018/19 financial year, the focus would be on facilitating the establishment of 30 Internet Service Providers (ISPs) in the 8 National Health Insurance sites prioritised by government as well as open opportunities to more ICT SMMEs via the ITU World and BRICS ICT Ministers' Meeting.

We have made great strides in the development of a National e-Strategy, and we will now focus on the development of a comprehensive National Digital Skills Strategy with an aim to identify the ICT skills gap in our country. The Department has in the interim introduced

iNeSI Bill in Parliament in March 2018, which seeks to create a public entity that will facilitate development of e-skills capacity in the country. Although technology has advanced rapidly in the last few years, our skills base has not developed at the requisite pace in order to keep up with the demands for skills brought about by these developments, hence the development of this strategy.

Furthermore, as part of implementing the National e-Strategy, in 2018/19 FY, the Department will focus on facilitating the establishment of the Presidential Advisory Council on the Fourth Industrial Revolution as announced by the President in the State of the Nation Address.

With regards to the National Integrated ICT White Paper, Cabinet approved the publication of the following Bills for public comment: Electronic Communications Amendment Bill, Postal Services Amendment Bill and iKamva National e-Skills Institute Bill. It is envisaged that in the 2018/19 financial year the Department will further develop and pass the necessary legislations that will enable full implementation of the White Paper and give the sector more certainty about the policy environment they operate in.

The Department has made strides with regards to the facilitating and monitoring Operations of the Virtual Cyber Security Hub and contributing to Outcome 3 ("All people in South Africa are and feel safe"). Managing and mitigating Cyber Security threats is a task for us all but the Department recognises its special responsibility to lead the national effort required through the monitoring of the operations of the Virtual Cybersecurity Hub.

As we move into the new financial year, I would like to thank Minister Siyabonga Cwele for his support and encouragement during the challenges we faced in the past year, Director-General Robert Nkuna and his management team for the energy and focus they have invested in the Department, the staff of the DTPS for their continued hard work and dedication.



Ms Stella Ndabeni-Abrahams
Deputy Minister
Department of Telecommunications and Postal Services

5. REPORT OF THE ACCOUNTING OFFICER

MR ROBERT NKUNA: DIRECTOR-GENERAL

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT



The vision for the ICT Sector, as encapsulated in the National Development Plan states: "By 2030, ICT will underpin the development of a dynamic information society and knowledge economy that is more inclusive and prosperous. A seamless information infrastructure will meet the needs of citizens, business and the public sector, providing access to the wide range of services required for effective economic and social participation - at a cost and quality at least equal to SA's competitors." During the 2017/18 financial year, the Department has made extensive strides towards the NPC's vision through vigorous implementation of the National ICT White Paper which saw the development of several draft Bills as well as three imperative ICT strategies

which will support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy and ensure increased uptake and usage of ICTs by the majority of the South African population, thus bridging the digital divide.

During the 2017/18 financial year the Department continued with extensive stakeholder consultations on the National Integrated ICT Policy White Paper. This included engagements with the National ICT Forum on White Paper implementation, focusing on the Wireless Open Access Network and spectrum issues. Furthermore, the Department held a significant number of engagements with wide range of public and private sector stakeholders on the proposed legislation emanating from the White Paper.

Over the past financial year, several draft bills have been prepared to give effect to the White Paper. These include the Electronic Communications Amendment Bill, Postal Services Amendment Bill, iKamva National e-Skills Institute Bill, ICT Sector Commission and Tribunal Bill and the Digital Development Fund Bill. Cabinet approved publication of the Electronic Communications Amendment Bill, Postal Services Amendment Bill and iKamva National e-Skills Institute Bill, for public consultation. Hence these bills were published for public comment after which public hearings were held. The consultations are nearly concluded. Additional Bills will be submitted for Cabinet to approve commencement of public consultation in the 2018/19 financial year.

Other critical milestones achieved in the 2017/18 financial year included finalisation and obtaining of approval from Cabinet for the National e-Strategy, the ICT SMME Development Strategy and the e-Government Strategy. The National e-Strategy will focus on creating the necessary knowledge base and skills for participation in the Digital Society while stimulating sector growth and innovation. This will be done by driving public and private ICT investment, especially in network upgrades and expansion (particularly in broadband) and development of local content and applications. The ICT SMME Development Strategy seeks to accelerate the development, growth, and sustainability of Small and Medium Enterprises in the ICT sector with the objective of job creation and economic inclusion while also aiming to enhance entrepreneurship, increase the usage of ICT tools by all small businesses, and improve their profitability and competitiveness. The e-Government Strategy will guide the digital

transformation and modernisation of the public service to improve service delivery to our citizens. The Department will focus extensively on facilitating the implementation of these three strategies in the 2018/19 financial year.

The Department also made great strides towards rationalisation of our State Owned Companies. Cabinet approved the framework for the establishment of a State ICT Infrastructure Company and State IT Company. The State ICT Infrastructure Company will be formed through the merger of Sentech and Broadband Infraco. The State IT Company will be formed through the reconfiguration of the State Information Technology Agency.

Although the Broadband roll-out project was delayed largely due to inability of the Department to finalise the appointment of implementing agents as well as fiscal constraints, it has commenced with the implementation of Phase 1 of SA Connect which is focused at providing Broadband connectivity to the 8 NHI Sites. The Department has, through a Tripartite Master Services Agreement, mandated its entities, SITA and BBI, to implement Phase 1 of SA Connect. The Department also issued Government Orders to these SOEs with regard to the connectivity of identified sites.

The Department itself has implemented numerous interventions stemming from the recommendations of the Climate and Culture Survey that was conducted in 2016. Such interventions have immensely improved the current climate and culture of the organisation, impacting positively on organisational performance and service delivery as a whole. In this regard, the Department committed to achieving 17 annual targets in its 2017/18 Annual Performance Plan. At the end of the reporting period, the Department had achieved 82% of its commitments, while spending 95% of its budget allocation.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Departmental receipts

Departmental receipts	2017/2018			2016/2017		
	Estimate	Actual Amount Collected	(Over) / Under Collection	Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	366	57	309	58	51	7
Transfers received	244	-	244	-	-	-
Interest, dividends and rent on land	653,263	1,140,001	(486,738)	507,383	831,077	(323,694)
Sale of capital assets	300	713	(413)	-	-	-
Financial transactions in assets and liabilities	240	334	(94)	652	283	369
Total	654,413	1,141,105	(486,692)	508,093	831,411	(323,318)

Departmental revenue comprised mainly dividends received from Telkom. Income from the sale of goods and services, other than capital assets, was mainly commission received on the deduction of interest and other premiums from employees' salaries and administration fees.

Programme Expenditure

Programme Name	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	209,578	209,452	126	217,322	211,582	5,740
ICT International Affairs	51,748	50,612	1,136	48,430	46,944	1,486
Policy, Research and Capacity Development	84,518	78,524	5,994	88,775	78,494	10,281
ICT Enterprise Development and SOE Oversight	3,950,288	3,949,056	1,232	886,608	882,353	4,255
ICT Infrastructure Support	878,245	604,411	273,834	1,176,277	856,319	319,958
Total	5,174,377	4,892,055	282,322	2,417,412	2,075,692	341,720

The Department of Telecommunication and Postal Services had a total adjusted appropriation baseline allocation of R 5.174 billion for the 2017/18 financial year. The adjusted allocation for 2017/18 was increased by 114% compared to the previous financial year allocation of R2.417 billion. Of the total allocation, transfers and subsidies amount to R808.9 million (16%) of the total budget. These transfers were mainly to departmental agencies and accounts, as well as allocations for digital broadcasting migration. Payment for financial assets amounted to R3.7 billion (72%) of the available budget and it was allocated for recapitalisation of the South African Post Office (SAPO).

The allocation for goods and services amounted to R431.8 million (8%) of the total budget. The allocation for compensation of employees amounted to R221.2 million (4%), while R12.1 million (1%) was allocated as payment for capital assets.

Spending for the 2017/18 financial year amounted to R4.892 billion (94.5%) of the adjusted budget of R5.174 billion. Under-spending was R282.3 million (5%). This was mainly on goods and services amounting to R279.6 million, largely due to delays in the implementation of the Broadband Project.

THE SPENDING TRENDS PER PROGRAMME ARE OUTLINED BELOW:

Programme 1: Administration

The programme had a final budget of R209.6 million and expenditure amounted to R209.5 million (99%) in the 2017/18 financial year, compared to expenditure of R211.6 million in the 2016/17 financial year. Cost drivers included in goods and services were security, cleaning services, rentals and travel costs.

Programme 2: ICT International Affairs

The programme had a final budget of R51.7 million and expenditure amounted to R50.6 million (98%) in the 2017/18 financial year, compared to expenditure of R46.9 million in the 2016/17 financial year. R25.9 million (50%) of the adjusted budget was transfer payments for membership fees to international organisations, compared to R26.2 million paid in the 2016/17 financial year.

Programme 3: Policy, Research and Capacity Development

The programme had a final budget of R84.5 million and expenditure amounted to R78.5 million (93%) in the 2017/18 financial year. The expenditure trends remained constant in this programme when compared to spending in the 2016/17 financial year.

Programme 4: ICT Enterprise Development and SOE Oversight

The programme had a final budget of R3.9 billion and expenditure amounted to R3.9 billion (100%) in the 2017/18 financial year, as compared to expenditure of R882 million in the 2016/17 financial year. This was mainly due to an allocation of R3.7 billion for recapitalisation of the South African Post Office.

Programme 5: ICT Infrastructure Support

The programme had a final budget of R878 million and expenditure amounted to R604.4 million (68.8%) in the 2017/18 financial year as compared to expenditure of R856 million in the 2016/17 financial year. The net reduction was due to the budget reductions of R510 million during the adjustment period on the transfer payments for the Broadcasting Digital Migration project and the increase in transfers to Sentech for the Dual Illumination Project (R193 million) as well as the Migration of Digital Signals project (R53 million).

Goods and services expenditure increased by R12.4 million in the 2016/17 financial year, to R18.9 million in the 2017/18 financial year. This amount includes an advance of R4.9 million paid to Broadband Infraco to commence with the rolling out of the Broadband project.

Virements / Roll-overs

Virements as reflected in the Appropriation Statement were applied in terms of Section 43(1) of the Public Financial Management Act, 1999 (Act of 1999) which stipulates that virements may not exceed 8% of the amount appropriated under that main division. Funds amounting to R9.9 million representing 1% of the main division were transferred from Programme 5 to Programme 1 and Programme 2 to defray excess expenditure, mainly on goods and services, to fund the shortfall in the audit costs, operating lease, property payments, travel and subsistence, software, intangible assets and International membership fees. Funds were moved from Programme 1 to Programme 4 to cover the shortfall in compensation of employees.

Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The Department did not incur any unauthorised expenditure during the period under review.

The irregular expenditure of R228 thousand was incurred in the 2017/18 financial year. The Department has developed a plan to address all irregular expenditure incurred in the 2017/18 and previous financial years that not as yet been condoned. Supply chain policy and procedure is under review to ensure that internal controls are tightened for the prevention of irregular expenditure.

The amount incurred for fruitless expenditure this year totals R15 thousand, comprising R1 thousand for traffic fines and R14 thousand for no shows. Investigation processes are underway to establish the facts before any action can be taken to implement consequence management effectively. R15 thousand was written off from expenditure incurred in the year under review. The amount recovered totalled R2 thousand, of which R1 thousand is from the financial year under review and R1 thousand is from previous financial years. The Department maintains a register of fruitless and wasteful expenditure and the policies on losses and debt were reviewed in the year under review. Losses are written off in accordance with the loss and debt policies as well as chapters 9, 11 and 12 of the Treasury Regulations. There are punitive measures against perpetrators and awareness campaigns are carried out to avoid recurrence of fruitless and wasteful expenditure.

FUTURE PLANS OF THE DEPARTMENT

The 2018/19 financial year can be viewed as the “year of implementation” as the Department will largely focus, amongst other things, on facilitating the implementation of the three strategies, namely the National e-Strategy, the ICT SMME Development Strategy and the e-Government Strategy. The Department will also continue with implementation of the National Integrated ICT White Paper and the implementation of SA Connect.

Implementation of the National Integrated ICT Policy White Paper

In the 2018/19 financial year, the Department will continue to develop ICT legislation required to give effect to the National Integrated ICT Policy White Paper through introducing the Electronic Communications Amendment Bill and the Postal Services Amendment Bill to Parliament. The Department will also focus on gazetting the Digital Development Fund Bill and the ICT Commission and Tribunal Bill for public consultation.

The INESI Bill, which seeks to create a public entity that will be a national catalyst and change agent for developing e-Skills capacity in the country, was introduced in Parliament in March 2018. The focus henceforth will be on its implementation.

Implementation of the National e-Strategy

As part of facilitating the implementation of the National e-Strategy in the 2018/19 financial year, the Department will focus on the development of a comprehensive National Digital Skills Strategy with the ICT skills gap in South Africa, determining policy objectives for achieving e-literacy and the aim of identifying digital skills as well as developing an institutional approach to addressing the disconnect between supply and demand side skills.

Implementation of the National e-Strategy will also concentrate on the development of the SAPO e-Commerce platform focused on the e-Mall. The development of an e-Commerce platform will contribute towards achieving the objectives of the developmental state agenda based on exploiting the already available SAPO logistical infrastructure.

Furthermore, as part of implementing the National e-Strategy, in the 2018/19 financial year, the Department will focus on facilitating the establishment of the Presidential Advisory Council on the Fourth Industrial Revolution as announced by the President in the State of the Nation Address.

Implementation of the ICT SMME Development Strategy

The ICT SMME Development Strategy focuses on key interventions to accelerate the development, growth and sustainability of Small, Medium and Micro Enterprises in the ICT sector, and aims to facilitate increase in the levels of uptake and usage of ICTs by the small business sector. In this regard, in the 2018/19 financial year, the focus will be on facilitating the establishment of 30 internet service providers (ISPs) in the 8 National Health Insurance sites prioritised by government as well as opening opportunities to more ICT SMMEs via the ITU World and BRICS ICT Ministers' Meeting, taking place in July and September 2018.

Implementation of the e-Government Strategy

The implementation of the e-Government Strategy and Roadmap is essential for the transformation and modernisation of public service delivery. SITA is the lead agency in this digital transformation of government services, collaborating with the various government departments to realise a digital government that embraces citizen-centricity. In the 2018/19 financial year, SITA with support from the DTPS will focus on developing the National e-Services Portal, which will ensure that government can deliver services and transact and communicate with citizens in real time.

Broadband Connectivity

With regards to Broadband roll-out, the Department's key objective is to provide access to quality, affordable, safe, ubiquitous high-speed broadband. To achieve this the Department has commenced with the implementation of Phase 1 of SA Connect which is focused at providing Broadband connectivity to the 8 NHI Sites. The Department has mandated its entities, SITA and BBI, to implement Phase 1 of SA Connect which is focused on 570 sites for the 2018/19 financial year, of which 327 Sites are to be completed by the first half of this financial year.

Furthermore, in the 2018/19 financial year, the Department will put in place a National Rapid Deployment Coordination Centre, in line with the Rapid Deployment Policy, to expedite the rapid deployment of electronic communication facilities.

SOC Rationalisation

Cabinet approved the framework for the establishment of a State ICT Infrastructure Company and State IT Company. In the 2018/19 financial year, the Department will focus on the development of the draft legislation for both companies. Such legislation is aimed at increasing investment in ICT infrastructure, improving the performance of the SOEs under the DTPS portfolio and promoting innovation and transformation of the ICT sector as a catalyst for economic growth.

Hosting of the BRICS Ministerial Meeting and the ITU Telecom World

The Department will also host two major events, namely the ITU Telecom World 2018 and the 2018 BRICS ICT Ministerial Meeting. The ITU Telecom World 2018 provides an excellent

opportunity to position South Africa as the leading ICT country in Africa and as a hub for development through ICTs. The BRICS ICT Minister's meeting, under the theme "Advancing Inclusive Growth through Industry and SMME participation" provides a solid opportunity to both SOEs and ICT SMMEs to gain a foothold in opportunities provided by the BRICS platform and to seize the advantage by promoting locally produced ICT solutions and products and giving impetus to ICT industrial growth and development.

It must be noted that the future projects of the Department are anchored in an endeavour to prepare South Africa for the Fourth Industrial Revolution. Key initiatives in this regard will include coordinating the establishment of the Presidential Advisory Council on the 4IR to ensure that our country is in a position to seize the opportunities and manage the challenges of rapid advances in information and communication technology. Focus will also be on the establishment of the Digital Transformation Centre to build capacity around standardisation, intellectual property management and conformance testing to boost localization and the manufacturing of new technologies. In addition, we will focus on big data and new technologies such as the transition to 5G networks so as to ensure that South Africa is up to speed and remains relevant in this fast changing technological era.

Public Private Partnership

None.

Discontinued activities / activities to be discontinued

None.

New or proposed activities

None.

Supply Chain Management

The Department did not have unsolicited bid proposals during the year under review. Irregular expenditure has been dealt with in line with the guidelines from National Treasury. The Supply Chain Management (SCM) policies, procedures and delegations are currently under review to ensure tighter internal controls to prevent irregular expenditure. All the bid committees are in place, namely: Specification, Evaluation and Adjudication. There are capacity constraints in the supply chain unit that are negatively impacting on addressing irregular expenditure from previous financial years. There are negotiations in place to bring in more resources to assist in addressing the irregular expenditure.

Gifts and donations received in kind from non-related parties

The Department received sponsorships as listed in the table below during the 2017/18 financial year:

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSOR	AMOUNT
ICASA	Hosting of the SADC SCOM meeting, 19-22 June 2017 - 20 gift bags, 20 conference diaries and 20 memory sticks as ICASA promotional items	-
Huawei	Sponsored training seminar by Huawei: Construction and development of submarine optical cable for Asian and "Maritime Silk Road" countries, 20 June – 10 July, China (Huawei covered the cost of flights, accommodation and daily allowance of ¥ 87 per day)	-
Huawei	Sponsored training seminar by Huawei: Seminar on Safe City Development for African English speaking Countries, 7 – 27 June, China (Huawei covered the cost of flights, accommodation and daily allowance of ¥ 87 per day)	-
Vodacom	Sponsored Ministerial Roundtable working dinner on 5 September 2017	250 000
China Telecom Global	Sponsored training seminar by China Telecom Global: Development of Information and Telecommunication Technology for Developing Countries, 10 July - 8 August 2017 (China Telecom covered the cost of flights, accommodation and daily allowance of ¥ 80 per day)	-
Telkom SA	Bags, exhibition, promotional material, 25 x ushers and golf shirts,	950 000
Sentech	16 x ministerial cars and branding of vehicles	100 000
ZACR/.Africa	Transport for delegates and branding of vehicles	100 000
ICASA	Uniform for officials' shirts, head-wraps, bowties	20 000
Multichoice	150 DSTV Wi-Fi routers	-
Vodacom	Meeting on roaming: gala dinner 5 September, décor, scarves for 10 ushers and 5 protocol team.	250 000

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSOR	AMOUNT
MTN	Internet café: 2 x laptops, Wi-Fi connection, 1 x printer	-
Brand SA	Notebooks, pens, paper bags, folders	-
Liquidtelecom	Cocktail dinner 4 September, décor, entertainment, solar power banks, scarves, golf shirts for ushers and team DTPs	250 000
USAASA	20 umbrellas for ministers and VVIPs	-
NEMISA	Video conferencing	-
Huawei	Gala dinner and entertainment 07 September	
	o Venue including menu	168 559
	o Décor and equipment	88 355
	o Golf T-shirts	25 000
	o Lanyards	9 000
	o Background wall	30 000
	o 20 x ushers (3-7 Sep 2017)	75 000
	o Programme Director & DJ	26 000
	o 25 tables @ R2 500 each	62 500
	o 50 x power set @ R350 each	17 000
	Golf day – 5 September o Branded golf T-shirts o Caps o 38 x cooler-bags with snacks and drinks o Cocktail and drinks o Prizes for winners	70 000
Subtotal		2 242 164

Exemptions and deviations received from the National Treasury

None.

Events after the reporting date

Following engagement between the DTPS, National Treasury and Telkom with regards to the sale of Telkom shares, it was decided that the Telkom shares will no longer be sold as initially indicated in the allocation letter received during the adjusted budget.

The Department received a final arbitration award on 4th June 2018 that orders the Minister of Communications and the Director-General of Communications to pay Draft FCB a material amount for premature termination of a contract. The contingent liability on Draft FCB as at 31 March 2018 was R39.8 million. This amount will be paid by the DTPS as the matter was not transferred to the Department of Communications.

Acknowledgement

I would like to sincerely thank the Minister and the Deputy Minister for their strategic leadership and guidance. I would also like to acknowledge and appreciate the Department's employees, the governance committees and the executive team for their tireless dedication to achieving the Department's objectives, which resulted in achieving 82% of its planned targets.

Appreciation also goes to our Parliamentary Oversight Committees as well as our State Owned Entities (SOEs) for their support and contribution towards achieving the planned government outcomes. Last, but not least, I acknowledge and appreciate the invaluable partnerships forged with the ICT Industry as we work together towards strengthening the ICT Sector and increase our contribution towards socio-economic growth and development.

Conclusion

Despite the current funding and human resource challenges experienced by the Department and the country as a whole, the Department will do its utmost to carry out its mandate and achieve its strategic goals and objectives in line with the National Development Plan and the Medium Term Strategic Framework.

Approval and sign off



Robert Niuna
Accounting Officer
Department of Telecommunications and Postal Services
Date: 23/08/2018

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by National Treasury.


The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Officer 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 my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2018.

Yours faithfully



Accounting Officer
Name: Robert Nkuna
Date: 28/08/2018

7. STRATEGIC OVERVIEW

7.1 VISION

South Africa as a global leader in the development and use of information and communication technologies for socio-economic development.

7.2 MISSION

Building a better life for all through an enabling and sustainable world class information and communication technologies environment.

7.3 VALUES

- Transparency;
- Respect;
- Accountability;
- Fairness;
- Integrity;
- Excellence; and
- Innovation.

8. LEGISLATIVE AND OTHER MANDATES

8.1 Constitutional Mandates

The legislative mandate of the Department of Telecommunications and Postal Services is embedded in the legislation as reflected in the table below:

Name of Act	Purpose
Sentech Act, 1996 (Act No. 63 of 1996)	To provide for the transfer of all the shares of the South African Broadcasting Corporation in Sentech (Pty.) Ltd. to the State; for the conversion of Sentech (Pty.) Ltd. from a private to a public company, Sentech Ltd.; for the control of Sentech Ltd.; and for matters connected therewith.

Name of Act	Purpose
Former States Posts and Telecommunications Act, 1996 (Act No. 5 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; and to provide for the transfer of the postal and the telecommunications enterprises conducted by those departments as well as certain land used by them for that purpose to the said companies; and to provide for matters connected therewith.
Former States Broadcasting Reorganisation Act, 1996 (Act No. 91 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; and to provide for the transfer of the postal and the telecommunications enterprises conducted by those departments as well as certain land used by them for that purpose to the said companies; and to provide for matters connected therewith.
Postal Service Act, 1998 (Act No. 124 of 1998)	To make new provision for the regulation of postal services; for the operational functions of the postal company, including its universal service obligations; for structural matters relating to postal services as well as the operation of the Postbank and National Savings Certificates; and to consolidate certain provisions relating to the postal company and amend or repeal others; and to provide for matters connected therewith.
Department of Communications Rationalisation Act, 1998 (Act No. 10 of 1998)	To provide for the rationalisation of the Department of Communications; and to provide for matters connected therewith.
Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)	To provide for the facilitation and regulation of electronic communications and transactions; to provide for the development of a national e-strategy for the Republic; to promote universal access to electronic communications and transactions and the use of electronic transactions by Small, Medium and Micro-sized Enterprises (SMMEs); to provide for human resource development in electronic transactions; to prevent abuse of information systems; to encourage the use of e-Government services; and to provide for matters connected therewith.

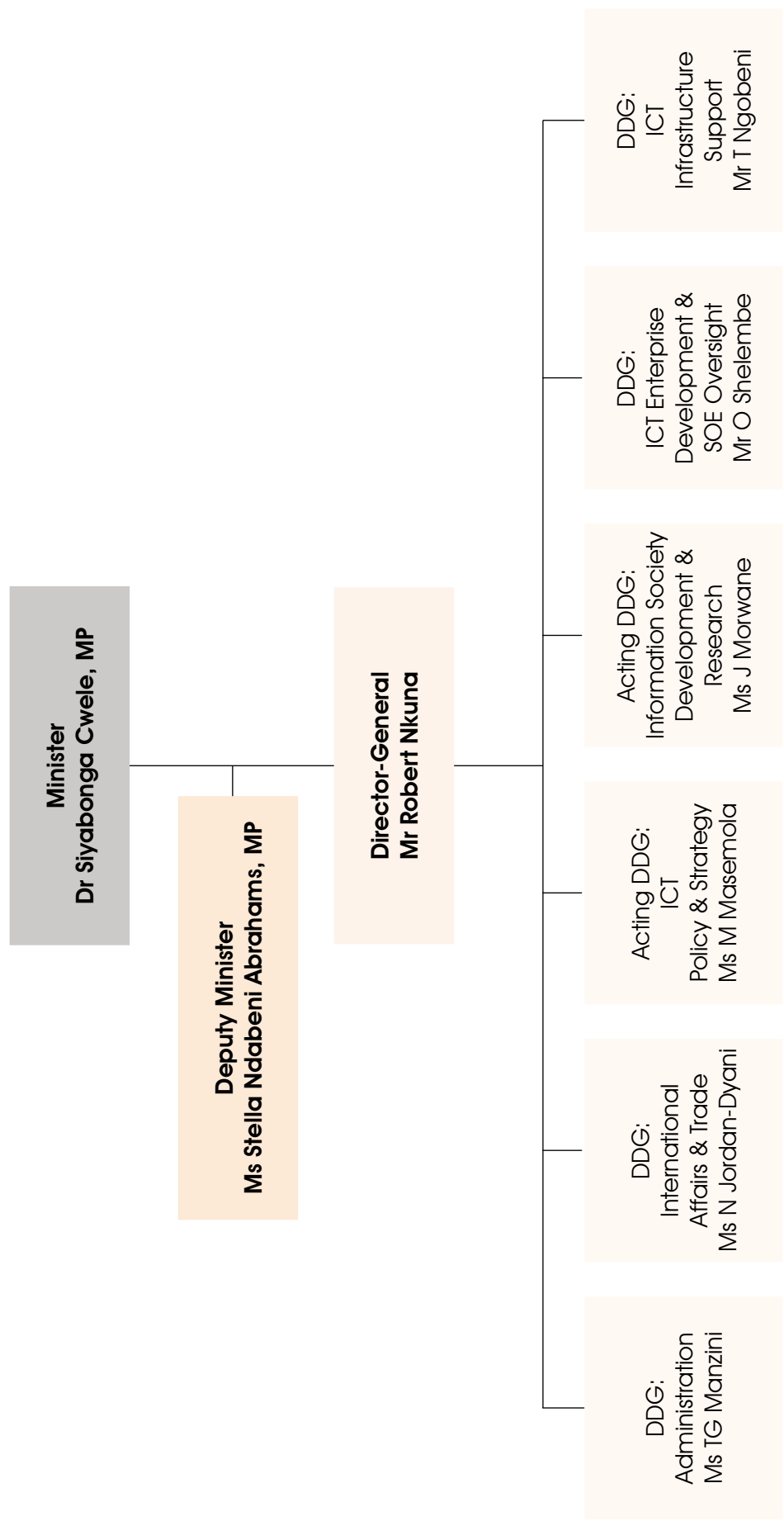
Name of Act	Purpose
Electronic Communications Act, 2005 (Act No. 36 of 2005)	To promote convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and to provide the legal framework for convergence of these sectors; to make new provision for the regulation of electronic communications services, electronic communications network services and broadcasting services; to provide for the granting of new licenses and new social obligations; to provide for the control of the radio frequency spectrum; to provide for the continued existence of the Universal Service Agency and the Universal Service Fund; and to provide for matters incidental thereto. <i>(NB: The DTPS is responsible for the administration of the Act, with the exception of the following sections [Section 4(5), Section 5(6), and Chapter 9].</i>
Independent Communications Authority of South Africa, 2000 (Act No. 13 of 2000)	The Independent Communication Authority may make recommendations to the Minister on policy matters and amendments to the Electronic Communications Act, No 36 of 2005 and the Postal Services Act, No 124 of 1998, which accord with the objects of these Acts to promote development in the electronic transactions, postal and electronic communications sectors. Furthermore, in so far as policy made, and policy directions issued, by the Minister in terms of the Postal Services Act, No 124 of 1998, Electronic Communications Act, No 36 of 2005 and any other applicable law.
South African Post Bank Limited Act, 2010 (Act No. 9 of 2010)	To provide for the incorporation of the Postbank Division of the South African Post Office; to provide for the transfer of the enterprise of that Division to the postbank company; to provide for the governance and functions of the Postbank company; and to provide for matters connected therewith.
South African Post Office SOC Ltd Act, 2011 (Act No. 22 of 2011)	To provide for the continued corporate existence of the South African Post Office and its subsidiaries; to provide for its governance and staff; and to provide for matters connected therewith.

Name of Act	Purpose
State Information Technology Agency Act, 1998 (Act No. 88 of 1998)	To provide for the establishment of a company that will provide information technology, information systems and related services to, or on behalf of, participating departments and in regard to these services, act as an agent of the South African Government; and to provide for matters connected therewith.
Broadband Infraco Act, No. 33 of 2007.	To provide for the main objects and powers of Broadband Infraco (Proprietary) Limited; to provide for the borrowing powers of Broadband Infraco (Proprietary) Limited; to provide for servitudes and additional rights in favour of Broadband Infraco (Proprietary) Limited; to provide for the expropriation of land or any right in land by the Minister on behalf of Broadband Infraco (Proprietary) Limited; to provide for the conversion of Broadband Infraco (Proprietary) Limited into a public company having a share capital incorporated in terms of the Companies Act, 1973; and to provide for matters connected therewith.
In relation to the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005 mentioned in the table above, the Memorandum of Understanding (MoU) between the Minister of Telecommunications and Postal Services and the Minister of Communications comes into effect. The Memorandum of Understanding was entered to implement certain matters relating to the transfer of powers and functions under the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005. The MoU was concluded with the aim of creating a framework, within which both Ministers can co-operate on the implementation of certain matters relating to the assignment of powers and functions under the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005, to regulate their relationship and mutual co-operation regarding the laws assigned to them, and to assist both Ministers in giving effect to the constitutional obligation of implementing national legislation; developing and implementing national policy; and coordinating functions entrusted to them.	

In executing its role, the Department is also guided, amongst others, by:

- The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996);
- The Public Service Act, 1994 (Act 103 of 1994) as amended; and
- The Public Finance Management Act, 1999 (Act 1 of 1999) as amended.

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER/MEC

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
NEMISA	The National Electronic Media Institute of South Africa was established as a non-profit institute of education by the Department of Communications in terms of the Companies Act (1973). It is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999).	Transfer of funds	Offers national certificates and short courses in the areas of television production, animation and radio production. The institute's programmes are structured to enhance the market readiness of students in a wide range of broadcasting disciplines.
USAASA	The Universal Service and Access Agency of South Africa was established in terms of section 80 of the Electronic Communications Act (ECA) No. 36 of 2005 as a statutory body. It is listed as a Schedule 3A public entity in terms of the Public Finance Management Act 1 of 1999.	Transfer of funds	To promote universal service and access in under-serviced areas.
USAF	The Universal Service and Access Fund was established in terms of section 89 (1) of the Electronic Communications Act (2005).	Transfer of funds	To make payments for subsidies towards the provision of ICT services, as well as the construction or extension of electronic communications for needy person in under-serviced areas.
Za.DNA	Za.DNA is a statutory, not-for-profit entity established in terms of Chapter Ten of the Electronic Communications and Transactions (ECT) Act 25 of 2002.	Self-funded	To administer, manage and regulate the .Za namespace.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
SAPO	The South African Post Office is a government business enterprise that is required to provide postal and related services to the public. It derives its mandate from the South African Post Office SOC Ltd Act (2011) and the South African Postbank Limited Act (2010).	Transfer of funds	It has an exclusive mandate to conduct postal services, and makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.
SITA	The State Information Technology Agency is governed by the State Information Technology Agency Act (1998), as amended. The Agency is responsible for the provision of IT services to Government. The Act separates the Agency's services into mandatory services and non-mandatory.	Self-funded	Provisioning and procurement of ICT goods and services on behalf of government departments and public entities.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
BBI	<p>Broadband Infraco's legislative mandate is set out in the Broadband Infraco Act no. 33 of 2007. The main objectives as set out in the Broadband Infraco Act are to expand the availability and affordability of access to electronic communications:</p> <ul style="list-style-type: none"> • Including but not limited to under-developed and under-served areas; • In support of projects of national interest; • In accordance with the Electronic Communications Act and commensurate with international best practice and pricing; and • Through the provision of electronic communications network services and electronic communications services. 	Self-funded	Ensures that the high capacity connectivity and bandwidth requirements for specific projects of national interest are met.
SENTECH	<p>Sentech was licensed through the Telecommunications Amendment Act (2001) as a state owned enterprise to provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa.</p>	Transfer of funds	Provides signal distribution services in the broadcasting industry.

PART B

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 131 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

During the period under review the Department of Telecommunications and Postal Services found itself operating in an environment in which the current ICT infrastructure market, particularly in relation to broadband, is characterised by fundamental market problems of ineffective competition, infrastructure sharing bottlenecks, unnecessary duplication of infrastructure, and inefficient use of scarce resources. However, in an effort to respond to such an environment, the Department achieved certain critical milestones including the full implementation of the National Integrated ICT Policy White Paper, the finalisation and Cabinet approval of the National e-Strategy, the ICT SMME Development Strategy as well as the e-Government Strategy, amongst others. The achievement of such crucial targets resulted in the Department achieving 82% of its planned commitments as outlined in its 2017/18 Annual Performance Plan. These achievements are highlighted below:

National Integrated ICT Policy White Paper

The approval of the National Integrated Information and Communication Technologies (ICT) Policy White Paper, in September 2016, marked a significant milestone towards using technology to build a seamless information infrastructure which will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous, as envisaged in the National Development Plan (NDP). The White Paper is an integrated and holistic policy that covers the ICT and postal sectors and sets out the framework of how government wants to provide access to modern communications infrastructure and services to facilitate the entry of new players and meaningful participation of all citizens, including those in rural areas. This is so as to use ICT to facilitate faster shared economic growth, improve service delivery and radically transform society.

During the reporting period, extensive stakeholder engagements have been held on the National Integrated ICT Policy White Paper. These included engagements with the National ICT Forum on White Paper Implementation, focusing on the Wireless Open Access Network and spectrum issues as well as a significant number of meetings with wide-ranging public and private sector stakeholders on the proposed legislation emanating from the White Paper.

Over the past financial year, several draft bills have been prepared to give effect to the White Paper. These include the Electronic Communications Amendment Bill, Postal Services Amendment Bill, iKamva National e-Skills Institute Bill, ICT Sector Commission and Tribunal Bill and Digital Development Fund Bill. Cabinet approved the publication of the following bills for public comment: Electronic Communications Amendment Bill, Postal Services Amendment Bill and iKamva National e-Skills Institute Bill. Extensive public hearings were held and the consultation is nearing conclusion. In addition to draft legislation, other requirements of the White Paper have also been achieved such as the publication of the ICT SMME strategy, National e-Strategy and e-Government strategy.

National e-Strategy

The National e-Strategy addresses the two aspects of creating the necessary knowledge base and skills for participation in the Digital Society. These include the mass skilling of South Africans and the generation of necessary ICT knowledge and skills for daily use. The second aspect will address the production of skilled scientists, practitioners and business managers to generate South African products that though addressing South African needs can compete favourably in international markets. Furthermore, the National e-Strategy should stimulate demand and sector growth and innovation by driving public and private ICT investment, especially in network upgrades and expansion (particularly in broadband) and development of local content and applications. Furthermore, the National e-Strategy seeks to prepare South Africa for fundamental changes, opportunities, and challenges brought by the Fourth Industrial Revolution.

The current ICT skills gap in South Africa is hindering the country's ability to improve performance and competitiveness not only of the ICT sector but all other relevant sectors. This skills gap is constraining the drive towards heightened innovation in the ICT sector in an endeavour to sustainably address the unacceptable burdens of poverty and unemployment.

During the period under review, the Department finalised the National e-Strategy through extensive public consultations in all 9 provinces following which the National e-Strategy was presented to Cabinet and approved in December 2017. Furthermore, the National e-Strategy Implementation Plan was also developed in March 2018.

ICT SMME Development Strategy

Government is aware that to address problems confronting our economy and to reverse the unemployment rate requires a radical policy shift that recognises the urgent need to invest in Small, Medium and Micro Enterprises (SMMEs) as they are key drivers of economic growth and job creation. Research by Global Entrepreneurship Monitor shows that small businesses are significant contributors to job creation, creating more than 50 percent of all employment opportunities in South Africa. SMMEs have the potential to create and expand employment opportunities, develop entrepreneurial skills and enhance market opportunities. Compared to the rest of Africa and the world, South Africa is said to have the lowest entrepreneurship activity. This means our country is yet to see the true value and benefits of SMMEs.

In the period under review, the Department finalised and obtained Cabinet approval of the ICT SMME Development Strategy. The ICT SMME Development Strategy seeks to accelerate the development, growth, and sustainability of Small and Medium Enterprises in the ICT sector with the objective of job creation and economic inclusion. The Strategy also aims to enhance entrepreneurship, increase the usage of ICT tools by all small businesses, and improve their profitability and competitiveness. Furthermore, the Department also developed the ICT SMME Strategy Implementation Plan in March 2018.

e-Government Strategy

The DTPS has developed a coherent National e-Government Strategy and Roadmap which provides direction for the implementation of e-Government and serves as a guide for digital transformation and modernising the public service to improve service delivery to our citizens.

The National e-Government Strategy and Roadmap guides the digital transformation of public service in South Africa into an inclusive digital society where all citizens can benefit from the opportunities offered by digital technologies to improve their quality of life. This will contribute towards reducing poverty and inequality by ensuring that government services are delivered to all citizens through the use of ICTs.

The implementation of this e-Government Strategy and Roadmap is therefore essential for the transformation and modernisation of public service delivery as it provides an enormous opportunity to deliver Government services without having to rely on manual processes that require human intervention. Following the Cabinet approval of the e-Government Strategy in November 2017, the Department also developed the e-Government Strategy Implementation Plan in March 2018.

Broadband Connectivity

The National Development Plan (2012) (NDP), South Africa Connect: the National Broadband Policy and Strategy (2013) (SA Connect) and the recommendations captured in the National ICT Advisory Review Panel Report (2015) (ICT Panel Report) have identified that, despite the policy and regulatory framework, network roll-out is skewed towards urban areas. The prospects of providers rolling out modern broadband services in rural and less affluent areas without government intervention are minimal. Broadband has been recognised by provinces as a key enabler for economic development. All provinces are actively pursuing broadband plans/strategies, and are at different levels of implementation. The Department continues to play the key role of coordinating and collaborating with provinces through Provincial Broadband Steering Committees to achieve alignment with SA Connect objectives. In addition to fiscal constraints, in the 2017/18 financial year, the project was delayed largely due to inability of the Department to finalise the appointment of implementing agents because of extensive consultations with the National Treasury on the most feasible options.

However, during the period under review, the Department formally mandated the State Owned Companies SITA and Broadband Infraco to roll-out Phase 1 of SA connect. In this regard, a Tripartite Master Services Agreement was signed between DTPS, SITA and BBI. The Department also finalised the Infrastructure Roll-out Plan and established District Task Teams through Provincial Steering Committees. The task teams will facilitate SA Connect implementation at district level. The Department issued a government order to SITA for the connection of 63 and an additional 194 sites while a

further government order was issued to BBI for the connection of 313 sites. Furthermore, a draft MoU between DTPS and DBSA is near finalisation. Under this MoU, DBSA will conduct a comprehensive feasibility study to develop a bankable funding proposal for SA Connect Phase 2.

2.2 Service Delivery Improvement Plan

The Department developed a draft Service Delivery Improvement Plan (SDIP) in compliance with the requirements of Public Service Regulation 2016 and the White Paper on the Transformation of Service Delivery (Batho Pele), with the assistance of DPSA.

However, as part of the revision of the organisational structure, the Department developed a new Service Delivery Model which impacted on the draft Service Delivery Improvement Plan. Therefore, the draft SDIP of the Department, which focuses on the main services offered by the Department to the identified beneficiaries as well as the actual and the desired standards of such services, is in the process of being developed accordingly. Following the revision of the SDIP and its subsequent approval, the Department will commence with its implementation and the monitoring and evaluation of such implementation.

2.3 Organisational Environment

Given the historical challenges of the Department which negatively impacted on the organisation's climate and staff morale, the Department conducted an Organisational Culture and Climate Survey with all its staff members in the 2016/17 financial year. The results of the Survey informed the development of an Action Plan to improve the organisational climate and culture so as to positively impact on organisational performance and service delivery. In the 2017/18 financial year, the Department focused extensive energy and resources on the implementation of the Climate and Culture Survey Action Plan which yielded the successful implementation of 29 identified initiatives that stemmed from the recommendations of the Climate and Culture Survey results. Such interventions focused on improving transparency and communication with all staff members from the hosting of Brown Bag Sessions, to the communication of decisions taken at management structures as well as the implementation of a Framework for Governance Structures so as to create platforms for consultation of all staff members when taking decisions impacting on DTPS. Interventions were also taken to improve inter-branch collaboration in an effort to break down the silo-mentality especially with regards to the implementation of key projects that cut across multiple branches.

With regards to human resource related matters, as at end of March 2018, the Department had a total head count of 292 staff on its establishment. 279 of these posts were filled, and thirteen (13) posts were vacant and funded which equates to a 4.45% vacancy rate. The Department was allocated a total adjusted and exclusively earmarked amount of R221.2 million for compensation of employees in the 2017/18 financial year. At the end of March 2018, the Department had spent R219.8 million. The main reason for the underspending was the grading of salary levels 9 and 11 in the Administration Branch, which were not graded by the DPSA as anticipated. Amongst the key appointments made during the 2017/18 financial year were the Deputy Director-General ICT International Affairs and Trade and the Chief Director Broadband.

In terms of information technologies, the Department made significant strides in relation to the digital transformation of the Department's manual business processes. To make DTPS to lead by example in the use of ICT in the public sector as an ICT Department, the DTPS implemented the digitisation of the manual workflow for the leave management process as well as rolling out a unified communication and collaboration platform.

2.4 Key Policy Developments and Legislative Changes

Following the Cabinet approval of the National Integrated ICT Policy White Paper in September 2016, the Department has commenced with its implementation of the [which "outlines the overarching policy framework for the transformation of South Africa into an inclusive and innovative digital and knowledge society"]. Over the short to medium term, the Department will continue to develop the ICT legislation required to give effect to the National Integrated ICT Policy White Paper. This include the Electronic Communications Amendment Bill, Postal Services Amendment Bill, iKamva National e-Skills Institute Bill, ICT Sector Commission and Tribunal Bill and Digital Development Fund Bill, amongst others.

3. STRATEGIC OUTCOME ORIENTED GOALS

Broadband connectivity that provide secure and affordable access for all citizens to education, health and other government services and stimulates economic development.

Through the strategic objective of coordinating broadband connectivity to achieve 100% population coverage, the Department is contributing to Outcome 6 (*"An efficient, competitive and responsive economic infrastructure network"*). Relating to the strategic objective, the Department focused on project managing the roll-out of the Broadband Connectivity Implementation Plan Phase 1 towards connecting 2 700 identified sites. In this regards, the Department has formally mandated SITA and Broadband Infraco to roll-out Phase 1 of SA Connect and a Tripartite Master Services Agreement was signed between DTPS, SITA and BBI. The Department also issued a Government order to SITA for the connection of 63 and additional 194 sites while a second Government Order was issued to BBI for the connection of 313 sites.

The Department made strides with regards to facilitating and monitoring operations of the Virtual Cyber Security Hub and contributing to Outcome 3 (*"All people in South Africa are and feel safe"*). The Department has taken bold and ambitious approaches to tackling many the threats our country faces in cyberspace. Managing and mitigating those threats is a task that the Department recognises as its special national responsibility to lead through the operations of the Virtual Cybersecurity Hub.

With regards to conducting preliminary technical and regulatory studies to inform South Africa's Draft position for the WRC-19, the Department conducted preliminary studies in preparation for WRC-19 and developed an approved technical and regulatory studies report, with methodology and a preliminary draft South African position.

South Africa has a modern, sustainable and competitive postal and telecommunications sector.

As part of developing and implementing ICT policy and legislation aimed at improving access to and affordability of ICTs, the Department has developed draft ICT legislation in line with the Integrated ICT Policy White Paper. As part of implementing the National Integrated ICT Policy White Paper, the Department has revised several prioritised Bills which were submitted to Cabinet. Following Cabinet approval, the ECA Bill, PSA Bill and iNESI Bill were gazetted for public consultation. This is in line with Outcome 6 ("An efficient, competitive and responsive economic infrastructure network"). Output 5: Communication and Information technology, which is aimed at reducing cost of communication, increase our broadband penetration and to reduce the digital divide in both urban and rural contexts.

With regards to promoting the growth and sustainability of ICT SMMEs through the development and implementation of the ICT SMME Strategy, the Department finalised and obtained Cabinet approval of this strategy in November 2017. The ICT SMME Strategy Implementation Plan was also developed and approved in March 2018 for implementation in the 2018/19 financial year.

In its effort to advance South Africa's National ICT interests in regional and international forums with the aim of obtaining partnerships for economic growth and development, the Department has participated in various fora and developed South African Positions in fora such as the BRICS Partnership Programme on the establishment of the BRICS Institute for Future Networks, the reduction of Cost to Communicate for affordable, reliable, accessible and secure ICT Infrastructure within SADC; WTDC focused on a developmental agenda on the internet and digital economy and on the reform of UPU in favour of equitable representation and democratic decision making.

An Inclusive information society and knowledge economy driven through a comprehensive e-Strategy and access to government service.

The DTSPS finalised the National e-Strategy which was approved by Cabinet in November 2017. The Department also finalised and obtained Cabinet approval of the e-Government Strategy in November 2017. The National e-Strategy Implementation Plan as well as the e-Government Strategy Implementation Plan were also developed and approved in March 2018 for implementation in the 2018/19 financial year. These are essential for the transformation and modernisation of the ICT Sector and for improved public service delivery.

Optimally functional Department and SOCs that effectively deliver on their respective mandates.

In an effort to ensure the improved performance of SOCs through pro-active and stringent oversight, the Department undertook monitoring and evaluation of performance and compliance of SOCs against strategic plans and relevant prescripts. In order to create a high performing organisation to enable achievement of the Department's mandate, the Department has furthermore implemented the recommendations stemming from the Climate and Culture Action Plan to improve the current climate and culture within the Department thus optimising the delivery of its mandate.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

The purpose of Programme 1 is to provide strategic leadership, management and support services to the Department. The Programme consists of the following 6 sub-programmes:

- Ministry;
- Departmental Management;
- Internal Audit;
- Corporate Services;
- Financial Management; and
- Office Accommodation.

The Strategic Objective for the 2017/18 Financial Year was:

- Create a high performing organisation to enable achievement of the Department's mandate.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 1: Administration

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Create a high performing organisation to enable achievement of the Department's mandate	Approved organisational structure that supports the strategy	<ul style="list-style-type: none"> A need assessment was conducted with all the branches of the Department. A service Delivery Model (SDM) aligned to the Department's mandate was developed in consultation with DPSA and submitted for approval. 	Organisational structure approved and implemented	<ul style="list-style-type: none"> The Department did not fully achieve the set target of developing and implementing the revised organisational structure. However, in pursuit of delivering on this target the Department developed and obtained approval of the high-level functional structure as well as the DTPS value chain and high level business processes. Furthermore, an analysis of employee qualifications and experience was conducted for all employees as part of the organisational review process. 	The Department was unable to finalise the review of the organisational structure and migrate staff to the revised structure as planned.	<ul style="list-style-type: none"> The progress on the review of the organisational structure was seriously hampered by initial delays in finalising the Service Delivery Model. However extensive progress has been made and it is envisaged that the review of the organisational structure will be concluded in the first quarter of the 2018/19 financial year.

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Create a high performing organisation to enable achievement of the Department's mandate	Quarterly progress reports on implementation against Action Plan	<ul style="list-style-type: none"> The Department conducted an extensive Climate and Culture survey. An Action Plan to prioritise the implementation of the recommendations of the Climate and Culture survey was developed and identified interventions were implemented. 	Climate and Culture Survey Action Plan implemented and monitored	<ul style="list-style-type: none"> The Department fully achieved the target of monitoring and implementing the Climate and Culture Survey Action Plan during the reporting period. In implementing all interventions as identified in the Climate and Culture Survey Action Plan, the Department undertook 29 priority interventions within the reporting period, in line with the Action Plan. 	-	-

Strategy to overcome areas of under-performance

The Department acknowledges its under-performance with regards to approving and implementing the Organisational Structure. This was largely as a result of the delays in the finalisation of the Service Delivery Model as well as the appointment of the service provider and the prolonged procurement process. The Department plans to prioritise and expedite the approval and implementation of the organisational structure in the 2018/19 financial year. Furthermore, specific focus will be given to planning in line with the availability of requisite skills to achieve a specific target.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

Spending was R209.4 million in the 2017/18 financial year and R211.5 million in the 2016/17 financial year. Spending under goods and services declined from R109.2 million in the 2016/17 to R95.9 million in the 2017/18 financial year. Spending on Operating Lease declined from R41 million to R33.7 million in the year under review. The spending rate under this programme is at 99.9%.

Sub-programme expenditure

Sub-Programme Name	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	4 228	4 228	-	4 358	4 211	147
Departmental Management	48 058	47 986	72	52 802	52 052	750
Internal Audit	5 402	5 402	-	7 162	3 939	3 223
Corporate Services	74 279	74 242	37	71 577	70 486	1 091
Financial Management	74 775	74 758	17	76 210	75 681	529
Office Accommodation	2 836	2 836	-	5 213	5 213	-
Total	209 578	209 452	126	217 322	211 582	5 740

4.2 Programme 2: ICT International Affairs

The purpose of Programme 2 is to ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy. The ICT International Affairs Programme consists of the following sub-programmes:

- **International Affairs** coordinates the functions and responsibilities of the Department to meet South Africa's international ICT obligations through bi-laterals, multi-laterals and tri-laterals; and
- **ICT Trade/Partnerships** develop and advance the country's interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements, such as the South African European Union Trade Agreement and bilateral agreements with counterpart countries. South Africa's national interests are also promoted in these forums.

The strategic objective for the 2017/18 Financial Year is listed below:

- Advance South Africa's National ICT interest in Regional and International Forums towards attaining partnerships for economic growth and development.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 2: ICT International Affairs

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Advance South Africa's National ICT interest in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Positions developed on identified focus areas	<ul style="list-style-type: none"> The RSA Position for BRICS was developed and approved focusing on skills development. The RSA Programme of Action outlining priority areas of cooperation was developed and submitted to the BRICS IMC. The Department also held bilateral meetings with the Indian and Chinese embassies to present RSA's plans for the BRICS ICT Agenda. 	One (1) RSA Position developed in pursuit of BRICS Partnership Programme on the establishment of the BRICS Institute for Future Networks	<ul style="list-style-type: none"> The target was fully achieved as planned. The Department developed the RSA Position within the BRICS Partnership Programme on the establishment of the BRICS Institute for Future Networks focusing on areas of innovation, local ICT skills, research and development. In this RSA engaged with all BRICS partners. Furthermore, an Implementation Plan focusing on areas of local ICT skills, innovation, research and development for the BRICS Institute for Future Networks was developed and considered by NEMISA for inclusion in their 2018/19 APP. 	-	-

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Advance South Africa's National ICT interest in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Positions developed on identified focus areas	<ul style="list-style-type: none"> The RSA Position for SADC was developed and advanced at the SADC SCOM and SADC Ministerial meeting and focused on regional integration and infrastructure development. SADC adopted Regional Internet Exchange Points as well as adopted policies to ensure that traffic is rooted locally to reduce costs. 	One (1) RSA Position developed for SADC focused towards the reduction of Cost to Communicate for affordable, reliable, accessible and secure ICT Infrastructure	<ul style="list-style-type: none"> The target was fully achieved as planned. The Department, in collaboration with ICASA, developed the RSA position paper on SADC Second Phase of Glide Path that was presented at the SADC ICT Ministerial meeting towards regional integration which was hosted by South Africa in September 2017. Furthermore, the RSA Status Report on the SADC Second Phase of Glide Path was developed. 	-	
Advance south Africa's National ICT interest in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Positions developed on identified focus areas	-	One (1) RSA Position developed for WTDC focused on developmental agenda on the internet and digital economy	<ul style="list-style-type: none"> The target was fully achieved as planned. The RSA Position for WTDC was developed and advanced at the WTDC. Furthermore, an Outcomes Report on the developmental agenda in the WTDC was also developed so as to follow up on the resolutions of the Conference at a National, Regional and Global level in terms of programmes for implementation. 	-	

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Advance South Africa's National ICT interest in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Positions developed on identified focus areas	<ul style="list-style-type: none"> SA was elected to the Council of Administration (CA) of UPU. SA also engaged all counterparts through diplomatic channels on support for re-election. RSA position paper for the International Postal Programme was developed which focused on developing the postal sector for enhanced service delivery; regulations of ETOEs; reform of the UPU, e-commerce and financial services in the postal sector for financial inclusion. The RSA Position and Cabinet mandate was advanced at the UPU Congress. 	One (1) RSA Position developed for the reform of UPU in favour of equitable representation and democratic decision making	<ul style="list-style-type: none"> The target was fully achieved as planned. RSA Position for the reform of UPU was developed and advanced at the UPU Council of Administration (CA) in October and at the African Union Committee on Information and Communication Technologies [AU CICT] in November. SA was elected as one of the members to finalise the UPU position on the reform of the UPU Union and has been attending to all responsibilities as mandated. Furthermore, a Status Report and recommendations on the reform of UPU was also developed. These recommendations will serve as further input to deliberations on Reform at the CA level. 	-	-

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Advance South Africa's National ICT interest in Regional and International Forums towards attaining partnerships for economic growth and development	Number of partnerships secured for the Digital Economy	-	2 partnerships secured for the Digital Economy towards ICT enterprise development. SMME growth, e-skills and innovation in line with the ICT SMME Strategy	<ul style="list-style-type: none"> The target with regards to securing 2 partnerships was not achieved as planned. Efforts were made with regards to securing Partnerships with IBM and IntelSat. The proposed draft MOU from IBM was revised by the Department and shared with IBM for further legal scrutiny. IBM commenced with promoting the training Programme on 30 January 2018 The IntelSat Agreement was negotiated and finalised in which Sentech signed and shared with IntelSat and Didusec. Data was collected and six sites were identified by the Department in March 2018, which were mapped for connection. 	<p>Albeit that extensive engagements were held in relation to securing identified partnerships, the Department was unable to secure such partnerships through signed Partnership Agreements.</p>	<ul style="list-style-type: none"> The conclusion of the Partnership Agreement between DTPS and IBM was delayed due to prolonged legal scrutiny by relevant stakeholders. However, in April 2018, a letter signed by the DG was submitted to IBM requesting commencement of the Skills Programme. The Partnership Agreement between DTPS and IBM will be signed on 16 May 2018.

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
				<ul style="list-style-type: none"> On the e-Commerce Partnership, a draft business case on SAPO as an e-Commerce Hub was developed and a draft Agreement between DTPS and UPU was also developed. The draft Agreement focused on facilitating the building of capacity in SAPO to become an e-Commerce Hub and provide a platform to SMEs. The Department held engagements with SAPO and UPU as well as with National Treasury on the e-Commerce Cooperation Agreement. 		<ul style="list-style-type: none"> With reference to the e-Commerce project with SAPO and UPU, the conclusion of the proposed Partnership Agreement will be prioritised through discussion between DTPS and National Treasury.

Strategy to overcome areas of under-performance

The Department acknowledges its under-performance on the target related to 2 partnerships secured for the Digital Economy towards ICT enterprise development, SMME growth, e-skills and innovation in line with the ICT SMME Strategy. The Department has prioritised the signing of the Partnership Agreement with relevant stakeholders as well as holding consultations with National Treasury. However, going forward, during the setting of targets for the ICT International Affairs Branch, the Department will take into consideration the extended duration needed for extensive stakeholder engagement, as well as the dependency on external stakeholders, especially when international partners are involved.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

Spending was R50.6 million in the 2017/18 financial year and was R46.9 million in the 2016/17 financial year. The variance was mainly due to increased spending in the Compensation of Employees. Transfer payments for membership fees to international ICT organisations decreased from R26.1 million in the 2016/17 financial year to R25.9 million in the 2017/18 financial year.

Sub-programme expenditure

Sub-Programme Name	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
International Affairs	12 730	12 502	228	14 751	13 434	1 317
ICT Trade / Partnership	39 018	38 110	908	33 679	33 510	169
Total	51 748	50 612	1 136	48 430	46 944	1 486

4.3 Programme 3: ICT Policy, Research and Capacity Development

The purpose of Programme 3 is to develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. The intention is to develop strategies that increase the uptake and usage of ICT by the majority of the South African population, in order to bridge the digital divide.

The ICT Policy, Research and Capacity Development Programme consists of the following sub-programmes:

- **ICT Policy Development** drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad-based economic development within the ICT sector;
- **Economic and Market Analysis** is responsible for economic analysis and growth projections. This sub-programme also undertakes market research to explore areas that require policy intervention;
- **Research** is responsible for understanding the ICT landscape and delivering a National ICT Strategy;
- **Information Society Development** renders delivery management services in support of an ICT information society, development and usage; and
- **Capacity Development** provides direction for the advancement of e-Skills graduates and society in general, functioning effectively in the emerging information society.

The Strategic Objectives for the 2017/18 financial year are listed below:

- Develop and implement ICT policy and legislation aimed at improving access and affordability of ICTs
- Promote growth and sustainability of ICT SMMEs through development and implementation of the ICT SMME strategy; and
- Develop and implement a National e-Strategy that will give priority to e-government services.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 3: ICT Policy, Research and Capacity Development

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Develop and implement ICT policy and legislation aimed at improving access and affordability of ICTs	Draft ICT legislation in line with the National Integrated ICT Policy White Paper	The Department developed draft ICT legislation which was submitted and approved by the Accounting Officer.	Draft ICT legislation developed in line with the National Integrated ICT Policy White Paper	<ul style="list-style-type: none"> The Department fully achieved the target of developing the draft ICT legislation in line with the National Integrated ICT Policy White Paper. The Department developed the Electronic Communications Amendment (ECA) Bill, Ikamva National e-Skills Institute (INESI) Bill and the Postal Services Amendment Bill and obtained approval from Cabinet to gazette for public consultation, which commenced in the 4th Quarter of the reporting period. The INESI Bill was introduced in Parliament in March 2018. 	-	-

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Promote growth and sustainability of ICT SMMEs through development and implementation of the ICT SMME Strategy	Approved ICT SMME Strategy	The Department developed the ICT SMME Strategy.	ICT SMME Development Strategy approved	<ul style="list-style-type: none"> The Department fully achieved the set target. The ICT SMME Development Strategy was finalised and approved by Cabinet in November 2017. Prior to finalisation and submission for Cabinet approval, the ICT SMME Development Strategy underwent extensive public consultations in all 9 Provinces. Furthermore, the ICT SMME Development Strategy Implementation Plan was finalised and approved in quarter 4, for implementation in the 2018/19 financial year. 	-	-

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Develop and implement a National e-Strategy that will give priority to e-Government services	Approved National e-Strategy	The draft National e-Strategy was presented to the Government Cluster System for further input following which it was approved by the Cabinet for gazetting for public comment.	National e-Strategy approved	<ul style="list-style-type: none"> • The Department fully achieved the target. • The National e-Strategy was finalised and approved by Cabinet in November 2017. • Prior to finalisation and submission for Cabinet approval, the National e-Strategy underwent extensive public consultations in all 9 Provinces. • Furthermore, the National e-Strategy Implementation Plan was developed and approved in March 2018 for implementation in the 2018/19 financial year. 	-	-
Develop and implement a National e-Strategy that will give priority to e-Government services	Approved e-Government Strategy	The National e-Government Strategy and Roadmap (3-year e-services programme) was developed.	e-Government Strategy approved	<ul style="list-style-type: none"> • The Department fully achieved the target. • The e-Government Strategy was finalised and approved by Cabinet in November 2017. • Prior to finalisation and submission for Cabinet approval, the e-Government Strategy underwent extensive public consultations in all 9 Provinces. • Furthermore, the e-Government Strategy Implementation Plan was developed and approved in March 2018 for implementation in the 2018/19 financial year. 	-	-

Strategy to overcome areas of under-performance

The Department achieved all the planned targets for the reporting period and therefore there are no issues to address with regard to under-performance.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

Spending was R78.5 million for the 2017/18 financial year and R78.8 million in the 2016/17 financial year. There was an underspending of R5.9 million in the 2017/18 financial year largely due to underspending on Consultants, Business and Advisory Services, Travel and Subsistence and Compensation of Employees.

Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ICT Policy Development	11 373	10 045	1 328	15 326	12 491	2 835
Economic and Market Analysis	8 737	8 727	10	4 901	3 468	1 433
Research	8 876	6 923	1 953	6 998	6 912	86
Information Society Development	46 477	43 819	2 658	51 673	46 138	5 535
Capacity Development	9 055	9 010	45	9 877	9 485	392
Total	84 518	78 524	5 994	88 775	78 494	10 281

4.4 Programme 4: ICT Enterprise Development and SOE Oversight

The purpose of Programme 4 is to oversee and manage Government's shareholding interest in ICT public entities and to facilitate growth and development of Small, Medium and Micro Enterprises (SMMEs) in the ICT sector.

The ICT Enterprise Development and SOE Oversight Programme consists of the following sub-programmes:

- **Public Entity Oversight** provides oversight relating to State Owned Companies by managing Government's shareholder interest in public enterprises to support the attainment of key national goals and strategic priorities;
- **Small, Medium and Micro Enterprise (SMME) Development** facilitates the growth and development of ICT SMMEs; and
- **ICT Support** oversees and manages transfers to public entities and State Owned Companies responsible for the management and protection of South Africa's ICT environment.

The Strategic Objectives for the 2017/18 financial year are listed below:

- Improve performance of SOCs through proactive and stringent oversight.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 4: ICT Enterprise Development and SOE Oversight

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Improve performance of SOCs through proactive and stringent oversight	Approved mandates for State IT Company and State ICT Infrastructure Company	<ul style="list-style-type: none"> The Department developed Assessment Reports on Rationalisation of BBI, SITA, SENTECH and SAPO. All SOC rationalisation assessment reports were consolidated to develop the Consolidated Assessment Report on SOC rationalisation. 	Implementation of the SOC Rationalisation Report focusing on the State ICT Infrastructure Company and State IT Company	<ul style="list-style-type: none"> The Department fully achieved the target of implementing the SOC Rationalisation Report focusing on the State ICT Infrastructure Company and State IT Company. During the first quarter of the reporting period, the SOC Rationalisation report was finalised. Stemming from the recommendations of the SOC Rationalisation report, the Mandates for the new State IT Company and the new State ICT Infrastructure Company were developed and submitted to Cabinet for approval. 	-	-

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Improve performance of SOC's through proactive and stringent oversight	Corporatised Postbank	-	Corporatisation of the Postbank and licensing facilitated	<ul style="list-style-type: none"> The Department fully achieved the target. During the first quarter of the reporting period the Minister appointed the Postbank Board members. The Department finalised the preferred option for the Bank Controlling Company. With regards to the licensing of the Postbank, the Department facilitated the application for the licensing of the Postbank and engaged accordingly with the South African Reserve Bank (SARB). Furthermore, the Department facilitated and monitored the development of the Postbank product and services offerings. 	-	-

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Improve performance of SOC's through proactive and stringent oversight	4 quarterly State of SOC Reports on the level of performance and compliance of SOC's	Performance and compliance of SOC's against strategic plans and relevant prescripts were monitored and evaluated through the development of consolidated State of SOC's reports for quarter four of the 2015/16 financial year as well as for quarters one, two and three of the 2016/17 financial year.	Service delivery performance and compliance of SOC against strategic plans and relevant prescripts monitored and evaluated and quarterly state of the SOC's reports developed	<ul style="list-style-type: none"> The Department fully achieved the target. In an effort to monitor and evaluate the Service delivery performance and compliance of SOC's against strategic plans and relevant prescripts the Consolidated Quarterly State of the SOC's Reports were developed and submitted to the Minister. Furthermore, quarterly Joint Performance Review meetings were held with Chief Executive Officers of the SOC's and the Departmental Executive Committee (DEC) to address issues of performance against plans. 	-	-

Strategy to overcome areas of under-performance

The Department achieved all the planned targets for the reporting period and therefore there are no issues to address with regard to under-performance.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

Spending was R 3.9 billion in the 2017/18 financial year and R882.4 million in the 2016/17 financial year. The increase was mainly in Payment for Financial Assets of R 3.7 billion in the 2017/18 financial year paid to the South African Post Office for recapitalisation.

Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Public Entity Oversight	3 937 113	3 937 113	-	872 547	869 830	2 717
Small, Medium and Macro Enterprise Development	5 134	4 430	704	5 797	4 427	1 370
ICT Support	8 041	7 513	528	8 264	8 096	168
Total	3 950 288	3 949 056	1 232	886 608	882 353	4 255

4.5 Programme 5: ICT Infrastructure Support

The purpose of Programme 5 is to promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

The ICT Infrastructure Support Programme consists of the following sub-programmes:

- **Broadband** is responsible for developing and facilitating the implementation of the Broadband Policy, Strategy and Implementation Plan as well as ensuring that broadband goals are achieved; and
- **Digital Terrestrial Television** is responsible for the conversion from analogue to digital television transmission technology with the ultimate goal of releasing valuable frequency spectrum for next generation mobile broadband and other applications.

The Strategic Objective for the 2016/17 Financial Year is listed below:

- Coordinate Broadband connectivity to achieve 100% population coverage; and
- Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 5: ICT Infrastructure Support

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Coordinate Broadband connectivity to achieve 100% population coverage	Number of identified government institutions connected	The Department reviewed different procurement options which included the utilisation of the capacity of ICT State-Owned Entities.	Project Manage the roll-out of the Broadband Connectivity Implementation Plan Phase 1 towards connecting 2700 identified sites	<ul style="list-style-type: none"> The Department did not fully achieve the set target of Project Managing the roll-out of Broadband Connectivity Implementation Plan Phase 1 towards connecting 2700 identified sites. During the reporting period the Department formally mandated the State Owned Companies (SITA and Broadband InfraCo) to roll-out Phase 1 of SA connect. In this regard, a Tripartite Master Services Agreement was signed between DTPS, SITA and BBI. The Department issued a Government order to SITA for the connection of 63 and additional 194 sites while a second Government Order was issued to BBI for the connection of 313 sites. Draft MoU between DTPS and DBSA is near finalisation. Under this MoU, DBSA will conduct a comprehensive feasibility study to develop a bankable funding proposal for SA Connect Phase 2. 	The Department was unable to connect the number of identified government Institution as planned.	<ul style="list-style-type: none"> The broadband roll-out was delayed largely due to inability of the Department to finalise the appointment of implementing agents because of extensive consultations with the National Treasury. Furthermore, the signing of MSA between the Department and the implementing agents as well as the development of implementation (infrastructure roll-out) plans took longer than anticipated.

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENT ON DEVIATIONS
Coordinate Broadband connectivity to achieve 100% population coverage	Operational Virtual Cybersecurity Hub	-	Operations of the Virtual Cybersecurity Hub facilitated and monitored	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the Department facilitated the Operations of the Virtual Cybersecurity Hub and developed quarterly monitoring reports in this regard. 	-	-
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	Approved preliminary Technical and Regulatory studies report in preparation for WRC- 19	<ul style="list-style-type: none"> The Department together with ICASA reviewed and updated the NRFP taking into consideration the outcomes of WRC-15. In developing the plan the Department took into consideration the ICT White Paper, SA Connect, DIT Policy and other relevant policies. 	Preliminary technical and regulatory studies conducted to inform Draft SA's position for WRC-19	<ul style="list-style-type: none"> The Department fully achieved the set target with regards to conducting preliminary technical and regulatory studies to inform the draft SA's position for WRC-19. Preliminary Technical and Regulatory studies were conducted and an approved technical and regulatory studies report, with methods and a preliminary draft SA position, in preparation for WRC-19 was developed. Furthermore, the SA preliminary position was submitted at SADC during the 2nd SADC meeting in Zambia and, submitted as part of SADC to the ATU Working Party in July 2017 as well as at 2nd ATU meeting in Senegal. 	-	-

Strategy to overcome areas of under performance

The Department acknowledges its under-performance with regard to the target related to broadband connectivity. The challenge was largely due to delays with regards to the appointment of the service provider as well as funding constraints which impacted on the delivery of the targets. However, as a strategy to overcome the area of under-performance, the Department has issued a Government order to SITA for the connection and a second Government Order was issued to BBI for the connection. Furthermore, the Department is conducting a comprehensive feasibility study to develop a bankable funding proposal for SA Connect Phase 2.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

Spending was R604.4 million in the 2017/18 financial year and R856.3 million in the 2016/17 financial year. The underspending of R273.8 million in the 2017/18 financial year against the allocation of R878.2 million was mainly due to delays in the implementation of the Broadband project.

Sub-programme expenditure

Sub-Programme Name	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Broadband	313 147	39 313	273 834	346 893	26 935	319 958
Digital Terrestrial Television	565 098	565 098	-	829 384	829 384	-
Total	878 245	604 411	273 834	1 176 277	856 319	319 958

5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
NEMISA	To provide a national integrated e-skills development management system towards sustainable socio-economic development in South Africa	R85.8 million	R84.8 million	4 322 e-literacy leaders trained; 686 ICT practitioners trained; 1 710 sector users trained; 165 e-learners trained NEMISA's In-house training division provided broadcasting courses, including NQF Level 4 & 5, to South TV which disseminates its content to local communities through WhatsApp.
SAPO	To provide postal and financial services	R3.9 billion	R3.7 billion	An amount of R3.7 billion was utilised to settle the long-term loan. SAPO registered 280 553 DTT beneficiaries and 174 713 DTT set top boxes were issued from October 2017 to March 2018
USAASA	To promote universal service and access in underserved areas	R75.7 million R27.4 million (roll over from 2016/17 financial year)	R159.5 million <i>*Expenditure exceeded transfer due to utilisation of the rolled-over funds from the FY 2016/17 to cover the shortfall incurred in the current financial year</i>	SAP/ERP system supported for USAASA/USAF business processes and operations. Completion of quarterly risk management activities as per the approved risk management plan.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
USAF	<p>USAF utilised the contributions from licensees exclusively for payment of subsidies to needy persons, undeserved areas and schools.</p> <p>To provide incentives to network licensees to construct and maintain networks in underserved areas.</p>	<p>R133.7 million</p> <p>R29.5 million (roll over from 2016/17 financial year)</p>	<p>R271.8 million</p> <p><i>*Expenditure exceeded transfer due to utilisation of the rolled-over funds from the FY 2016/17 to cover for the shortfall incurred in the current financial year.</i></p>	<ul style="list-style-type: none"> – Rolled-out broadband infrastructure at OR Tambo and UMgungundlovu District Municipalities as follows: – At Nyandeni Local Municipality a total of 212 sites have been rolled-out which includes 30 primary health facilities, 150 public education institutions, 10 public institutions, 2 municipal offices and 20 Wi-Fi hotspots. – At Impendle Local Municipality a total of 61 sites have been rolled-out which includes 5 primary health facilities, 30 public education institutions, 5 public institutions, 1 municipal office and 20 Wi-Fi hotspots. – 103 680 set-top boxes and antennae were distributed to qualifying needy TV- owning households.
SENTECH	To provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa.	R246 million	R180 million	SENTECH continued to support the dual illumination broadcast phase until the digital migration process is resolved.

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
African Telecommunications Union (ATU)	Continental ICT Organisation	Membership fees	yes	1 006	1 006	-
Universal Postal Union (UPU)	Global Postal Organisation	Membership fees	yes	5 522	5 522	-
Pan African Postal Union (PAPU)	UN Specialised Organisation (Postal)	Membership fees	yes	1 031	1 031	-
International Telecommunications Union (ITU)	UN Specialised ICT Organisation	Membership fees	yes	16 816	16 816	-
Commonwealth Telecommunication Organisation (CTO)	International ICT Organisation for Commonwealth members	Membership fees	yes	426	426	-
Organisation for Economic Cooperation and Development (OECD)	Continental ICT Organisation	Membership fees	yes	158	158	-
DONA Foundation	International Organisation	Membership fees	yes	1 005	1 005	-
TOTAL				25 964	25 964	

The table below reflects the transfer payments which were budgeted for in the period 1 April 2017 to 31 March 2018, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
None				

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

The Department does not have conditional grants.

6.2 Conditional grants and earmarked funds received

The Department does not have conditional grants.

7. DONOR FUNDS

7.1 Donor Funds Received

The Department received donations as per the table below in the 2017/18 financial year.

Name of Organisation	Nature of Gift, Donation or Sponsor	Amount
ICASA	Hosting of the SADC SCOM meeting, 19-22 June 2017 - 20 gift bags, 20 conference diaries and 20 memory sticks as ICASA promotional items	-
Huawei	Sponsored training seminar by Huawei: Construction and development of submarine optical cable for Asian and "Maritime Silk road" countries, 20 June – 10 July, China (Huawei covered the cost of flights, accommodation and daily allowance of ¥87 per day)	-
Huawei	Sponsored training seminar by Huawei: Seminar on Safe City Development for African English speaking Countries, 7 – 27 June, China (Huawei covered the cost of flights, accommodation and daily allowance of ¥87 per day)	-
Vodacom	Sponsored Ministerial Roundtable working dinner on 5 September 2017	250 000
China Telecom Global	Sponsored training seminar by China Telecom Global: Development of Information and Telecommunication Technology for Developing Countries, 10 July - 8 August 2017 (China Telecom covered the cost of flights, accommodation and daily allowance of ¥80 per day)	-
Telkom SA	Bags, exhibition, promotional material, 25 x ushers and golf shirts	950 000
Sentech	16 x ministerial cars and branding of vehicles	100 000
ZACR/.Africa	Transport for delegates and branding of vehicles	100 000
ICASA	Uniform for officials shirts, head-wraps, bowties	20 000
Multichoice	150 DSTV Wi-Fi routers	-
Vodacom	Meeting on roaming: gala dinner 5 September, décor, scarfs for 10 ushers and 5 protocol team	250 000
MTN	Internet café: 2 x laptops, Wi-Fi connection, 1 x printer	-

Name of Organisation	Nature of Gift, Donation or Sponsor	Amount
Brand SA	Notebooks, pens paper bags, folders	-
Liquidtelecom	Cocktail dinner 4 September, décor, entertainment, solar power banks, scarfs, golf shirts for ushers and team DTPs	250 000
USAASA	20 umbrellas for ministers and VIPs	-
NEMISA	Video conferencing	-
Huawei	Gala dinner and entertainment 07 September	
	– Venue including menu	168 559
	– Décor and equipment	88 355
	– Golf T-shirt	25 000
	– Lanyards	9 000
	– Background wall	30 000
	– 20 x ushers (3-7 Sep 2017)	75 000
	– Programme Director & DJ	26 000
	– 25 tables @ R2 500 each	62 500
	– 50 x power set @ R350 each	17 000
	Golf day – 5 September	
	– Branded golf T-shirts	
	– Caps	
	– 38 x cooler bags with snacks and drinks	
	– Cocktail and drinks	
	– Prizes for winners	70 000
Subtotal		2 242 164

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

No Capital investments were made or maintained by the Department of Telecommunications and Postal services.

The Department maintained an updated and accurate Asset Register which adheres to the requirements of National Treasury, and the Departmental Asset Acquisition, Maintenance and Disposal Plan were also updated and revised.

Due to a proper asset management strategy of replacing and disposing of old and redundant equipment that no longer supports effective service delivery, the Department reduced its assets holdings in the period under review.

Assets that could not be cost effectively repaired or refurbished were disposed of by means of auctioning to DTPS staff, donation to schools and scrapping in an environmentally friendly manner.

All asset theft and losses were dealt with in line with departmental policy on the management of losses. During the period under review all losses due to theft were investigated and recommendations were made whether to recover the loss or to write it off. The number of losses due to theft were relatively low. All losses were removed from the asset register after authorisation was obtained.

New asset additions are updated automatically when invoices are captured for payment, all new assets are barcoded before distribution and the asset locations were also updated when the responsible official received the asset.

Annual assets verification was undertaken to ensure that all changes in the asset register are updated and that the responsible officials sign for their inventories as asset owners. During the year ad-hoc stock takes were undertaken when the need arose.

Asset reconciliation is done on a monthly as well as on a quarterly basis for the Interim Financial Statement to ensure that all asset acquisitions and disposals are accounted for. All asset classifications are checked to ensure correctness.

A physical verification of all assets was done to determine the condition of assets that need to be replaced, maintained or disposed of from the asset register.

The following reflects the current state of the Department's capital stock:

- Good condition: 79%
- Fair condition: 17%
- Bad condition: 4%

There were no major maintenance projects undertaken during the financial year under review. The maintenance and repairs done were due to normal wear and tear of assets and maintenance cost was mainly due to the aging fleet. Three-year service warranties are included when acquiring new assets from suppliers.

PART C

GOVERNANCE



1. INTRODUCTION

The Department is committed to maintaining the highest standards of governance and recognises the need for good governance to ensure the following:

- Convergence of the work of different programmes to implement the mandate of the Department.
- Alignment of different functions aimed at achieving similar outcomes, to alleviate duplication and resource wastage.
- Institutionalisation of an ethical and compliant culture to circumvent fraud, corruption and the abuse of State resources.
- Accountable management, monitoring and reporting on the implementation of commitments detailed in the Strategic Plan and Annual Performance Plan of the Department.

The Department has an approved framework that establishes the governance structures and comprehensively articulate the terms of reference of each structure. The effective and full implementation of the framework is being pursued in the current financial year. The following governance structures are in place:

- **Executive Committee (EXCO).** EXCO meetings are attended by the Minister (Chairperson), Deputy Minister, Director-General and Deputy Directors-General (DDGs). The EXCO deals with strategic policy issues that form the basis for the Executive Authority's engagement with Cabinet, Parliament and other key stakeholders. Meetings were held by the Executive Authority with the Department's executives to provide strategic direction on key projects as well as Parliamentary and Cabinet related matters.
- **Departmental Executive Committee (DEC).** DEC meetings are attended by the Director-General (Chairperson) and DDGs. The DEC monitors the implementation of the Department's Strategic Plan and addresses constraints relating to the implementation thereof. Its main role involves processing and providing direction and guidance on the implementation of strategic objectives. The Chief Audit Executive and the Director: Risk Management attend as ex-officio members. Twenty-two (22) DEC meetings were held during the 2017/18 financial year.
- **Top Management Committee (TMC).** TMC meetings are attended by the Director-General (Chairperson), DDGs, Chief Directors and Directors. TMC monitors the implementation and reporting on the Department's Annual Performance Plan and identifies constraints that require decisions and resolution by the DEC. The Chief Audit Executive and the Director: Risk Management attend as ex-officio members. Four (4) TMC meetings were held during the 2017/18 financial year.
- **Operations Committee (OPSCOM).** Opscom meetings are attended by the DDG: Administration (Chairperson), Director: HRA, Director: HRD, Chief Financial Officer, Acting Chief Director: Communications, Chief Information Officer, Compliance Officer, Chief Director: SPM and representatives from each line branch. The Chief Audit Executive and the Director: Risk Management attend as ex-officio members. OPSCOM is responsible for the management of the Department's internal Policy Register, ensuring that all internal operations policies that are due for review are reviewed and that changes are effected to comply with legislative and other changes that support the objectives of the Department to ensure an aligned and supportive policy environment. OPSCOM convened four (4) meetings in the 2017/18 financial year.

2. RISK MANAGEMENT

2.1 Risk Management Approach

The Department uses the Top-Down Risk Management approach and assesses, manages and reports on all significant risks and related mitigation plans consistently, in line with its defined risk management and reporting protocols. The approach fosters the management of risks from Top Management (Executive and Senior Management Level managing strategic risks) to (Middle Management Service MMS Level managing operational risks) within respective branches.

2.2 Risk Management Policy and Strategy.

The Risk Management Directorate updated the Risk Management Framework (Policy, Strategy, Risk Assessment and Identification Methodology and Implementation Plan). These documents were presented to and approved by the Operations Committee, the Risk and Ethics Committee and signed-off by the Accounting Officer during the period under review.

The approved Risk Appetites and Tolerance Framework is used to measure the level of acceptable risks throughout the Department. A risk strategy ensures effective implementation of risk management systems and processes.

The approved Departmental Risk Appetite and Tolerance Levels have assisted with the determination of the points at which risks are considered significant and require mitigations to be implemented to manage the risk exposures to acceptable levels.

2.3 Risk Aware Culture

There are various processes to ensure the commitment of the entire Department e.g. risk awareness workshops throughout the Department, risk management posters, brochures and suggestion boxes in all the Department's premises, displaying risk management messages in all the departmental monitors and uploading of enabling documents in the intranet for ease of access by all employees.

2.4 Risk Management Structure

Risk Management Directorate comprises two officials: Director and Deputy Director.

2.5 Risk Assessments

A Top Down Approach to risk assessments is followed which requires strategic risk assessment to be completed first and thereafter operational risks assessment on the basis of the risks and appetite levels identified and assessed at the strategic level.

The 2017/18 strategic and operational risks assessments were completed on time with relevant reports presented to Departmental Executive and Risk and Ethics Committees for consideration and approval, the Audit Committee for noting and the Accounting Officer for sign-off.

2.6 Management of risks

Management of both strategic and operational risks and the implementation of the respective risk mitigation plans were monitored on a quarterly basis. Progress reports were compiled and presented on a quarterly basis to the Departmental Executive Committee (DEC), Risk and Ethics Committee (REC) and Audit Committee (AC).

Strategic Risk Management

The Department has identified and managed 13 strategic and 67 operational risks during the 2017/18 financial year. Although the Department developed and implemented controls to manage these risks to acceptable risk appetite levels, it was not successful in managing all these risks to acceptable levels with some of the root causes being impacted by factors outside the Department's control. The following were the main factors that led to the Department not being able to manage some risks to acceptable risk appetite levels:

- a) Budgetary constraints due to the general Government expenditure reduction measures. This had a significant impact on the Broadband Connectivity project;
- b) Capacity constraints due to insufficient allocation for Compensation of Employees (COE);
- c) Lack of Standard Operating Procedures (SOPs);

The Department has developed risk mitigation measures for both the strategic and operational risk indicated above and its implementation is monitored by the Departmental Executive Committee, the Risk and Ethics Committee and the Audit Committee.

2017/18 strategic and operational risk registers inclusive of risk mitigation plans have been signed-off by the respective Risk Owners (DDGs of the relevant Branches).

Challenges were experienced with the management of risks in some areas in the 2017/18 financial year. Actions are in place to address these challenges to ensure improved management of risks in the 2018/19 financial year. The following were the key challenges:

Challenge	Action plan
1. Delays in finalising operational, fraud and project risk registers due to unavailability of relevant officials and capacity constraints in the Risk Management Directorate.	Key project risk assessments have been planned for and commenced with in Q1 of 2018/19: 1) Broadband; 2) Organisational structure; and 3) ITU Telecom World 2018. Fraud and operational will also be monitored and updated on a quarterly basis to ensure timely completion in future years.
2. Delays in the procurement of risk management system due to inadequate budget compared to proposals received.	Decisions will be made to allocate adequate budget for the system that will meet the scope and standards for risk management for procurement in the 2019/20 financial year.

Challenge	Action plan
3. Not able to implement all risk mitigation plans due to inadequate risk bearing capacity (financial and human resources).	Planning and allocation of resources for 2018/19 has been informed by the Department's risk profile. Further, a robust monitoring of the implementation of the risk mitigation plans will improve the management of the identified risks. This will be followed in future years too.

2.7 Value Add

Risk Management systems and processes have assisted the Department in the achievement of objectives by ensuring that the following are taken into account in the management of the Department's service delivery mandate:

- a) Influencing the strategic planning process – The strategic planning process considered the risk universe of the Department in the development of the 2018/19 Annual Performance Plan and update of mid-term strategic objectives; and
- b) Key root causes or challenges have also been considered in the determination of the 2018/19 Annual Performance Plan and update of mid-term strategic objectives, e.g. availability of resources (financial, human and other relevant resources), etc.

Plans to improve the value add include but are not limited to the following:

- a) Procurement of a risk management system to modernise the current manual system; and
- b) Conducting risk assessments for key projects commencing in the 2018/19 financial year.

2.8 Risk and Ethics Committee (REC)

To ensure the integrity and reliability of the Risk Management processes, the Department has established an REC to assist the Accounting Officer with overseeing the effectiveness of the Department's risk management systems, practices and procedures and to provide recommendations for improvement.

The Committee is constituted of eight (8) members consisting of one (1) independent non-executive member and seven (7) internal senior management members formally appointed by the Accounting Officer with a blend of skills and knowledge required to address all departmental risk exposures.

On the 31st of October 2017, the contract of the REC Chairperson who was also a member of the Audit Committee expired and was not extended as he was serving for a third (3rd) term. Our Charter allows members to serve for a maximum of 3 terms. The REC is currently chaired by the other independent non-executive member. National Treasury is invited to observe the effectiveness of the REC meetings and provide advice where necessary.

The REC operates in terms of approved terms of reference contained in a Departmental Risk Management Committee Charter. The Risk and Ethics Committee met four (4) times during the year under review and continued to provide objective oversight so as to assist the Accounting Officer in embedding the risk management culture throughout the Department.

The table below indicates the names of the REC Members and the meetings they have attended during the period under review:

Names	Designation	Meetings attended	Notes
Adv. C. Weapond	Independent Chairperson until 31/10/2017	2 of 2	The member's contract ended on 31/10/2017.
Ms M. Mokoka	Independent Chairperson from 01/11/2017	4 of 4	-
Ms A. Mokgabudi	Internal member	3 of 4	-
Mr L. Petzer	Internal member	3 of 4	-
Mr F. Osman	Internal member	4 of 4	-
Mr M. Ntshingila	Internal member	4 of 4	-
Mr M. Sebola	Internal member	3 of 4	-
Mr L. Ndlovu	Internal member	3 of 4	-
Ms JK Masemola	Internal member from 01/11/2017	1 of 2	The member replaced Mr Soldaat from the 1st of November 2017.
Mr R. Soldaat	Internal member until 31/10/2017	1 of 2	The member was replaced by the CFO (Ms JK Masemola).
Mr E. Adom	Internal member until 30 June 2017	n/a	Mr Adom retired from the Department on the 30 th of June 2017.

2.9 Audit Committee

The Audit Committee of the Department has, during the year under review, independently monitored the effectiveness of risk management throughout the Department and made valuable contributions to the Department's system of risk management.

The Audit Committee provided oversight responsibility through a number of mechanisms including direct reporting by the Risk Management Directorate to the Audit Committee on progress made in the implementation of risk management systems and processes.

The Chairperson of the Risk and Ethics Committee also served as a member of the Audit Committee which further enhanced and harmonised the Audit Committee's oversight responsibilities.

3. FRAUD AND CORRUPTION

3.1 Fraud Prevention Plan and Implementation

A revised Fraud Prevention Framework (Strategy, Policy, Investigation Procedure, Implementation Plan and Whistle Blowing Policy) was considered and approved by the Operations, Departmental Executive and Risk and Ethics Committees and implemented throughout the year.

3.2 Mechanisms to Report Fraud and Corruption

Fraud Prevention awareness was provided to ensure that all Departmental officials and external stakeholders are aware of the systems and protocols to be followed when reporting any allegations of fraud or corruption. The awareness campaign included, among other things, fraud prevention posters displayed in all the Department's premises, fraud content on the Departmental monitors and induction of new employees, etc.

The Department used the National Anti-Corruption Hotline [operated and managed by the Public Services Commission (PSC)] for whistle blowing purposes. Employees were encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices using the Hotline number.

Implementation of the Fraud Prevention Plan was monitored through implementation reports presented to the Risk and Ethics Committee on a quarterly basis reporting cases and actions.

The Risk and Ethics and Audit Committees oversaw the fraud prevention systems and processes within the Department. Cases were reported to these structures on a regular basis for advice and recommendations on the actions to be taken. Where officials were convicted, the necessary processes were followed in accordance with the Department's policies and procedures including disciplinary procedures and/or SIU investigations where warranted.

4. MINIMISING CONFLICT OF INTEREST

Financial disclosures are conducted through the e-Disclosure system provided by the Department of Public Service and Administration and managed by the Public Service Commission.

The Department has duly appointed an Ethics Officer who has successfully coordinated the timely completion, verification and submission of financial disclosures by all SMS and relevant non-SMS officials (Level 11, Level 12 and all levels within Finance and SCM units). The Department achieved a 100% timely submission of financial disclosures.

The Ethics Officer also considered and followed up on findings received from the Public Service Commission regarding non-compliance with the financial disclosures legislation. Appropriate actions are taken on these findings after thorough analysis and investigations of the matters thus reported.

Systems and processes implemented to prevent conflict of interest in SCM include all Bid Committee members signing a code of conduct and declaration of interest; Departmental Bid Adjudication Committee members sign a declaration of interest at each meeting. In a case where a conflict of interest is declared regarding a matter to be

considered, the affected member is requested to recuse themselves from discussions, considerations and decisions on the matter at hand; and SBD 4 Documents are signed by all prospective bidders to ensure that any interest is declared.

5. CODE OF CONDUCT

The Department adheres to the Public Service Code of Conduct contained in the Public Service Regulations, 2016. The Ethics Officer has developed Ethics and Integrity Frameworks (Policy, Strategy and Implementation Plan) that sets the tone with regard to ethics and integrity throughout the Department.

The Department has also developed a Financial Disclosures Policy that sets the principles and standards to be followed during financial disclosures. This policy is aligned to the Public Service Regulations, 2016 which requires for all public servants to comply with regard to ethics, integrity and disclosures.

An awareness programme has been put in place throughout the Department to ensure all officials are aware of their responsibilities regarding ethics and integrity, code of conduct and financial disclosures. The awareness programme included workshops, the display of ethics, integrity and financial disclosures messages on the Department's monitors and uploading enabling documents on the intranet for ease of access.

The Ethics Officer conducts the relevant investigations on ethics, integrity and financial disclosure non-compliance matters when they are identified. Ethics, integrity and financial disclosure reports are compiled on a regular basis and are presented or submitted to the relevant governance structures (REC, AC, EA, PSC and DPSA). These include quarterly reports on the effectiveness of the implementation of ethics and integrity systems and processes.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department has a SHERQ (Safety, Health, Environment, Risk and Quality) policy in place which is aimed at the provision of a positive health and safety working environment. Furthermore, the Department has appointed fire marshals who are due to undergo training to equip them to execute their assigned duties. A draft Emergency Execution Plan has been developed. The City of Tshwane Disaster and Fire Department has yet to be consulted to approval.

7. PORTFOLIO COMMITTEES

7.1 Date and subject of briefing to the Portfolio Committee

MEETING DATE:	SUBJECT MATTER
2 May 2017	Briefing by Department on its Strategic Plan and Annual Performance Plan (APP)
17 May 2017	Briefing by Department on Broadband roll-out (update)
23 May 2017	Briefing by the Department on its ICT White Paper Policy
13 June 2017	Briefing by the Department on a progress report on SA Connect
15 August 2017	Briefing by the Department on its 3rd Quarter performance
22 August 2017	Briefing by the Department on Cybersecurity, e-Government, national e-Strategy and SMME strategy
5 September 2017	Briefing by the Department on Rationalisation of ICT SOCs and its impact on broadband rollout
3 October 2017	Briefing by the Department on 2016/17 Annual Report
10 October 2017	Briefing by the Department on proposed legislation emanating from National Integrated ICT Policy White Paper
31 October 2017	Briefing by the Department on Cost to Communicate and Spectrum licensing
07 November 2017	Briefing by the Department on Communications Infrastructure Rapid Deployment: Department briefing, with Minister
20 February 2018	Briefing by the the Department on Quarter 1 & 2 performance
27 February 2018	Briefing by the Department on the National e-Strategy and e-Government Strategy implementation
13 March 2018	Briefing by the Department on ICT SMME Development Strategy implementation and Cost to Communicate update

During engagements with the Department, the Portfolio Committee made recommendations on several key issues which included the following:

- Cost containment – with a recommendation that the Department must continuously take into account cost containment measures when the Annual Performance Plan and budget is prepared.
- Legislation – with a recommendation that the proposed legislation must include all other proposed policies such as the Rapid Deployment Guidelines. These were quick wins to ensure a rapid turnaround time during the implementation of the broadband network.
- Cost to Communicate – with a recommendation that the Cost to Communicate Report must be considered, prioritised and form part of the operational indicators of the Department.
- Capacity – with a recommendation that sufficient capacity (financial and human resources) must be aligned to the indicators as reflected in the Annual Performance Plan.
- Fourth Industrial Revolution – with a recommendation that the Department must prioritise and specifically focus on initiatives related to the 4th Industrial Revolution.

8. SCOPA RESOLUTIONS

None.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Three quotations not obtained	2015/16	Supply Chain Management processes are centralised to ensure that there is adherence to the correct process during procurement of goods and services
Non-compliance identified in the hygiene and cleaning services tender	2016/17	Documents submitted by suppliers are verified against the Central Supplier Database (CSD) as well as the Companies Intellectual Property Commission (CIPC) system before a tender is awarded. A new evaluation criteria has been developed to ensure that the evaluation of tenders is objective.
No consequence management for irregular expenditure incurred	2016/17	A team was appointed to ensure that all cases of irregular expenditure are addressed.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The financial statements submitted for auditing contained material findings	2015/16	A team was established to review the financial statements to ensure that there are no misstatements in the financial statements. It was communicated to all key stakeholders that information submitted for annual financial statements must be signed off by management to ensure credibility and accuracy of the information.
Payment not made to suppliers within 30 days	2010/11	The process to monitor 30 day payments has been strengthened as follows: A central point to receive invoices has been established and staff equipped with clear procedures when receiving an invoice. Turnaround times have been set per each milestone of processing the invoice supported by a tracking register where each official sign off receipt and release of the invoice at the milestone.
Internal Audit did not assess transfers made to the public entities.	2016/17	The process of developing the audit plan included assessing the plan to ensure that it is compliant with legislative requirements. The 2017/18 annual internal audit plan included a transfer payment audit.
Irregular expenditure not reported to the National Treasury.	2016/17	The processes in the Finance Unit have been integrated so that compliance matters are reported to National Treasury on a monthly basis.

The Department has an institutionalised process known as the Integrated Action Plan, which is under the leadership of the Chief Financial Officer. It entails consolidating findings from all assurance providers including the Auditor General South Africa, ensuring that a robust process is followed to identify the root causes. Subsequent to the robust root cause analysis an action plan was developed, with emphasis on integrated systematic resolution of the matters raised. The Integrated Action Plan Committee has been put in place to provide strategic support to line managers in terms of tracking progress and addressing thorny issues. The Integrated Action Plan Committee has responsibility for reporting progress made on the implementation of the Integrated Action Plan to OPSCOM and the Department's Executive Committee. Additionally, progress is reported quarterly to the Audit Committee.

The process outlined above has resulted in significant progress being made on resolving issues.

10. INTERNAL CONTROL UNIT

The Departmental Executive Committee provides monitoring and oversight of the system of internal control of the Department, with independent assurance provided by Internal Audit. The Risk Management process assists with ensuring that management implements internal control measures that mitigate the risks that impact on the achievement of the strategic objectives.

The various branches in the Department take full responsibility for ensuring that internal control measures are institutionalised in each business process and are integrated across the Department. The Administration Branch plays an important role in ensuring that compliance with relevant processes and policies is achieved. The Administration Branch has implemented monitoring and quality assurance assessments that ensures that key processes are adhered to, and management structures such as the Operations Committee Meeting (OPSCOM) provide oversight and manage the policy development process through a register of policies and through ensuring that policies are vetted prior to presentation to the Departmental Executive Committee for final consideration and approval.

The following areas require enhancement as it pertains to internal controls. The Management has commissioned number of initiatives to fast track improvement:

- **The System of Performance Management and Development** has been subjected to comprehensive review. The Department has appointed an independent service provider to investigate the current PMDS and enhance the system. The Department has developed an action plan to address the recommendations of this investigation, and its implementation is monitored by the governance and management structures.
- **Supply Chain Management** process, policies and standard operating procedures are being reviewed comprehensively, to ensure that they clearly outline internal control measures that are adequate and effective. The CFO supported by Internal Audit and SCM Staff, is leading this strategic initiative, which is in its final stages.
- **Irregular, Fruitless and Wasteful Expenditure** processes are enhanced within the SCM review process ensuring that policies and standard operating procedures are adequately addressing the internal controls to prevent, detect and correct the expenditure. The establishment of governance and management structures have been finalised to monitor and track irregular expenditure. An irregular expenditure plan has been developed to address irregular expenditure incurred in the current and previous financial years.
- **Development of Standard Operating Procedures and Digitization** of critical DTPS business processes have been prioritised. This initiative will ensure effective implementation and monitoring of internal controls across the organisation.
- **Project Management** – developing comprehensive project plans with milestones, improvement of project risks identification and key strategic projects are incorporated in the monitoring processes of the Departmental Executive Committee.
- **The Integrated Action Plan** is one of the strategic initiative in place to ensure that the Department implements adequate and effective internal controls. Implementation of the, plan is periodically monitored and reported accordingly.

The following key frameworks are at the initial phase of development and their implementation will further strengthen the governance/control environment of the Department:

- **Integrated Governance Framework** – which will outline all the overarching governance principles and seek to adopt formally principles that are embedded in the various leading practice frameworks that are already implemented across the Department.
- **Compliance Management and Monitoring Matrix** – which seeks to ensure identification of the compliance universe, development of compliance indicators and mapping of the governance and management structures to ensure they are responsible for monitoring compliance.
- **Combined Assurance Framework** – which will govern the coordination of assurance efforts in the Department ensuring that it contributes to optimal service delivery.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

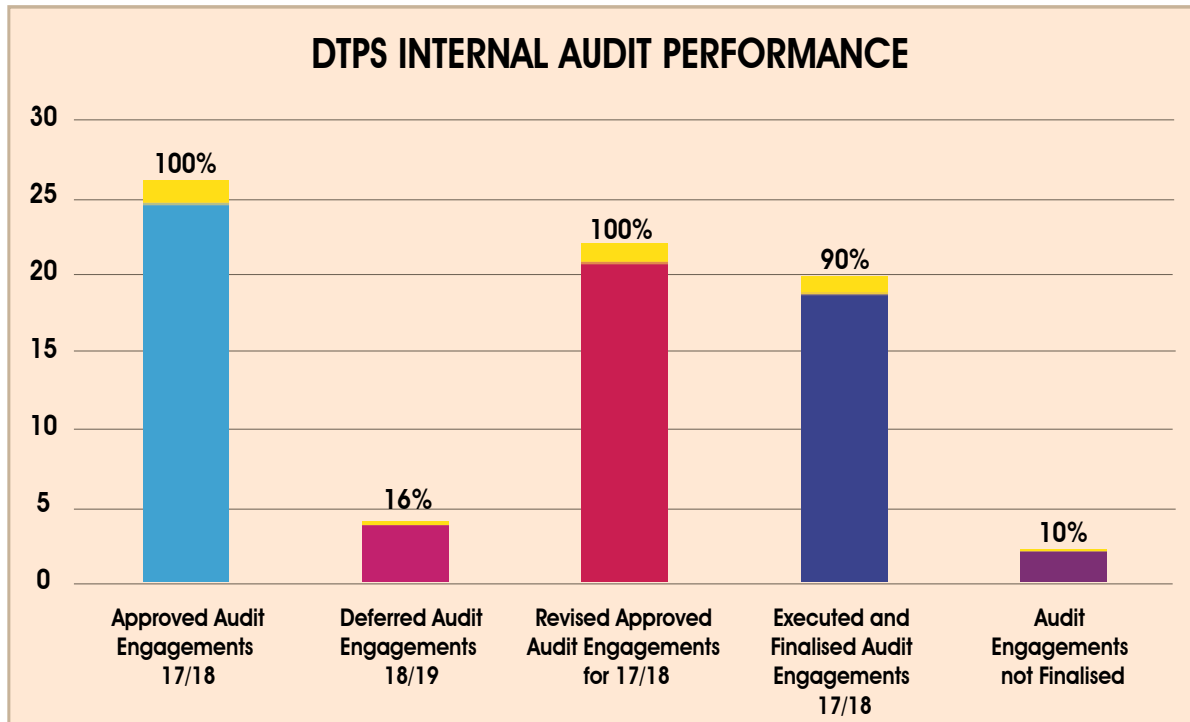
11.1 Internal Audit

The mandate of Internal Audit is to provide an independent and objective assurance and consulting service designed to add value and to continuously improve the operations of the Department. It should assist the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of Governance, Risk Management and Control processes.

The Internal Audit Unit is established within the DTPS through the PFMA and Treasury Regulations as a key component or structure of good corporate governance. The Internal Audit Unit reports functionally to the Audit Committee and administratively to the Director General. Its activities are governed by an approved Internal Audit Charter. Internal Audit Services are delivered in line with the Institute of Internal Auditors' International Professional Practice Framework. The following key activities are performed in this regard, contributing to ensuring that there is good corporate governance, which contributes to the Department's effective delivery of its strategic goals and objectives:

- Assess and make appropriate recommendations for improving the governance processes for:
 - Making strategic and operational decisions.
 - Overseeing risk management and control.
 - Promoting appropriate ethics and values within the organisation.
 - Ensuring effective organisational performance management and accountability.
 - Communicating risk and control information to appropriate areas of the organisation.
 - Coordinating the activities of, and communicating information among, the oversight structures, external and internal auditors, other assurance providers, and management.
- Evaluate the effectiveness of and contribute to the improvement of risk management processes.
- Evaluate the adequacy and effectiveness of controls in responding to risks within the Department's governance, operations, and information systems regarding the:
 - Achievement of the organisation's strategic objectives.

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programme.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts.



The graph above depicts the performance of DTPS Internal Audit. The audit engagements completed for the financial year 2017/18 equal 90% of the revised Annual Internal Audit Plan approved by the Accounting Officer. The DTPS Internal Audit had human resource capacity challenges and some client delays in engagements during the financial year that resulted in 10% not being finalised. Gaps in human resource capacity were evident due to the post of Deputy Director Internal Audit being vacant and the temporary incapacity of the Director Internal Audit. The Chief Audit Executive in collaboration with the Human Resource Administration has driven the recruitment process of the Deputy Director Internal Audit in responding to the vacancy and the process is at its final stage. The Director General was requested to approve the process of insourcing capacity. The DTPS Internal Audit will strengthen its project management and client engagement processes going forward to ensure timely finalisation of the Annual Internal Audit Plan.

The overall judgment of the System of Internal Control of the DTPS is based on the finalised audit engagements related to the financial year 2017/18 and Chief Audit Executive interaction with departmental governance and management structures. The DTPS system of internal control is ineffective, taking into account the number of areas that require significant enhancement and the lack of some key frameworks such as an Integrated Governance Framework and an Internal Control Framework to institutionalise the effective implementation of internal controls. The development and documentation of comprehensive operating procedures for all departmental business processes remains a root cause of some control deficiencies identified during audit engagements. Although management has prioritised the digitisation of business processes in the new financial year, a holistic approach should be implemented that will ensure that prior to digitization by the IT Directorate, business processes and standard operating procedures should be

prioritised and documented across the Department. The records management of the Department need enhancement to ensure that they are managed in compliance with the Archives Framework. Both business processes and records management require appropriate budget allocations in the next budget circle.

However, Management has made some progress in ensuring that certain key frameworks are in place to establish the control environment. This is demonstrated by having developed and approved the following frameworks:

- **Strategic Planning, Monitoring and Evaluation Framework**, which has contributed significantly to the development of a robust strategy and management of performance information.
- **Risk Management Framework**, which also assisted in inculcating the culture of risk management; however, review of risk management reveals that the Management and Risk Management Directorates need to work hard to ensure that risk management is embedded into daily operations of the Department, yielding the required strategic value.
- **ICT Governance Framework**, which enabled the establishment of a sound ICT Governance environment. However, there were deficiencies identified at internal controls level within certain IT business processes.

Management has ensured that **operational policies** are developed, approved and timeously reviewed through the Operations Committee.

The Integrated Action Plan (IAP) was implemented during the financial year to address all assurance providers' (Internal Audit; MPAT and AGSA) findings. Management established the Integrated Action Plan Committee to monitor implementation of the IAP; significant work is required to ensure that the agreed integrated action plans are implemented timeously. This is evident from the fact that only 37% of all action plans with agreed timelines were implemented. The Department also developed a Framework for effective consulting on and establishment of governance and management structures, which will be implemented in the new financial year.

The following overall audit opinions substantiate the reported status of internal controls above:

RATING OF THE INTERNAL CONTROLS IN RELATION TO MANAGING THE RISKS	
RATING	DEFINITION
INADEQUATE	Audit results indicate that control procedures are non-existent or poorly designed – not managing risks
INEFFECTIVE	Audit results indicate that control procedures are designed; appropriately, however are not effectively implemented or are not sufficiently effective to mitigate risks
INEFFICIENT	Audit results indicate that control procedures need enhancement to effectively mitigate risks
ADEQUATE AND EFFECTIVE	Audit results indicate that control procedures are mitigating risks

AUDIT ENGAGEMENTS	OVERALL OPINION
Follow up audit of the Departmental Integrated Action plan	INEFFECTIVE
Review of Interim Financial Statements Q1 to Q 3 - 2017/18	INEFFICIENT
Review of Quarterly Performance Report Q1 to Q4 - 2017/18	INEFFICIENT
SOC Oversight – Transfer payments audit	INEFFECTIVE
Review of Risk Management Process	INEFFECTIVE
Review of the Annual Performance Report 2016/17	INEFFICIENT
Review of the Annual Financial Statements 2016/17	INEFFICIENT
External Network review	INEFFECTIVE
Review of DTPS Delegations Framework	INEFFECTIVE
Review of The Disaster Recovery and Business Continuity Plan	INADEQUATE
Network CORE switch configuration reviews	INADEQUATE
Application & General Controls – Electronic Organisational Performance Management System	INADEQUATE

11.2 Audit Committee

Key activities and objectives of the Audit Committee

The Audit Committee is an independent governance structure established in terms of section 76 and 77 of the PFMA, read in conjunction with the Treasury Regulations. Its key function is to provide oversight over the Department with regard to the following:

- Responsibility for the Internal Audit Function as it relates to its effectiveness;
- External Audit function – Auditor General of South Africa (AGSA);
- Departmental financial management processes including – Accounting and Reporting (AFS); Accounting Policies; Expenditure Management;
- Management discharge of their responsibility pertaining to AGSA management and audit report;
- Departmental Risk Management;
- Internal Controls;
- Performance Information;
- Human Resource Management Governance;
- Ethics and Forensic/ Other Investigations; and
- Overall effective governance of the Department by Senior Management.

The Audit Committee operates in accordance with written terms of reference (the Audit Committee Charter) which deals adequately with its membership, authority and responsibilities. The Audit Committee meets as and when necessary with the Executive Authority and the Auditor General.

The Audit Committee held ordinary meetings and special meetings during the 2017/18 financial year. However, no Audit Committee meetings were held in Quarter 4 due to the recruitment of new members.

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Internal or external	Date appointed	Date Resigned	No. of Meetings attended
Adv. W. E Huma (Chairperson)	B.Proc, Bachelor of Law (LLB), Master of Laws (LLM), Fellow Institute of Directors and Post Graduate Diploma: Company Direction (Governance)	External	09/09/2011	30/11/2017	10
Adv. Collen Weapond (Member)	LLB, MTech (forensic investigation) B. Com Honours (IT) UCT Master's in Business System (Course work Completed at Wismar Germany) Certificate in Policing (TUT) Diploma in Business Management (SABMT)	External	01/07/2011	30/11/2017	07
Ms. K Selane (Member)	CA (SA)	External	01/04/2014	N/A	08
Ms. P Mvulane (Member)	CA (SA)	External	01/04/2014	N/A	07
Dr. Pritish Dala (Member)	Bachelor of Information Technology (NQF 7) Baccalaureus Scientiae Cum Honoribus (NQF 8) Master of Information Technology (NQF 9) D. Phil. in Information Technology (NQF 10)	External	28/03/2018	N/A	N/A
Mr. Vincent Botto (Member)	Bachelor of Accounting Sciences (NQF 7) Baccalaureus Artium in Law (NQF 7) Baccalaureus Legum (NQF 7) Magister Legum (NQF 8)	External	28/03/2018	N/A	N/A

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018, in terms of section 3.1.13 of the Treasury Regulations.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulations section 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The system of internal control was not entirely adequate and effective, for the year under review. This is evident from the internal control deficiencies highlighted by the Internal Audit and Auditor General South Africa (AGSA). The areas requiring attention from management and are closely monitored by the Audit Committee relate to the following:

- Finalisation of the governance frameworks such as Integrated Governance Framework that will set the correct tone for the effective implementation of the internal controls.
- Prioritisation of key and strategic areas where the digitisation and documentation of business processes, supported by comprehensive standard operating procedures is paramount to the achievement of the strategic objectives.
- Effective Management oversight on the implementation of the Integrated Action Plans to address all assurance providers findings (including Internal Audit, AGSA, and MPAT).
- The Disaster Recovery and Business Continuity Plan; IT controls over the Application that manages Departmental Performance Information and Records Management.
- Fast track the implementation of the Irregular Expenditure Management Plan and Supply Chain Management enhancement initiatives.
- Ensuring that Risk Management is progressing to the next level, where it is embedded into the day to day operations and it enables better decision making to improve business processes.

THE QUALITY OF IN-YEAR MANAGEMENT; QUARTERLY AND ANNUAL REPORTS SUBMITTED IN TERMS OF THE PFMA AND THE DIVISION OF REVENUE ACT

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer during the year under review. The Audit Committee has noted and commended Management for the improvement as it relate to the overall achievements of the performance targets, however encourage management to ensure that targets specifically for key initiatives such as Broadband Rollout must be executed and monitored better going forward.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited annual financial statements submitted to the AGSA with Management;
- reviewed the Auditor General's management report and managements responses thereto;
- reviewed the accounting policies and practices;
- reviewed the Department's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit; and
- reviewed information on pre-determined objectives to be included in the annual report.

INTERNAL AUDIT

The Audit Committee has reviewed the performance of the Internal Audit Activity, and the adequacy of its resources. The Audit Committee is of the opinion that the Internal Audit Activity is not performing at an optimum level due to capacity constraints. The Internal Audit Activity completed only 90% of the approved Annual Internal Audit Plan. The CAE committed to improve the internal audit methodology towards creating efficiencies and the organisational structure was being reviewed to provide for adequate capacity. Audit Committee is closely monitoring both interventions.

AUDITOR GENERAL - SOUTH AFRICA

The Audit Committee did meet with the Auditor General South Africa during the 2017/2018 financial year to ensure that there were no unresolved issues. The Audit Committee also concurred with the overall opinion of the Auditor General South Africa and instituted a process where Management was required to develop corrective actions that seeks to address the systemic issues.

CONCLUSION

The Audit Committee wishes to thank the Director-General, Finance Team, and Departmental Executive Committee for their continued commitment to good governance within the Department. Our appreciation is also extended to the former chairperson Adv. W. E Huma and member Adv. Collen Weapond for their role in ensuring the effectiveness of the Audit Committee.

Special appreciation further bequeathed to the Assurance Providers both the Internal Audit and AGSA, who continued to provide the strategic support to the committee and strengthened the governance agenda in the Department.



Ms P. Mvulane
Chairperson of the Audit Committee
Department of Telecommunications and Postal Services
21 August 2018

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister for the Public Service and Administration for all departments in the Public Service.

2. OVERVIEW OF HUMAN RESOURCES

The status of human resources in the Department

The Department has an approved Service Delivery Model (SDM) aligned to its mandate which informed the development of the functional structure of the Department. The Department has commenced with the process of developing an organisational structure that is aligned to the Strategy; in the financial year 2018/19 the structure will be finalised for implementation in the 2019/20 financial year.

As at 31 March 2018, the total number of funded posts on the establishment for the Department was two hundred and ninety two (292) which were captured on the PERSAL system. Of these positions, two hundred and seventy nine (279) positions were filled and thirteen (13) positions were vacant which equates to a 4.45% vacancy rate.

Human resource priorities for the year under review and the impact of these

- Filling of critical funded vacant positions – The vacancy rate of the Department was kept below the set standard of 10% by the Department of Public Service and Administration (DPSA). The appointment of individuals in critical positions assisted the Department to implement its Annual Performance Plan and Business Plans targets.
- Approval of the Service Delivery Model and the functional Structure for the Department – this will ensure the development of an Organisational Structure aligned to the mandate of the Department in the 2018/19 financial year with implementation in the 2019/20 financial year.
- Implementation of recommendations emanating from the Culture and Climate Survey conducted in the 2016/17 financial year – a more conducive Climate and Culture in the Department.
- Training and development of employees in line with the approved Workplace Skills Plan – Skilled workforce contributing to the implementation of the Department's Annual Performance Plan and Business Plans.
- Alignment of individual performance agreements with the strategic priorities of the Department – this ensured a better performance rate in the Department.
- Appointment and skilling of interns in line with the Internship Programme of the Department – Fifteen (15) interns were appointed and trained and provided valuable assistance in key areas of the Department.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

- The Department has an approved HR Plan for the MTEF Period 2015 to 2018.
- Key vacancies were filled according to funds available.
- The Workplace Skills Plan was successfully implemented to ensure a skilled workforce.

Employee Performance Management

- The Department has a Performance Management System which is implemented. Quality assurance was done by the Human Resource Development Unit to ensure alignment of Performance Agreements to the Annual Performance Plan and Business Plans of the Department. This included quality assurance workshops on the compilation of performance agreements and the alignment thereof to the strategic objectives of the Department.
- Performance review documents, bi-annual and annual, were also quality assured for alignment with the Performance Agreements.
- Annual PMDS workshops were conducted with all Branches.
- 2016/17 Annual assessments for SMS and non-SMS members were finalised and the decision of the Executive Authority was implemented.
- In cases of non-compliance, letters were issued to Branch Heads to take disciplinary action against members who did not compile and submit performance agreements and/or performance assessments.

Employee wellness programmes

The Department has engaged service providers to provide employee assistance programmes. The Department also subscribes to the National Calendar of Events. During this period, two (2) screening events were implemented with a fourteen (14) percent level of utilisation of these events (thirty eight (38) employees participated).

ACHIEVEMENTS AND CHALLENGES

Achievements

- Two (2) critical positions were filled i.e. Deputy Director-General ICT International Affairs and Trade and Chief Director Broadband.
- A project to update the personal information of employees was completed.
- Several HR Policies were reviewed and approved.
- Reporting to the Department of Labour took place on 12 January 2018, in terms of Section 21 of the Employment Equity Act, Act 55 of 1998.
- The Department reports annually to the Department of Public Service and Administration on the implementation of its Human Resource Plan. Priorities and challenges are also reported on.
- The functional structure for the Department in line with its mandate was completed and approved.
- The implementation of twenty nine (29) identified interventions as per the Culture and Climate Survey conducted in 2016/17 was completed. These interventions included the roll-out of an electronic leave system, hosting of inter-branch engagements to break down silos and ensure synergy in the implementation of cross-cutting projects, development and approval of a framework on governance structures and the hosting of several Brown Bag sessions with all staff to discuss key internal Departmental issues and ICT sector trends and developments.
- Provision of Employee Health and Wellness interventions i.e. counselling services, health and wellness checks and voluntary counselling and testing.
- Development of a Leadership Charter and a Competency Matrix.

- Work Place Skills Plan developed, implemented and submitted to the PSETA. Three hundred and fourteen (314) interventions targeting one hundred and eighty one (181) employees (65% of establishment) were implemented.
- Quarterly Training Reports were submitted to the PSETA.
- The Department implemented its PMDS policy in the year under review. This included signing of performance agreements, conducting bi-annual reviews and concluding annual appraisals. Subsequently, employees were rewarded with performance incentives according to their achievement of targets. It should however be noted that cash bonuses were awarded to non-SMS members only.
- The Internship Programme was effectively implemented with fifteen (15) interns appointed.

Challenges

- Difficulty in attracting and retaining critical, scarce skills with the required competencies in the Broadband and Spectrum environments. The Department is unable to compete with market related salaries for employees in these specific fields.
- Inadequate budget for Compensation of Employees, which leads to capacity constraints at all branches and which is having an impact on service delivery. Personnel Head Count will have to be reduced further in the 2018/19 financial year. Only critical vacancies will be filled to ensure the Department remains within its allocated CoE budget.
- The finalisation of the organisational structure of the Department. This affects the process of recruitment as it pertains to determination of critical posts. Some current vacant posts might not be a priority in the new structure hence they are not filled.
- Finalisation of disciplinary matters within the legislative time-frames. Disciplinary cases in general are not finalised within the prescribed timeframes.
- Currently female representation is at thirty eight percent (38%) against the target of fifty percent (50%) on senior management level and efforts to close the gap are not yielding results.
- Currently the male representation at non-SMS level is at thirty four percent (34%) against the target of fifty percent (50%) and efforts to close the gap are not yielding results.

Future Plans/Goals

- To finalise the process of designing an organisational structure.
- Aligning of budget structure with new organisational structure.
- To compile an HR Plan aligned to the new organisational structure for the 2019 / 2021 MTEF period.
- To identify and implement further interventions to improve the climate and culture in the Department.
- To analyse trends on disciplinary cases and implement corrective measures to ensure finalisation of disciplinary matters within the legislative time-frames.
- Empowerment of management by means of management training interventions such as leadership development and Project and Programme Management.

- Performance Management – implementation of new DPSA directives for SMS and non-SMS employees.
- Prioritisation of the appointment of female employees in vacant and funded senior management positions in the Department to reach the 50% target. The prioritisation will be institutionalised through the Employment Equity Plan.
- Prioritisation of the appointment of male employees in vacant and funded non-SMS positions in the Department to reach the 50% target. The prioritisation will be institutionalised through the Employment Equity Plan.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel Related Expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Programme 1: Administration	209 452	102 890	1 330	0	49.1	668
Programme 2: International Affairs and Trade	50 612	16 978	34	0	33.5	1 061
Programme 3: Policy Research and Capacity Development	78 524	52 089	553	0	66.3	766
Programme 4: ICT Enterprise Development and SOE Oversight	3 949 056	27 858	275	0	0.7	844
Programme 5: ICT Infrastructure Support	604 411	20 028	418	0	3.3	910
Total	4 892 055	219 843	2 610	0	4.5	750

PLEASE NOTE: The average personnel cost per employee in Programme 1 includes the 14 interns who are appointed additional to the establishment as their expenditure is costed against Programme 1.

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (level 3-5)	2 122	0.97	9	236
Highly skilled production (levels 6-8)	31 756	14.44	90	353
Highly skilled supervision (levels 9-12)	65 398	29.75	99	661
Senior and top management (levels 13-16)	106 197	48.31	98	1 084
Contract (Levels 1-2)	1 250	0.57	30	42
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 6-8)	1 789	0.81	5	358
Contract (Levels 9-12)	1 661	0.76	5	332
Contract (Levels 13-16)	8 795	4	10	880
Other (Medical aid for former employees who retired and overtime for SAPS VIP Protectors)	874	0.40	0	0
Total	219 843	100	346	635

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 to 31 March 2018

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 1: Administration	68 092	66.2	801	0.8	1 448	1.4	2 955	2.9
Programme 2: International Affairs and Trade	9 017	53.1	31	0.2	355	2.1	460	2.7

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 3: Policy Research and Capacity Development	34 047	65.4	40	0.1	750	1.4	1 239	2.4
Programme 4: ICT Enterprise Development and SOE Oversight	18 472	66.3	14	0	232	0.8	477	1.7
Programme 5: ICT Infrastructure Support	13 755	68.7	1	2	287	1.4	331	1.7
Total	143 382	65.2	886	0.4	3 072	1.4	5 461	2.5

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	1 389	65.5	7	0.3	122	5.7	212	10
Highly skilled production (levels 6-8)	22 174	69.8	227	0.7	1 091	3.4	2 117	6.7
Highly skilled supervision (levels 9-12)	45 400	69.4	137	0.2	705	1.1	1 428	2.2
Senior management (level 13-16)	63 181	59.5	0	0	1 086	1.0	1 168	1.1
Contract (Levels 1-2)	1 248	99.8	3	0.2	0	0	0	0

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Contract (Levels 3-5)	0	0	0	0	0	0	0	0
Contract (Levels 6-8)	1 251	69.9	0	0	53	3	74	4.1
Contract (Levels 9-12)	987	59.4	0	0	15	0.9	29	1.8
Contract (Levels 13-16)	7 752	88.1	0	0	0	0	73	0.8
Other (includes medical aid subsidy for former employees who retired and overtime payment to SAPS employees)	0	0	512	58.6	0	0	360	41.3
Total	143 382	65.2	886	0.4	3 072	1.4	5 461	2.5

3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff additional to the establishment.

This information is presented in terms of three key variables:

- programme;
- salary band; and
- critical occupations.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1: Administration	148	140	5.41	14
Programme 2: International Affairs and Trade	17	16	5.88	0
Programme 3: Policy Research and Capacity Development	71	68	4.23	0
Programme 4: ICT Enterprise Development and SOE Oversight	33	33	0	0
Programme 5: ICT Infrastructure Support	23	22	4.35	0
Total	292	279	4.45	14

PLEASE NOTE: – Funded posts were reduced from 304 to 292 due to compensation budget constraints during the 2017/18 financial year.

- Interns were appointed additional to the establishment, however the costing is done against the Administration Branch (Programme 1).

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (1-2)	0	0	0	0
Skilled(3-5)	22	8	63.64	0
Highly skilled production (6-8)	79	79	0	0
Highly skilled supervision (9-12)	88	89	1.14	0
Senior management (13-16)	103	90	12.62	0
Contract (Levels 1-2)	0	0	0	14
Contract (Levels 3 -5)	0	0	0	0
Contract (Levels 6 -8)	0	5	0	0
Contract (Levels 9 -12)	0	2	0	0
Contract (Levels 13 - 16)	0	6	0	0
Total	292	279	4.45	14

PLEASE NOTE: – Only permanent posts are indicated on structure. Employees appointed on contract are placed against a permanent post.

- Areas where the number of posts filled are more than the number of posts on the establishment, are due to employees who are placed out of adjustment against a post (example: grade progression / accelerated grade progression, etc.)

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administrative related	53	52	1.89	0
Communication and Information related	2	2	0	0
Finance and Economics related	1	0	100	0
Financial Clerks and Credit Controllers	3	2	33.33	0
Finance and related professionals	12	12	0	0
Head of Department	1	1	0	0
Human Resources and Organisational Development	5	5	0	0
Human Resource related	7	7	0	0
Information Technology related	4	4	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Language Practitioners, Interpreters and Other Communication related	4	4	0	0
Library Mail and related Clerks	8	8	0	0
Logistical Support personnel	13	13	0	0
Messengers, Porters and Deliverers	3	3	0	0
Other Administrative and related Clerks and Organisers	42	39	7.14	14
Other Information Technology personnel	7	7	0	0
Other Occupations	3	2	33.33	0
Risk Management and Security Services	1	1	0	0
Secretaries and other Keyboard Clerks	24	24	0	0
Senior Management	99	93	6.06	0
Total	292	279	4.45	14

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary 16 (including DG, Minister, Deputy Minister and Special Advisors)	5	4	80	1	20
Salary Level 15	6	4	66.7	2	33.3
Salary Level 14	29	28	96.6	1	3.4
Salary Level 13	63	60	95.2	3	4.8
Total	103	96	93.2	7	6.8

Table 3.3.2 SMS post information as on 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary 16 (including DG, Minister, Deputy Minister and Special Advisors)	5	4	80	1	20
Salary Level 15	6	4	66.7	2	33.3
Salary Level 14	30	28	93.3	2	6.7
Salary Level 13	65	62	95.4	3	4.6
Total	106	98	92.5	8	10.1

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	0	0
Salary Level 13	2	0	0
Total	3	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018

Reasons for vacancies not advertised within six months
Posts had to be re-prioritised to ensure the Department remain within its allocated compensation of employees' budget over the MTEF period; as a result the headcount of the Department must be significantly reduced.
Reasons for vacancies not filled within twelve months
Posts had to be re-prioritised to ensure the Department remain within its allocated compensation of employees' budget over the MTEF period; as a result the headcount of the Department must be significantly reduced.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 to 31 March 2018

Reasons for vacancies not advertised within six months
None
Reasons for vacancies not filled within six months
None

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of posts on approved establishment	Number of Jobs evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	22	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	79	2	2.5	0	0	0	0
Highly skilled supervision (Levels 9-12)	88	63	71.6	1	1.6	11	17.5
Senior Management Service Band A	63	0	0	0	0	0	0
Senior Management Service Band B	29	0	0	0	0	0	0
Senior Management Service Band C	6	0	0	0	0	0	0
Senior Management Service Band D	5	0	0	0	0	0	0
Total	292	65	22.3	1	1.5	11	17

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
Total	1	0	0	0	1

Employees with a disability	0
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Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Assistant Director: Events Co-ordination	2	8	9	It was determined by the DPSA, after an analysis of information submitted by the Department, that the functions performed by these posts do not justify a grading of posts at Assistant Director-level. Furthermore, the analysis conducted on these posts indicated that they are performing production functions. These are functions expected of administration officers' posts: it was indicated that the Department should reconsider its organisational structure and rename the posts. If necessary, the Department may create a proper supervisory post, if justifiable from organisational and functional decomposition.
Assistant Director: IT Security	1	8	9	
Assistant Director: Resource Centre	1	8	9	
Assistant Director: Graphic Design	2	8	9	
Assistant Director: IT Training	1	8	9	

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Personal Assistant to Director-General	1	7	11	DPSA circular on benchmark job descriptions and grading levels and implementation guidelines for jobs of Secretaries and Personal Assistants dated 31 December 2016.
Personal Assistant to Deputy Director-General	3	7	9	
Total number of employees whose salaries exceeded the level determined by job evaluation				11
Percentage of total employed				3.8%

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	6	1	0	3	10
Male	1	0	0	0	1
Total	7	1	0	3	11

Employees with a disability	0	0	0	0	0
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3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of employees at beginning of period 1 April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels3-5)	9	0	0	0
Highly skilled production (Levels 6-8)	83	1	6	7.23
Highly skilled supervision (Levels 9-12)	94	2	5	5.32
Senior Management Service Bands A	61	1	6	9.84
Senior Management Service Bands B	29	1	1	3.45
Senior Management Service Bands C	3	0	0	0
Senior Management Service Bands D	0	0	0	0
Contract (Levels 3-5)	2	0	2	100
Contract (Levels 6-8)	2	3	0	0
Contract (Levels 9-12)	4	1	4	100
Contract (Band A)	4	0	1	25
Contract (Band D) (including DG, Minister, Deputy Minister and Special Advisors)	4	1	1	25
Total	295	10	26	8.81

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Number of employees at beginning of period 1 April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related	61	2	6	9.84
Communication and Information related	4	0	1	25
Finance and Economics related	2	0	1	50
Finance and related professionals	12	0	1	8.33
Head of Department	1	0	0	0
Human Resources and Organisational Development	5	0	0	0
Human Resource related	6	1	0	0
Information Technology related	5	0	0	0
Language Practitioners, Interpreters and Other Communication related	4	0	1	25
Library Mail and related Clerks	8	1	1	12.5
Logistical Support personnel	15	0	1	6.67
Messengers, Porters and Deliverers	3	1	1	33.33
Other Administrative and related Clerks and Organisers	47	0	1	2.13
Other Information Technology personnel	7	0	0	0
Other occupations	2	1	1	50
Risk Management and Security Services	1	0	0	0
Secretaries and other Keyboard Clerks	26	2	4	15.38
Senior Management	86	2	7	8.14
TOTAL	295	10	26	8.81

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2017 to 31 March 2018

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	8	30.77
Expiry of contract	7	26.92
Dismissal – operational changes	0	0
Dismissal – misconduct	1	3.85
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	3.85
Retirement	3	11.54
Transfer to other Public Service Departments	6	23.08
Other	0	0
Total	26	100
Total number of employees who left as a % of total employment	8.81	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	61	0	0	38	62.3
Communication and Information related	4	0	0	1	25
Finance and Economics related	2	0	0	0	0
Finance and related professionals	12	0	0	7	58.3
Head of Department	1	0	0	0	0
Human Resources and Organisational Development	5	0	0	3	60
Human Resource related	6	0	0	3	50
Information Technology related	5	2	40	1	20
Language Practitioners, Interpreters and other Communication related	4	0	0	0	0

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Library Mail and related Clerks	8	0	0	7	87.5
Logistical Support personnel	15	0	0	6	40
Messengers, Porters and Deliverers	3	0	0	2	66.7
Other Administrative and related Clerks and Organisers	47	1	2.1	25	53.2
Other Information Technology personnel	7	0	0	5	71.4
Other occupations	2	0	0	0	0
Risk Management and Security Services	1	0	0	1	100
Secretaries and other Keyboard Clerks	26	0	0	16	61.5
Senior Management	86	1	1.16	69	80.2
TOTAL	295	4	1.4	184	62.4

Table 3.5.5 Promotions by salary band for the period 1 April 2017 to 31 March 2018

Salary Band	Employees 1 April 2017	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	9	0	0	8	88.9
Highly skilled production (Levels 6-8)	83	0	0	51	61.4
Highly skilled supervision (Levels 9-12)	94	3	3.2	55	58.5
Senior Management (Level 13-16)	95	1	1.1	68	71.6
Contract (Levels 3-5)	2	0	0	0	0
Contract (Levels 6-8)	2	0	0	1	50
Contract (Levels 9-12)	4	0	0	0	0
Contract (Levels 13-16)	6	0	0	1	16.7
Total	295	4	1.4	184	62.4

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	50	3	3	4	30	2	3	1	96
Professionals	32	0	0	5	43	3	1	7	91
Technicians and associate professionals	19	2	1	0	51	5	1	5	84
Clerks	4	0	0	0	4	0	0	0	8
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	105	5	4	9	128	10	5	13	279
Employees with disabilities	4	0	0	0	1	1	0	0	6
Interns (Appointed additional to the establishment)	9	0	0	0	5	0	0	0	14

PLEASE NOTE: The total number of employees excludes the interns but includes employees with disabilities.

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	1	0	0	3	0	0	0	8
Senior Management	46	2	3	4	27	2	3	1	88
Professionally qualified and experienced specialists and mid-management	32	0	0	5	43	3	1	7	91

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	19	2	1	0	51	5	1	5	84
Semi-skilled and discretionary decision making	4	0	0	0	4	0	0	0	8
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	105	5	4	9	128	10	5	13	279
Interns (Appointed additional to the establishment)	9	0	0	0	5	0	0	0	14

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	0	0	0	0	3	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	2	0	0	0	4
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	4	0	0	0	6	0	0	0	10
Employees with disabilities	0	0	0	0	0	0	0	0	0

PLEASE NOTE: Only two employees were recruited as permanent employees on the staff establishment of the Department, 1 African male on Senior Management level and one African female on skilled technical and academically qualified workers. All other employees are part of the establishment of the Deputy Minister who were moved to the Department as part of the Cabinet reshuffle on 30 March 2017.

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	3	0	0	0	4
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	3	0	1	0	2	0	1	0	7
Professionally qualified and experienced specialists and mid-management	2	0	0	1	6	0	1	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	3	1	0	1	6
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	7	0	1	1	13	1	2	1	26
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Failure to comply with rules/regulations of BAC and BEC	3	0	1	0	3	0	0	0	7
Insubordination, failure to comply with lawful instruction	0	0	0	0	1	0	0	0	1
Gross misconduct and insubordination	0	0	0	0	0	0	1	0	1
Total	3	0	1	0	4	0	1	0	9

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	41	1	2	3	29	1	1	2	80
Professionals	17	0	0	0	17	1	1	0	36
Technicians and associate professionals	4	0	0	0	5	0	0	0	9
Clerks	16	0	1	0	33	5	0	1	56
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	78	1	3	3	84	7	2	3	181
Employees with disabilities	3	0	0	0	1	1	0	0	5

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken are presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Salary Level 16 (include DG, Minister, Deputy Minister and Special Advisors)	5	1	1	100
Salary Level 15	6	6 (include 2 members acting at this level)	6	100
Salary Level 14	29	26 (exclude 2 acting on salary level 15)	26	100
Salary Level 13	63	60	58	97%
Total	103	93	91	98

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2018

Reasons
– One employee provided a reason for late submission.
– One employee did not provide a reason for late submission.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2018

Reasons
– The matter is currently under investigation.

3.8 Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

PLEASE NOTE: Payment of performance awards for the 2016/2017 performance cycle.

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	30	105	28.6	821	27 367
Female	66	128	51.6	1 617	24 500
Asian					
Male	1	4	25	18	18 000
Female	3	5	60	102	34 000
Coloured					
Male	0	5	0	0	0
Female	8	10	80	206	25 750
White					
Male	4	9	44.4	164	41 000
Female	12	13	92.3	346	28 833
Total	124	279	44.4	3 273	26 395

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	6	6	100	68	11 333	3.2
Highly skilled production (level 6-8)	60	82	73.2	1 236	20 600	3.9
Highly skilled supervision (level 9-12)	57	87	65.5	1 944	34 105	3
Skilled (Levels 3-5) (Contract)	0	2	0	0	0	0
Highly skilled production (Levels 6-8) (Contract)	1	2	50	25	25 000	1.4
Highly skilled supervision (Levels 9-12) (Contract)	0	4	0	0	0	0
Total	124	183	67.8	3 273	26 395	1.5

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	31	52	59.6	1 155	37 258
Communication and Information related	2	2	100	59	29 500
Finance and Economics related	0	0	0	0	0
Financial Clerks and Credit Controllers	2	2	100	32	16 000
Finance and related Professionals	9	12	75	210	23 333
Head of Department	0	1	0	0	0
Human Resources and Organisational Development	3	5	60	59	19 667
Human Resource related	2	7	28.6	86	43 000
Information Technology related	1	4	25	43	43 000
Language Practitioners, Interpreters and other Communication related	3	4	75	111	37 000
Library Mail and related Clerks	4	8	50	44	11 000
Logistical Support personnel	11	13	84.6	240	21 818
Messengers, Porters and Deliverers	1	3	33.3	8	8 000
Other Administrative and related Clerks and Organisers	28	39	71.8	577	20 607
Other Information Technology personnel	6	7	85.7	180	30 000
Other occupations	0	2	0	0	0
Risk Management and Security Services	1	1	100	33	33 000
Secretaries and other Keyboard Clerks	20	24	83.3	435	21 750
Senior Management	0	93	0	0	0
Total	124	279	44.4	3 273	26 395

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	60	0	0	0	0
Band B	0	28	0	0	0	0
Band C	0	4	0	0	0	0
Band D	0	4	0	0	0	0
Total	0	96	0	0	0	0

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2017 to 31 March 2018

Salary band	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 to 31 March 2018

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Total	0	0	0	0	0	0

3.10 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the Public Service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% Days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	41	58.5	8	3	5	35
Highly skilled production (levels 6-8)	589	71	68	25.7	9	825
Highly skilled supervision (levels 9 -12)	738	72.8	105	39.6	7	1 977
Top and senior management (levels 13-16)	364	76.1	70	26.4	5	1 417
Contract (Levels 1-2)	14	71.4	6	2.3	2	6
Contract (Levels 6-8)	19	89.5	2	0.8	10	30
Contract (Levels 9-12)	16	93.8	4	1.5	4	51
Contract (Levels 13-16)	4	50	2	0.8	2	20
Total	1 785	72.8	265	100	7	4 361

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% Days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	46	100	2	50	23	71
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	15	100	2	50	8	54
Total	61	100	4	100	15	126

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	236	10	24
Highly skilled production (Levels 6-8)	2 199	91	24
Highly skilled supervision(Levels 9-12)	2 696	124	22
Senior management (Levels 13-16)	2 042	98	21
Contract (Levels 1-2)	175	28	6
Contract (Levels 6-8)	75	5	15
Contract (Levels 9-12)	46	9	5
Contract (Levels 13-16)	112	9	12
Total	7 581	374	20

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	20
Highly skilled production (Levels 6-8)	0	0	0	9
Highly skilled supervision(Levels 9-12)	1	1	1	11
Senior management (Levels 13-16)	0	0	0	31
Total	1	1	1	18

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2017/18 due to non-utilisation of leave for the previous cycle	56	1	56 000
Capped leave pay-outs on termination of service for 2017/18	358	2	179 000
Current leave payout on termination of service for 2017/18	881	18	48 944
Total	1 294	21	61 619

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
No categories identified	

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2016? If so, provide her/his name and position.	X		Mr ES Gumbi
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Mr ES Gumbi Mr TB Shakwane R200 000-00
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Counselling services
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		<ul style="list-style-type: none"> Protection of disclosure and confidentiality are incorporated in the HIV and AIDS and TB Management Policy.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		<ul style="list-style-type: none"> Two (2) screening events were conducted in 2017/2018. World Aids Day commemorated. Thirty Eight (38) employees participated in the HCT screening sessions.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2017 to 31 March 2018

Total number of Collective agreements
None

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	100
Not guilty	0	0
Case withdrawn	0	0
Total	1	100

Total number of disciplinary hearings finalised	1
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018

Type of misconduct	Number	% of total
Failure to comply with rules/regulations regulating DBAC and DBEC	7	87.5
Failure to comply with lawful instructions	1	12.5
Total	8	100

Table 3.12.4 Grievances lodged for the period 1 April 2017 to 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	6	85.71
Number of grievances not resolved	1	14.28
Total number of grievances lodged	7	100

Table 3.12.5 Disputes lodged with councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	4	100
Number of disputes dismissed	0	0
Total number of disputes lodged	4	100

Table 3.12.6 Strike actions for the period 1 April 2017 to 31 March 2018

Total number of person working days lost	0
Total cost working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 to 31 March 2018

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	0

3.13 Skills Development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	39	0	52	26	78
	Male	63	0	48	32	80
Professionals	Female	58	0	41	8	49
	Male	39	0	27	12	39
Technicians and associate professionals	Female	61	0	12	5	17
	Male	24	0	7	1	8
Clerks	Female	5	0	70	16	86
	Male	6	0	13	5	18
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	163	0	175	55	230
	Male	132	0	95	50	145
Total		295	0	270	105	375

Table 3.13.2 Training provided for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	39	0	31	24	55
	Male	63	0	53	30	83
Professionals	Female	58	0	23	11	34
	Male	39	0	22	15	37
Technicians and associate professionals	Female	61	0	6	2	8
	Male	24	0	5	0	5
Clerks	Female	5	0	50	20	70
	Male	6	0	16	6	22
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	163	0	110	57	167
	Male	132	0	96	51	147
Total		295	0	206	108	314

3.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 to 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	1	100

3.15 Utilisation of Consultants

The following tables relate information on the utilisation of consultants in the Department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a Department against remuneration received from any source:

- a) The rendering of expert advice;
- b) The drafting of proposals for the execution of specific tasks; and
- c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a Department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 to 31 March 2018

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Organisational climate and culture survey	1	515	1 246 600
To develop a draft Digital Development Fund Bill	5	210	425 220
Policy Brief on outcomes and impact of Spectrum Auctioning in identified countries	1	9	32 500
To undertake a survey of transformation of the top 100 ICT sector companies	6	60	356 343
Drafting of the ICT Sector Commission and Tribunal Legislation Bill	1	23	462 350
Appointment of Evaluation Panel members to evaluate proposal for organisational structure	2	90	495 900

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
6	16	907	3 018 913

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
Organisational climate and culture survey	26.70%	26.70%	1
To develop a draft Digital Development Fund Bill	100%	100%	1
Policy Brief on outcomes and impact of Spectrum Auctioning in identified countries	0%	0%	0
To undertake a survey of transformation of the top 100 ICT sector companies	100%	100%	6
Drafting of the ICT Sector Commission and Tribunal Legislation Bill	0%	0%	0
Appointment of Evaluation Panel members to evaluate proposal for organisational structure	0%	0%	0

Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2017 to 31 March 2018

Project title	Total Number of consultants that worked on project	Duration work days	Donor and contract value in Rand
None	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	0	0	0

Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
None	0	0	0

3.16 Severance Packages

**Table 3.16.1 Granting of employee initiated severance packages for the period
1 April 2017 to 31 March 2018**

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

PART E

FINANCIAL INFORMATION



Report of the auditor-general to Parliament on vote no. 32: Department of Telecommunications and Postal Services

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Department of Telecommunications and Postal Services set out on pages 148 to 236, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance statement, of changes in net assets, and cash flow statement 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 Department of Telecommunications and Postal Services as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for 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 Department 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 opinion.

Emphasis of matter

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

Material underspending of the vote

7. As disclosed in the appropriation statement, the Department materially underspent the budget on ICT infrastructure support by R273 834 000 due to the delay in implementing the SA connect broadband project.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

9. The supplementary information set out on pages 237 to 255 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA and for such internal control as the accounting officer 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 officer is responsible for assessing the Department'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 officer either intends to liquidate the Department 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 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 Department. I have not evaluated the completeness and appropriateness of the performance indicators/ measures 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 Department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 3 - ICT policy, research and capacity development	49 - 53
Programme 4 - ICT enterprise development and SOC oversight	54 - 58
Programme 5 - ICT infrastructure support	59 - 62

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. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 3 - ICT policy, research and capacity development
- Programme 4 - ICT enterprise development and SOC oversight
- Programme 5 - ICT infrastructure support

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 31 to 62 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and Scope

21. 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 Department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. The material findings on compliance with specific matters in key legislations are as follows:

Annual Financial Statements, Performance and Annual Report

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of compensation of employees, employee benefits, irregular expenditure and tangible assets identified by the auditors in the submitted financial statements, were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and Contract Management

24. Invitation for competitive bidding was not advertised for a required minimum period, as required by treasury regulations 16A6.3(c). This non-compliance was identified in the procurement processes for the Travel Management Services.

Expenditure Management

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R228 000.00, as disclosed in note 27 to the annual financial statements, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1.

Consequence Management

26. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1) (h) (iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

OTHER INFORMATION

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

28. 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.
29. 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.
30. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

Leadership

33. The leadership did not exercise oversight responsibility to ensure that consequence management was fully implemented in the Department and that adequate controls were implemented to prevent non-compliance with supply chain management regulations.

Financial and Performance Management

34. The financial statements contained material misstatements due to a lack of review of financial statements submitted for audit against the supporting schedules submitted to the finance section for the preparation of the financial statements. As a result, material adjustments were made to the financial statements submitted for auditing.

OTHER REPORTS

35. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
36. An investigation by the Special Investigating Unit was initiated in terms of Presidential Proclamation No.R.10 of 2014 as published in Government Gazette No.37369 dated 24 February 2014 into the broadcasting digital migration process project. The investigation was still in progress at the end of the financial year.

Auditor-General



Pretoria
31 July 2018

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 Department'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 Department's internal control;
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer;
 - conclude on the appropriateness of the accounting officer'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 Department'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 the Department to cease continuing as a going concern; and
 - 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 officer 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 officer 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.

Vote No. 32: Department of Telecommunications and Postal Services

Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies which have been applied consistently in all material aspects unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

3. PRESENTATION CURRENCY

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

4. ROUNDING

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. FOREIGN CURRENCY TRANSLATION

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment/receipt.

6. COMPARATIVE INFORMATION

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2 Current year comparison with budget

A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. REVENUE

7.1 Appropriated funds

Appropriated funds comprise Departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued Departmental revenue

Accruals in respect of Departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the Department's debt write-off policy.

8. EXPENDITURE

8.1 Compensation of Employees

8.1.1 Salaries and Wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social Contributions

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other Expenditure

Other expenditure (such as goods and services transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accruals and Payables not Recognised

Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or in the case of services when they are rendered to the Department or in the case of transfers and subsidies when they are due and payable.

Accruals and payables not recognised are measured at cost.

8.4 Leases

8.4.1 Operating Leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance Leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost being the fair value of the asset; or
- the sum of the minimum lease payments made including any payments made to acquire ownership at the end of the lease term excluding interest.

9. AID ASSISTANCE

9.1 Aid Assistance Received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid Assistance Paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand deposits held other short-term highly liquid investments and bank overdrafts.

11. PREPAYMENTS AND ADVANCES

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

Prepayments and advances are expensed when invoices/claims are received for goods/services delivered/rendered.

12. LOANS AND RECEIVABLES

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest where interest is charged less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.

13. INVESTMENTS

Investments are recognised in the statement of financial position at cost.

14. FINANCIAL ASSETS

14.1 Financial Assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date the Department will measure its financial assets at cost less amount already settled or written-off except for recognised loans and receivables which are measured at cost plus accrued interest where interest is charged less amounts already settled or written-off.

14.2 Impairment of Financial Assets

Where there is an indication of impairment of a financial asset an estimation of the reduction in the recorded carrying value to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset is recorded in the notes to the financial statements.

15. PAYABLES

Loans and payables are recognised in the statement of financial position at cost.

16. CAPITAL ASSETS

16.1 Immovable Capital Assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transactions are measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined reliably the immovable capital assets are measured at fair value for recording in the asset register.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another Department in which case the completed project costs are transferred to that Department.

16.2 Movable Capital Assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transactions are measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another Department/entity in which case the completed project costs are transferred to that Department.

16.3 Intangible Assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that Department.

17. PROVISIONS AND CONTINGENTS

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and 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 of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent Liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent Assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

17.4 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and/or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. IRREGULAR EXPENDITURE

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. CHANGES IN ACCOUNTING POLICIES ACCOUNTING ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. CAPITALISATION RESERVE

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

24. RECOVERABLE REVENUE

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

25. RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

26. PUBLIC-PRIVATE PARTNERSHIPS

Public Private Partnerships are accounted for based on the nature and/or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement the parties to the agreement and the date of commencement thereof together with the description and nature of the concession fees received the unitary fees paid rights and obligations of the Department are recorded in the notes to the financial statements.

27. EMPLOYEE BENEFITS

The value of each major class of employee benefit obligation (accruals payables not recognised and provisions) is disclosed in the Employee Benefits Note.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation per programme		2017/18					2016/17		
Voted funds and direct charges	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as %	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	198 130	-	11 448	209 578	209 452	126	99.9%	217 322	211 582
2. International Affairs and Trade	50 920	-	828	51 748	50 612	1 136	97.8%	48 430	46 944
3. Policy Research and Capacity Development	85 523	-	(1 005)	84 518	78 524	5 994	92.9%	88 775	78 494
4. ICT Enterprise Development and Oversight	3 951 691	-	(1 403)	3 950 288	3 949 056	1 232	100.0%	886 608	882 353
5. ICT Infrastructure Support	888 113	-	(9 868)	878 245	604 411	273 834	68.8%	1 176 277	856 319
TOTAL	5 174 377	-	-	5 174 377	4 892 055	282 322	94.5%	2 417 412	2 075 692
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				1 141 106				831 411	
NRF receipts				-				-	
Aid assistance				-				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				6 315 483				3 248 823	
Add:									
Aid assistance									-
Prior year unauthorised expenditure approved without funding									
Actual amounts per Statement of Financial Performance Expenditure					4 892 055				2 075 692

Appropriation per economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	655 647	(1 827)	(763)	653 057	372 134	280 923	57.0%	695 254	358 853
Compensation of employees	221 206	-	-	221 206	219 843	1 363	99.4%	213 713	205 248
Salaries and wages	191 867	4 480	687	197 034	195 991	1 043	99.5%	187 783	182 407
Social contributions	29 339	(4 480)	(687)	24 172	23 852	320	98.7%	25 930	22 841
Goods and services	434 441	(1 827)	(763)	431 851	152 291	279 560	35.3%	481 541	153 605
Administrative fees	1 354	157	(9)	1 502	1 355	147	90.2%	1 677	1 445
Advertising	2 368	276	(150)	2 494	2 120	374	85.0%	3 960	3 312
Minor assets	1 269	(288)	(250)	731	336	395	46.0%	1 045	114
Audit costs: External	3 857	1 587	1 519	6 963	6 962	1	100.0%	6 499	6 499
Bursaries: Employees	2 276	(629)	-	1 647	1 291	356	78.4%	1 023	817
Catering: Departmental activities	1 698	483	(126)	2 055	1 771	284	86.2%	2 166	1 794
Communication (G&S)	5 586	11	(154)	5 443	5 245	198	96.4%	6 351	5 714
Computer services	11 287	(2 685)	(1 630)	6 972	6 971	1	100.0%	6 431	5 726
Consultants: Business and advisory services	301 404	3 119	(5 481)	299 042	25 445	273 597	8.5%	11 659	8 872
Legal services	4 100	835	139	5 074	5 074	-	100.0%	8 285	7 454
Contractors	3 264	(519)	1 913	4 658	4 101	557	88.0%	3 107	2 803
Agency and support / outsourced services	2 337	(2 048)	(10)	279	3	276	1.1%	311 697	24
Entertainment	326	(190)	(7)	129	50	79	38.8%	209	23

Appropriation per economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Ap- propriation	Actual Ex- penditure	Variance	Expendi- ture as % of final ap- propriation	Final Ap- propriation	Actual Ex- penditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport) Inventory: Clothing material and accessories Inventory: Fuel oil and gas Inventory: Materials and supplies Inventory: Other supplies Consumable supplies Consumable: Stationery printing and office supplies Operating leases Property payments Transport provided: Departmental activity Travel and subsistence Training and development Operating payments Venues and facilities Rental and hiring Transfers and subsidies	661	511	-	1 172	1 159	13	98.9%	1 210	1 194
	-	24	-	24	23	1	95.8%	-	-
	21	(14)	-	7	-	7	-	-	-
	27	(27)	-	-	-	-	-	27	20
	23	(23)	-	-	-	-	-	61	-
	204	15	-	219	178	41	81.3%	263	226
	6 603	(1 152)	(37)	5 414	4 826	588	89.1%	6 973	6 281
	29 852	1 370	3 686	34 908	34 434	474	98.6%	42 763	41 837
	13 733	(2 264)	897	12 366	12 350	16	99.9%	12 073	12 064
	140	(140)	-	-	-	-	-	-	-
	23 692	7 932	167	31 791	30 862	929	97.1%	33 124	31 547
	9 261	(6 147)	-	3 114	2 610	504	83.8%	12 802	9 955
	995	245	(92)	1 148	1 002	146	87.3%	2 370	912
	7 448	(2 726)	(1 138)	3 584	3 109	475	86.7%	5 277	4 483
	655	460	-	1 115	1 014	101	90.9%	489	489
806 713	1 707	513	808 933	808 931	2	100.0%	1 057 493	1 057 493	

Appropriation per economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Provinces and municipalities	-	-	14	14	14	-	100.0%	17	17
Provincial agencies and funds	-	-	-	-	-	-	-	4	4
Municipalities	-	-	14	14	14	-	100.0%	13	13
Municipal agencies and funds	-	-	14	14	14	-	100.0%	13	13
Departmental agencies and accounts	295 181	-	-	295 181	295 181	-	100.0%	790 789	790 789
Departmental agencies (non-business entities)	295 181	-	-	295 181	295 181	-	100.0%	790 789	790 789
Foreign governments and international organisations	25 532	434	-	25 966	25 964	2	100.0%	26 136	26 136
Public corporations and private enterprises	486 000	-	-	486 000	486 000	-	100.0%	240 050	240 050
Public corporations	486 000	-	-	486 000	486 000	-	100.0%	240 000	240 000
Other transfers to public corporations	486 000	-	-	486 000	486 000	-	100.0%	240 000	240 000
Private enterprises	-	-	-	-	-	-	-	50	50
Other transfers to private enterprises	-	-	-	-	-	-	-	50	50
Non-profit institutions	-	-	-	-	-	-	-	25	25
Households	-	1 273	499	1 772	1 772	-	100.0%	476	476
Social benefits	-	770	470	1 240	1 240	-	100.0%	318	318
Other transfers to households	-	503	29	532	532	-	100.0%	158	158

Appropriation per economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	12 017	120	-	12 137	10 740	1 397	88.5%	14 618	9 299
	9 062	(2 300)	(724)	6 038	4 728	1 310	78.3%	7 153	5 098
	4 600	(2 674)	-	1 926	1 926	-	100.0%	200	-
	4 462	374	(724)	4 112	2 802	1 310	68.1%	6 953	5 098
	2 955	2 420	724	6 099	6 012	87	98.6%	7 465	4 201
Payment for financial assets	3 700 000	-	250	3 700 250	3 700 250	-	100.0%	650 047	650 047
	5 174 377	-	-	5 174 377	4 892 055	282 322	94.5%	2 417 412	2 075 692

Programme 1: ADMINISTRATION		2017/18						2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub-programme									
1. Ministry	4 011	217	-	4 228	4 228	-	100.0%	4 358	4 211
2. Departmental Management	38 859	6 311	2 888	48 058	47 986	72	99.9%	52 802	52 052
3. Internal Audit	7 497	(2 095)	-	5 402	5 402	-	100.0%	7 162	3 939
4. Corporate Services	74 626	(1 921)	1 574	74 279	74 242	37	100.0%	71 577	70 486
5. Financial Management	69 539	(1 750)	6 986	74 775	74 758	17	100.0%	76 210	75 681
6. Office Accommodation	3 598	(762)	-	2 836	2 836	-	100.0%	5 213	5 213
	198 130	-	11 448	209 578	209 452	126	99.9%	217 322	211 582
Economic classification									
Current payments	190 556	(749)	9 111	198 918	198 792	126	99.9%	205 649	204 106
Compensation of employees	103 804	-	(828)	102 976	102 890	86	99.9%	96 366	94 823
Salaries and wages	92 613	(1 204)	(69)	91 340	91 254	86	99.9%	85 439	83 989
Social contributions	11 191	1 204	(759)	11 636	11 636	-	100.0%	10 927	10 834
Goods and services	86 752	(749)	9 939	95 942	95 902	40	100.0%	109 283	109 283
Administrative fees	653	88	31	772	772	-	100.0%	719	719
Advertising	1 206	430	-	1 636	1 629	7	99.6%	1 079	1 079
Minor assets	553	(307)	-	246	245	1	99.6%	80	80
Audit costs: External	3 807	1 629	1 527	6 963	6 962	1	100.0%	6 499	6 499

Programme 1: ADMINISTRATION	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propri-ation	Final Ap-propriation	Actual Ex-penditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Bursaries: Employees	730	(106)	-	624	624	-	100.0%	311	311
Catering: Departmental activities	914	(290)	-	624	619	5	99.2%	1 270	1 270
Communication (G&S)	1 615	1 044	-	2 659	2 659	-	100.0%	3 096	3 096
Computer services	8 395	(3 072)	-	5 323	5 323	-	100.0%	5 512	5 512
Consultants: Business and advisory services	3 638	(2 845)	-	793	793	-	100.0%	2 165	2 165
Legal services	4 100	835	139	5 074	5 074	-	100.0%	7 454	7 454
Contractors	1 539	(755)	1 913	2 697	2 697	-	100.0%	2 632	2 632
Agency and support / outsourced services	30	(25)	-	5	3	2	60.0%	24	24
Entertainment	48	(12)	-	36	28	8	77.8%	10	10
Fleet services (including government motor transport)	656	279	-	935	935	-	100.0%	860	860
Inventory: Clothing material and accessories	-	24	-	24	23	1	95.8%	-	-
Inventory: Fuel oil and gas	21	(14)	-	7	-	7	-	-	-
Inventory: Materials and supplies	12	(12)	-	-	-	-	-	18	18
Inventory: Other supplies	23	(23)	-	-	-	-	-	-	-
Consumable supplies	166	(34)	-	132	132	-	100.0%	185	185
Consumable: Stationery printing and office supplies	4 426	(1 838)	-	2 588	2 588	-	100.0%	4 192	4 192

Programme 1: ADMINISTRATION	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	28 716	1 296	3 704	33 716	33 709	7	100.0%	41 047	41 047
Property payments	12 585	(1 573)	897	11 909	11 909	-	100.0%	11 699	11 699
Travel and subsistence	8 533	5 452	1 728	15 713	15 713	-	100.0%	17 180	17 180
Training and development	1 038	292	-	1 330	1 330	-	100.0%	1 467	1 467
Operating payments	731	(68)	-	663	662	1	99.8%	820	820
Venues and facilities	2 157	(1 610)	-	547	547	-	100.0%	505	505
Rental and hiring	320	606	-	926	926	-	100.0%	459	459
Transfers and subsidies	-	629	513	1 142	1 142	-	100.0%	346	346
Provinces and municipalities	-	-	14	14	14	-	100.0%	17	17
Provinces	-	-	-	-	-	-	-	4	4
Provincial agencies and funds	-	-	-	-	-	-	-	4	4
Municipalities	-	-	14	14	14	-	100.0%	13	13
Municipal agencies and funds	-	-	14	14	14	-	100.0%	13	13
Departmental agencies and accounts	-	-	-	-	-	-	-	4	4
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	4	4
Public corporations and private enterprises	-	-	-	-	-	-	-	40	40
Private enterprises	-	-	-	-	-	-	-	40	40

Programme 1: ADMINISTRATION	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to private enterprises	-	-	-	-	-	-	-	40	40
	-	629	499	1 128	1 128	-	100.0%	285	285
	-	168	470	638	638	-	100.0%	251	251
	-	461	29	490	490	-	100.0%	34	34
	7 574	120	1 574	9 268	9 268	-	100.0%	11 280	7 083
Machinery and equipment	5 569	(2 300)	-	3 269	3 269	-	100.0%	4 195	3 262
Transport equipment	4 600	(2 674)	-	1 926	1 926	-	100.0%	200	-
Other machinery and equipment	969	374	-	1 343	1 343	-	100.0%	3 995	3 262
Software and other intangible assets	2 005	2 420	1 574	5 999	5 999	-	100.0%	7 085	3 821
Payment for financial assets	-	-	250	250	250	-	100.0%	47	47
	198 130	-	11 448	209 578	209 452	126	99.9%	217 322	211 582

Sub-programme 1.1: MINISTRY	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 011	217	-	4 228	4 228	-	100.0%	4 358	4 211
Compensation of employees	4 011	217	-	4 228	4 228	-	100.0%	4 358	4 211
Total	4 011	217	-	4 228	4 228	-	100.0%	4 358	4 211

Sub-programme 1.2: DEPARTMENTAL MANAGEMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propriation	Final Ap-propriation	Actual Ex-penditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	38 849	6 020	2 597	47 466	47 394	72	99.8%	51 908	51 688
Compensation of employees	26 410	(275)	(828)	25 307	25 261	46	99.8%	25 354	25 134
Salaries and wages	23 441	(275)	(69)	23 097	23 051	46	99.8%	23 154	23 000
Social contributions	2 969	-	(759)	2 210	2 210	-	100.0%	2 200	2 134
Goods and services	12 439	6 295	3 425	22 159	22 133	26	99.9%	26 554	26 554
Administrative fees	415	85	31	531	531	-	100.0%	455	455
Advertising	294	(196)	-	98	97	1	99.0%	-	-
Minor assets	311	(261)	-	50	49	1	98.0%	57	57
Audit costs: External	307	-	1 527	1 834	1 834	-	100.0%	2 911	2 911
Bursaries: Employees	60	225	-	285	285	-	100.0%	54	54
Catering: Departmental activities	729	(283)	-	446	441	5	98.9%	1 045	1 045
Communication (G&S)	404	951	-	1 355	1 355	-	100.0%	1 353	1 353
Consultants: Business and advisory services	-	439	-	439	439	-	100.0%	732	732
Legal services	100	1 116	139	1 355	1 355	-	100.0%	1 869	1 869
Contractors	221	(137)	-	84	84	-	100.0%	141	141
Agency and support / outsourced services	30	(30)	-	-	-	-	-	17	17
Entertainment	8	14	-	22	18	4	81.8%	8	8

Sub-programme 1.2: DEPARTMENTAL MANAGEMENT		2017/18						2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	-	82	-	82	82	-	100.0%	76	76
Inventory: Fuel Oil and Gas	21	(14)	7	-	-	-	-	-	-
Inventory: Materials and supplies	6	(6)	-	-	-	-	-	4	4
Inventory: Other supplies	23	(23)	-	-	-	-	-	-	-
Consumable supplies	78	(39)	-	39	39	-	100.0%	57	57
Consumable: Stationery printing and office supplies	764	(192)	-	572	572	-	100.0%	980	980
Operating leases	400	200	-	600	593	7	98.8%	648	648
Property payments	92	(92)	-	-	-	-	-	286	286
Transport provided: Departmental activity	140	(140)	-	-	-	-	-	-	-
Travel and subsistence	6 232	5 719	1 728	13 679	13 679	-	100.0%	15 040	15 040
Training and development	128	229	-	357	357	-	100.0%	104	104
Operating payments	9	135	-	144	143	1	99.3%	252	252
Venues and facilities	1 467	(1 449)	-	18	18	-	100.0%	108	108
Rental and hiring	200	(38)	-	162	162	-	100.0%	357	357
Transfers and subsidies	-	-	291	291	291	-	100.0%	97	97
Provinces and municipalities	-	-	1	1	1	-	100.0%	-	-

Sub-programme 1.2: DEPARTMENTAL MANAGEMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propri-ation	Final Ap-propri-ation	Actual Ex-penditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Municipalities	-	-	1	1	1	1	100.0%	-	-
Municipal agencies and funds	-	-	1	1	1	1	100.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	34	34
Private enterprises	-	-	-	-	-	-	-	34	34
Other transfers to private enterprises	-	-	-	-	-	-	-	34	34
Households	-	-	290	290	290	290	100.0%	63	63
Social benefits	-	-	275	275	275	275	100.0%	36	36
Other transfers to households	-	-	15	15	15	15	100.0%	27	27
Payments for capital assets	10	291	-	301	301	301	100.0%	797	267
Machinery and equipment	10	280	-	290	290	290	100.0%	797	267
Other machinery and equipment	10	280	-	290	290	290	100.0%	797	267
Software and other intangible assets	-	11	-	11	11	11	100.0%	-	-
Total	38 859	6 311	2 888	48 058	47 986	72	99.9%	52 802	52 052

Sub-programme 1.3: INTERNAL AUDIT		2017/18						2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 417	(104)	-	5 313	5 313	-	100.0%	4 621	3 787
Compensation of employees	4 674	32	-	4 706	4 706	-	100.0%	4 302	3 468
Salaries and wages	4 226	(66)	-	4 160	4 160	-	100.0%	3 865	3 031
Social contributions	448	98	-	546	546	-	100.0%	437	437
Goods and services	743	(136)	-	607	607	-	100.0%	319	319
Administrative fees	30	(25)	-	5	5	-	100.0%	-	-
Minor assets	-	4	-	4	4	-	100.0%	-	-
Bursaries: Employees	80	(43)	-	37	37	-	100.0%	15	15
Communication (G&S)	108	(43)	-	65	65	-	100.0%	40	40
Computer services	40	(40)	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	5	5
Entertainment	4	(2)	-	2	2	-	100.0%	1	1
Fleet services (including government motor transport)	-	19	-	19	19	-	100.0%	57	57
Consumable: Stationery printing and office supplies	35	4	-	39	39	-	100.0%	5	5
Operating leases	80	(16)	-	64	64	-	100.0%	53	53
Travel and subsistence	94	14	-	108	108	-	100.0%	9	9

Sub-programme 1.3: INTERNAL AUDIT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Training and development	250	(95)	-	155	155	-	100.0%	131	131
Operating payments	22	87	-	109	109	-	100.0%	3	3
Transfers and subsidies	-	4	-	4	4	-	100.0%	76	76
Households	-	4	-	4	4	-	100.0%	76	76
Social benefits	-	-	-	-	-	-	-	74	74
Other transfers to households	-	4	-	4	4	-	100.0%	2	2
Payments for capital assets	2 080	(1 995)	-	85	85	-	100.0%	2 465	76
Machinery and equipment	80	5	-	85	85	-	100.0%	65	76
Other machinery and equipment	80	5	-	85	85	-	100.0%	65	76
Software and other intangible assets	2 000	(2 000)	-	-	-	-	-	2 400	-
Total	7 497	(2 095)	-	5 402	5 402	-	100.0%	7 162	3 939

Sub-programme 1.4: CORPORATE SERVICES	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	73 886	(6 983)	-	66 903	66 866	37	99.9%	65 816	65 589
Compensation of employees	48 109	26	-	48 135	48 098	37	99.9%	42 481	42 254
Salaries and wages	43 331	(911)	-	42 420	42 383	37	99.9%	37 209	36 982
Social contributions	4 778	937	-	5 715	5 715	-	100.0%	5 272	5 272
Goods and services	25 777	(7 009)	-	18 768	18 768	-	100.0%	23 335	23 335
Administrative fees	100	(15)	-	85	85	-	100.0%	106	106
Advertising	900	632	-	1 532	1 532	-	100.0%	1 078	1 078
Minor assets	219	(32)	-	187	187	-	100.0%	14	14
Bursaries: Employees	270	(63)	-	207	207	-	100.0%	122	122
Catering: Departmental activities	180	(25)	-	155	155	-	100.0%	224	224
Communication (G&S)	819	58	-	877	877	-	100.0%	1 468	1 468
Computer services	8 333	(3 015)	-	5 318	5 318	-	100.0%	5 498	5 498
Consultants: Business and advisory services	3 638	(3 284)	-	354	354	-	100.0%	1 428	1 428
Legal services	4 000	(281)	-	3 719	3 719	-	100.0%	5 585	5 585
Contractors	700	(135)	-	565	565	-	100.0%	1 503	1 503
Entertainment	30	(23)	-	7	7	-	100.0%	1	1
Fleet services (including government motor transport)	41	34	-	75	75	-	100.0%	96	96

Sub-programme 1.4: CORPORATE SERVICES	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	-	2	-	2	2	-	100.0%	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	1	1
Consumable supplies	6	52	-	58	58	-	100.0%	47	47
Consumable: Stationery printing and office supplies	1 150	105	-	1 255	1 255	-	100.0%	1 876	1 876
Operating leases	394	113	-	507	507	-	100.0%	574	574
Property payments	1 335	(1 094)	-	241	241	-	100.0%	-	-
Travel and subsistence	1 764	(360)	-	1 404	1 404	-	100.0%	1 666	1 666
Training and development	600	104	-	704	704	-	100.0%	1 193	1 193
Operating payments	488	(265)	-	223	223	-	100.0%	356	356
Venues and facilities	690	(161)	-	529	529	-	100.0%	397	397
Rental and hiring	120	644	-	764	764	-	100.0%	102	102
Transfers and subsidies	-	625	-	625	625	-	100.0%	9	9
Public corporations and private enterprises	-	-	-	-	-	-	-	6	6
Private enterprises	-	-	-	-	-	-	-	6	6
Other transfers to private enterprises	-	-	-	-	-	-	-	6	6
Households	-	625	-	625	625	-	100.0%	3	3
Social benefits	-	168	-	168	168	-	100.0%	-	-

Sub-programme 1.4: CORPORATE SERVICES		2017/18						2016/17		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propriation	Final Ap-propriation	Actual Ex-penditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households		-	457	-	457	457	-	100.0%	3	3
Payments for capital assets		740	4 437	1 574	6 751	6 751	-	100.0%	5 752	4 888
Machinery and equipment		740	23	-	763	763	-	100.0%	1 356	1 356
Other machinery and equipment		740	23	-	763	763	-	100.0%	1 356	1 356
Software and other intangible assets		-	4 414	1 574	5 988	5 988	-	100.0%	4 396	3 532
Total		74 626	(1 921)	1 574	74 279	74 242	37	100.0%	71 577	70 486

Sub-programme 1.5: FINANCIAL MANAGEMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	64 795	863	6 514	72 172	72 155	17	100.0%	73 733	73 618
Compensation of employees	20 600	-	-	20 600	20 597	3	100.0%	19 871	19 756
Salaries and wages	18 236	(211)	-	18 025	18 022	3	100.0%	17 448	17 333
Social contributions	2 364	211	-	2 575	2 575	-	100.0%	2 423	2 423
Goods and services	44 195	863	6 514	51 572	51 558	14	100.0%	53 862	53 862
Administrative fees	108	43	-	151	151	-	100.0%	158	158
Advertising	12	(6)	-	6	-	6	-	1	1
Minor assets	23	(18)	-	5	5	-	100.0%	9	9
Audit costs: External	3 500	1 629	-	5 129	5 128	1	100.0%	3 588	3 588
Bursaries: Employees	320	(225)	-	95	95	-	100.0%	120	120
Catering: Departmental activities	5	18	-	23	23	-	100.0%	1	1
Communication (G&S)	284	78	-	362	362	-	100.0%	235	235
Computer services	22	(17)	-	5	5	-	100.0%	14	14
Contractors	618	(483)	1 913	2 048	2 048	-	100.0%	988	988
Agency and support / outsourced services	-	5	-	5	3	2	60.0%	7	7
Entertainment	6	(1)	-	5	1	4	20.0%	-	-
Fleet services (including government motor transport)	615	144	-	759	759	-	100.0%	631	631

Sub-programme 1.5: FINANCIAL MANAGEMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	-	22	-	22	21	1	95.5%	-	-
Inventory: Materials and supplies	6	(6)	-	-	-	-	-	13	13
Consumable supplies	82	(47)	-	35	35	-	100.0%	81	81
Consumable: Stationery printing and office supplies	2 477	(1 755)	-	722	722	-	100.0%	1 331	1 331
Operating leases	26 244	-	3 704	29 948	29 948	-	100.0%	34 954	34 954
Property payments	9 158	1 374	897	11 429	11 429	-	100.0%	11 018	11 018
Travel and subsistence	443	79	-	522	522	-	100.0%	465	465
Training and development	60	54	-	114	114	-	100.0%	39	39
Operating payments	212	(25)	-	187	187	-	100.0%	209	209
Transfers and subsidies	-	-	222	222	222	-	100.0%	164	164
Provinces and municipalities	-	-	13	13	13	-	100.0%	17	17
Provinces	-	-	-	-	-	-	-	4	4
Provincial agencies and funds	-	-	-	-	-	-	-	4	4
Municipalities	-	-	13	13	13	-	100.0%	13	13
Municipal agencies and funds	-	-	13	13	13	-	100.0%	13	13
Departmental agencies and accounts	-	-	-	-	-	-	-	4	4
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	4	4

Sub-programme 1.5: FINANCIAL MANAGEMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	-	209	209	209	-	100.0%	143	143
Social benefits	-	-	195	195	195	-	100.0%	141	141
Other transfers to households	-	-	14	14	14	-	100.0%	2	2
Payments for capital assets	4 744	(2 613)	-	2 131	2 131	-	100.0%	2 266	1 852
Machinery and equipment	4 739	(2 608)	-	2 131	2 131	-	100.0%	1 977	1 563
Transport equipment	4 600	(2 674)	-	1 926	1 926	-	100.0%	200	-
Other machinery and equipment	139	66	-	205	205	-	100.0%	1 777	1 563
Software and other intangible assets	5	(5)	-	-	-	-	-	289	289
Payment for financial assets	-	-	250	250	250	-	100.0%	47	47
Total	69 539	(1 750)	6 986	74 775	74 758	17	100.0%	76 210	75 681

Sub-programme 1.6: OFFICE ACCOMMODATION	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 598	(762)	-	2 836	2 836	-	100.0%	5 213	5 213
Goods and services	3 598	(762)	-	2 836	2 836	-	100.0%	5 213	5 213
Operating leases	1 598	999	-	2 597	2 597	-	100.0%	4 818	4 818
Property payments	2 000	(1 761)	-	239	239	-	100.0%	395	395
Total	3 598	(762)	-	2 836	2 836	-	100.0%	5 213	5 213

Programme 2: ICT INTERNATIONAL AFFAIRS		2017/18							2016/17	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme										
1.	International Affairs	13 718	(988)	-	12 730	12 502	228	98.2%	14 751	13 434
2.	ICT Trade/Partnership	37 202	988	828	39 018	38 110	908	97.7%	33 679	33 510
		50 920	-	828	51 748	50 612	1 136	97.8%	48 430	46 944
Economic classification										
Current payments		25 018	(438)	828	25 408	24 615	793	96.9%	21 469	20 256
	Compensation of employees	16 150	-	828	16 978	16 978	-	100.0%	13 941	12 728
	Salaries and wages	13 012	1 505	828	15 345	15 345	-	100.0%	11 250	11 250
	Social contributions	3 138	(1 505)	-	1 633	1 633	-	100.0%	2 691	1 478
	Goods and services	8 868	(438)	-	8 430	7 637	793	90.6%	7 528	7 528
	Administrative fees	400	(179)	-	221	129	92	58.4%	225	225
	Advertising	222	(202)	-	20	20	-	100.0%	264	264
	Minor assets	61	(31)	-	30	1	29	3.3%	3	3
	Bursaries: Employees	180	(180)	-	-	-	-	-	-	-
	Catering: Departmental activities	100	17	-	117	106	11	90.6%	75	75
	Communication (G&S)	490	(144)	-	346	299	47	86.4%	341	341
	Consultants: Business and advisory services	7	(7)	-	-	-	-	-	232	232
	Infrastructure and planning services	-	-	-	-	-	-	-	-	-

Programme 2: ICT INTERNATIONAL AFFAIRS	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Contractors Entertainment Fleet services (including government motor transport) Inventory: Materials and supplies Consumable supplies Consumable: Stationery printing and office supplies Operating leases Property payments Travel and subsistence Training and development Operating payments Venues and facilities Rental and hiring Transfers and subsidies Foreign governments and international organisations Non-profit institutions	1 685	(406)	-	1 279	763	516	59.7%	110	110
	175	(160)	-	15	4	11	26.7%	4	4
	-	5	-	5	-	5	-	16	16
	1	(1)	-	-	-	-	-	-	-
	-	2	-	2	1	1	50.0%	6	6
	265	(197)	-	68	61	7	89.7%	261	261
	157	(77)	-	80	75	5	93.8%	58	58
	-	47	-	47	47	-	100.0%	12	12
	3 829	942	-	4 771	4 771	-	100.0%	4 333	4 333
	256	(170)	-	86	34	52	39.5%	131	131
	-	74	-	74	68	6	91.9%	27	27
	840	359	-	1 199	1 189	10	99.2%	1 430	1 430
	200	(130)	-	70	69	1	98.6%	-	-
	25 532	438	-	25 970	25 968	2	100.0%	26 263	26 263
	25 532	434	-	25 966	25 964	2	100.0%	26 136	26 136
	-	-	-	-	-	-	-	25	25

Programme 2: ICT INTERNATIONAL AFFAIRS	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	4	-	4	4	-	100.0%	102	102
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	4	-	4	4	-	100.0%	102	102
Payments for capital assets	370	-	-	370	29	341	7.8%	698	425
Machinery and equipment	370	-	-	370	29	341	7.8%	698	425
Other machinery and equipment	370	-	-	370	29	341	7.8%	698	425
	50 920	-	828	51 748	50 612	1 136	97.8%	48 430	46 944

Sub-programme 2.1: INTERNATIONAL AFFAIRS	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	13 548	(992)	-	12 556	12 469	87	99.3%	14 242	13 029
Compensation of employees	9 739	(554)	-	9 185	9 185	-	100.0%	9 940	8 727
Salaries and wages	7 429	618	-	8 047	8 047	-	100.0%	7 661	7 661
Social contributions	2 310	(1 172)	-	1 138	1 138	-	100.0%	2 279	1 066
Goods and services	3 809	(438)	-	3 371	3 284	87	97.4%	4 302	4 302
Administrative fees	250	(179)	-	71	71	-	100.0%	96	96
Advertising	180	(160)	-	20	20	-	100.0%	182	182
Minor assets	39	(9)	-	30	1	29	3.3%	3	3
Bursaries: Employees	110	(110)	-	-	-	-	-	-	-
Catering: Departmental activities	80	1	-	81	81	-	100.0%	50	50
Communication (G&S)	355	(123)	-	232	211	21	90.9%	241	241
Consultants: Business and advisory services	-	-	-	-	-	-	-	225	225
Contractors	180	(180)	-	-	-	-	-	110	110
Entertainment	125	(110)	-	15	4	11	26.7%	4	4
Fleet services (including government motor transport)	-	5	-	5	-	5	-	16	16
Consumable supplies	-	1	-	1	1	-	100.0%	3	3

Sub-programme 2.1: INTERNATIONAL AFFAIRS	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery printing and office supplies	150	(110)	-	40	37	3	92.5%	158	158
Operating leases	100	(20)	-	80	75	5	93.8%	58	58
Property payments	-	-	-	-	-	-	-	12	12
Travel and subsistence	1 749	487	-	2 236	2 236	-	100.0%	2 465	2 465
Training and development	181	(170)	-	11	5	6	45.5%	98	98
Operating payments	-	10	-	10	5	5	50.0%	23	23
Venues and facilities	110	359	-	469	468	1	99.8%	558	558
Rental and hiring	200	(130)	-	70	69	1	98.6%	-	-
Transfers and subsidies	-	4	-	4	4	-	100.0%	2	2
Households	-	4	-	4	4	-	100.0%	2	2
Other transfers to households	-	4	-	4	4	-	100.0%	2	2
Payments for capital assets	170	-	-	170	29	141	17.1%	507	403
Machinery and equipment	170	-	-	170	29	141	17.1%	507	403
Other machinery and equipment	170	-	-	170	29	141	17.1%	507	403
Total	13 718	(988)	-	12 730	12 502	228	98.2%	14 751	13 434

Sub-programme 2.2: ICT TRADE/PARTNERSHIP	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 470	554	828	12 852	12 146	706	94.5%	7 227	7 227
Compensation of employees	6 411	554	828	7 793	7 793	-	100.0%	4 001	4 001
Salaries and wages	5 583	887	828	7 298	7 298	-	100.0%	3 589	3 589
Social contributions	828	(333)	-	495	495	-	100.0%	412	412
Goods and services	5 059	-	-	5 059	4 353	706	86.0%	3 226	3 226
Administrative fees	150	-	-	150	58	92	38.7%	129	129
Advertising	42	(42)	-	-	-	-	-	82	82
Minor assets	22	(22)	-	-	-	-	-	-	-
Bursaries: Employees	70	(70)	-	-	-	-	-	-	-
Catering: Departmental activities	20	16	-	36	25	11	69.4%	25	25
Communication (G&S)	135	(21)	-	114	88	26	77.2%	100	100
Consultants: Business and advisory services	7	(7)	-	-	-	-	-	7	7
Contractors	1 505	(226)	-	1 279	763	516	59.7%	-	-
Entertainment	50	(50)	-	-	-	-	-	-	-
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	-	1	-	1	-	1	-	3	3
Consumable: Stationery printing and office supplies	115	(87)	-	28	24	4	85.7%	103	103

Sub-programme 2.2: ICT TRADE/PARTNERSHIP	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	57	(57)	-	-	-	-	-	-	-
Property payments	-	47	-	47	47	-	100.0%	-	-
Travel and subsistence	2 080	455	-	2 535	2 535	-	100.0%	1 868	1 868
Training and development	75	-	-	75	29	46	38.7%	33	33
Operating payments	-	64	-	64	63	1	98.4%	4	4
Venues and facilities	730	-	-	730	721	9	98.8%	872	872
Transfers and subsidies	25 532	434	-	25 966	25 964	2	100.0%	26 261	26 261
Foreign governments and international organisations	25 532	434	-	25 966	25 964	2	100.0%	26 136	26 136
Non-profit institutions	-	-	-	-	-	-	-	25	25
Households	-	-	-	-	-	-	-	100	100
Other transfers to households	-	-	-	-	-	-	-	100	100
Payments for capital assets	200	-	-	200	-	200	-	191	22
Machinery and equipment	200	-	-	200	-	200	-	191	22
Other machinery and equipment	200	-	-	200	-	200	-	191	22
Total	37 202	988	828	39 018	38 110	908	97.7%	33 679	33 510

Programme 3: POLICY RESEARCH AND CAPACITY DEVELOPMENT	2017/18										2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propri-ation	2016/17				
								R'000	R'000			
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000			
	1. ICT Policy Development	12 358	(985)	-	11 373	10 045	1 328	88.3%	15 326	12 491		
	2. Economic and Market Analysis	4 664	4 073	-	8 737	8 727	10	99.9%	4 901	3 468		
	3. Research	7 881	(67)	1 062	8 876	6 923	1 953	78.0%	6 998	6 912		
	4. Information Society Development	51 779	(3 235)	(2 067)	46 477	43 819	2 658	94.3%	51 673	46 138		
	5. Capacity Development	8 841	214	-	9 055	9 010	45	99.5%	9 877	9 485		
	85 523	-	(1 005)	84 518	78 524	5 994	92.9%	88 775	78 494			
Economic classification												
Current payments	84 876	(430)	(1 005)	83 441	77 676	5 765	93.1%	88 093	77 838			
Compensation of employees	52 905	-	-	52 905	52 089	816	98.5%	55 691	52 642			
Salaries and wages	45 330	1 581	-	46 911	46 415	496	98.9%	48 264	46 858			
Social contributions	7 575	(1 581)	-	5 994	5 674	320	94.7%	7 427	5 784			
Goods and services	31 971	(430)	(1 005)	30 536	25 587	4 949	83.8%	32 402	25 196			
Administrative fees	80	164	-	244	242	2	99.2%	393	249			
Advertising	440	68	-	508	310	198	61.0%	567	172			
Minor assets	377	(20)	-	357	7	350	2.0%	248	16			
Bursaries: Employees	560	76	-	636	492	144	77.4%	234	234			
Catering: Departmental activities	175	594	-	769	546	223	71.0%	362	324			

Programme 3: POLICY RESEARCH AND CAPACITY DEVELOPMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Communication (G&S)	2 273	(831)	-	1 442	1 306	136	90.6%	1 608	1 397
Computer services	-	25	-	25	25	-	100.0%	62	62
Consultants: Business and advisory services	11 793	3 536	(1 005)	14 324	13 135	1 189	91.7%	5 928	5 499
Contractors	40	592	-	632	621	11	98.3%	160	46
Agency and support / outsourced services	1 793	(1 523)	-	270	-	270	-	48	-
Entertainment	60	(17)	-	43	10	33	23.3%	102	7
Fleet services (including government motor transport)	5	192	-	197	196	1	99.5%	279	263
Inventory: Materials and supplies	14	(14)	-	-	-	-	-	6	1
Inventory: Other supplies	-	-	-	-	-	-	-	5	-
Consumable supplies	13	24	-	37	20	17	54.1%	31	19
Consumable: Stationery printing and office supplies	1 305	654	-	1 959	1 528	431	78.0%	1 515	1 370
Operating leases	640	152	-	792	429	363	54.2%	521	487
Property payments	-	25	-	25	25	-	100.0%	242	233
Travel and subsistence	4 649	982	-	5 631	4 774	857	84.8%	5 971	4 578
Training and development	6 750	(6 062)	-	688	553	135	80.4%	10 459	7 777
Operating payments	30	286	-	316	217	99	68.7%	910	45

Programme 3: POLICY RESEARCH AND CAPACITY DEVELOPMENT	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	874	683	-	1 557	1 132	425	72.7%	2 721	2 387
Rental and hiring	100	(16)	-	84	19	65	22.6%	30	30
Transfers and subsidies	-	430	-	430	430	-	100.0%	28	28
Public corporations and private enterprises	-	-	-	-	-	-	-	5	5
Private enterprises	-	-	-	-	-	-	-	5	5
Other transfers to private enterprises	-	-	-	-	-	-	-	5	5
Households	-	430	-	430	430	-	100.0%	23	23
Social benefits	-	398	-	398	398	-	100.0%	9	9
Other transfers to households	-	32	-	32	32	-	100.0%	14	14
Payments for capital assets	647	-	-	647	418	229	64.6%	654	628
Machinery and equipment	647	-	-	647	418	229	64.6%	654	628
Other machinery and equipment	647	-	-	647	418	229	64.6%	654	628
	85 523	-	(1 005)	84 518	78 524	5 994	92.9%	88 775	78 494

Sub-programme 3.1: ICT POLICY DEVELOPMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 358	(1 059)	-	11 299	9 986	1 313	88.4%	15 206	12 371
Compensation of employees	8 650	-	-	8 650	8 469	181	97.9%	10 829	9 926
Salaries and wages	7 045	626	-	7 671	7 514	157	98.0%	9 315	8 786
Social contributions	1 605	(626)	-	979	955	24	97.5%	1 514	1 140
Goods and services	3 708	(1 059)	-	2 649	1 517	1 132	57.3%	4 377	2 445
Administrative fees	30	(7)	-	23	21	2	91.3%	32	19
Advertising	-	1	-	1	1	-	100.0%	-	-
Minor assets	40	-	-	40	-	40	-	10	3
Bursaries: Employees	150	(33)	-	117	3	114	2.6%	21	21
Catering: Departmental activities	20	87	-	107	81	26	75.7%	16	16
Communication (G&S)	230	92	-	322	227	95	70.5%	303	303
Consultants: Business and advisory services	970	(970)	-	-	-	-	-	1 204	775
Contractors	20	(19)	-	1	-	1	-	35	35
Entertainment	20	(7)	-	13	2	11	15.4%	73	-
Fleet services (including government motor transport)	-	6	-	6	5	1	83.3%	20	4
Inventory: Materials and supplies	2	(2)	-	-	-	-	-	1	-
Consumable supplies	2	4	-	6	1	5	16.7%	3	3

Sub-programme 3.1: ICT POLICY DEVELOPMENT							2017/18				2016/17				
							Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification							R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable; Stationery printing and office supplies Operating leases Property payments Travel and subsistence Training and development Operating payments Venues and facilities Rental and hiring Transfers and subsidies Households Social benefits Other transfers to households Payments for capital assets Machinery and equipment Other machinery and equipment							410	349	-	759	578	181	76.2%	162	83
							120	70	-	190	132	58	69.5%	150	116
							-	25	-	25	25	-	100.0%	-	-
							1 384	(816)	-	568	270	298	47.5%	1 810	810
							190	-	-	190	63	127	33.2%	241	241
							-	2	-	2	2	-	100.0%	-	-
							120	159	-	279	106	173	38.0%	280	-
							-	-	-	-	-	-	-	16	16
							-	7	-	7	7	-	100.0%	2	2
							-	7	-	7	7	-	100.0%	2	2
Payments for capital assets Machinery and equipment Other machinery and equipment							-	7	-	7	7	-	100.0%	-	-
							-	-	-	-	-	-	-	2	2
							-	67	-	67	52	15	77.6%	118	118
							-	67	-	67	52	15	77.6%	118	118
Total							12 358	(985)	-	11 373	10 045	1 328	88.3%	15 326	12 491

Sub-programme 3.2: ECONOMIC AND MARKET ANALYSIS	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 664	4 052	-	8 716	8 706	10	99.9%	4 861	3 428
Compensation of employees	2 477	-	-	2 477	2 467	10	99.6%	2 981	2 570
Salaries and wages	2 206	51	-	2 257	2 257	-	100.0%	2 713	2 322
Social contributions	271	(51)	-	220	210	10	95.5%	268	248
Goods and services	2 187	4 052	-	6 239	6 239	-	100.0%	1 880	858
Administrative fees	10	1	-	11	11	-	100.0%	20	7
Advertising	-	28	-	28	28	-	100.0%	-	-
Bursaries: Employees	30	29	-	59	59	-	100.0%	53	53
Catering: Departmental activities	-	2	-	2	2	-	100.0%	1	1
Communication (G&S)	1 291	(1 222)	-	69	69	-	100.0%	106	106
Consultants: Business and advisory services	-	5 762	-	5 762	5 762	-	100.0%	-	-
Contractors	10	(10)	-	-	-	-	-	-	-
Entertainment	10	(10)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	-	8	-	8	8	-	100.0%	4	4
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	-	-	-	-	-	-	-	3	3

Sub-programme 3.2: ECONOMIC AND MARKET ANALYSIS	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propriation	Final Ap-propriation	Actual Ex-penditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery printing and office supplies	150	(72)	-	78	78	-	100.0%	533	533
Property payments	-	-	-	-	-	-	-	20	11
Travel and subsistence	555	(394)	-	161	161	-	100.0%	198	105
Training and development	70	(58)	-	12	12	-	100.0%	24	18
Operating payments	-	-	-	-	-	-	-	847	-
Venues and facilities	60	(11)	-	49	49	-	100.0%	71	17
Payments for capital assets	-	21	-	21	21	-	100.0%	40	40
Machinery and equipment	-	21	-	21	21	-	100.0%	40	40
Other machinery and equipment	-	21	-	21	21	-	100.0%	40	40
Total	4 664	4 073	-	8 737	8 727	10	99.9%	4 901	3 468

Sub-programme 3.3: RESEARCH	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 711	(306)	1 062	8 467	6 551	1 916	77.4%	6 939	6 879
Compensation of employees	4 088	-	-	4 088	3 749	339	91.7%	4 295	4 235
Salaries and wages	3 802	(64)	-	3 738	3 399	339	90.9%	3 891	3 831
Social contributions	286	64	-	350	350	-	100.0%	404	404
Goods and services	3 623	(306)	1 062	4 379	2 802	1 577	64.0%	2 644	2 644
Administrative fees	10	40	-	50	50	-	100.0%	68	68
Advertising	300	(290)	-	10	1	9	10.0%	172	172
Minor assets	16	-	-	16	1	15	6.3%	4	4
Bursaries: Employees	30	-	-	30	-	30	-	-	-
Catering: Departmental activities	10	52	-	62	62	-	100.0%	102	102
Communication (G&S)	155	-	-	155	114	41	73.5%	127	127
Computer services	-	25	-	25	25	-	100.0%	-	-
Consultants: Business and advisory services	600	-	1 062	1 662	923	739	55.5%	434	434
Contractors	10	-	-	10	-	10	-	7	7
Agency and support / outsourced services	500	(306)	-	194	-	194	-	-	-
Entertainment	10	-	-	10	2	8	20.0%	1	1
Fleet services (including government motor transport)	5	5	-	10	10	-	100.0%	3	3

Sub-programme 3.3: RESEARCH		2017/18						2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	1	1	-	2	-	2	-	2	2
Consumable: Stationery printing and office supplies	405	-	-	405	307	98	75.8%	436	436
Property payments	-	-	-	-	-	-	-	146	146
Travel and subsistence	1 110	-	-	1 110	834	276	75.1%	716	716
Training and development	100	-	-	100	99	1	99.0%	31	31
Operating payments	-	168	-	168	168	-	100.0%	-	-
Venues and facilities	360	-	-	360	206	154	57.2%	381	381
Rental and hiring	-	-	-	-	-	-	-	14	14
Transfers and subsidies	-	306	-	306	306	-	100.0%	-	-
Social benefits	-	306	-	306	306	-	100.0%	-	-
Payments for capital assets	170	(67)	-	103	66	37	64.1%	59	33
Machinery and equipment	170	(67)	-	103	66	37	64.1%	59	33
Other machinery and equipment	170	(67)	-	103	66	37	64.1%	59	33
Total	7 881	(67)	1 062	8 876	6 923	1 953	78.0%	6 998	6 912

Sub-programme 3.4: INFORMATION SOCIETY DEVELOPMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	51 368	(3 352)	(2 067)	45 949	43 423	2 526	94.5%	51 210	45 675
Compensation of employees	34 997	(235)	-	34 762	34 476	286	99.2%	34 614	33 331
Salaries and wages	30 158	522	-	30 680	30 680	-	100.0%	30 062	29 636
Social contributions	4 839	(757)	-	4 082	3 796	286	93.0%	4 552	3 695
Goods and services	16 371	(3 117)	(2 067)	11 187	8 947	2 240	80.0%	16 596	12 344
Administrative fees	30	130	-	160	160	-	100.0%	273	155
Advertising	140	329	-	469	280	189	59.7%	395	-
Minor assets	321	(20)	-	301	6	295	2.0%	234	9
Bursaries: Employees	350	80	-	430	430	-	100.0%	160	160
Catering: Departmental activities	145	453	-	598	401	197	67.1%	243	205
Communication (G&S)	597	299	-	896	896	-	100.0%	1 072	861
Computer services	-	-	-	-	-	-	-	62	62
Consultants: Business and advisory services	10 131	(7 246)	(2 067)	818	368	450	45.0%	4 290	4 290
Contractors	-	621	-	621	621	-	100.0%	118	4
Agency and support / outsourced services	1 293	(1 217)	-	76	-	76	-	48	-
Entertainment	20	-	-	20	6	14	30.0%	28	6
Fleet services (including government motor transport)	-	173	-	173	173	-	100.0%	252	252

Sub-programme 3.4: INFORMATION SOCIETY DEVELOPMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	10	(10)	-	-	-	-	-	5	1
Inventory: Other supplies	-	-	-	-	-	-	-	5	-
Consumable supplies	10	19	-	29	19	10	65.5%	23	11
Consumable: Stationery printing and office supplies	340	377	-	717	565	152	78.8%	384	318
Operating leases	520	82	-	602	297	305	49.3%	371	371
Property payments	-	-	-	-	-	-	-	76	76
Travel and subsistence	1 600	2 192	-	3 792	3 509	283	92.5%	3 247	2 947
Training and development	400	(14)	-	386	379	7	98.2%	3 258	582
Operating payments	30	116	-	146	47	99	32.2%	63	45
Venues and facilities	334	535	-	869	771	98	88.7%	1 989	1 989
Rental and hiring	100	(16)	-	84	19	65	22.6%	-	-
Transfers and subsidies	-	117	-	117	117	-	100.0%	26	26
Public corporations and private enterprises	-	-	-	-	-	-	-	5	5
Private enterprises	-	-	-	-	-	-	-	5	5
Other transfers to private enterprises	-	-	-	-	-	-	-	5	5
Households	-	117	-	117	117	-	100.0%	21	21
Social benefits	-	85	-	85	85	-	100.0%	9	9

Sub-programme 3.4: INFORMATION SOCIETY DEVELOPMENT	2017/18							2016/17	
	Adjusted Appropri- ation	Shifting of Funds	Virement	Final Ap- propri- ation	Actual Ex- penditure	Variance	Expendi- ture as % of final appropri- ation	Final Ap- propri- ation	Actual Ex- penditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	-	32	-	32	32	-	100.0%	12	12
Payments for capital assets	411	-	-	411	279	132	67.9%	437	437
Machinery and equipment	411	-	-	411	279	132	67.9%	437	437
Other machinery and equipment	411	-	-	411	279	132	67.9%	437	437
Total	51 779	(3 235)	(2 067)	46 477	43 819	2 658	94.3%	51 673	46 138

Sub-programme 3.5: CAPACITY DEVELOPMENT		2017/18						2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 775	235	-	9 010	9 010	-	100.0%	9 877	9 485
Compensation of employees	2 693	235	-	2 928	2 928	-	100.0%	2 972	2 580
Salaries and wages	2 119	446	-	2 565	2 565	-	100.0%	2 283	2 283
Social contributions	574	(211)	-	363	363	-	100.0%	689	297
Goods and services	6 082	-	-	6 082	6 082	-	100.0%	6 905	6 905
Consultants: Business and advisory services	92	5 990	-	6 082	6 082	-	100.0%	-	-
Training and development	5 990	(5 990)	-	-	-	-	-	6 905	6 905
Payments for capital assets	66	(21)	-	45	-	45	-	-	-
Machinery and equipment	66	(21)	-	45	-	45	-	-	-
Other machinery and equipment	66	(21)	-	45	-	45	-	-	-
Total	8 841	214	-	9 055	9 010	45	99.5%	9 877	9 485

Programme 4: ICT ENTERPRISE DEVELOPMENT AND OVERSIGHT		2017/18							2016/17	
Adjusted Appropriation		Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propri-ation	Final Ap-propri-ation	Actual Ex-penditure	
R'000		R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Sub programme										
1.	Public Entity Oversight	3 939 302	(917)	(1 272)	3 937 113	3 937 113	-	100.0%	872 547	869 830
2.	Small Medium and Micro Enterprise Development	4 800	334	-	5 134	4 430	704	86.3%	5 797	4 427
3.	ICT Support	7 589	583	(131)	8 041	7 513	528	93.4%	8 264	8 096
		3 951 691	-	(1 403)	3 950 288	3 949 056	1 232	100.0%	886 608	882 353
Economic classification										
Current payments		34 342	(2)	(1 403)	32 937	32 118	819	97.5%	34 070	30 345
Compensation of employees		27 736	-	122	27 858	27 858	-	100.0%	26 076	25 182
Salaries and wages		21 601	3 326	50	24 977	24 977	-	100.0%	23 297	22 543
Social contributions		6 135	(3 326)	72	2 881	2 881	-	100.0%	2 779	2 639
Goods and services		6 606	(2)	(1 525)	5 079	4 260	819	83.9%	7 994	5 163
Administrative fees		11	56	-	67	59	8	88.1%	141	66
Advertising		100	15	-	115	57	58	49.6%	1 958	1 797
Minor assets		30	38	(12)	56	41	15	73.2%	104	6
Audit costs: External		50	(42)	(8)	-	-	-	-	-	-
Bursaries: Employees		351	(178)	-	173	138	35	79.8%	167	167
Catering: Departmental activities		34	28	-	62	57	5	91.9%	224	60
Communication (G&S)		590	(2)	(8)	580	565	15	97.4%	490	478

Programme 4: ICT ENTERPRISE DEVELOPMENT AND OVERSIGHT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Computer services	20	434	(95)	359	359	-	100.0%	-	-
Consultants; Business and advisory services	2 146	(483)	(1 313)	350	24	326	6.9%	1 263	213
Contractors	-	38	-	38	18	20	47.4%	16	15
Agency and support / outsourced services	14	-	(10)	4	-	4	-	25	-
Entertainment	12	(11)	(7)	4	4	-	100.0%	56	1
Fleet services (including government motor transport)	-	9	-	9	2	7	22.2%	-	-
Inventory; Other supplies	-	-	-	-	-	-	-	32	-
Consumable supplies	-	10	-	10	7	3	70.0%	21	5
Consumable: Stationery printing and office supplies	267	171	(37)	401	386	15	96.3%	487	261
Operating leases	169	-	(18)	151	151	-	100.0%	221	164
Property payments	-	370	-	370	369	1	99.7%	-	-
Travel and subsistence	1 764	(99)	(89)	1 576	1 504	72	95.4%	1 870	1 686
Training and development	717	(249)	-	468	275	193	58.8%	257	195
Operating payments	174	(50)	(92)	32	30	2	93.8%	497	3
Venues and facilities	157	(67)	164	254	214	40	84.3%	165	46
Transfers and subsidies	216 083	2	-	216 085	216 085	-	100.0%	201 403	201 403

Programme 4: ICT ENTERPRISE DEVELOPMENT AND OVERSIGHT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies and accounts	216 083	-	-	216 083	216 083	-	100.0%	201 401	201 401
Departmental agencies (non-business entities)	216 083	-	-	216 083	216 083	-	100.0%	201 401	201 401
Households	-	2	-	2	2	-	100.0%	2	2
Other transfers to households	-	2	-	2	2	-	100.0%	2	2
Payments for capital assets	1 266	-	-	1 266	853	413	67.4%	1 135	605
Machinery and equipment	1 266	-	-	1 266	853	413	67.4%	1 135	605
Other machinery and equipment	1 266	-	-	1 266	853	413	67.4%	1 135	605
Payment for financial assets	3 700 000	-	-	3 700 000	3 700 000	-	100.0%	650 000	650 000
	3 951 691	-	(1 403)	3 950 288	3 949 056	1 232	100.0%	886 608	882 353

Sub-programme 4.1 : PUBLIC ENTITY OVERSIGHT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 873	(921)	(1 272)	20 680	20 680	-	100.0%	20 444	18 098
Compensation of employees	18 156	(135)	-	18 021	18 021	-	100.0%	16 929	16 184
Salaries and wages	12 994	3 192	-	16 186	16 186	-	100.0%	15 253	14 508
Social contributions	5 162	(3 327)	-	1 835	1 835	-	100.0%	1 676	1 676
Goods and services	4 717	(786)	(1 272)	2 659	2 659	-	100.0%	3 515	1 914
Administrative fees	3	38	-	41	41	-	100.0%	57	48
Advertising	-	-	-	-	-	-	-	40	-
Minor assets	16	33	(12)	37	37	-	100.0%	31	4
Audit costs: External	50	(42)	(8)	-	-	-	-	-	-
Bursaries: Employees	271	(158)	-	113	113	-	100.0%	115	115
Catering: Departmental activities	17	37	-	54	54	-	100.0%	41	41
Communication (G&S)	440	(62)	(8)	370	370	-	100.0%	290	290
Computer services	-	3	(1)	2	2	-	100.0%	-	-
Consultants: Business and advisory services	2 056	(943)	(1 113)	-	-	-	-	1 059	9
Contractors	-	17	-	17	17	-	100.0%	10	9
Agency and support / outsourced services	10	-	(10)	-	-	-	-	-	-
Entertainment	10	-	(7)	3	3	-	100.0%	19	1
Inventory: Other supplies	-	-	-	-	-	-	-	16	-
Consumable supplies	-	6	-	6	6	-	100.0%	20	4
Consumable: Stationery printing and office supplies	112	155	-	267	267	-	100.0%	148	148
Operating leases	169	-	(18)	151	151	-	100.0%	164	164

Sub-programme 4.1 : PUBLIC ENTITY OVERSIGHT		2017/18						2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Property payments	-	320	-	320	320	-	100.0%	-	-
Travel and subsistence	847	186	-	1 033	1 033	-	100.0%	962	962
Training and development	415	(229)	-	186	186	-	100.0%	119	73
Operating payments	174	(70)	(92)	12	12	-	100.0%	341	-
Venues and facilities	127	(77)	(3)	47	47	-	100.0%	83	46
Transfers and subsidies	216 083	2	-	216 085	216 085	-	100.0%	201 401	201 401
Departmental agencies and accounts	216 083	-	-	216 083	216 083	-	100.0%	201 401	201 401
Departmental agencies (non-business entities)	216 083	-	-	216 083	216 083	-	100.0%	201 401	201 401
Households	-	2	-	2	2	-	100.0%	-	-
Other transfers to households	-	2	-	2	2	-	100.0%	-	-
Payments for capital assets	346	2	-	348	348	-	100.0%	702	331
Machinery and equipment	346	2	-	348	348	-	100.0%	702	331
Other machinery and equipment	346	2	-	348	348	-	100.0%	702	331
Payment for financial assets	3 700 000	-	-	3 700 000	3 700 000	-	100.0%	650 000	650 000
Total	3 939 302	(917)	(1 272)	3 937 113	3 937 113	-	100.0%	872 547	869 830

Sub-programme 4.2: SMALL MEDIUM AND MICRO ENTERPRISE DEVELOPMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 710	336	-	5 046	4 430	616	87.8%	5 545	4 175
Compensation of employees	3 964	52	-	4 016	4 016	-	100.0%	3 722	3 582
Salaries and wages	3 364	206	-	3 570	3 570	-	100.0%	3 183	3 183
Social contributions	600	(154)	-	446	446	-	100.0%	539	399
Goods and services	746	284	-	1 030	414	616	40.2%	1 823	593
Administrative fees	-	-	-	-	-	-	-	75	9
Advertising	100	15	-	115	57	58	49.6%	159	38
Minor assets	-	5	-	5	1	4	20.0%	73	2
Bursaries: Employees	80	(20)	-	60	25	35	41.7%	52	52
Catering: Departmental activities	5	-	-	5	-	5	-	173	9
Communication (G&S)	100	-	-	100	86	14	86.0%	86	74
Consultants: Business and advisory services	90	260	-	350	24	326	6.9%	199	199
Contractors	-	21	-	21	1	20	4.8%	6	6
Agency and support / outsourced services	4	-	-	4	-	4	-	25	-
Entertainment	2	(1)	-	1	1	-	100.0%	37	-
Fleet services (including government motor transport)	-	9	-	9	2	7	22.2%	-	-
Consumable supplies	-	4	-	4	1	3	25.0%	-	-

Sub-programme 4.2: SMALL MEDIUM AND MICRO ENTERPRISE DEVELOPMENT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery printing and office supplies	35	16	-	51	36	15	70.6%	254	28
Operating leases	-	-	-	-	-	-	-	57	-
Property payments	-	50	-	50	49	1	98.0%	-	-
Travel and subsistence	150	(85)	-	65	24	41	36.9%	245	61
Training and development	150	(20)	-	130	89	41	68.5%	128	112
Operating payments	-	20	-	20	18	2	90.0%	156	3
Venues and facilities	30	10	-	40	-	40	-	82	-
Payments for capital assets	90	(2)	-	88	-	88	-	252	252
Machinery and equipment	90	(2)	-	88	-	88	-	252	252
Other machinery and equipment	90	(2)	-	88	-	88	-	252	252
Total	4 800	334	-	5 134	4 430	704	86.3%	5 797	4 427

Sub-programme 4.3: ICT SUPPORT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 759	583	(131)	7 211	7 008	203	97.2%	8 081	8 072
Compensation of employees	5 616	83	122	5 821	5 821	-	100.0%	5 425	5 416
Salaries and wages	5 243	(72)	50	5 221	5 221	-	100.0%	4 861	4 852
Social contributions	373	155	72	600	600	-	100.0%	564	564
Goods and services	1 143	500	(253)	1 390	1 187	203	85.4%	2 656	2 656
Administrative fees	8	18	-	26	18	8	69.2%	9	9
Advertising	-	-	-	-	-	-	-	1 759	1 759
Minor assets	14	-	-	14	3	11	21.4%	-	-
Catering: Departmental activities	12	(9)	-	3	3	-	100.0%	10	10
Communication (G&S)	50	60	-	110	109	1	99.1%	114	114
Computer services	20	431	(94)	357	357	-	100.0%	-	-
Consultants: Business and advisory services	-	200	(200)	-	-	-	-	5	5
Consumable supplies	-	-	-	-	-	-	-	1	1
Consumable: Stationery printing and office supplies	120	-	(37)	83	83	-	100.0%	85	85
Travel and subsistence	767	(200)	(89)	478	447	31	93.5%	663	663
Training and development	152	-	-	152	-	152	-	10	10
Venues and facilities	-	-	167	167	167	-	100.0%	-	-

Sub-programme 4.3: ICT SUPPORT		2017/18						2016/17		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies										
Households		-	-	-	-	-	-	-	2	2
Other transfers to households		-	-	-	-	-	-	-	2	2
Payments for capital assets		830	-	-	830	505	325	60.8%	181	22
Machinery and equipment		830	-	-	830	505	325	60.8%	181	22
Other machinery and equipment		830	-	-	830	505	325	60.8%	181	22
Total		7 589	583	(131)	8 041	7 513	528	93.4%	8 264	8 096

Programme 5: ICT INFRASTRUCTURE SUPPORT		2017/18						2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Broadband	323 015	-	(9 868)	313 147	39 313	273 834	12.6%	346 893	26 935
2. Digital Terrestrial Television	565 098	-	-	565 098	565 098	-	100.0%	829 384	829 384
	888 113	-	(9 868)	878 245	604 411	273 834	68.8%	1 176 277	856 319
Economic classification									
Current payments	320 855	(208)	(8 294)	312 353	38 933	273 420	12.5%	345 973	26 308
Compensation of employees	20 611	-	(122)	20 489	20 028	461	97.8%	21 639	19 873
Salaries and wages	19 311	(728)	(122)	18 461	18 000	461	97.5%	19 533	17 767
Social contributions	1 300	728	-	2 028	2 028	-	100.0%	2 106	2 106
Goods and services	300 244	(208)	(8 172)	291 864	18 905	272 959	6.5%	324 334	6 435
Administrative fees	210	28	(40)	198	153	45	77.3%	199	186
Advertising	400	(35)	(150)	215	104	111	48.4%	92	-
Minor assets	248	32	(238)	42	42	-	100.0%	610	9
Bursaries: Employees	455	(241)	-	214	37	177	17.3%	311	105
Catering: Departmental activities	475	134	(126)	483	443	40	91.7%	235	65
Communication (G&S)	618	(56)	(146)	416	416	-	100.0%	816	402
Computer services	2 872	(72)	(1 535)	1 265	1 264	1	99.9%	857	152
Consultants: Business and advisory services	283 820	2 918	(3 163)	283 575	11 493	272 082	4.1%	2 071	763

Programme 5: ICT INFRASTRUCTURE SUPPORT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Legal services	-	-	-	-	-	-	-	831	-
Contractors	-	12	-	12	2	10	16.7%	189	-
Agency and support / outsourced services	500	(500)	-	-	-	-	-	311 600	-
Entertainment	31	-	-	31	4	27	12.9%	37	1
Fleet services (including government motor transport)	-	26	-	26	26	-	100.0%	55	55
Inventory: Materials and supplies	-	-	-	-	-	-	-	3	1
Inventory: Other supplies	-	-	-	-	-	-	-	24	-
Consumable supplies	25	13	-	38	18	20	47.4%	20	11
Consumable: Stationery printing and office supplies	340	58	-	398	263	135	66.1%	518	197
Operating leases	170	(1)	-	169	70	99	41.4%	916	81
Property payments	1 148	(1 133)	-	15	-	15	-	120	120
Travel and subsistence	4 917	655	(1 472)	4 100	4 100	-	100.0%	3 770	3 770
Training and development	500	42	-	542	418	124	77.1%	488	385
Operating payments	60	3	-	63	25	38	39.7%	116	17
Venues and facilities	3 420	(2 091)	(1 302)	27	27	-	100.0%	456	115
Rental and hiring	35	-	-	35	-	35	-	-	-

Programme 5: ICT INFRASTRUCTURE SUPPORT	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	565 098	208	-	565 306	565 306	-	100.0%	829 453	829 453
Departmental agencies and accounts	79 098	-	-	79 098	79 098	-	100.0%	589 384	589 384
Departmental agencies (non-business entities)	79 098	-	-	79 098	79 098	-	100.0%	589 384	589 384
Public corporations and private enterprises	486 000	-	-	486 000	486 000	-	100.0%	240 005	240 005
Public corporations	486 000	-	-	486 000	486 000	-	100.0%	240 000	240 000
Other transfers to public corporations	486 000	-	-	486 000	486 000	-	100.0%	240 000	240 000
Private enterprises	-	-	-	-	-	-	-	5	5
Other transfers to private enterprises	-	-	-	-	-	-	-	5	5
Households	-	208	-	208	208	-	100.0%	64	64
Social benefits	-	204	-	204	204	-	100.0%	58	58
Other transfers to households	-	4	-	4	4	-	100.0%	6	6
Payments for capital assets	2 160	-	(1 574)	586	172	414	29.4%	851	558
Machinery and equipment	1 210	-	(724)	486	159	327	32.7%	471	178
Other machinery and equipment	1 210	-	(724)	486	159	327	32.7%	471	178
Software and other intangible assets	950	-	(850)	100	13	87	13.0%	380	380
	888 113	-	(9 868)	878 245	604 411	273 834	68.8%	1 176 277	856 319

Sub-programme 5.1: BROADBAND	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	320 855	(208)	(8 294)	312 353	38 933	273 420	12.5%	345 973	26 308
Compensation of employees	20 611	-	(122)	20 489	20 028	461	97.8%	21 639	19 873
Salaries and wages	19 311	(728)	(122)	18 461	18 000	461	97.5%	19 533	17 767
Social contributions	1 300	728	-	2 028	2 028	-	100.0%	2 106	2 106
Goods and services	300 244	(208)	(8 172)	291 864	18 905	272 959	6.5%	324 334	6 435
Administrative fees	210	28	(40)	198	153	45	77.3%	199	186
Advertising	400	(35)	(150)	215	104	111	48.4%	92	-
Minor assets	248	32	(238)	42	42	-	100.0%	610	9
Bursaries: Employees	455	(241)	-	214	37	177	17.3%	311	105
Catering: Departmental activities	475	134	(126)	483	443	40	91.7%	235	65
Communication (G&S)	618	(56)	(146)	416	416	-	100.0%	816	402
Computer services	2 872	(72)	(1 535)	1 265	1 264	1	99.9%	857	152
Consultants: Business and advisory services	283 820	2 918	(3 163)	283 575	11 493	272 082	4.1%	2 071	763
Legal services	-	-	-	-	-	-	-	831	-
Contractors	-	12	-	12	2	10	16.7%	189	-
Agency and support / outsourced services	500	(500)	-	-	-	-	-	311 600	-
Entertainment	31	-	-	31	4	27	12.9%	37	1

Sub-programme 5.1: BROADBAND		2017/18						2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Fleet services (including government motor transport)	-	26	-	26	26	-	100.0%	55	55
Inventory: Materials and supplies	-	-	-	-	-	-	-	3	1
Inventory: Other supplies	-	-	-	-	-	-	-	24	-
Consumable supplies	25	13	-	38	18	20	47.4%	20	11
Consumable: Stationery printing and office supplies	340	58	-	398	263	135	66.1%	518	197
Operating leases	170	(1)	-	169	70	99	41.4%	916	81
Property payments	1 148	(1 133)	-	15	-	15	-	120	120
Travel and subsistence	4 917	655	(1 472)	4 100	4 100	-	100.0%	3 770	3 770
Training and development	500	42	-	542	418	124	77.1%	488	385
Operating payments	60	3	-	63	25	38	39.7%	116	17
Venues and facilities	3 420	(2 091)	(1 302)	27	27	-	100.0%	456	115
Rental and hiring	35	-	-	35	-	35	-	-	-
Transfers and subsidies	-	208	-	208	208	-	100.0%	69	69
Public corporations and private enterprises	-	-	-	-	-	-	-	5	5
Private enterprises	-	-	-	-	-	-	-	5	5
Other transfers to private enterprises	-	-	-	-	-	-	-	5	5

Sub-programme 5.1: BROADBAND		2017/18						2016/17		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Ap-propriation	Actual Ex-penditure	Variance	Expendi-ture as % of final ap-propri-ation	Final Ap-propri-ation	Actual Ex-penditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households		-	208	-	208	208	-	100.0%	64	64
Social benefits		-	204	-	204	204	-	100.0%	58	58
Other transfers to households		-	4	-	4	4	-	100.0%	6	6
Payments for capital assets		2 160	-	(1 574)	586	172	414	29.4%	851	558
Machinery and equipment		1 210	-	(724)	486	159	327	32.7%	471	178
Other machinery and equipment		1 210	-	(724)	486	159	327	32.7%	471	178
Software and other intangible assets		950	-	(850)	100	13	87	13.0%	380	380
Total		323 015	-	(9 868)	313 147	39 313	273 834	12.6%	346 893	26 935

Sub-programme 5.2: DIGITAL TERRESTRIAL TELEVISION		2017/18						2016/17		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies		565 098	-	-	565 098	565 098	-	100.0%	829 384	829 384
Departmental agencies and accounts		79 098	-	-	79 098	79 098	-	100.0%	589 384	589 384
Departmental agencies (non-business entities)		79 098	-	-	79 098	79 098	-	100.0%	589 384	589 384
Public corporations and private enterprises		486 000	-	-	486 000	486 000	-	100.0%	240 000	240 000
Public corporations		486 000	-	-	486 000	486 000	-	100.0%	240 000	240 000
Other transfers to public corporations		486 000	-	-	486 000	486 000	-	100.0%	240 000	240 000
Total		565 098	-	-	565 098	565 098	-	100.0%	829 384	829 384

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2018

1 Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and Subsidies and Annexure 1 (A-G) to the Annual Financial Statements.

2 Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3 Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the Note to Payments for Financial Assets to the Annual Financial Statements.

4 Explanations of material variances from Amounts Voted (after virement):

4.1 Per programme:

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
R'000	R'000	R'000	%

Administration

	209 328	209 202	126	0.06
Current payments	198 918	198 792	126	0.06
Transfers and subsidies	1 142	1 142	-	-
Payment for capital assets	9 268	9 268	-	-

International Affairs and Trade

	51 748	50 612	1 136	2.2
Current payments	25 408	24 615	793	3.1
Transfers and subsidies	25 970	25 968	2	-
Payment for capital assets	379	29	341	92.2

Policy Research and Capacity

Development

	84 518	78 524	5 994	7.1
Current payments	83 441	77 676	5 765	6.9
Transfers and subsidies	430	430	-	-
Payment for capital assets	647	418	229	35.4

The variance is under compensation of employees due to vacancies that could not be filled and goods and services mainly due to less travel and use of consultants than budgeted for.

ICT Enterprise Development

and Oversight

	250 288	249 056	1 232	0.49
Current payments	32 937	32 118	819	2.49
Transfers and subsidies	216 085	216 085	-	-
Payment for capital assets	1 266	853	413	32.62

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2018

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
R'000	R'000	R'000	%

ICT Infrastructure Support

	878 245	604 411	273 834	31.2
Current payments	312 353	38 933	273 420	87.5
Transfers and subsidies	565 306	565 306	-	-
Payment for capital assets	586	172	414	70.6

The variance is mainly under goods and services: Consultants: business and advisory services amounting to R267 million which was not spent due to the delay in implementing the SA Connect programme (Broadband).

4.2 Per economic classification:

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
R'000	R'000	R'000	%

Current expenditure

Compensation of employees	221 206	219 843	1 363	0.6
Goods and services	431 851	157 191	274 660	63.6

Transfers and subsidies

Provinces and municipalities	14	14	-	-
Departmental agencies and accounts	295 181	295 181	-	-
Public corporations and private enterprises	486 000	486 000	-	-
Foreign govern and international organisations	25 966	25 964	2	-
Households	1 772	1 772	-	-

Payments for capital assets

Machinery and equipment	6 038	4 728	1 310	21.7
Software and other intangible assets	6 099	6 012	87	1.4

Payments for financial assets

	3 700 250	3 700 250	-	-
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- The underspending in goods and services is mainly due to delays in implementing the SA Connect programme (Broadband) amounting to R267 million.
- The underspending in machinery and equipment is mainly due to less machinery replaced than anticipated.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2018

		2017/18	2016/17
	<i>Note</i>	R'000	R'000
REVENUE			
Annual appropriation	1	5 174 377	2 417 412
Departmental revenue	2	1 141 106	831 411
TOTAL REVENUE		6 315 483	3 248 823
EXPENDITURE			
Current expenditure			
Compensation of employees	4	219 843	205 248
Goods and services	5	152 291	153 605
Interest and rent on land	6	-	-
Total current expenditure		372 134	358 853
Transfers and subsidies			
Transfers and subsidies	8	808 931	1 057 493
Total transfers and subsidies		808 931	1 057 493
Expenditure for capital assets			
Tangible assets	9	4 728	5 098
Intangible assets	9	6 012	4 201
Total expenditure for capital assets		10 740	9 299
Payments for financial assets	7	3 700 250	650 047
TOTAL EXPENDITURE		4 892 055	2 075 692
SURPLUS/(DEFICIT) FOR THE YEAR		1 423 428	1 173 131
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		282 322	341 720
Annual appropriation	17	282 322	341 720
Departmental revenue and NRF Receipts	18	1 141 106	831 411
SURPLUS/(DEFICIT) FOR THE YEAR		1 423 428	1 173 131

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
ASSETS			
Current Assets		278 237	337 435
Unauthorised expenditure	10	4 741	4 741
Cash and cash equivalents	11	265 726	329 339
Prepayments and advances	13	7 273	3 132
Receivables	14	497	223
Non-Current Assets		8 649 485	4 125 435
Investments	15	7 291 241	2 767 241
Receivables	14	7 014	6 964
Loans	16	1 351 130	1 351 130
Other financial assets	12	100	100
TOTAL ASSETS		8 927 722	4 462 870
LIABILITIES			
Current Liabilities		282 554	341 744
Voted funds to be surrendered to the Revenue Fund	17	282 322	341 720
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	16	4
Payables	19	216	20
TOTAL LIABILITIES		282 554	341 744
NET ASSETS		8 645 168	4 121 126
Represented by:			
Capitalisation reserve		8 642 371	4 118 371
Recoverable revenue		2 797	2 755
TOTAL		8 645 168	4 121 126

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2018

NET ASSETS		2017/18	2016/17
	Note	R'000	R'000
Capitalisation Reserves			
Opening balance		4 118 371	2 767 241
Transfers:			
Movement in Equity		4 524 000	-
Other movements		-	1 351 130
Closing balance		8 642 371	4 118 371
Recoverable revenue			
Opening balance		2 755	2 567
Transfers		42	188
Irrecoverable amounts written off	7.2	(177)	(14)
Debts recovered (included in departmental receipts)		(166)	(307)
Debts raised		385	509
Closing balance		2 797	2 755
TOTAL		8 645 168	4 121 126

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

CASH FLOW STATEMENT

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		5 468 167	2 418 010
Annual appropriated funds received	1.1	5 174 377	2 417 412
Departmental revenue received	2	391	334
Interest received	2.2	293 399	264
Net (increase)/ decrease in working capital		(4 269)	275
Surrendered to Revenue Fund		(1 482 814)	(936 613)
Surrendered to RDP Fund/donor		-	-
Current payments		(372 134)	(358 853)
Interest paid	6	-	-
Payments for financial assets		(3 700 250)	(650 047)
Transfers and subsidies paid		(808 931)	(1 057 493)
Net cash flow available from operating activities	20	(900 231)	(584 721)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(10 740)	(9 299)
Proceeds from sale of capital assets		713	-
(Increase)/decrease in loans		-	(1 351 130)
(Increase)/decrease in investments		(4 524 000)	-
(Increase)/decrease in other financial assets		-	-
Net cash flows from investing activities		(4 534 027)	(1 360 429)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		846 603	830 813
Increase/(decrease) in net assets		4 524 042	1 351 318
Net cash flows from financing activities		5 370 645	2 182 131
Net increase/(decrease) in cash and cash equivalents		(63 613)	236 981
Cash and cash equivalents at beginning of period		329 339	92 358
Cash and cash equivalents at end of period	21	265 726	329 339

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act and the Adjustments Appropriation Act for National Departments (Voted funds):

	2017/18			2016/17	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation Received
Programmes	R'000	R'000	R'000	R'000	R'000
Administration	209 905	209 905	-	217 322	217 322
International Affairs and Trade	51 748	51 748	-	48 430	48 430
Policy Research and Capacity Development	84 518	84 518	-	88 775	88 775
ICT Enterprise Development and Oversight	3 950 288	3 950 288	-	886 608	886 608
ICT Infrastructure Support	877 918	877 918	-	1 176 277	1 176 277
Total	5 174 377	5 174 377	-	2 417 412	2 417 412

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
2 Departmental Revenue			
Sales of goods and services other than capital assets	2.1	57	51
Interest dividends and rent on land	2.2	1 140 002	831 077
Transactions in financial assets and liabilities	2.3	334	283
Transfer received		-	-
Sales of capital assets	2.4	713	-
Total revenue collected		<u>1 141 106</u>	<u>831 411</u>
Departmental revenue collected		<u><u>1 141 106</u></u>	<u><u>831 411</u></u>
2.1 Sales of goods and services other than capital assets	2		
Sales of goods and services produced by the Department		57	51
Administrative fees		57	4
Other sales		-	47
Total		<u><u>57</u></u>	<u><u>51</u></u>
2.2 Interest dividends and rent on land	2		
Interest		293 399	264
Dividends		846 603	830 813
Total		<u><u>1 140 002</u></u>	<u><u>831 077</u></u>
<i>The increase in interest is due to Interest earned by USAF from DTT funds invested with commercial banks that had to be paid over to National Treasury.</i>			
		2017/18	2016/17
	Note	R'000	R'000
2.3 Transactions in financial assets and liabilities	2		
Receivables		-	251
Other Receipts including Recoverable Revenue		334	32
Total		<u><u>334</u></u>	<u><u>283</u></u>
2.4 Sale of Capital Assets	2		
Tangible Assets			
Building and other fixed structures		-	-
Machinery and equipment		713	-
Heritage asset		-	-
Total		<u><u>713</u></u>	<u><u>-</u></u>

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

3 Cash received not recognised (not included in note 2)
2017/18

Name of Entity	Opening balance R'000	Amount paid to Revenue Fund R'000	Balance R'000
None	-	-	-
Total	-	-	-

Cash received not recognised (not included in note 2)
2015/16

Name of Entity	Amount received R'000	Amount paid to Revenue Fund R'000	Balance R'000
None	-	-	-
Total	-	-	-

	Note	2017/18 R'000	2016/17 R'000
4 Compensation of Employees			
4.1 Salaries and wages			
Basic salary		143 382	136 090
Performance award		3 273	2 734
Service Based		165	121
Compensative/circumstantial		3 090	3 143
Periodic payments		-	-
Other non-pensionable allowances		46 081	40 319
Total		195 991	182 407
4.2 Social Contributions			
Employer contributions			
Pension		18 368	17 424
Medical		5 461	5 395
Bargaining Council		23	22
Total		23 852	22 841
Total compensation of employees		219 843	205 248
Average number of employees		296	300

The increase in compensation of employees is due to vacant positions filled and general salary adjustments in the Public Service.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
5 Goods and services			
Administrative fees		1 355	1 444
Advertising		2 120	3 315
Minor assets	5.1	336	113
Bursaries (employees)		1 291	816
Catering		1 771	1 793
Communication		5 245	5 717
Computer services	5.2	6 971	5 726
Consultants: Business and advisory services		25 445	8 873
Legal services		5 074	7 454
Contractors		4 101	2 804
Agency and support / outsourced services		3	24
Entertainment		50	23
Audit cost – external	5.3	6 962	6 499
Fleet services		1 159	1 193
Inventory	5.4	23	21
Consumables	5.5	5 004	6 505
Operating leases		34 434	41 837
Property payments	5.6	12 350	12 065
Rental and hiring		1 014	488
Travel and subsistence	5.7	30 862	31 546
Venues and facilities		3 109	4 483
Training and development		2 610	9 955
Other operating expenditure	5.8	1 002	911
Total		152 291	153 605

The increase in consultants: business advisory services is mainly due to a payment to the CSIR for the cyber security hub operation. The decrease in legal services is due to less litigation in the Department. The increase in contractors is due to increased repairs and maintenance. The decline in operating leases is due to renegotiated building rental agreement. Under training and development the decline is due to e-Skills training that was carried out by Nemisa on behalf of the Department.

5.1 Minor assets	5		
Tangible assets		330	113
Machinery and equipment		330	113
Intangible assets		-	-
Software		6	-
Total		336	113
5.2 Computer services	5		
SITA computer services		5 881	4 204
External computer service providers		1 090	1 522
Total		6 971	5 726

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
5.3 Audit cost – external	5		
Regularity audits		5 128	3 588
Investigations		1 834	2 911
Total		6 962	6 499
<i>The decline under investigations is due to 2 of the 3 forensic investigations by the SIU within the Department that has been completed. Increase in regularity audits includes payment of the outstanding invoices for the previous financial year audit.</i>			
5.4 Inventory	5		
Clothing material and accessories		23	-
Fuel oil and gas		-	-
Materials and supplies		-	21
Other supplies		-	-
Total		23	21
5.5 Consumables	5		
Consumable supplies		179	225
Uniform and clothing		8	23
Household supplies		39	13
Building material and suppliers		7	-
IT consumables		107	132
Other consumables		18	57
Stationery printing and office supplies		4 825	6 280
Total		5 004	6 505
5.6 Property payments	5		
Municipal services		3 500	3 336
Property management fees		11	18
Property maintenance and repairs		884	-
Other		7 955	8 711
Total		12 350	12 065
<i>The cleaning and security services for property are included under other.</i>			
5.7 Travel and subsistence	5		
Local		18 884	18 741
Foreign		11 978	12 805
Total		30 862	31 546

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

			2017/18 R'000	2016/17 R'000
	Note			
5.8 Other operating expenditure	5			
Professional bodies membership and subscription fees			137	90
Resettlement costs			136	125
Other (Includes printing and publication services)			729	696
Total			1 002	911
6 Interest and Rent on Land				
Interest paid			-	-
Total			-	-
7 Payments for financial assets				
Material losses through criminal conduct			-	-
Theft	7.3		-	-
Extension of loans for policy purposes			3 700 000	650 000
Other material losses written off	7.1		68	18
Debts written off	7.2		177	22
Forex losses	7.4		5	7
Total			3 700 250	650 047
<i>The increase in payment for financial assets: Extension of loans for policy purposes is due to funds advanced to the South African Post Office (SAPO) for recapitalisation. SAPO in return issued a share to government worth R3 7 billion during the financial year under review.</i>				
7.1 Other material losses written off	7			
Nature of losses				
Income tax			18	-
No shows			11	-
Key replacement			6	-
Traffic fine			6	-
Damaged rented vehicles			27	18
Total			68	18
7.2 Debts written off	7			
Nature of debts written off				
Recoverable revenue written off				
Supplier overpayments			151	-
Stolen Laptop			18	-
Bursary Debt -Employee			8	-
Ex-employee debts			-	13
Non-employee			-	1
Total			177	14

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		2017/18 R'000	2016/17 R'000
Other debts written off			
Advances outstanding		-	-
Ex-employee debts		-	8
Total		-	8
Total debt written off		177	22
7.3 Forex losses	7		
Nature of losses			
Foreign exchange - travel and subsistence		5	7
Total		5	7
8 Transfers and Subsidies			
Provinces and municipalities	37	14	17
Departmental agencies and accounts	ANNEX 1A	295 181	790 789
Foreign governments and international organisations	ANNEX 1C	25 964	26 136
Public corporations and private enterprises	ANNEX 1B	486 000	240 051
Non-profit institutions	ANNEX 1D	-	25
Households	ANNEX 1E	1 772	475
Total		808 931	1 057 493
<p><i>The decline under Departmental agencies is due to Broadcasting Digital Migration funds to USAF which were R509 million in the 2016/17 financial year and amount to R69 million in the current financial year. The increase of transfers and subsidies to public corporations of R246 million is due to R53 million allocated for the migration of signal and R193 million for dual illumination for the BDM project allocated to Sentech.</i></p>			
9 Expenditure for capital assets			
Tangible assets			
		4 728	5 098
Machinery and equipment	31	4 728	5 098
Intangible assets			
		6 012	4 201
Software	32	6 012	4 201
Total		10 740	9 299

Tangible assets: in the current financial year less computer equipment purchased and vehicles to the value of R1 9 million were procured. Under intangible assets the Microsoft applications license was renewed with additional users.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

9.1 Analysis of funds utilised to acquire capital assets
- 2017/18

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	4 728	-	4 728
Machinery and equipment	4 728	-	4 728
Intangible assets	6 012	-	6 012
Software	6 012	-	6 012
Total	10 740	-	10 740

9.2 Analysis of funds utilised to acquire capital assets
- 2016/17

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	5 098	-	5 098
Machinery and equipment	5 098	-	5 098
Intangible assets	4 201	-	4 201
Software	4 201	-	4 201
Total	9 299	-	9 299

	Note	2017/18 R'000	2016/17 R'000
10 Unauthorised Expenditure			
10.1 Reconciliation of unauthorised expenditure			
Opening balance		4 741	4 741
Unauthorised expenditure - discovered in the current year (as restated)		-	-
Closing balance		4 741	4 741
10.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification			
Transfers and subsidies		4 741	4 741
Total		4 741	4 741
10.3 Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure relating to overspending of the vote or a main division within the vote		4 741	4 741
Total		4 741	4 741

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
11 Cash and Cash Equivalents			
Consolidated Paymaster General Account		265 382	329 193
Cash on hand		35	35
Investments (Domestic)		309	111
Total		265 726	329 339

The unspent funds are mainly due to delays in the implementation of the SA Connect programme (Broadband).

12 Other Financial Assets			
Non-Current			
Local			
Deposit Municipality		100	100
Total		100	100
Security deposit Gaborone		-	-
Total		-	-
Total Non-Current other financial assets		100	100

13 Prepayments and Advances			
Travel and subsistence		191	204
Advances paid	13.1	7 082	2 928
Total		7 273	3 132

13.1 Advances paid			
National departments	Annex 6	7 082	2 928
Total		7 082	2 928

The increase in prepayments is due to advance payment to BBI for SA connect project.

		2017/18			2016/17		
	<i>Note</i>	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
14 Receivables							
14.1							
Claims recoverable	Annex 4	300	-	300	16	-	16
Recoverable expenditure	14.2	11	1 621	1 632	-	1 621	1 621
Staff debt	14.3	186	133	319	191	29	220
Other debtors	14.4	-	5 260	5 260	16	5 314	5 330
Total		497	7 014	7 511	223	6 964	7 187

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		2017/18 R'000	2016/17 R'000
14.1 Claims recoverable	<i>Note 14</i>		
National departments		300	16
Total		300	16
<i>Claims for various departments. See also annexure 4.</i>			
14.2 Recoverable expenditure (disallowance accounts)	<i>14</i>		
Disallowance payments - fraud		1 632	1 621
Total		1 632	1 621
<i>Fraudulent orders and invoices to the amount of R1 649 120 and payment of R28 000 withheld.</i>			
14.3 Staff debt	<i>14</i>		
Debt accounts		319	220
Total		319	220
<i>Various employee debts.</i>			
14.4 Other debtors	<i>14</i>		
Ex-employees		324	416
Suppliers		4 822	4 903
Clearing accounts		(79)	11
Non-employees		193	-
Total		5 260	5 330
14.5 Fruitless and wasteful expenditure	<i>14</i>		
Opening balance		-	-
Less amounts recovered		2	25
Less amounts written off		-	-
Transfers from note 28 Fruitless and Wasteful expenditure		(2)	(25)
Total		-	-
14.6 Impairment of receivables			
Estimate of impairment of receivables		6 983	6 794
Total		6 983	6 794

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
15 Investments			
Non-Current			
Shares and other equity			
Telkom SA Limited		2 070 381	2 070 381
South African Post Office Limited		5 217 116	693 116
Sentech (Pty) (Ltd)		1	1
Vodacom Group Limited		3 743	3 743
Total		7 291 241	2 767 241
Total non-current		7 291 241	2 767 241
 Analysis of non-current investments			
Opening balance		2 767 241	2 767 241
Disposals for cash		-	-
Non-cash movements		4 524 000	-
Closing balance		7 291 241	2 767 241
<i>SAPO issued additional shares to Government worth R4 524 billion .</i>			
 16 Loans			
Public corporations		1 351 130	1 351 130
Total		1 351 130	1 351 130
 Analysis of Balance			
Opening balance		-	-
Transferred		1 351 130	1 351 130
Closing balance		1 351 130	1 351 130
<i>The loan was transferred from Public Enterprises in terms of section 42 of the Public Finance Management Act and relates to BBI.</i>			
 17 Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		341 720	105 156
Transfer from statement of financial performance		282 322	341 720
Add: Unauthorised expenditure for current year		-	-
Paid during the year		(341 720)	(105 156)
Closing balance		282 322	341 720

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		2017/18 R'000	2016/17 R'000
18	Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		
	Opening balance	4	50
	Transfer from Statement of Financial Performance	1 141 106	831 411
	Paid during the year	(1 141 094)	(831 457)
	Closing balance	16	4
19	Payables - current		
	Clearing accounts	19.1	1
	Other payables	19.2	19
	Total	216	20
19.1	Clearing accounts	19	
	Salary deductions	-	1
	Leave days to be utilised for departmental debt	-	-
	Travel and subsistence	-	-
	State guarantee	-	-
	Total	-	1
19.2	Other payables	19	
	Income tax due to SARS	197	
	Supplier invoices - legal dispute	19	19
	Total	216	19
20	Net cash flow available from operating activities		
	Net surplus/(deficit) as per Statement of Financial Performance	1 423 428	1 173 131
	Add back non cash/cash movements not deemed operating activities	(2 323 659)	(1 757 852)
	(Increase)/decrease in receivables – current	(324)	(154)
	(Increase)/decrease in prepayments and advances	(4141)	593
	Increase/(decrease) in payables – current	196	(164)
	Proceeds from sale of assets	(713)	-
	Proceeds from sale of investments	(846 603)	(830 813)
	Expenditure on capital assets	10 740	9 299
	Surrenders to Revenue Fund	(1 482 814)	(936 613)
	Surrenders to RDP Fund/Donor	-	-
	Net cash flow generated by operating activities	(900 231)	(584 721)

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
21 Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		265 382	329 193
Cash on hand		35	35
Cash with commercial banks (Local)		309	111
Total		265 726	329 339

22 Contingent liabilities and contingent assets

22.1 Contingent liabilities

Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	-	104
Other guarantees		Annex 3A	511 452	4 077 867
Claims against the department		Annex 3B	61 951	89 467
Intergovernmental payables (unconfirmed)		Annex 5	162	43
Total			573 565	4 167 481

The decline under other guarantees is due to R3 7 billion paid by SAPO to banks to settle borrowed funds. The decline under claims against the Department is as a result of R30 million being moved to contingent assets.

22.2 Contingent assets

Nature of contingent asset		
Counter claim submitted	36 077	5 743
Payment of legal costs	-	1 000
SAPO TBVC States loan conversion	-	650 000
Total	36 077	656 743

The amount of R650 million was allocated to SAPO during the 2016/17 financial year for recapitalization to implement its turnaround strategy. The payment was made as payment for financial assets and SAPO issued shares to government.

23 Commitments

Current expenditure	63 722	24 312
Approved and contracted	63 722	24 290
Approved but not yet contracted	-	-
Capital Expenditure	170	189
Approved and contracted	170	189
Total Commitments	63 892	24 479

The commitments are mainly for cleaning and security services, pest control and for BBI SA Connect project and are for more than a year.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

24 Accruals and payables not recognised

			2017/18 R'000	2016/17 R'000
24.1 Accruals	30 days	30+ days	Total	Total
Listed by economic classification				
Goods and services	44	51	95	103
Capital assets	-	-	-	-
Total	44	51	95	103
Listed by programme level				
Administration			40	39
ICT International Affairs and Trade			32	7
Policy Research and Capacity Development			14	49
ICT Enterprise Development and Oversight			1	-
ICT Infrastructure Support			8	8
Total			95	103
24.2 Payables not recognised				
	30 days	30+ days	2017/18 R'000	2016/17 R'000
Listed by economic classification				
Goods and services	3 382	2 138	5 520	4 794
Capital assets	-	-	-	1 285
Total	3 382	2 138	5 520	6 079
Listed by programme level				
Administration			3 865	4 519
ICT International Affairs and Trade			711	244
Policy Research and Capacity Development			654	993
ICT Enterprise Development and Oversight			104	104
ICT Infrastructure Support			186	219
Total			5 520	6 079

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
25 Employee benefits			
Leave entitlement		7 816	8 835
Service bonus (Thirteenth cheque)		4 502	4 311
Performance awards		3 273	2 734
Capped leave commitments		2 554	2 724
Long service awards		125	165
Total		18 270	18 769

Leave entitlement: The leave cycle is from January to December whilst the financial reporting period is from April to March 2018. Officials are entitled to leave as and when required and not as accrued. Others is Long service awards provisions.

26 Lease commitments

26.1 Operating leases expenditure

**For the 2017/18 financial
year**

	Machinery and equipment R'000	Total R'000
Not later than 1 year	803	803
Later than 1 year and not later than 5 years	605	605
Total lease commitments	1 408	1 408

**For the 2016/17 financial
year**

	Machinery and equipment R'000	Total R'000
Not later than 1 year	1 382	1 362
Later than 1 year and not later than 5 years	792	792
Total lease commitments	2 174	2 174

Leases in respect of photocopy machines.

	<i>Note</i>	2017/18 R'000	2016/17 R'000
27 Irregular expenditure			
27.1 Reconciliation of irregular expenditure			
Opening balance		225 992	223 377
Prior period error		-	-
As restated		225 992	223 377
Add: Irregular expenditure - relating to prior year		-	-
Add: Irregular expenditure - relating to current year		228	2 615
Less: Amounts condoned		-	-
Irregular expenditure awaiting condonation		226 220	225 992

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
Analysis of awaiting condonation per age classification			
Current year		228	2 615
Prior years		225 992	223 377
Total		226 220	225 992
<i>A complete irregular expenditure register exist with detail information with regard to the above.</i>			
27.2 Details of irregular expenditure - current year		2017/18	
	Disciplinary steps taken/	R'000	
Incident	criminal proceedings		
HR procedure not followed.	In process	159	
Procurement procedures not followed	In process	9	
Procurement procedure not followed	In process	3	
Procurement procedure not followed	In process	57	
Total		228	
27.3 Details of irregular expenditure - under investigation current year		2017/18	
Incident		R'000	
Procurement process still being investigated		3 017	
		3 017	
28 Fruitless and wasteful expenditure	Note	2017/18	2016/17
		R'000	R'000
28.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		11 973	11 983
Prior period error		-	-
As restated		11 973	11 983
Fruitless and wasteful expenditure – relating to current year		15	16
Less: Amounts resolved		(15)	(1)
Less: Amounts transferred to receivables for recovery	14.5	(2)	(25)
Closing balance		11 971	11 973
28.2 Analysis of awaiting resolution per economic classification			
Current		11 971	11 973
Total		11 971	11 973

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

28.3 Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	Note	2017/18 R'000
Traffic fines	In process		1
No Shows	In process		14
Total			15

A complete fruitless and wasteful expenditure register exists with detailed information with regard to the above.

29	Key management personnel	No. of Individuals	2017/18 R'000	2016/17 R'000
	Political office bearers (provide detail below)	3	4 993	4 970
	Officials:			
	Level 15 to 16	10	15 311	14 081
	Level 14	6	8 103	7 349
	Total		28 407	26 400

30	Impairment: other		
	Other	-	-
	Total	-	-

31 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	70 872	-	4 728	9 097	66 503
Transport assets	4 732	-	1 926	2 481	4 177
Computer equipment	33 114	-	2 234	5 656	29 692
Furniture and office equipment	13 442	(41)	319	206	13 514
Other machinery and equipment	19 584	41	249	754	19 120
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	70 872	-	4 728	9 097	66 503

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	Total R'000
MACHINERY AND EQUIPMENT	4 728	-	4 728
Transport assets	1 926	-	1 926
Computer equipment	2 234	-	2 234
Furniture and office equipment	319	-	319
Other machinery and equipment	249	-	249
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4 728	-	4 728

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash R'000	Non-cash disposals R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	4 702	4 395	9 097	713
Transport assets	2 481	-	2 481	641
Computer equipment	2 078	3 578	5 656	22
Furniture and office equipment	6	200	206	1
Other machinery and equipment	137	617	754	149
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	4 702	4 395	9 097	713

31.3 Movement for 2016/17

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	70 857		5 098	5 083	70 872
Transport assets	4 732	-	-	-	4 732
Computer equipment	33 670	-	3 769	4 325	33 114
Furniture and office equipment	12 920	-	967	454	13 442
Other machinery and equipment	19 535	-	353	304	19 584
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	70 857	-	5 098	5 083	70 872

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	7	10 850	10 857
Additions	6	134	140
Disposals	-	1 509	1 509
TOTAL MINOR ASSETS	13	9 475	9 488

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	133	133
Number of minor assets at cost	2	3 884	3 884
TOTAL NUMBER MINOR ASSETS	2	4 017	4 019

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	7	11 385	11 392
Prior period error	-	-	-
Additions	-	72	72
Disposals	-	607	607
TOTAL MINOR ASSETS	7	10 850	10 857

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	142	142
Number of minor assets at cost	3	4 371	4 574
TOTAL NUMBER MINOR ASSETS	3	4 513	4 516

31.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2018

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Assets written off	-	24	24
TOTAL MOVABLE ASSETS WRITTEN OFF	-	24	24

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2017

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Assets written off	-	79	79
TOTAL MOVABLE ASSETS WRITTEN OFF	-	79	79

32 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	6 722	6 012	4 933	7 801
Patent Licences Copyright Brand names				
Trademarks	369	-	-	369
TOTAL INTANGIBLE CAPITAL ASSETS	7 091	6 012	4 933	8 170

32.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	Total R'000
Software	6 012	-	6 012
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	6 012	-	6 012

32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
Software	4 933	4 933	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	4 933	4 933	-

32.3 Movement for 2016\17

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	2 807	4 201	286	6 722
Patents licences copyright brand names				
trademarks	369	-	-	369
TOTAL INTANGIBLE CAPITAL ASSETS	3 176	4 201	286	7 091

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

33 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	18	-	-	18
Non-residential buildings	18	-	-	18
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	18	-	-	18

33.1 Movement for 2016/17

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	18	-	-	-	18
Non-residential buildings	18	-	-	-	18
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	18	-	-	-	18

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

34 Related party relationships

34.1 Investment entities: Telkom SA Limited; South African Post Office Limited; Vodacom Group Limited; Broadband Infraco; SITA and SENTECH.

34.2 Other: Universal Service and Access Agency of South Africa; Universal Service and Access Fund; National Electronic Media Institute of South Africa; .ZA Domain Name Authority and DPW.

2017/18

R'000

35 Non-adjusting events after the reporting date

In the 2018/19 Financial year there is a likelihood that the Department will be part of a proclamation for reorganisation of state and will need to comply with section 42 of the PFMA.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

36 TRANSFER OF FUNCTIONS

None

		Bal per dept 2016/17 AFS before transfer	Functions per dept transferred	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2016/17 Bal after transfer
		2016/17	2016/17	2016/17	2016/17	2016/17
	Note	R'000	R'000	R'000	R'000	R'000
36.1 Statement of Financial Position						
ASSETS						
Current Assets		337 435	-	-	-	337 435
Unauthorised expenditure	10	4 741	-	-	-	4 741
Cash and cash equivalents	11	329 339	-	-	-	329 339
Prepayments and advances	13	3 132	-	-	-	3 132
Receivables	14	223	-	-	-	223
Non-Current Assets		4 125 435	-	-	-	4 125 435
Investments	15	2 767 241	-	-	-	2 767 241
Receivables	14	6 964	-	-	-	6 964
Loans	16	1 351 130	-	-	-	1 351 130
Other financial assets	12	100	-	-	-	100
TOTAL ASSETS		4 462 870	-	-	-	4 462 870
LIABILITIES						
Current Liabilities		341 744	-	-	-	341 744
Voted funds to be surrendered to the Revenue Fund	17	341 720	-	-	-	341 720
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	4	-	-	-	4
Payables	19	20	-	-	-	20
TOTAL LIABILITIES		341 744	-	-	-	341 744
NET ASSETS		4 121 126	-	-	-	4 121 126

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

		Bal per dept 2016/17 AFS before transfer	Functions per dept transferred	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2016/17 Bal after transfer
		2016/17	2016/17	2016/17	2016/17	2016/17
	Note	R'000	R'000	R'000	R'000	R'000
36.2 Disclosure Notes						
Contingent liabilities	22.1	4 450 500	-	-	-	4 450 500
Contingent assets	22.2	6 743	-	-	-	6 743
Commitments	23	24 479	-	-	-	24 479
Accruals	24	103	-	-	-	103
Payables not recognised	24	6 079				6 079
Employee benefits	25	18 779	-	-	-	18 779
Lease commitments - operating lease	26	2 174	-	-	-	2 174
Irregular expenditure	27	225 984	-	-	-	225 984
Fruitless and wasteful expenditure	28	11 973	-	-	-	11 973
Impairment	14.6	6 794	-	-	-	6 794
Movable tangible capital assets	31	70 872	-	-	-	70 872
Immovable tangible capital assets	33	18	-	-	-	18
Intangible capital assets	32	7 091	-	-	-	7 091

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32							
NOTES TO THE ANNUAL FINANCIAL STATEMENTS							
for the year ended 31 March 2018							
37. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES							
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
*City of Tshwane	-	-	-	-	13	-	-
*Cape Town	-	-	-	-	1	-	-
Total	-	-	-	-	14	-	-
*Vehicle licence fees fines and penalties.							

<p style="text-align: center;">TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018</p>							
<p style="text-align: center;">ANNEXURE 1A STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS</p>							
	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
DEPARTMENT/AGENCY/ACCOUNT							
Universal Service and Access Agency of South Africa: Operations	75 684	-	-	75 684	75 684	100%	69 045
Universal Service and Access Fund: Operations	54 614	-	-	54 614	54 614	100%	55 156
Universal Service and Access Fund: BDM project management	79 098	-	-	79 098	79 098	100%	589 384
National Electronic Media Institute of SA: Operations	43 785	-	-	43 785	43 785	100%	77 200
National Electronic Media Institute of SA: INESI	42 000	-	-	42 000	42 000	100%	-
ISETT SETA (Skills development levy)	-	-	-	-	-	-	-
SABC - TV Licenses	-	-	-	-	-	-	4
Total	295 181	-	-	295 181	295 181		790 789

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 1B
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2016/17
	Adjusted appropria- tion Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Capital R'000	Current R'000	
Public corporations									
Transfers	246 000	-	-	246 000	246 000	100.0%	246 000	-	-
Sentech: Digitisation migration- Capital	53 000	-	-	53 000	53 000	100.0%	53 000	-	-
Sentech: Dual Illumination Capital	193 000	-	-	193 000	193 000	100.0%	193 000	-	-
Subsidies	240 000	-	-	240 000	240 000	100.0%	-	240 000	240 000
SA Post Office Ltd	240 000	-	-	240 000	240 000	100.0%	-	240 000	240 000
Sub-total: Public corporations	486 000	-	-	486 000	486 000	100.0%	246 000	240 000	240 000
Private enterprises									
Transfers	-	-	-	-	-	-	-	-	51
Claims against the state - various	-	-	-	-	-	-	-	-	51
Subsidies	-	-	-	-	-	-	-	-	-
Sub-total: Private enterprises	-	-	-	-	-	-	-	-	51
TOTAL	486 000	-	-	486 000	486 000	100.0%	246 000	240 000	240 051

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENTS / INTERNATIONAL ORGANISATIONS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
*African Telecommunications Union (ATU)	1 091	-	(85)	1 006	1 006	100%	1 044
*Universal Postal Union (UPU)	5 228	-	294	5 522	5 522	100%	5 960
*Pan African Postal Union (PAPU)	1 003	-	28	1 031	1 031	100%	1 033
*International Telecommunications Union (ITU)	16 312	-	504	16 816	16 816	100%	17 581
*Commonwealth Telecommunication Organisation (CTO)	416	-	11	427	426	100%	352
Organisation for Economic Cooperation and Development	482	-	(323)	159	158	99%	166
DONA Foundation	1 000	-	5	1 005	1 005	100%	-
Total	25 532	-	434	25 966	25 964		26 136

*National Treasury approval obtained to increase transfer payments to international organisations in terms of section 43(1) of the Public Finance Management Act and 6.3.1(a) of the Treasury Regulations.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32							
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS							
for the year ended 31 March 2018							
ANNEXURE 1D							
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS							
NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2016/17	
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Universal Postal Union	-	-	-	-	-		25
Total	-	-	-	-	-		25

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32							
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS							
for the year ended 31 March 2018							
ANNEXURE 1E							
STATEMENT OF TRANSFERS TO HOUSEHOLDS							
HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
H/H EMPL S/BEN:LEAVE GRATUITY	-	-	-	-	1 240		317
H/H: PMT/REFUND&REM-ACT/GRCE	-	-	-	-	42		36
H/H: CLAIMS AGAINST THE STATE (CASH)	-	-	-	-	447		-
* H/H: DONATIONS GIFTS AND SPONSORSHIPS	-	-	-	-	43		122
Total	-	-	-	-	1 772		475

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 1F
STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Received in cash			
None			
Subtotal		-	-
Received in kind			
<u>2016/17 Financial year</u>			
.zaDNA	Main sponsor for conference package during the Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - R735 211.02	-	735
Broadband Infraco	Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - sponsored 300 bags	-	-
HUAWEI Technologies SA	Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - Networking Cocktail dinner - R211 903.00	-	211
HUAWEI Technologies SA	Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - Router & Power Banks = R112 582.98	-	112
GOOGLE SA	Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - sponsored Equipment for Internet Café = R300 515.58	-	300
ZACR	Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - sponsored Delegate transportation = R165 000.00	-	165
eThekwin Municipality	Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - sponsored Opening /Gala Dinner = R500 000.00	-	500

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 1F
STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS RECEIVED (continued)

NAME OF ORGANISATION	NATURE OF GIFT DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
ZACR & .zaDNA	Hosting of the 5th African Internet Governance Forum 16-18 October 2016 - sponsored Closing Dinner = R100 000.00	-	100
Innovation Africa Ministerial Summit 2016 - Africa Brains	An official was sponsored for economy flight ticket (\$1 108/R14 736.40) & hotel accommodation in Nairobi (\$1 040/R13 832) at this meeting	-	29
International Centre for Trade and Sustainable Development	e-Commerce Conference in Cape Town est. Valued R5 500.00 (flights and accommodation) 22-23 March 2017	-	5
The Internet Society	Internet Engineering Task Force Meeting 26 to 31 March 2017 Chicago Illinois - 3 officials - sponsorship of economy class flight ticket hotel accommodation and a per diem of \$300 (\$75 per day)	-	-
African Union Commission (AUC)	Main sponsor for a full day conference package during the hosting of the AU-SADC Validation Workshop 23-24 March 2017 = R22 500.00	-	23
Broadband Infraco	Hosting of the AU-SADC Validation Workshop 23-24 March 2017 sponsored 50 bags in kind	-	-
ICASA	Hosting of the AU-SADC Validation Workshop 23-24 March 2017 - 40 gift bags with ICASA promotional items sponsored kind valued at R4500.00	-	5
2017/18 Financial year			
ICASA	Hosting of the SADC SCOM meeting 19-22 June 2017 - 20 gift bags 20 conference diaries and 20 memory sticks as ICASA promotional items	-	-
Huawei	Sponsored training Seminar by Huawei: Construction and development of submarine optical cable for Asian and "Maritime Silk road" countries 20 June – 10 July China (Huawei covered the cost of flights accommodation and daily allowance of ¥ 87 per day)	-	-
Huawei	Sponsored training Seminar by Huawei: Seminar on Safe City Development for African English speaking Countries 7 – 27 June China (Huawei covered the cost of flights accommodation and daily allowance of ¥ 87 per day)	-	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 1F
STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS RECEIVED (continued)

NAME OF ORGANISATION	NATURE OF GIFT DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Vodacom	Sponsored Ministerial Roundtable working dinner on 5 September 2017	250	
China Telecom Global	Sponsored training Seminar by China Telecom Global: Development of Information and Telecommunication Technology for Developing Countries 10 July - 8 August 2017 (China Telecom covered the cost of flights accommodation and daily allowance of ¥ 80 per day)	-	
Subtotal		250	2 185
TOTAL		250	2 185

<p>TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32</p> <p>ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS</p> <p>for the year ended 31 March 2018</p> <p>ANNEXURE 1G</p> <p>STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS MADE</p>			
NATURE OF GIFT DONATION OR SPONSORSHIP	2017/18	2016/17	
	R'000	R'000	
Made in kind			
During the 2016/17 financial year:			
None	-		
During the 2017/18 financial year:			
None	-		

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32												
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS												
for the year ended 31 March 2018												
ANNEXURE 2A												
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES												
Name of public entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% of shares held		Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
		2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
National/Provincial Public Entity												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	(84 160)	(67 279)	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	(206 802)	656 947	No
¹ Telkom SA Limited	2	39%	39%	207 038 058	207 038 058	-	2 070 381	-	-	3 158 000	3 854 000	No
² South African Post Office Ltd	2	100%	100%	693 115 882	693 115 879	5 217 116	693 116	5 217 116	693 116	(916 983)	(986 852)	No
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	(5 006)	(1 538)	No
³ Sentech (Pty) Ltd	3B	100%	100%	2 000	2 000	75 892	75 892	1 920 014	1 767 472	152 792	104 153	No

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32												
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS												
for the year ended 31 March 2018												
ANNEXURE 2A												
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES (continued)												
Name of public entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% of shares held		Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
		2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17			
⁴ Vodacom Group Limited	2	0.03%	0.03%	63 658	63 658	-	3 743	-	-	15 562 000	13 126 000	No
Broadband Infraco SOC Limited	2	74%	74%	74	74	74	74	715 987	750 008	(121 473)	(127 460)	No
SITA	3A	100%	100%	1	1	1	1	2 895 203	2 734 486	160 717	160 839	No
TOTAL												
900 219 673 900 219 670 5 293 082 2 843 207 10 748 320 5 945 082 17 699 085 16 718 810												
¹ Comprised of 207 038 058 shares @ R10 per share.												
² Comprised of 693 115 879 shares @ R1 per share. (The South African Post Office Ltd issued 287 176 058 shares for the TBVC loan converted to equity and 205 000 000 shares for 2013/14 MTEF fund allocation for the corporatisation of the Postbank as approved by the Minister of Finance on 7 April 2014).												
³ Comprised of 998 shares @ R1 per share.												
⁴ Comprised of 63 658 shares R58.80 per share.												

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 - LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2017 R'000	Guarantees draw downs during the year R'000	Guaranteed payments/cancelled/reduced/released during the year R'000	Revaluations R'000	Closing balance 31 March 2018 R'000	Guaranteed interest for year ended 31 March 2018 R'000	Realised losses not recoverable i.e. claims paid out R'000
LOCAL	Housing	104	104	-	104	-	-	-	-
Standard Bank		104	104	-	104	-	-	-	-
	Subtotal	104	104	-	104	-	-	-	-
	Other								
Standard Bank	South African Post Office Ltd	270 000	270 000	-	270 000	-	-	-	-
ABSA	South African Post Office Ltd	800 000	400 000	400 000	800 000	-	-	-	-
Investec	South African Post Office Ltd	700 000	600 000	100 000	700 000	-	-	-	-
Nedbank	South African Post Office Ltd	800 000	-	800 000	800 000	-	-	-	-
Standard bank	South African Post Office Ltd	900 000	-	900 000	900 000	-	-	-	-
First National Bank	South African Post Office Ltd	500 000	-	500 000	500 000	-	-	-	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 - LOCAL (continued)

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2017 R'000	Guarantees draw downs during the year R'000	Guaranteed payments/cancelled/reduced/released during the year R'000	Revaluations R'000	Closing balance 31 March 2018 R'000	Guaranteed interest for year ended 31 March 2018 R'000	Realised losses not recoverable i.e. claims paid out R'000
Standard Bank	South African Post Office Ltd	86 500				-	86 500	65	
Investec	South African Post Office Ltd	76 000				-	76 000	60	
Nedbank	South African Post Office Ltd	86 500				-	86 500	66	
Standard bank	South African Post Office Ltd	97 000				-	97 000	74	
First National Bank	South African Post Office Ltd	54 000				-	54 000	40	
	Subtotal	4 370 000	1 270 000	2 700 000	3 970 000	-	400 000	305	-
	Total	4 370 104	1 270 104	2 700 000	3 970 104	-	400 000	305	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 - LOCAL (continued)

GUARANTOR INSTITUTION	Guaranteee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw downs during the year	Guaran- teed re- payments/ cancelled/ reduced/ released during the year	Revalua- tions	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Telkom SA Ltd	Other Natexis Banque Natexis Banque	-	-	-	-	-	-	-	-
		252 891	107 865	-	-	3 280	111 145	2	
		252 891	107 865	-	-	3 280	111 145	2	
		4 623 099	1 378 073	2 700 000	3 970 208	3 280	511 145	307	-
Subtotal		252 891	107 865	-	-	3 280	111 145	2	-
Total		4 623 099	1 378 073	2 700 000	3 970 208	3 280	511 145	307	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018						
ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018						
NATURE OF LIABILITY	Opening balance 1 April 2017 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2018 R'000	
Claims against the Department						
Possible legal claim	600	-	600	-	-	-
Possible legal claim	37 039	2 111	-	-	39 150	-
Possible legal claim	5 286	321	-	-	5 607	-
Possible legal claim	10 289	754	-	-	11 043	-
Possible legal claim	20	-	20	-	-	-
Possible legal claim	20	-	20	-	-	-
Possible legal claim	30 000	-	30 000	-	-	-
Possible legal claim	20	-	20	-	-	-
Possible legal claim	20	-	20	-	-	-
Possible legal claim	30	-	30	-	-	-
Possible legal claim	300	-	300	-	-	-
Possible legal claim	5 843	308	-	-	6 151	-
TOTAL	89 467	3 494	31 010	-	61 951	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32									
ANNEXURE 4									
CLAIMS RECOVERABLE									
	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18*		
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date up to six (6) working days after year end	Amount	
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	
GOVERNMENT ENTITY									
DEPARTMENTS									
Rural Development	-	7	-	-	-	-	-	-	-
Office of the Chief Land Claims Commissioner	-	9	-	-	-	-	-	-	-
SITA	300	-	-	-	300	-	-	-	-
Total	300	16	-	-	300	16			-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18*	
							Payment date up to six (6) working days before year end	Amount
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000		R'000
GOVERNMENT ENTITY								
DEPARTMENTS								
Current								
SAPS	38	-	-		38	-	-	-
Correctional Services	82				82	-		
Limpopo Pro Gov:Public Works Road & Infrastructure	3				3	-		
DOC	33				33	-		
Department of Transport and Public Works	6				6	-		
IPID					-	43		
TOTAL INTERGOVERNMENTAL	162	-	-	-	162	43		

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018					
ANNEXURE 6					
INVENTORY	Note	2017/18		2016/17	
		Quantity	R'000	Quantity	R'000
Inventory					
Opening balance		11	1	238	15
Add/(Less): Adjustments to prior year balances		-	-	-	-
Add: Additions/Purchases - Cash		91	212	10	9
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		(91)	(212)	(23)	(9)
Add/(Less): Adjustments		(7)	(1)	(214)	(14)
Closing balance		4	-	11	1

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 8A
INTER-ENTITY ADVANCES PAID (note 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
International Relations and Cooperations	2 182	-	-	2 928	2 182	2 928
Subtotal	2 182	-	-	2 928	2 182	2 928
PUBLIC ENTITIES						
Broadband Infraco	4 900				4 900	-
Subtotal	4 900	-	-	-	4 900	-
TOTAL	7 082	-	-	2 928	7 082	2 928









**telecommunications
& postal services**

Department:
Telecommunications and Postal Services
REPUBLIC OF SOUTH AFRICA

Department of Telecommunications and Postal Services

iParioli Office Park
1166 Park Street
Hatfield
Pretoria
0001

Private Bag X860
Pretoria
0001

Tel: +27.12.427.8000
www.dtps.gov.za

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