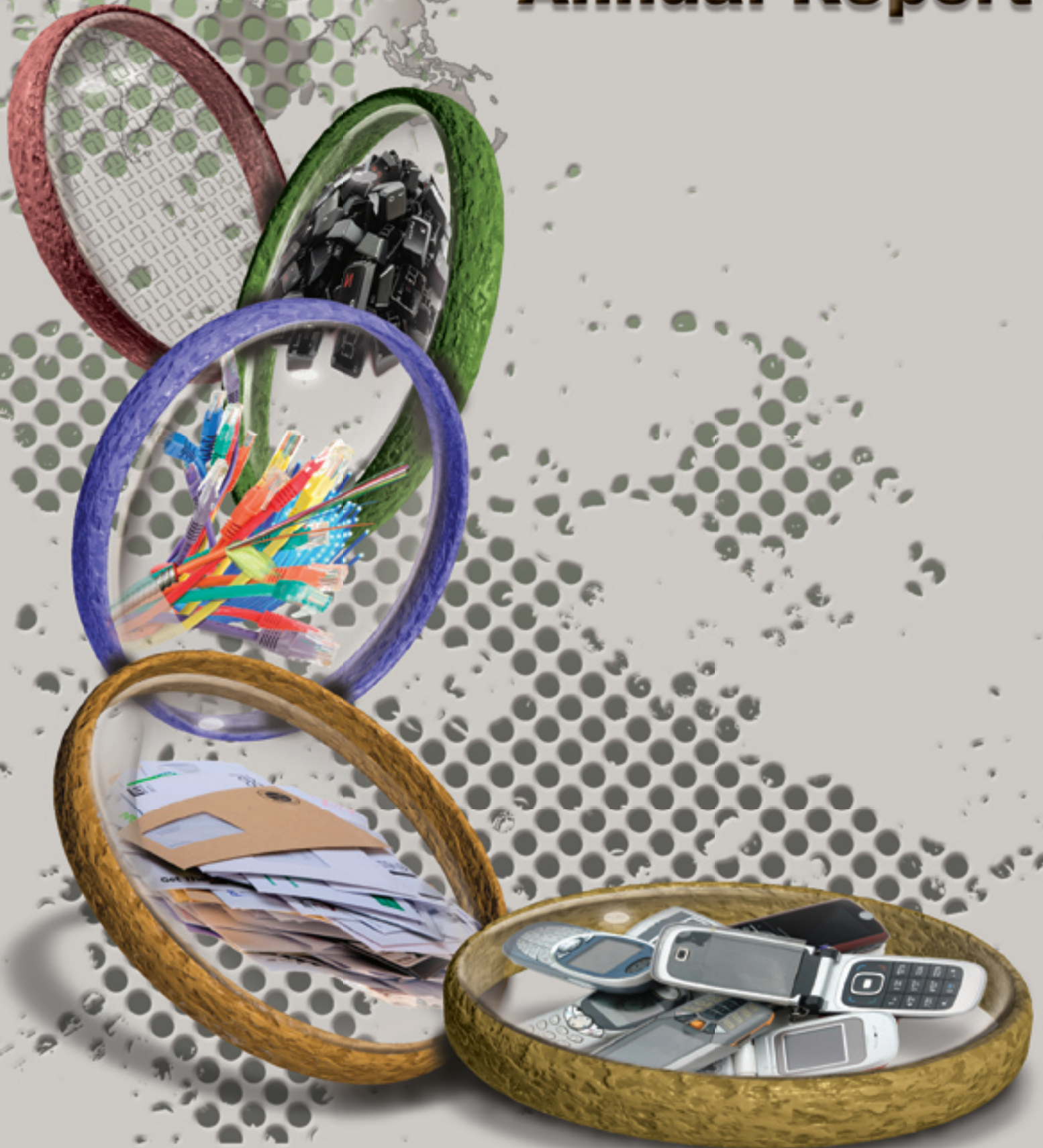


2013 / 2014

# Annual Report





I have the honour of submitting the  
2013/14 Annual Report of the Department of Communications  
in terms of the Public Finance Management Act, 1999



ROSEY SEKESE  
Director General  
31 August 2014





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ROSEY SEKESE  
Director General  
31 August 2014



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# PART: A GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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**2. LIST OF ABBREVIATIONS/ACRONYMS**

A+	CompTIA
AC	Audit Committee
AG	Auditor-General
AGSA	Auditor General of South Africa
AIDS	Acquired Immune Deficiency
APP	Annual Performance Plan
ASC	Audit Steering Committee
AU	African Union
AUC	African Union Commission
BBBEE	Broad-Based Black Economic Empowerment
BDM	Broadband Digital Migration
BEE	Black Economic Empowerment
BNC	Building and Construction Network
BRICS	Brazil, Russia, India, China & South Africa
CA	Council of Administration
CEOs	Chief Executive Officers
CFO	Chief Financial Officer
CINX	Cape Town Internet National Exchange
CIT	Communication and Information Technology
CITMC	African Union Conference of Ministries in charge of Communication and Information Technologies
CSF	Company Secretaries Forum
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CSIRT	Council for Scientific and Industrial Research
DAC	Department of Arts & Culture
DBAC	Departmental Bids Adjudication Committee
DCA	Dot Connect Africa
DDG	Deputy Director-General
DEC	Departmental Executive Committee
DINX	Durban Internet National Exchange
DIRCO	Department of International Relation and Cooperation
DoC	Department of Communications
DPSA	Department of Public Service and Administration
DST	Department of Science and Technology
DTT	Digital Terrestrial Television
DVB	Digital Video Broadcasting
DVD	Digital Video Disk
EAP	Employee Assistance Program
ECA	Electronic Communications Act
ECT	Electronic Communications and Transactions Act
ENE	Estimates of National Expenditure
e-SI	e-Skills Institute
etc	Et cetera
EU	European Union
EXCO	Executive Committee
FET	Further Education and Training
FOSS	Frees open source software
FTA	Free Trade Agreement



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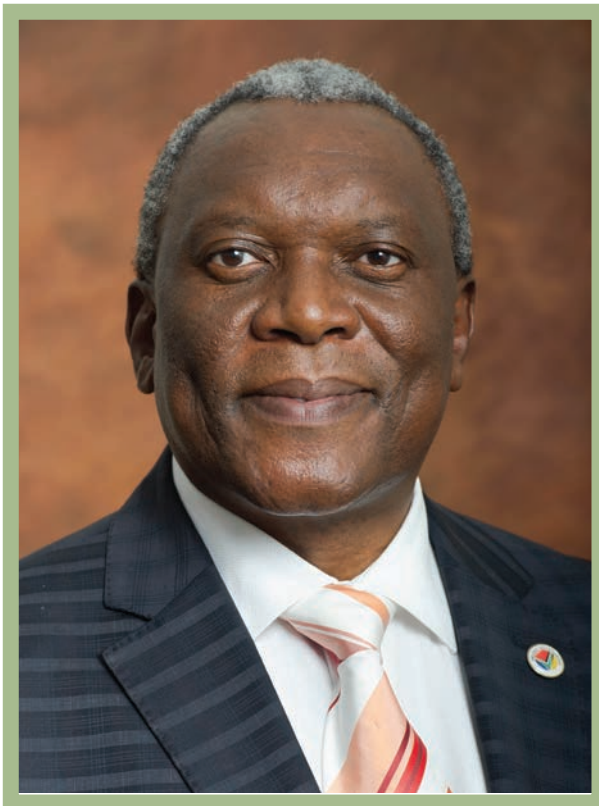
G3	Generation 3
GE06	Geneva 06
GHs	Giga Hertz
GIS	Geographic Information System
GINX	Grahamstown Internet National Exchange
HCT	Hematocrit
HDI	Historically Disadvantaged Individual
HIV	Human Immunodeficiency Virus
HOA	Home Owners Allowance
HOD	Head of Department
HR	Human Resource
HRM	Human Resource Management
IBSA	India, Brazil and South Africa
ICANN	Internet Cooperation for Assigned Names and Numbers
ICASA	Independent Communications Authority of South Africa
ICDL	International Computer Driving Licence
ICT	Information Communications and Technology
ICTs	Information Communications and Technologies
IDP	Integrated Development planning
IGR	Intergovernmental Relations
IPTV	Internet Protocol Television
ISAD	Information Society and Development
ISPA	Internet Service Provider's Association
IT	Information Technology
ITRs	International Telecommunications Regulation
ITU	International Telecommunications Union
IXPs	Internet Exchange Points
JCPS	Justice, Crime Prevention and Security
JINX	Johannesburg Internet National Exchange
KZN	Kwa-Zulu Natal
Ltd	Limited
MEC	Member of Executive Council
MHz	Mega Hertz
Mols	Memorandum of Instructions
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NCAC	National Cybersecurity Advisory Council
NDP	National Development Plan
NDR	National Digital Repository
NEMISA	National Electronic Media Institute of South Africa
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
PAPU	Pan African Postal Union
PFMA	Public Finance Management Act
PIDA	Project of Infrastructure Development in Africa
PMO	Project Management Office
PNC	Presidential National Commission
POC	Programme of Cooperation
PSC	Public Service Commission
PSCBC	Public Service Commission Bargaining Council

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RIXP	Regional Internet Exchange Point
RMC	Risk Management Committee
RSA	Republic of South Africa
SA	South Africa
SABC	South African Broadcasting Corporation
SABS	South African Bureau of Standards
SADC	South African Development Community
SAPO	South African Post Office
SAPS	South African Police Service
SBD	Standard Bidding Document
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SG16	Study Group 16
SIP15	Strategic Integrated Project -15
SRII	SADC Regional Information Infrastructure
SITA	State Information Technology Agency
SMME	Small Medium Micro Enterprise
SMMEs	Small Medium Micro Enterprises
SMS	Senior Management Service
SOC	State Owned Company
SOCs	State Owned Companies
SOEs	State Owned Enterprises
SOS	Scheme for Ownership Support
STB	Set Top Boxes
TB	Tuberculosis
TMM	Top Management Meeting
ToR	Terms of Reference
TR	Treasury Regulations
TV	Television
UHF	Ultra-high Frequency
UNECA	United Nations Economic Commission for Africa
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Fund
UWC	University of Western Cape
VC's	Vice Chairpersons
WAN	Wide Area Network
WCIT	World Conference International Telecommunications
WEF	World Economic Forum
WSIS	World Summit on the Information Society
WTSA	World Telecommunication Standardization Assembly
WRC	World Radio Conference
.za DNA	Domain Name Authority
.ZACR	.za Central Registry

3. FOREWORD BY THE MINISTER



Bandwidth is the lifeblood of the knowledge society, but it is scarce as it is most necessary to building a thriving, knowledge-driven economy. The unemployment rate in the country remains critically high, and the shrinking pool of critical skills is further adding to the rate of unemployment, especially among the youth. UN studies show that an increase in bandwidth has a direct impact on the increase in a country's GDP and economic growth. Better connectivity offers us the opportunity to transform our economy for the better, it enables us to wean ourselves off the reliance on traditional, low productivity activity and weak growth outlook, to more advanced activities that can sustain higher wages, create new employment streams and maximise other social benefits of new technologies.

I am opening with this overview in order to give a perspective on the challenge we face of creating new streams of economic activity, through a thriving ICT environment. In the last financial year, the Department undertook two major projects that seek to set the country on this path set out above: the ICT Policy Review Process and a National

Broadband Policy. Running parallel with these two processes is the digitisation of our broadcasting environment, through the Broadcast Digital Migration process. A new ICT Policy regime has been long overdue. The last time the country undertook such a process was twenty years ago, when the country moved into democratic era. In those days the sector was sharply divided into telecommunications (largely dominated by Telkom), Postal (dominated by the South African Post Office), and broadcasting, which was dominated by the SABC. There was a need to increase capacity in all three, to allow the entrant of new operators and to make the environment competitive. In twenty years a lot has changed, and the interface of technologies has led the country to an inevitable policy conundrum. I am glad that the Department has moved swiftly to tackle the widening gaps in policy, and the new financial year we look forward to a renewed policy environment, and a sector reinvigorated by the injection of a new regulatory regime.

On the international stage we have always recognised and acknowledged a need for regional economic integration, and the need for improved connectivity to help address the long-standing problem of lack of growth of not only our region, SADC, but the continent as a whole. The limited market power of many smaller countries in Africa, most of which were a creation of arbitrary segregation by colonial powers, is a well documented problem. We are taking part and playing a major role in a variety of regional, continental and international bodies in order to address first the problem of poor cross-border communication, and ultimately infrastructure for economic activity. More directly, low cost connectivity is needed for Africa to exploit the many opportunities for business process outsourcing, which has become a reality in South Africa.

Telecommunications usage has reached a boom, but this is mainly from mobile phone users. Internet usage is still very low, mainly because of the well-documented problem of high costs of telephony. The Department has worked hard in the last financial year with the mobile sector to drop the costs to communicate, however this needs to extend to the rest of the environment. The relatively high costs have been due to the high cost of international connections to the global telecommunication backbone, due to a lack of international optic fibre infrastructure, combined with a lack of competitively provided local services. We have begun to push back on this, and we now have several undersea cables that have landed on our shores, and that are due to land in the future. This has been enabled by the enabling policy environment. We are soon going to reap the benefits of this. With limited international connectivity,

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

there was little incentive to build national and regional backbones to carry traffic to where it is needed.

The DG in her report expands at length on the achievements of this financial year, and I would like to point out that the driving imperative is to move South Africa forward through achievement of the goals of rural development, achieving economic growth, building a healthier society, improving our education and creating jobs.

We remain committed to:

- Building an inclusive society and bridging the digital divide.
- Roll out infrastructure to achieve 100% broadband access by 2020.
- Progressive Development of e-governance to improve service delivery to our people.
- Extending financial services to the underserved and unbanked through the Post Bank.
- Increase our international ranking and competitiveness in terms of access to ICT and lowering of costs.
- Improving the culture of good governance in our Department and entities.

I therefore salute the DG, her management team and the staff of the Department in achieving such commendable milestones as this Annual Report testifies. It is only through hard work and focusing on our goals, that we will achieve the total social and economic freedom of our people.



**HON. DR SIYABONGA CWELE, MP**  
**MINISTER OF COMMUNICATIONS**

### 4. STATEMENT BY THE DEPUTY MINISTER



The ultimate goal of Government is to achieve seamless service delivery to our citizens, to enable them to access services anytime, anywhere, 24-hours-a-day, seven-days-a-week, throughout the year. This goal is embraced by all spheres of Government, at all levels. Thus, all of us have to do whatever we can within our mandate, to achieve this goal. It is heartwarming therefore to see the efforts that have been made to achieve uniformity of purpose with a National ICT Policy and a National Broadband Policy. By this time next year, when we report back to South Africans, we should be reporting progress that has been realized through these two important steps, towards achieving that goal of seamless access to Government services.

ICT's play an integral role in creating an enabling environment for other spheres and sectors. It is at the heart of strategy, and it is the means by which officials are able to access data that underpins the provision of services. As a result, we are doing a lot of work in the back office, as this report testifies, to enable the securing of the systems which contain citizen information, such

as databases, enterprise applications and the servers which host them.

The role of ICT's in the vision of a single public service is pivotal. But ICT's should not be seen as an end in itself but rather as a means to an end. We must look to the use of ICT's for development and we must ensure that ICT's are used in order to ensure greater access to services by citizens. Through ICT's we can empower public service delivery with the convenience of citizens foremost, right down to the language that the individual speaks. Achieving this level of personalisation should be simple to do with the availability of technology, and it should be done. The message from our citizens, given the number of public services protests in the last financial year, is that we must double our efforts.

Key to fulfilling our role as a Department in this bigger mandate of Government is improving ourselves and paying attention to optimizing the way we do business. This will require us to do the things that we do well, better, and to close the gaps where we have been lacking. One of our weaknesses in the past has been the inability to fill vacant, critical positions, and I am glad that the Department has done better in the last financial year to not only operationalise the new structure, but also to appoint personnel in key positions.

We need to find the right people who bring talent and the appropriate attitude and motivation to the Department. It is equally important to build on our talent base and augment employee training and skills development.

The time is now to make the Department a world class organization, making the Department perform better is essential to achieving the goal of building a Government machinery that our citizens deserve. However, it is essential to keep a close eye on the real function of the organization, and that is to use our influence to employ ICTs to improve public service delivery and to enhance systems in Government. The ground work has been done, and the school connectivity programme is a classic example of what can be achieved. We now have to focus on other Government institutions, such as clinics, police stations, tribal authority offices, among others.

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There are a host of other strategies coming from other arms of Government, and we must familiarize ourselves with these and find synergies with them. The list of these initiatives includes the introduction of next generation transversal systems across all levels of Government. This focus on e-Government measures will support Government and make services easily accessible in a unified, simple manner. We must not, however, lose sight of Department-specific projects, such as the Broadcasting Digital Migration, which we have to accelerate in the new financial year.

While we are presenting this annual report, we are at the beginning of a new strategic cycle that looks at changing the way we do things as a Department. While the focus in the past has been on developing policies that move the sector forward, we are now entering a period where we have to roll our sleeves and implement some of these policies. It is especially so in the area of infrastructure provision. So while we acknowledge work done as contained in this report, we also urge the staff of the Department to focus on optimal implementation of this new, expanded mandate.



**HON. PROF. HLENGIWE BUHLE MKHIZE, MP**  
**DEPUTY MINISTER**

5. REPORT OF THE ACCOUNTING OFFICER



**OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT:**

**IMPORTANT POLICY DECISIONS AND STRATEGIC ISSUES FACING THE DEPARTMENT**

**Broadcasting Digital Migration**

The Broadcasting Digital Migration (BDM) programme remains a strategic issue facing the Department for the upcoming MTEF period.

During the reporting period, the Department proposed amendments to the BDM Policy which was approved by Cabinet on 4 December 2013 and thereafter gazetted on 6 December 2013. The amendments largely relate to the Set Top Box (STB) control system and are aimed at avoiding challenges in implementing the Broadcasting Digital Migration Programme, caused mainly by differences between broadcasters and also between certain STB manufacturers.

As a result, the amended policy states that the use of the STB control system is not mandatory and broadcasters are therefore free to decide whether to use the control system or not. The STBs will, however, have a control system for a

variety of reasons, including the need to protect Government's investment in the subsidised STB market, to protect the South African local electronics industry, to create space for emerging entrepreneurs, to avoid the delays that changing the SABS standard would require and to provide the opportunity for broadcasters to use the control system in future should they choose not to do so now. Furthermore, to avoid subscription broadcasters from unfairly benefiting from the STB control system, Government's investment in the STB control system will be recovered from those subscription broadcasters who choose to make use of it.

The BDM Policy amendments also confirm that the national broadcasting digital signal coverage shall cover 84 percent of the population by March 2014. Areas that may be deemed difficult or uneconomical to reach will be covered by DTH satellite using the DVB-S2 technology. Following stakeholder consultation, the BDM Policy will be finalised in the 2014/15 financial year.

**ICT Policy Review**

The Department hosted a National ICT Policy Colloquium in April 2012 to launch a process to examine and review the policy and regulatory frameworks that apply to telecommunications, broadcasting, postal and e-commerce. This review will lead to the adoption of a White Paper on an Integrated ICT policy Framework for South Africa which will be futuristic, taking into account greater technology and services convergence mainly for ensuring universal service and access to all South Africans.

Following the appointment of an ICT Policy Review Panel, the Department developed the National Integrated ICT Policy Green Paper which was approved by Cabinet in December 2013 and gazetted for public consultation in January 2014. The next step in the broader policy review process will be the issuing of a Discussion Paper for public consultation following the gazetting of a White Paper, which spells out policy positions of Government.

**Broadband**

Although the National Broadband Policy was approved by the Cabinet in June 2010, the Department embarked on developing a revised National Broadband Policy and Broadband Strategy for the country, known as South Africa Connect.

Cabinet approved "South Africa Connect", the National Broadband Policy, Strategy and Plan on 4 December 2013. It was gazetted on 6 December 2013. To meet the national objective of more affordable broadband access for all, South Africa Connect allows for both demand-and supply-side

policy interventions. These are reflected in a four-pronged strategy namely, digital readiness; digital development; digital future; and digital opportunity, which will close the gap between the currently poor status of broadband in the country, and the country's vision of a seamless network that by 2030 will make broadband universally accessible at a cost and quality that meets the needs of citizens, formal and informal business and the public sector.

### **SIGNIFICANT EVENTS THAT HAVE TAKEN PLACE DURING THE YEAR**

#### **Universal Postal Union (UPU) Postal Operations Council (POC) and Extraordinary Session of Council of Administration**

South Africa is a newly elected member of the Council of Administration and the Chair of Committee 3 that deals with Future Strategy. The Extraordinary session discussed the new Rules and Regulations for the Council of Administration, the approved structure and management of the work of the Council, and in accordance with the recommendation of Congress, the session addressed key issues in the UPU Programme and budget to enable the International Bureau and the Postal Operations Council and Council of Administration to begin their work as soon as possible during the Doha Cycle. As a newly appointed Chair of the Future Strategy committee, South Africa has an important role in positioning the country and African region in the postal sector internationally.

#### **2013 Meeting of the SADC Ministers Responsible for Telecommunications, Postal and ICT**

During the reporting period, the Department participated in the SADC Ministers meeting responsible for Telecommunications, Postal and ICT. The key strategic thrust of the Department's participation was to create a favourable ICT environment in the country, region and continent. South Africa's participation contributed towards the consolidation of a unified regional position in the areas of infrastructure development; positioning SADC as an electronic manufacturing hub; providing a confident, secure network infrastructure and services; promoting capacity building, research and development, and promoting the local innovative industrial ICT sector.

#### **International Broadband Policy Workshop**

The former Minister of Communications, Mr. Yunus Carrim, hosted the International Broadband Policy Workshop in November 2013. The aim of the workshop was to benchmark South Africa's draft broadband policy against leading examples of best practice globally. In this regard, sixteen experts from around the world converged in Pretoria to discuss global perspectives on broadband policy, access to underserved/rural areas, licensing, optimising economic impact and funding models, amongst other critical issues.

The Department of Communications, with support from the SA-EU Dialogue Facility, managed to secure experts from the 14 countries including from Brazil, Indonesia, Ghana, New Zealand, Chile, Estonia, as well as, experts from the International Telecommunications Union (ITU) to lead discussions at the workshop. The workshop therefore boasted high profile speakers such as Dr. Ernest Ndukwe, a professional Telecommunications Engineer, currently Chairman of Open media Group in Nigeria; Dr. Tim Kelly, the lead ICT Policy Specialist at the World Bank; Mr. Hishamrudin Mazlan, a Telecommunications Engineer currently working as a Specialist in Broadband Development and Implementation from Malaysia; as well as, Dr. Raul L Katz who has led numerous projects on the Economic Impact of Broadband in the USA, Germany, Switzerland, Senegal and Mexico, amongst others. The workshop informed the finalisation of the broadband policy which was finalised shortly thereafter, and was approved by Cabinet in December 2013.

#### **GSM Association Summit on Digital Inclusion for Southern Africa and 2014 GSM Association Mobile World Congress**

The Ministerial Summit provides an opportunity to reflect on the developmental priorities and initiatives facing the region, in order to build on, and enhance current regional development plans, as well the many dynamic initiatives and trends amongst different stakeholders within the member-states of this region. South Africa's participation is viewed as critical as it sends a message of unified support towards the Regional programme and the critical role of the ICT sector in addressing the digital divide for socio-economic growth and increased knowledge society. Minister participated in the GSMA Ministerial Programme and joined the SADC Roundtable of Ministers in February 2014 as a panellist at the Sub-Saharan Africa Summit. The panel session hosted Ministers of the Southern African Development Community (SADC) region to discuss "The Botswana Communiqué – How regional commitments can accelerate the delivery of mobile broadband".



### **SADC Extraordinary Ministerial Meeting on the SADC Ministerial Postal Strategy**

South Africa has in March 2014 hosted the SADC Extraordinary ICT Ministerial Meeting which deliberated key strategic issues as part of the SADC Regional Indicative Strategic Development Plan (RISDP) and Digital SADC 2027 aimed at promoting ICT usage for regional economic integration whilst adopting a common approach which improves prospects of mainstreaming e-applications. Hosting and participating in the event supported the Government's objective of deepening regional economic integration and intensifying regional infrastructure development. The meeting further positioned SADC as an electronic manufacturing hub; providing a confident, secure network infrastructure and services; promoting capacity building, research and development, and promotion of the local innovative industrial ICT sector.

### **MAJOR PROJECTS UNDERTAKEN OR COMPLETED IN THE YEAR**

#### **ICT Policy Review**

The ICT Policy Review process is aimed at examining and reviewing the policy and regulatory frameworks that apply to telecommunications, broadcasting, postal and e-commerce.

During the reporting period, the Department of Communications established the ICT Policy Review Panel so as to apply their expertise in order to examine and review the functioning of the policy and regulatory framework of telecommunications, broadcasting, postal and e-commerce in South Africa and assess its effectiveness in achieving appropriate policy objectives as well as make recommendations on appropriate Policy and Regulatory frameworks that support the growth and development of the country.

The Department published the ICT Policy Framing Paper which seeks clarity on the vision for the sectors and related objectives and principles that should guide policy determination. In the third quarter of the reporting period, the Department developed the National Integrated ICT Policy Green Paper which was approved by Cabinet in December 2013 and gazetted for public consultation in January 2014, after which public consultation commenced across provinces in the fourth quarter.

During the 2014/15 financial year, the Department plans to issue a Discussion Paper for public consultation which will outline proposals for a policy framework based on submission made in response to the Framing Paper and the Green Paper. This will be followed by the planned gazettement of a White Paper, which spells out policy positions of Government, in the fourth quarter of 2014/15.

#### **Broadband**

During the reporting period, the Department embarked on developing a revised National Broadband Policy and Broadband Strategy for the country, known as South Africa Connect.

A significant achievement within the Broadband programme would be the approval of "South Africa Connect", the National Broadband Policy, Strategy and Plan. South Africa Connect embraces a four-pronged strategy namely, digital readiness; digital development; digital future; and digital opportunity. In the 2014/15 financial year the Department will finalise the implementation plans for each of the four approaches and will facilitate implementation of SA Connect, together with relevant stakeholders, with specific focus on phase one aimed at connecting health centres, schools and police stations. Of significance was the launch of the National Broadband Advisory Council (NBAC) in March 2014, which is made up of technical experts and representatives of the public sector, business, labour and civil society as well as international experts from the International Telecommunication Union and the World Bank. The NBAC will play a significant role in advising the Minister on the implementation of SA Connect.

#### **Broadcasting Digital Migration**

Following Cabinet approval of the proposed amendments to the BDM Policy on 4 December 2013, the policy was then gazetted on 6 December 2013. Since then, the Department has been engaged in extensive stakeholder consultation with regards to the various proposed amendments in the BDM Policy. It is envisaged that the BCM Policy will be finalised in the 2014/15 financial year.

Furthermore, in terms of DTT infrastructure roll-out, through Sentech, the final DTT network rollout target of 84% was reached as at 31 March 2014. The remaining 16% coverage is achieved through a satellite transmission, thus ensuring 100% coverage. To this end, the Satellite transmission platform was launched in September 2013, thus providing 100% geographical and population coverage.

**OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT:  
DEPARTMENTAL RECEIPTS**

Departmental receipts	2013/2014			2012/2013		
	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
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	1 374,373	123	(1 374,250)	1 060,197	206	(1 059,991)
Transfers received	-	-	-	-	381,560	381,560
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	1 669,372	1 710,831	41,459	1 120,758	1 669,331	548,573
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	900	988	88	630	940	(310)
<b>Total</b>	<b>3 044,645</b>	<b>1 711,942</b>	<b>(1 332,703)</b>	<b>2 181,585</b>	<b>2 052,037</b>	<b>(130,168)</b>

The Department does not charge tariffs for goods sold and / or services rendered since the testing facility at ISSA was closed in 2009. The Department does not provide any free services.

The huge undercollection is mainly due to the National Treasury directive issued to the Department not to recognise ICASA's revenue in the Financial Statements in line with Modified Cash Standards. The increase on interest, dividends and rent on land attributed from high dividends declared by Vodacom as anticipated the Department.

**PROGRAMME EXPENDITURE**

The Department has spent 99,6% of its total budget, which is 0,2% less than the previous year's expenditure. The under spending is mainly on transfer payment to South African Broadcasting Corporation for programme production and the transfer payment to the .za Domain Name.

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Programme Name	2013/2014			2012/2013		
	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	212,083	210,443	1,640	196,011	195,959	52
International Affairs	36,664	41,405	(4,741)	47,866	44,190	3,676
Policy Research and Capacity Development	88,965	88,794	171	112,966	113,262	(296)
Broadcasting and Communications Regulations and Support	1 075,010	1 062,749	12,261	1 070,604	1 070,223	381
ICT Infrastructure Support	959,395	959,395	0	227,577	227,577	0
<b>Total</b>	<b>2 372,117</b>	<b>2 362,786</b>	<b>9,331</b>	<b>1 655,024</b>	<b>1 651,211</b>	<b>3,813</b>

### Programme 1: Administration

Programme Name	2013/2014			2012/2013		
	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
Compensation of employees	70,232	70,232	-	65,464	65,424	40
Goods and service	137,815	137,918	(103)	126,725	126,949	(224)
Interest on Land	6	6	-	23	23	-
Payment of financial assets	555	555	-	343	343	-
Provincial and Local Government	9	9	-	5	5	-
Departmental Agencies and Accounts	253	4	249	236	-	236
Public Corporations and Priv Enterprises	47	46	1	-	-	-
Non Profit Institutions	300	300	-	11	11	-
Households	71	71	-	286	286	-
Machinery and Equipment	2723	1,230	1,493	2,918	2,918	-
Software and Intangible assets	72	72	-	-	-	-
<b>Total</b>	<b>212,083</b>	<b>210,443</b>	<b>1,640</b>	<b>196,011</b>	<b>195,959</b>	<b>52</b>

This programme has spent 97,4,% of its adjusted budget in the current financial year as compared to the 99,5% for 2012/13. The under spending is mainly under compensation of employees due to the migration exercise that took place which resulted to the delay in filling the positions. The Department has finalised the migration process and is in the process of filling positions.

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

### Programme 2: ICT International Affairs

Programme Name	2013/2014			2012/2013		
	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
Compensation of employees	12,469	12,469	-	11,293	11,293	-
Goods and service	7,677	7,688	(11)	11,217	11,426	(209)
Foreign Gov and International Orga	16,161	20,902	(4,741)	21,383	21,383	
Non Profit Institutions	-	-	-	3,885	-	3,885
Machinery and Equipment	357	346	11	88	88	
<b>Total</b>	<b>36,664</b>	<b>41,405</b>	<b>(4,741)</b>	<b>47,866</b>	<b>44,190</b>	<b>3,676</b>

The above-mentioned programme has exceeded its adjusted appropriation during the period under review, which was also the challenge experienced in the previous financial year mainly under transfer payment to foreign government and international organisation which emanated from the high exchange rates for membership fees. The department is in process of down-grading the rankings of South Africa in terms of Information Communication Technology. Overspending was also experienced under goods and services for both financial years due to the budget cut by National Treasury. The Department has reprioritise and revised some of the projects.

### Programme 3: Policy, Research and Capacity Development

Programme Name	2013/2014			2012/2013		
	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
Compensation of employees	53,388	53,388	-	56,643	56,643	-
Goods and service	33,507	33,833	(326)	55,562	55,858	(296)
Universities and Technikons				100	100	-
Non Profit Institutions	99	99	-	-	-	
Households	892	892	-	101	101	-
Machinery and Equipment	1,079	582	497	560	560	-
<b>Total</b>	<b>88,965</b>	<b>88,794</b>	<b>171</b>	<b>112,966</b>	<b>113,262</b>	<b>(296)</b>

This programme has under spent its compensation of employees' adjusted budget in the current financial year due to the migration process that was taking. This exercise is finalised and the Department is busy with the filling of the positions, for the previous financial year, this item was in line with the adjusted budget. For current and previous financial year, the department overspent its adjusted budget on goods and service mainly due to budget cut by National Treasury while some projects were still in progress and have to be catered within the limited resources. The department has reprioritised its projects to remain within the limited resources.

**Programme 4: Broadcasting, Communication Regulations and Support**

Programme Name	2013/2014			2012/2013		
	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
Compensation of employees	8,431	8,431	-	8,016	8,016	-
Goods and service	11,134	11,134	-	19,474	19,474	-
Departmental Agencies and Accounts	788,126	786,543	1,583	775,191	775,191	-
Public Corporations and Priv Enterprises	267,120	256,570	10,550	267,790	267,409	381
Non Profit Institutions	-	-	-	100	100	-
Households	2	2	-	-	-	-
Machinery and Equipment	196	69	127	33	33	-
<b>Total</b>	<b>1 075,010</b>	<b>1 062,749</b>	<b>12,261</b>	<b>1 070,604</b>	<b>1 070,223</b>	<b>381</b>

The expenditure for the current financial year was lower than the previous financial year by 1%. The under spending in 2013/14 was mainly under transfers and subsidies due to the transfer payment to South African Broadcasting Corporation for programme production that did not flow due to the integration of National Electronic Media Institute of South Africa (NEMISA) and E-Skills Institute. The integration has been finalised and programme production project will implemented in the 2014/15 financial year.

**Programme 5: ICT Infrastructure Support**

Programme Name	2013/2014			2012/2013		
	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
Compensation of employees	25,162	25,162	-	16,136	16,136	-
Goods and service	398,161	398,469	(308)	42,827	42,827	-
Public Corporations and Priv Enterprises	535,304	535,304	-	165,834	195,834	-
Non Profit Institutions				198	198	-
Households	33	33	-	89	89	-
Machinery and Equipment	735	427	308	2,124	2,124	-
Software and Intangible assets				369	369	-
<b>Total</b>	<b>959,395</b>	<b>959,395</b>	<b>-</b>	<b>227,577</b>	<b>227,577</b>	<b>-</b>

The expenditure for 2013/14 financial year in this programme has increased by 9% as compared to 2012/13 financial year; this is due to the projects that were still in progress from the previous financial year. Expenditure on compensation of employees increased by 20% as compared to the previous financial year, due to the appointments of senior management services (sms) staff members.

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

### VIREMENTS

Virement was affected from all programmes on most of the items to defray/augment excess expenditure, this is mainly due to some savings being realised from different items in different programmes. Virement was in accordance with section 43 (1,2 and 4) of the Public Financial Management Act (PFMA) and was effected as follows:

Virement per programme							
Description	Budget	Expenditure	Variance	Shifting	Virement	Available budget	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>DCM: Administration</b>							
Compensation of employees	78,114	70,233	7,881	(2,226)	(5,655)	70,233	-
Goods and services	136,581	137,918	(1,341)	1,238	-	137,815	(103)
Interest and rent on land	-	6	(6)	6	-	6	-
Payments for financial asset	-	555	(555)	555	-	555	-
Provincial and local governments	-	9	(9)	9	-	9	-
Departmental agencies & accounts	249	4	245	4	-	253	249
Public corporations & priv ent	-	46	(46)	47	-	47	1
Non-profit institutions	-	300	(300)	300	-	300	-
Households	-	71	(71)	71	-	71	-
Machinery and Equipment	1,122	1,230	(108)	-	1,601	2,723	1,493
Software & Intangible assets	-	72	(72)	-	72	72	-
<b>TOTAL</b>	<b>216,066</b>	<b>210,444</b>	<b>5,622</b>	<b>-</b>	<b>(3,982)</b>	<b>212,084</b>	<b>1,640</b>
<b>DCM:ICT International Affairs and Trade</b>							
Compensation of employees	11,944	12,469	(525)	-	525	12,469	-
Goods and services	4,629	7,688	(3,059)	-	3,048	7,677	(11)
Foreign Gov & I International organ	16,161	20,902	(4,741)	-	-	16,161	-
Machinery and equipment	537	346	191	-	(180)	357	11
<b>TOTAL</b>	<b>33,271</b>	<b>41,405</b>	<b>(8,134)</b>	<b>-</b>	<b>3,393</b>	<b>36,664</b>	<b>-</b>
<b>DCM:ICT Policy Development</b>							
Compensation of employees	59,617	53,388	6,229	(6,229)	-	53,388	-
Goods and services	28,269	33,833	(5,564)	5,238	-	33,507	(326)
Non-profit Institutions	-	99	(99)	99	-	99	-
Households	-	892	(892)	892	-	892	-
Machinery and equipment	1,512	582	930	-	(433)	1,079	497
<b>TOTAL</b>	<b>89,398</b>	<b>88,794</b>	<b>604</b>	<b>-</b>	<b>(433)</b>	<b>88,965</b>	<b>171</b>
<b>DCM:ICT Enterprise development</b>							
Compensation of employees	11,723	8,431	3,292	(252)	(3,040)	8,431	-
Goods and services	10,198	11,134	(936)	250	686	11,134	-
Departmental agencies & accounts	788,126	786,543	1,583	-	-	788,126	1,583

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

Virement per programme							
Description	Budget	Expenditure	Variance	Shifting	Virement	Available budget	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Public Corporations & Private	267,120	256,570	10,550	-	-	267,120	10,550
Households	-	2	(2)	2	-	2	-
Machinery and Equipment	1,131	69	1,062	-	(935)	196	127
<b>TOTAL</b>	<b>1,078,298</b>	<b>1,062,749</b>	<b>15,549</b>	<b>-</b>	<b>(3,289)</b>	<b>1,075,009</b>	<b>12,260</b>
<b>DCM:ICT Infrastructure develop</b>							
Compensation of employees	33,597	25,162	8,435	(8,435)	-	25,162	-
Goods and services	385,323	398,469	(13,146)	8,402	4,436	398,161	(308)
Public corporations & priv ent	535,304	535,304	-	-	-	535,304	-
Households	-	33	(33)	33	-	33	-
Machinery and equipment	860	427	433	-	(125)	735	308
<b>TOTAL</b>	<b>955,084</b>	<b>959,395</b>	<b>(4,311)</b>	<b>-</b>	<b>4,311</b>	<b>959,395</b>	<b>-</b>

### ROLL OVERS

A request was made to National Treasury in terms of applicable guidelines to roll-over the unspent funds on machinery and equipment. A roll-over request of R1.4 million was submitted mainly to finalise the implementation of Microsoft software licenses by the Information Technology (IT) section and to pay for assets acquisitions that were not yet delivered by 31 March 2014.

### FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure for the 2013/2014 financial year amounted to R774 thousand. During this financial year fruitless and wasteful expenditure to the amount of R438 thousand were written off and R22 thousand was transferred to receivables for recovery, and was ultimately recovered from the relevant parties. The total amount outstanding on the register as at 31 March 2014 amounted to R12.4 million which also includes previous year's fruitless and wasteful expenditure.

The Policy on the Management of Losses has been reviewed in order to address grey areas and it will be posted in to regular awareness e-mail messages to caution and advise officials about areas of potential losses. It is believed that increased staff awareness will help in reduction of loss incidents like fruitless and wasteful expenditure. The policy also strengthens punitive measures against those officials who negligently commit acts that result in Fruitless and Wasteful expenditure.

All outstanding cases are under investigation or awaiting Legal opinion from the Departmental Legal Services or the State Attorney.

### UNAUTHORISED EXPENDITURE

The Department has incurred an unauthorised expenditure of R4,7 million on membership fees payable to foreign government and international organisations due to high exchange rates. The Department is in the process of scaling down the country's rankings on Information and Communication Technology.

### FUTURE PLANS OF THE DEPARTMENT

#### ICT Policy Review

In the 2014/15 financial year, the Department plans to develop a Recommendations Report and a National Integrated ICT Policy Discussion Paper together with the ICT Policy Review Panel. Following stakeholder consultation on the Discussion Paper, a Draft White Paper on National Integrated ICT Policy will be gazetted for public consultation. In the 2015/16 financial year, the department plans to finalise the White Paper on the National Integrated ICT Policy as well as draft the National Integrated ICT Bill. Lastly, in 2016/17, the Department plans to introduce the National Integrated ICT Bill in Parliament.

### **Cost to Communicate**

The Department plans to implement Phase 2 of Cost to Communicate Programme of Action with regards to the identified interventions aimed at price reduction, quality and expansion of services. In this regard, the plan is to develop and issue a Policy directive on Pricing Transparency. The Department will also conduct a study on National Roaming to address high cost of communications which will be followed by a Study report including recommendations on National Roaming. Lastly, the Department plans to also develop and issue a Policy directive on Premium Content to address the television subscription market and also identify bottlenecks in the market.

### **Broadband**

In December 2013, Cabinet approved "South Africa Connect", the National Broadband Policy, Strategy and high level Plan which sets out the targets and the four-pronged strategy: digital readiness; digital development; digital future; and digital opportunity. With regards to implementing the Digital readiness strategy, which focuses on regulation, policy and legislation, in 2014/15 the Department plans to develop a Digital readiness implementation plan as well as establish a Project Management office to manage the implementation of SA Connect. The Department also plans to focus on specific interventions such as conducting a study on rationalisation of relevant ICT SOCs in relation to the implementation of the digital future strategy with a view to submit such as report to Cabinet for a decision on the preferred option.

The Department also plans to develop a Rapid deployment policy and submit such to Cabinet for approval. The plan is to also conduct a feasibility study on Wholesale Open Access Network Options and an analysis on the impact of the options on the viability of the network after which viable wholesale Open Access Network Options will be submitted to Minister. The Department also plans to conclude the refurbishment of the Cybersecurity Hub premises as well as to finalise and gazette the Policy directive on spectrum for Broadband.

With regards to the implementation of the Digital development strategy as well as the Digital future strategy, focus will be on the development and approval of the respective implementation plans in the 2014/15 financial year. The Digital Development Strategy will focus largely on the provision of broadband infrastructure to identified schools and health facilities in the outer years. Lastly with regards to the implementation of the Digital opportunity strategy which focuses on innovation, entrepreneurship, R&D and skills development, the Department also plans to develop and obtain approval of the implementation plan in the 2014/15 financial year.

### **Broadcasting Digital Migration (BDM)**

With regards to BDM, in the 2014/15 financial year, the Department plans to roll-out targeted awareness campaigns across all provinces. The Department also plans to develop an efficient STB distribution model and revise the National STB rollout plan in conjunction with USAASA, SAPO and Sentech. The actual roll-out of Set -Top Boxes will be monitored in line with the National STB rollout plan. Lastly, the Department also plans to establish and operationalise the BDM Call Centre which will focus largely on providing technical support to citizens.

### **PUBLIC PRIVATE PARTNERSHIPS**

The 112 Emergency Call Centre project which was to go out in tender as a partial PPP, did not materialize as the project funding was moved to cater other projects. As such, the 112 Emergency Call Centre project was cancelled.

### **SUPPLY CHAIN MANAGEMENT**

The department did not have the unsolicited bid proposals. The irregular expenditure has been dealt in line with the guidelines from National Treasury. The Supply Chain Management policies and delegations also address the prevention of irregular expenditure. Furthermore the SCM function is centralised and all bid committees are in place namely; specification, evaluation and adjudication.

### **GIFTS AND DONATIONS RECEIVED IN KIND FROM NON RELATED PARTIES**

The Department did not receive any gifts and donations for the period under review.

### **EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY**

None



**EVENTS AFTER THE REPORTING DATE**

No significant events occurred after the reporting date.

**OTHER**

None

**ACKNOWLEDGEMENT/S OR APPRECIATION**

Regardless of the achievements and the challenges of the department, we should note that the Department during the reporting period has made significant progress in the year under review, which includes the finalisation of the staff migration process, filling of critical posts and tabling pieces of legislations in Cabinet. Due cognisance should be given to the staff of the Department of Communication who have dedicated time to make sure that we achieve the targets which the Department planned for the reporting period, despite difficult circumstances.

**CONCLUSION**

In conclusion I would like to thank the former Minister Yunus Carrim and the Deputy Minister Stella Ndabeni for their unwavering support in making sure that the Department fulfils its mandate and certainly in creating a vibrant ICT sector that ensures that all South Africans have access to affordable and accessible ICT services. Lastly, I would also like to thank the ICT sector in its entirety for the robust engagements during the year under review.

**APPROVAL AND SIGN OFF**



**ACCOUNTING OFFICER  
ROSEY SEKESE  
DATE:**

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 the annual report 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 the 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 2014.

Yours faithfully



**ACCOUNTING OFFICER**  
**ROSEY SEKESE**  
**DATE:**

### 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 mandate of the Department of Communications (DoC) is derived from relevant legislation, and is as follows:

“To create a vibrant ICT sector that ensures that all South Africans have access to robust, reliable, affordable and secure ICT services in order to advance socio-economic development goals and support the Africa agenda and contribute to building a better world”.

**Consequently the core functions of the Department of Communications are:**

- To develop ICT policies and legislation that create conditions for an accelerated and shared growth of the South African economy, which positively impacts on the well-being of all our people and is sustainable;
- To ensure the development of robust, reliable, secure and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the needs of the country and its people;
- To contribute to the development of an inclusive information society which is aimed at establishing South Africa as an advanced information-based society in which information and ICT tools are key drivers of economic and societal development.
- To contribute to e-Skilling the nation for equitable prosperity and global competitiveness
- To strengthen the Independent Communications Authority of South Africa (ICASA), in order to enable it to regulate the sector in the public interest and ensure growth and stability in the sector;
- To enhance the capacity of, and exercise oversight over, State Owned Enterprises (SOE's) as the delivery arms of Government; and
- To fulfil South Africa's continental and international responsibilities in the ICT field.

#### 8.2 LEGISLATIVE MANDATES

The mandate of the Department of Communications is further embedded in legislation as well as other policy documents. The legislative framework for the work of the Department is contained mainly in the:-

- Broadcasting Act (Act 4 of 1999);
- Electronic Communications and Transactions Act (Act 25 of 2002);
- Electronic Communications Act (Act 36 of 2006);
- Independent Communications Authority of South Africa Act (Act 13 of 2000);
- Sentech Act (Act 63 of 1996);



## VOTE 27: DEPARTMENT OF COMMUNICATIONS

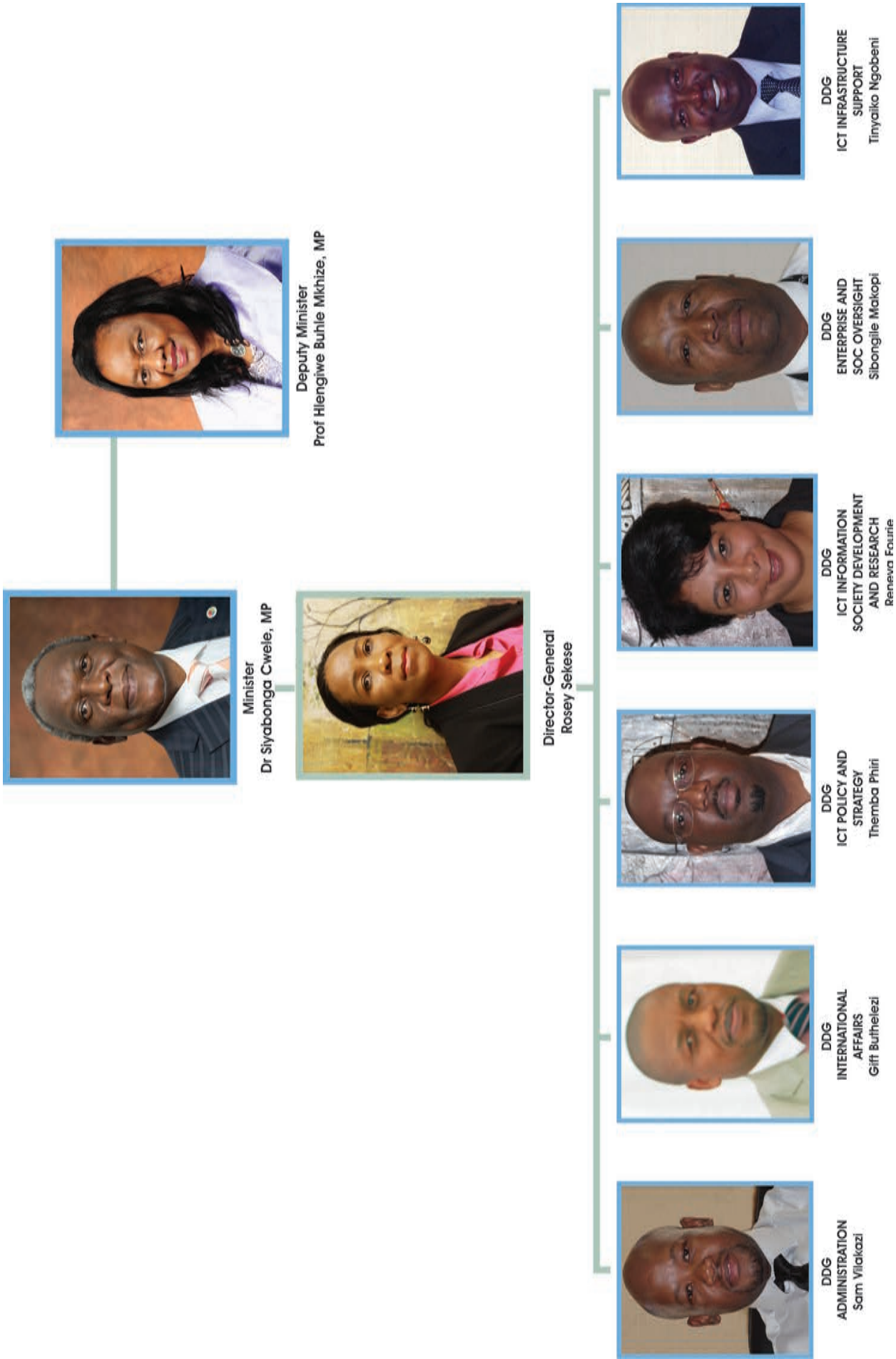


- Postal Services Act (Act 124 of 1998);
- South African Post Office SOC Ltd. Act No. 22 of 2011
- South African Postbank Limited Act No 9 of 2010

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

The table below indicates the entities that report to the Minister.

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
<b>South African Post Office</b>	Provides postal and related services to the South African public. SAPO was granted an exclusive mandate to conduct postal services to South Africa by the Postal Services Act (1998). The Act makes provision for the regulation of postal services and the operational functions of the company, including, its universal service obligations	Transfer of Funds	Provide postal and related services including the financial services activities of Postbank to the public.
<b>South African Broadcasting Corporation</b>	The South African Broadcasting Corporation (SABC) was established in terms of the Broadcasting Act (1936) as a government enterprise to provide radio and television broadcasting services to South Africa	Transfer of Funds	Provide Broadcasting services that informs, educates and entertains and which reflects the diversity of South Africans; whilst maintaining the freedom of expression and journalistic, creative and programming independence.
<b>Sentech</b>	Provide broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was licensed through the Telecommunications Amendment Act (2001) to provide international carrier-to-carrier voice services as well as multimedia services	Transfer of Funds	Provide broadcasting signal distribution for broadcasting licensees.
<b>National Electronic Media Institute of South Africa</b>	Provides much needed skills training at an advanced level for the broadcasting industry. It offers diploma courses, short courses and internships in three subjects: TV production, radio production and creative multimedia	Transfer of Funds	Offer hands-on training in the electronic media, including content design and production, technical operations and content transmission. It also provides skills training at an advanced level for the broadcasting industry. National certificates and short courses are also offered.

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
<p><b>Universal Service and Access Agency of South Africa (USAASA)</b></p>	<p>The Universal Service and Access Agency is mandated by law to oversee, advocate and initiate all matters universal service and access related within ICT. To this end, the Agency interprets policy as it relates to the universality of ICTs in the country and advises the Minister and the nation on progress on closure of ICT access gaps.</p> <p>Through the Universal Service and Access Fund (USAF or “the Fund”), the Agency is mandated to subsidise licensed operators to address issues of connectivity in pre-defined underserved and unserved areas of the country. Through its production of the National Strategy on Universal Service and Access, the Agency has mapped and estimated the investment requirement to close the prevailing access gaps. Furthermore, it has for the first time, enabled the Department to make a policy pronouncement on the contribution levels of operators into the Fund.</p>	<p>Transfer of Funds</p>	<p>Through research USAASA advises on policy matters. Through the disbursement of project subsidies, it actions universal access obligations in under-served areas.</p>
<p><b>.za Domain Name Authority</b></p>	<p>The .za Domain Name Authority (.za DNA) was established to assume responsibility for the .za Domain Name Space. The .za DNA was established in terms of Chapter 10 of the Electronic Communications and Transactions Act (ECT), 2002</p>	<p>Transfer of Funds</p>	<p>Administer and manage the .za domain name space in compliance with international best practice as well as licenses and regulates registries.</p>

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
<p><b>Independent Communications Authority of South Africa (ICASA)</b></p>	<p>The Independent Communications Authority of South Africa (ICASA) is the regulator for the South African communications, broadcasting and postal services sector. ICASA was established by an Act of statute, the Independent Communications Authority of South Africa Act of 2000, as Amended.</p> <p>ICASA's mandate is spelled out in the Electronic Communications Act for the licensing and regulation of electronic communications and broadcasting services, and by the Postal Services Act for the regulation of the postal sector.</p> <p>Enabling legislation also empowers ICASA to monitor licensee compliance with license terms and conditions, develop regulations for the three sectors, plan and manage the radio frequency spectrum as well as protect consumers of these services.</p> <p>The Authority is responsible for regulating the telecommunications, broadcasting and postal industries in the public interest and ensures affordable services of a high quality for all South Africans. The Authority also issues licenses to telecommunications and broadcasting service providers', enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licensees and controls and manages the effective use of radio frequency spectrum.</p> <p>ICASA is a Chapter 9 institution (an institution which supports democracy) in terms of the South African Constitution and is a portfolio organisation of the Department of Communications (DoC).</p>	<p>Transfer of Funds</p>	<p>Enforce compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licenses, and controls and manages the frequency spectrum.</p>



# 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 139 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 focused extensively on the following programmes as they are very dependent on and have a major impact on key stakeholders within the ICT Sector and the general public as a whole.

##### ICT Policy Review

There have been a lot of changes in recent years due to the rapid expansion and fast-paced developments in technology and the emergence of new media as a result of the Internet. Both homes and offices have been transformed. With the entry of broadband in the past 10 years, the ICT landscape has changed dramatically and the Internet is now a major medium of communication. Mobile technology, broadband, digital television, smartphones, the cloud, tablets, and new media technology are all recent developments in the market. These changes have serious implications for policies and legislation that were written prior to such developments, and need to be adequately reflected in current policy and legislation. Further disruptive technological changes are on the horizon and these must also be considered in developing flexible policies that respond to technological changes.

However, since the democratisation of South Africa, there have been three White Papers and one Green Paper produced and it has been more than 15 years since these policies were reviewed. In the meantime markets have changed as a result of the entry of new players, technological developments and new thinking in how services can be delivered and used. Furthermore, in the past, the three sectors were regulated as silo sectors of telecommunications, broadcasting and postal services. Convergence of technologies has since blurred the boundaries between these sectors.

Therefore, the ICT Policy review is focused on promoting access to ICT services, while looking at new approaches that are necessary to ensure that ICT policies and frameworks are relevant to the changing environment and to individual, community and society's social, economic, cultural, and development needs. During public consultations, following the Cabinet approval of the Green Paper, there was a general agreement that the Green Paper had identified key issues that needed to be looked at moving into the future. It was also generally agreed that the Green Paper process was a starting point for the making of policy that is well-tailored for a converged environment. The approach taken by the Department of inviting broad participation for comment and consultation was seen as a good start for a successful policy review process.

##### Broadband

The slow deployment of fixed broadband services (ADSL), and its relatively high costs, meant that over the last five years mobile broadband rapidly became the primary form of broadband access; rather than providing a complementary service to fixed broadband as it has done in mature economies. Despite this take off in mobile broadband, South Africa's broadband penetration remains poor compared to that of other lower-middle-income countries. South Africa has lost its status as the continental leader in broadband and internet, and the last two decades has seen South Africa's steady decline on global ICT indices.

Furthermore, in South Africa, the lack of always available, high speed and high quality bandwidth required by business, public institutions and citizens has impacted negatively on the country's development and global competitiveness. Therefore, in response to the evolving global trends, Cabinet approved "South Africa Connect", the National Broadband Policy, Strategy and Plan. To meet the national objective of more affordable broadband access for all, South Africa Connect allows for both demand-and supply-side policy interventions. These are reflected in a four-pronged strategy namely, digital readiness; digital development; digital future; and digital opportunity, which will close the gap with regards to the currently poor status of broadband in the country.

### **Broadcasting Digital Migration**

The broadcasting environment is going through an unprecedented change due to the development of digital technology which has necessitated the migration from analogue to digital broadcasting. Digital migration promises more channels to every citizen irrespective of geographical location, race, and economical status through freeing up the much needed radio frequency spectrum which ensures a variety of choice to viewers.

Despite the strategic nature of this project, the Department has been plagued with a variety of challenges thus causing delays. The most recent challenge being the difference in opinion between the broadcasters and also between certain STB manufacturers with regards to the Set Top Box (STB) control system. Despite extensive negotiation and facilitation between the relevant stakeholders, there is still no consensus on the STB control system hence negotiations are continuing both through the facilitation team and through alternative means.

The Department has however; finalised amendments to the BDM Policy which were gazetted in December 2013 following Cabinet approval. The policy amendments state, among other issues, that broadcasters are free to decide whether they want to use the control system or not. Regardless of the challenges, the department will prioritise facilitating the roll-out of STBs in cooperation with relevant SOCs, as well as focus on the STB Call Centre..

### **Postbank**

With regards to increasing universal access and improving socio-economic development with specific reference to the previously marginalised population, the Department revised the Postbank Bill and introduced the Bill to Parliament where it was passed and signed by the President. With regards to the Corporatisation of the Postbank, the application for a Banking License was submitted to the Registrar of Banks and the Postbank Board members that were recommended by SAPO were approved by the Minister of Communications and submitted to the Reserve Bank for the fit and proper assessment.

### **e-Skills**

In an effort to address the e-Skills capacity in SA for employment in the knowledge economy, in February 2014, the integrated Ikamva National e-Skills Institute (iNeSI) was officially launched by the Minister. This integrated institution is now a state-owned company through the merger of three institutions: the e-Skills Institute, the National Electronic Media Institute of South Africa and the Institute for Satellite and Software Applications. iNeSI is a globally recognised collaborative model that allows stakeholders to sustainably meet South Africa's e-skilling objectives. These objectives are aligned to the new broadband policy, "South Africa Connect", and the National Development Plan, amongst other national and international goals.

## **2.2 Service Delivery Improvement Plan**

The department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

*Main services and standards*

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
<ul style="list-style-type: none"> <li>Broadcasting services</li> <li>Postal Services</li> <li>Telecommunication</li> </ul>	<ul style="list-style-type: none"> <li>SABC</li> <li>Sentech</li> <li>USSASA</li> <li>ICASA</li> <li>Customers</li> </ul>	<p><b>Access:</b></p> <ul style="list-style-type: none"> <li>Coverage (Radio and TV)</li> </ul>	<ul style="list-style-type: none"> <li>Digital Terrestrial Television, Internet, (SMART)</li> <li>Digital Terrestrial Television</li> <li>Community Radio Station, Community TV</li> </ul>	<ul style="list-style-type: none"> <li>With regards to supporting the SADC broadcasting digital migration Project management office, the Minister endorsed a South African candidate for secondment in April 2013 who participated in several SADC ICT Forums which resulted in the approval of the SADC DTT Roadmap.</li> <li>The Department facilitated the hosting of the SADC DTT PMO country visit to SA which was aimed at highlighting the country's progress on DTT implementation in line with the SADC Roadmap targets and timeframes.</li> <li>The Department participated and gave progress on the RSA status on Digital Migration at the SADC DTT Forum convened in Zambia in November 2013. SADC is currently at 82% on Policy implementation, 42% on Analogue Switch-off (solution provisioning and technological activities - network roll-out and STB's) and 46% on Consumer Awareness and campaign activities.</li> </ul>
		<p><b>Courtesy:</b></p> <ul style="list-style-type: none"> <li>Ministerial meetings with Stakeholders, oversight visits, Radio and TV interviews</li> </ul>	<ul style="list-style-type: none"> <li>Ministerial meetings with Stakeholders, oversight visits, Radio and TV interviews</li> </ul>	<ul style="list-style-type: none"> <li>A Media Plan for the BDM awareness campaign was developed and the BDM awareness programme was implemented through numerous public events, media platforms, billboards, radio stations, exhibitions and literature distribution as well as key stakeholder engagements.</li> </ul>
		<p><b>Openness and Transparency:</b></p> <ul style="list-style-type: none"> <li>Ministerial meetings with Stakeholders, oversight visits, Radio and TV interviews, Policy review and development</li> </ul>	<ul style="list-style-type: none"> <li>Ministerial meetings with Stakeholders, oversight visits, Radio and TV interviews, Policy review and development</li> </ul>	<ul style="list-style-type: none"> <li>The Department fully achieved the target as the Electronic Communications Amendment Bill which was tabled in Parliament in the first quarter of the reporting period.</li> <li>The RIA report was also aligned with the latest ECA Bill which was submitted to Parliament.</li> <li>The Department participated in the Parliamentary processes towards the enactment of the EC Amendment Bill.</li> </ul>
		<p><b>Information:</b></p> <ul style="list-style-type: none"> <li>Acts, Policies, Media adverts, Community Radio</li> <li>Intergovernmental Relations</li> </ul>	<ul style="list-style-type: none"> <li>Acts, Policies, Media adverts, Community Radio</li> <li>Intergovernmental Relations</li> </ul>	<ul style="list-style-type: none"> <li>The Department partially achieved the target of facilitating the ICT SMME Programmes.</li> <li>For the 2013/14 financial year, training workshops on the SMME e-Commerce platform were conducted in 4 provinces, Limpopo, North West, Gauteng and Eastern Cape. A total of 129 SMMEs were capacitated on the use of the e-Commerce Platform and their business profiles and offerings were uploaded on the platform. Sectors covered includes travel and tourism, accommodation, arts and craft.</li> </ul>

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		<p><b>Redress</b></p> <ul style="list-style-type: none"> <li>• Policy review and development</li> </ul>	<ul style="list-style-type: none"> <li>• Policy review and development</li> </ul>	<p><b>Telecommunications and Broadcasting Services:</b></p> <ul style="list-style-type: none"> <li>• The Department fully achieved the target as planned. During the reporting period the Department established the ICT Policy Review Panel and experts to review Telecommunication, e-Commerce and Broadcasting policies were appointed.</li> <li>• Furthermore the ICT Policy Framing Paper was published for public comments.</li> <li>• The ICT Policy Review Report was also developed and tabled at relevant governance structures.</li> <li>• The National Integrated ICT Policy Green Paper was developed and approved by Cabinet in December 2013 and gazetted for public consultation on in January 2014.</li> <li>• A National Consultative Conference on the National Integrated ICT Policy Green Paper was held on the 3rd March 2014 and Public Hearings on the National Integrated ICT Policy Green Paper have already commenced in February 2014 in Provinces.</li> </ul>

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		-	-	<p><b>Postal Services:</b></p> <ul style="list-style-type: none"> <li>• The draft Regulatory and Impact Assessment (RIA) report on the Postbank bill and the revised Postbank Bill was approved by the Portfolio Committee and the Select Committee on Labour and Public Enterprises in the third quarter of the reporting period.</li> <li>• The Postbank Bill was introduced to Parliament. Portfolio Committee on Communications and public hearings and deliberations were held on the 17th and 18th September 2013.</li> <li>• Subsequent to the deliberation by the Committee the Postbank Bill was amended.</li> <li>• The Postbank Bill was thereafter passed and signed by the President.</li> <li>• With regards to Postbank Corporatisation, the application for a Banking License was submitted to the Registrar of Banks</li> <li>• Names of Board members that were recommended by SAPO were approved by the Minister of Communications.</li> <li>• Furthermore, the names of board members were submitted to the Reserve Bank for the fit and proper assessment.</li> <li>• The Department fully achieved the target. As the SAPO SOC LTD Bill was approved by Cabinet Committee and subsequently approved by Cabinet in June 2013.</li> <li>• The Bill was introduced to Parliament and approved by both the Portfolio Committee on Communications and the Select Committee on Labour and Public Enterprises in the third quarter of the reporting period.</li> <li>• A RIA report on SAPO SOC LTD Bill was developed.</li> <li>• Furthermore the SAPO Soc Ltd Amendment Bill was signed into law and became operational in January 2014.</li> </ul>

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		-	-	<p><b>ICT Infrastructure:</b></p> <ul style="list-style-type: none"> <li>• The Department fully achieved the target.</li> <li>• The Department undertook the process of revising the National Broadband Policy.</li> <li>• As a result, the revised National Broadband Policy, referred to as "SA Connect", was approved by Cabinet in December 2013.</li> <li>• SA Connect, which was approved by Cabinet, also contains the National Broadband Strategy and implementation approaches.</li> <li>• The Department fully achieved the target as the National Radio Frequency Plan was approved by Minister and gazetted by the Authority.</li> <li>• National Radio-Frequency Plan in Gazette No. 36336, 28 June 2013, incorporates radio spectrum requirements of security services.</li> <li>• The spectrum requirements for exclusive allocations for Security Services was compiled and approved by Minister for incorporation by ICASA in the National Radio-Frequency Plan.</li> </ul>
		<p><b>Value for money</b></p> <ul style="list-style-type: none"> <li>• Efficient use of the Broadcasting Services</li> <li>• Broadcasting services infrastructure and usage</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient use of the Broadcasting Services</li> <li>• Broadcasting services</li> <li>• Infrastructure and usage</li> </ul>	<ul style="list-style-type: none"> <li>• The Department fully achieved the target of prioritising the connectivity to schools.</li> <li>• During the reporting period the department completed connectivity to 1650 schools by connecting them to the WAN network.</li> </ul>

**Batho Pele arrangements with beneficiaries (Consultation access etc.)**

Current/actual arrangements	Desired arrangements	Actual achievements
1. ICT Industry collaboration and Work streams	ICT Domestic and International Industries	<ul style="list-style-type: none"> <li>• ICT Policy Review</li> </ul>
2. Round Table discussions with relevant stakeholders	<ul style="list-style-type: none"> <li>• ICT Stakeholder</li> <li>• Government Departments</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation with all ICT stakeholders and government departments</li> <li>• Public hearings / discussions</li> </ul>

**Service delivery information tool**

Current/actual information tools	Desired information tools	Actual achievements
<ol style="list-style-type: none"> <li>1. Media</li> <li>2. Print</li> </ol>	-	<ul style="list-style-type: none"> <li>• Media Adverts (TV Interviews)</li> <li>• Radio and Community Radio Station (Radio Interviews)</li> <li>• Newspapers</li> <li>• Minister and Deputy Minister outreach programmes</li> </ul>

**Complaints mechanism**

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<ul style="list-style-type: none"> <li>• The Director-General's Office handles all complaints received from the Presidential Hotline and also from the public.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures that the systems for complaints are effectively managed in order to decrease the response turnaround times.</li> </ul>	<ul style="list-style-type: none"> <li>• The Director-General's Office manages the turnaround times in ensuring that responses are prepared based on the nature of the complaints.</li> </ul>



### 2.3 Organisational environment

During the 2012/13 financial year, the Department concluded an extensive Organisational Review process which resulted in an approved Organisational Structure by both the Department of Public Service and Administration and the Minister. The new organisational structure is aimed at supporting the organisational strategy and aligning key focus areas, including reporting, clear accountability/responsibility, quality assurance, leadership support and performance management. The structure seeks to optimise and synchronise execution of business activities, ensure that related functions, processes and activities which attempt to achieve the same results, are grouped together in the different business units.

Following the conclusion of the Organisational Review process, during the reporting period, the Department focused on implementing the approved Migration Plan which guided the migration of all existing DoC employees from the existing organisational structure to the new organisational structure. The migration process did initially have a negative impact on the recruitment of staff as the focus was on placing existing staff into the revised structure, with specific reference to non-SMS staff. However the Department did identify critical positions for advertising which resulted in the appointment of a full complement of DDGs through the appointment of the DDG: SOCs Oversight & Enterprise Development; DDG: Information Society Development & Research and DDG: ICT Infrastructure Development. Furthermore, the Chief Financial Officer (CFO); the Chief Director: HRM and the Chief Director: Internal Audit & Risk Management were also appointed in January 2014. However, the CFO and the Chief Director: Legal Services resigned in March 2014, therefore the fillings of these posts will be prioritised.

With respect to its financial standing, an additional R374.2 million was allocated the Department, through the adjustment estimates for school connectivity project. An amount of R46 million was reduced through the adjustment estimates; this reduction was identified as savings by the Department. A virement of R3, 982 million was effected from programme 1, R433 thousands from programme 3 and R8, 030 million from programme 4 to defray excess expenditure under programmes 2 (R8,134 million) and 5 (4,311 million).

### 2.4 Key policy developments and legislative changes

#### Broadcasting Digital Migration

During the reporting period, the Department proposed amendments to the BDM Policy which was approved by Cabinet on 4 December 2013 and thereafter gazetted on 6 December 2013. The amendments largely relate to the Set Top Box (STB) control system and are aimed at avoiding challenges in implementing the Broadcasting Digital Migration Programme, caused mainly by differences between broadcasters and also between certain STB manufacturers.

As a result the amended policy states, amongst other issues, that the use of the STB control system is not mandatory and broadcasters are therefore free to decide whether to use the control system or not.

#### ICT Policy Review

Following the appointment of an ICT Policy Review Panel, the Department developed the National Integrated ICT Policy Green Paper which was approved by Cabinet in December 2013 and gazetted for public consultation in January 2014. The next step in the broader policy review process will be the issuing of a Discussion Paper for public consultation followed by the gazetting of a White Paper, which spells out policy positions of Government.

#### Broadband

Although the National Broadband Policy was approved by the Cabinet in June 2010, the Department embarked on developing a revised National Broadband Policy and Broadband Strategy for the country, known as South Africa Connect.

Cabinet approved "South Africa Connect", the National Broadband Policy, Strategy and Plan which entails a four-pronged strategy namely, digital readiness; digital development; digital future; and digital opportunity, which will close the gap between the currently poor status of broadband in the country.

### 3. STRATEGIC OUTCOME ORIENTED GOALS

#### **Competitive and economy growth of the ICT Industry**

- With regards to inclusive economic growth through the development and implementation of ICT policies and legislations. The Department has developed and published the ICT Policy Review report and Green Paper on National Integrated ICT Policy. The National Integrated ICT Policy Green Paper approved by Cabinet in December 2013 and gazetted for public consultation on in January 2014. A National Consultative Conference on the National Integrated ICT Policy Green Paper was held on the 3rd March 2014 and Public Hearings on the National Integrated ICT Policy Green Paper which have already commenced in February 2014 in Provinces.
- The SAPO SOC LTD Bill was approved by Cabinet in June 2013. The Bill was introduced to Parliament and approved by both the Portfolio Committee on Communications and the Select Committee on Labour and Public Enterprises in the third quarter of the reporting period after which it was signed into law and became operational in January 2014.
- EC Amendment Bill was tabled in Parliament in the first quarter of the reporting period. The RIA report was also aligned with the latest ECA Bill which was submitted to Parliament. The Department participated in the Parliamentary processes towards the enactment of the EC Amendment Bill.
- The ICASA Amendment Bill was introduced to Parliament during the first quarter of the reporting period and the RIA report was aligned with the latest ICASA Bill which was submitted to Parliament.
- The Department has developed the e-Strategy framework in line with ECT and the NDP.

#### **Accessibility, reliability and affordability of secure ICT Infrastructure**

- With regards to increased broadband coverage and affordable access to government services for all households, the Department undertook the process of revising the National Broadband Policy. As a result, the revised National Broadband Policy, referred to as “SA Connect” which was approved by Cabinet in December 2013. SA Connect also contains the National Broadband Strategy and implementation approaches.
- As part of broadband initiatives the department completed connectivity to 1650 schools by connecting them to the WAN network during the 2013-14 Financial year
- The National Radio Frequency Plan was approved by Minister and gazetted by ICASA.
- National Radio-Frequency Plan was approved and gazetted on 28 June 2013, which incorporates radio spectrum requirements of security services. The spectrum requirement for exclusive allocations for Security Services was also approved by Minister for incorporation by ICASA in the National Radio-Frequency Plan.
- With regards migration from Analogue to Digital Television to ensure National Digital Coverage the Department’s Media Plan for the BDM awareness campaign was developed and the BDM awareness programme was implemented through numerous public events, media platforms, billboards, radio stations, exhibitions and literature distribution as well as key stakeholder engagements.
- Furthermore final DTT network rollout target of 84% was reached as at 31 March 2014. The Satellite transmission platform was launched in September 2013, and was in operation, providing 100% geographical and population coverage.


#### **Building of an Inclusive Information Society**

- With regards to e-Skills capacity in South Africa for employability in the knowledge economy the department has officially launched the integrated Ikamva National e-Skills Institute in February 2014.
- In relation to the growth and development of SMMEs to improve their sustainability through the use of ICTs, training workshops on the SMME portal were also conducted in Provinces and a total of 129 enterprises were registered on the e-Commerce platform and therefore have an online presence. These enterprises are mainly in Accommodation, Tourism, Arts and



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Crafts sectors.



### 4. PERFORMANCE INFORMATION BY PROGRAMME

#### 4.1 Programme 1: ADMINISTRATION

The purpose of the programme 1 (Administration) is to provide strategic support to the Ministry and overall management of the Department. The following are the sub-programmes for Programme 1 of the Department of Communications:

- Ministry
- Departmental Management
- Internal Audit
- Corporate Services
- Financial Management
- Office Accommodation

The Strategic Objectives for the 2013/14 Financial Year are listed below:-

- Migration from Analogue to Digital Television by 2016 to ensure National digital coverage; and
- Enhance Departmental performance through improving institutional processes and mechanisms.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 1: ADMINISTRATION						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Migration from Analogue to Digital Television by 2016 to ensure National digital coverage	Increased level of BDM awareness through the rollout of targeted BDM awareness campaigns	<ul style="list-style-type: none"> <li>Department monitored the implementation of the BDM Policy (Public Awareness) by the service provider appointed. The Public Awareness and the Proof of BDM concept were showcased in Kimberly (Motswedimosa) as part of BDM awareness.</li> <li>Adverts were placed in national and regional commercial radio stations, SABC 1, 2 and 3, as well as e-TV and Provantage and Home Advertising Billboards were flighted in 80 sites across the country.</li> </ul>	Public Awareness programmes implemented to reach 75% population	<ul style="list-style-type: none"> <li>The Department did not fully achieve the target as planned.</li> <li>However, a Media Plan for the BDM awareness campaign was developed and the BDM awareness programme was implemented through numerous public events, media platforms, billboards, radio stations, exhibitions and literature distribution as well as key stakeholder engagements.</li> </ul>	<ul style="list-style-type: none"> <li>The targeted population was not reached as the scale of public awareness programmes were not implemented as planned.</li> </ul>	<ul style="list-style-type: none"> <li>Delays in the broader BDM programme, largely related to the STB control dispute which delayed the manufacturing and distribution of STBs, had a knock on effect on the awareness programme.</li> </ul>

Programme 1: ADMINISTRATION						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Enhanced Departmental performance through improved institutional processes and mechanisms	Improved institutional excellence through effective and efficient organisational business processes and systems	The Department developed and agreed with organised labour on the migration plan and process for the new organisational structure.	Organisational change and transformation interventions implemented and monitored to promote organisational excellence	<ul style="list-style-type: none"> <li>The Department did not fully achieve the target as not all organisational change and transformation interventions were fully implemented as planned.</li> <li>With regards to implementation of the approved migration plan focusing on placement of staff from the current to the new organisational structure, all SMS and non-SMS employees were migrated into the revised organisational structure and the process was finalized in February 2014.</li> <li>Parallel to the migration process and in line with the revised structure, staff in critical positions were appointed such as the DDG: SOCs Oversight &amp; Enterprise Development; DDG: Information Society Development &amp; Research and DDG: ICT Infrastructure Support, thus ensuring a full complement of DDG's.</li> <li>Furthermore, the Chief Financial Officer (CFO); Chief Director: HRM, Chief Director: Internal Audit and Risk Management as well as the Head of Ministry were appointed.</li> </ul>	<ul style="list-style-type: none"> <li>The leadership development programme was not implemented as planned.</li> <li>The Department did not conduct the culture and climate survey as planned.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of progress with regards to the implementation of the leadership development programme was largely due to HR capacity constraints.</li> <li>The culture and climate survey could not be conducted as it was dependant on the completion of the migration process which was only completed in the fourth quarter.</li> </ul>

**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in targets. Projects specific reasons have been provided for such underperformance under “comments on deviation”. Despite the delays in the broader BDM programme, which has had a major impact on BDM awareness initiatives, going forward the Department will embark on focused events and media campaign across all Provinces aimed at increasing BDM awareness.

Furthermore, in addressing the organisational change and transformation interventions the Department will take a more holistic approach through developing and implementing an internal control framework which will improve compliance and optimise the functioning of multiple functional areas across the DoC. Considering that the migration process is concluded, the climate and culture survey will be prioritised.

**Changes to planned targets**

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan was tabled.

**Linking performance with budgets**

The overspending for both financial years was on goods and services mainly under travel and subsistence and rent for accommodation. The under-spending for both financial years was on compensation of employees due to the review of organisational structure and the migration process that taking place.

**Sub-programme expenditure**

Sub-Programme Name	2013/2014			2012/2013		
	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	3,668	3,668	-	3,669	3,629	40
Departmental Management	43,462	43,462	-	42,139	42,139	-
Internal Audit	3,828	3,828	-	5,450	5,450	-
Corporate Services	91,654	89,911	1,743	75,591	75,485	106
Financial Management	63,434	63,541	(103)	61,354	63,735	(2,381)
Office accommodation	6,037	6,037	-	7,808	5,521	2,287
<b>Total</b>	<b>212,083</b>	<b>210,443</b>	<b>1,640</b>	<b>196,011</b>	<b>195,959</b>	<b>52</b>

### 4.2 Programme 2: ICT INTERNATIONAL AFFAIRS

The purpose of programme 2: ICT International Affairs is to ensure alignment between South Africa's International activities and agreements in the field of ICT and South Africa's foreign policy.

ICT International Affairs Programme have the following sub-programme:

- **International Affairs**- which coordinate the functions and responsibilities of the Department to meet South Africa's international ICT obligations through bi-laterals, multilaterals and tri-laterals; and
- **ICT Trade/ Partnerships**- which develops and advances South Africa's interests in international trade forums through participation in the World Trade Organisation's ICT related initiatives and other international agreements such as 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 Objectives for the 2013/14 Financial Year are listed below:

- South Africa's active participation in Bilateral and other African International Forums to advance the SA ICT Agenda
- Explore and exploit trade and investment opportunities for the ICT sector in South Africa.



Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
South Africa's active participation in bilateral and other African International Forums to advance the SA ICT Agenda	Regional integration and facilitation of ICT continental programmes.	<ul style="list-style-type: none"> <li>South Africa hosted the SADC Regional Infrastructure Development Master Plan workshops in which the Digital SADC 2027 strategy was adopted. The foundation pillar for the Digital SADC 2027 has been proposed as the Policy and Regulatory Harmonisation.</li> <li>South Africa participated in the SADC GE06 Frequency Coordination meeting and the SADC DTT Forum where Member States were encouraged to consider the Digital Dividend licensing frameworks that would improve competitiveness and flexibility in the frequency spectrum market technology neutrality and providing incentives in the form of differential pricing.</li> <li>Member States were urged to accelerate their processes to migrate from analogue to digital broadcasting technologies in order for purposes of benefiting from the Digital Dividend that will be released.</li> </ul>	Africa ICT Infrastructure Programmes developed, facilitated and implemented within relevant Forums	<ul style="list-style-type: none"> <li>In terms of developing, facilitating and implementing Africa ICT Programmes, the Department fully achieved the target.</li> <li>With regards to coordinating the implementation of the SADC ICT Infrastructure Master Plan, South Africa participated in the Committee that developed a short-term action plan for 18 projects which were adopted by SADC Ministers. Of the 18 projects, the SADC regional and national integrated broadband infrastructure project was identified as the flagship project. The alignment of the short-term projects, particularly the flagship project was supported by DoC as it is closely linked to the Strategic Infrastructure Project (SIP), President's led Infrastructure Project (North-South Corridor) and Project of Infrastructure Development in Africa (PIDA).</li> <li>In terms of cross-border connectivity, 5 out of the 7 planned SADC member-states are connected to one another. Under the SADC Regional Information Infrastructure (SRII) most of the SADC Member States, including South Africa have completed implementing Optical Fibre Backbones covering their respective countries.</li> </ul>	-	-

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>DoC embarked on a process of sourcing CVs and making recommendations for Minister on the appointment of a Project Manager and Technical Expert for the SADC DTT PMO.</li> </ul>		<ul style="list-style-type: none"> <li>DoC participated in the SADC convened workshop on the Regional Internet Exchange Point (RIXP) in February 2014 with the objective being to develop the plan for a SADC RIXP. Only Namibia, Swaziland and Seychelles are outstanding with regards to set up of National Exchange Points.</li> <li>South Africa has made substantive progress in establishing its own IXPs which are CINX in Cape Town; DINX in Durban; GINX in Grahamstown; HBIX in Heiderberg; JINX in Johannesburg; and NeutrINX in Centurion.</li> <li>With regards to supporting the SADC broadcasting digital migration Project management office, Minister endorsed a South African candidate for secondment in April 2013 who participated in several SADC ICT Forums which resulted in the approval of the SADC DTT Roadmap.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>The DoC, in liaison with ZACR was also instrumental in ensuring a full bid document on the operationalisation of DotAfrica which was submitted to AUC and ICANN. Lobby and support by other member-states was also conducted for a South African entity (ZACR) in the operation of .Africa. ZACR has received overwhelming support from African Ministers to operate DotAfrica. The launch is scheduled for the second quarter of 2013.</li> </ul>		<ul style="list-style-type: none"> <li>The Department facilitated the hosting of the SADC DTT PMO country visit to SA which was aimed at highlighting the country's progress on DTT implementation in line with the SADC Roadmap targets and timeframes.</li> <li>Department participated and gave progress on the RSA status on Digital Migration at the SADC DTT Forum convened in Zambia in November 2013. SADC is currently at 82% on Policy implementation, 42% on Analogue Switch-off (solution provisioning and technological activities – network roll-out &amp; STB's) and 46% on Consumer Awareness and campaigns activities.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>Key programmes emanating out of the Oliver Tambo Declaration (AU CIT Ministers' decision) implemented such as Cyber security, South Africa became the first member state to provide input to the Draft AU Convention on the establishment of a credible legal framework for Cyber Security in Africa. RSA participated at the AU convened Workshop in Addis Ababa, Ethiopia in June 2012 to discuss and validate the AU Convention on Cyber Security.</li> <li>Key Africa bilateral programmes facilitated with Algeria, Egypt, Mozambique, Ghana, and Tunisia.</li> </ul>		<ul style="list-style-type: none"> <li>With regards to the dot.Africa domain name, official approval was received from ICANN for .ZACR to operationalise dot.Africa. The signed Agreement between .ZACR and ICANN took place on 27 March 2014 in Singapore.</li> <li>With regards to the draft AU Cybersecurity Convention on, the DoC in conjunction with the Department of International Relations and Cooperation convened a Workshop on the Draft AU Convention / Framework on Cyber Security with members of the JCPS Cluster which then endorsed the process for approval of the Framework on Cyber Security by the AU Ministers of Justice.</li> <li>At the AU CIT Ministerial meeting in December 2013, Ministers endorsed the Draft AU Convention on Cybersecurity as it seeks to address economic loss (e-commerce and expansion of trading online; taxation issue) and technology safety issues. The Ministers called on more capacity building initiatives to assist member-states on draft national legislations, as only 11 countries have a policy in place.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
				<ul style="list-style-type: none"> <li>In terms of bilateral Co-operation Programmes, the Department engaged with several countries through MoUs, including Mozambique, Angola, Nigeria, Lesotho, Ethiopia, Zambia, amongst others. The levels of completion and implementation of the MoUs vary depending on the specific circumstances surrounding the respective countries.</li> <li>At the AU CIT Ministerial meeting in December 2013, Ministers endorsed the Draft AU Convention on Cybersecurity as it seeks to address economic loss (e-commerce and expansion of trading online; taxation issue) and technology safety issues. The Ministers called on more capacity building initiatives to assist member-states on draft national legislations, as only 11 countries have a policy in place.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
South Africa's active participation in bilateral and other African International Forums to advance the SA ICT Agenda	Regional integration and facilitation of ICT continental programmes	<ul style="list-style-type: none"> <li>South Africa's candidature for Council of Administration was approved, supported by DIRCO and backed by AU. Through extensive consultations and lobbying, South Africa was elected for the first time to the Council of Administration, and re-election to the Postal Operations Council. South Africa had the highest number of votes for the CA and the 2nd highest for POC out of all the African countries. South Africa was appointed to Chair key Committees in both the CA and POC and as a member of the UPU Bureau. South Africa was also part of the successful African lobby for the election of the first African Director-General of the UPU.</li> <li>With regards to the UPU World Postal Congress, the Department established a National Preparatory Working Group and developed an RSA Position.</li> </ul>	RSA ICT position further advanced through increasing SA's influence in ICT Multilateral Forums, facilitating strategic multilateral partnerships, contributing to international agreements and coordinating the implementation of decisions of major summits	<ul style="list-style-type: none"> <li>The Department partially achieved the target. With regards to Postal, South Africa Chaired the UPU Council of Administration Committee on Strategy. South Africa also chaired the PAPU committee on strategy and reported to Bureau on the work of the Committee, the development of a 3 year and one year workplan, the implementation of the Doha World Postal Strategy, the African Regional Strategy, and the development of the new postal strategy.</li> <li>The Department hosted the WCIT outcomes workshop with ATU and ITU to consider the way forward for Africa, including imperatives for African countries to ratify given global political and legal environment. The workshop evaluated the outcomes of WCIT and Africa's success in the negotiations after which a report was prepared on WCIT outcomes considering alignment with SA policies and regulations.</li> <li>The Department held ongoing engagements with stakeholders in the Postal Sector and participated in discussion and preparation of documents for Committee 3 dealing with the Strategy of UPU. SA also chaired the UPU Committee 3 meetings for World Postal Strategy after which the Chairpersons' report was adopted by the Universal Postal Union (UPU Council).</li> </ul>	The International Telecommunications Regulations were not submitted to Cabinet for approval of ratification as planned.	Delays were due to the prolonged waiting period for the International Telecommunications Regulations from the ITU so as to commence with the ratification process.

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>South Africa was selected as the host for the regional outcomes meeting for Africa to address WTSA/WCIT implementation, which will consider key issues including Cyber security, Conformance and Interoperability, and the T-sector Strategic Review of Standardisation process etc.</li> <li>South Africa was approved as the host for SG16/Global standards Initiative on IPTV and e-health in May 2013.</li> <li>In the ITU Standardisation sector during the World during the World Telecommunications Standardisation Assembly, South Africa for the first time was appointed as Vice-Chair for one of the Study Groups (SG16 dealing with IPTV, e-health etc).</li> <li>South Africa oversaw the effective coordination of the Africa group to ensure that Africa had Chairs or VCs for nearly all the T-sector Study Groups, as well as an agreed African Vice-Chair of the Standardisation Review Committee.</li> </ul>		<ul style="list-style-type: none"> <li>With regards to facilitating the implementation of major conferences and undertaking preparations for future summits, the Department achieved the set target.</li> <li>South Africa continues its role as Chair of the Africa group for ITU in both WTSA and WCIT Africa report back meetings.</li> <li>South Africa successfully hosted a meeting of the Global Standards Initiative for IPTV of Study Group 16 (South Africa through CSIR is vice-chair), to address IPTV and e-health. The meeting is part of a continuing project to look at global IPTV standards through IPv6. The ITU has established a global testbed for IPTV, which subsequent to this meeting, South Africa through CSIR has joined. South Africa is the first African country to host an IPTV testbed. This has provided an opportunity for CSIR to showcase its IPTV technology, and to participate in the development of global standards in this area.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>The Department participated in Internet Governance issues through nominating two officials to represent South Africa on the Government Advisory Committee (GAC) of the Internet Corporation for Assigned Names and Numbers (ICANN).</li> </ul>		<ul style="list-style-type: none"> <li>An ATU Workshop for African members of the ITU Council was held in Tanzania, in preparation for the ITU Council, which addressed some key issues, such as the Budgetary challenges for the ITU and the debate around the possible development of a stable constitution which could reduce the burden for ratification on Member States of every PP conference. The budgetary issues were successfully debated in ITU Council, resulting in a favourable outcome for the ITU Secretariat, thus enabling the hosting of WRC-15.</li> <li>The DoC hosted the WCIT and WTSa report back meeting for Africa including SA stakeholders. DoC chaired the meeting which included workshops on e-Waste and on SPAM.</li> <li>Held National Preparatory Group meetings for World Telecommunication Development Conference (WTDC) and ITU Plenipotentiary Conference.</li> <li>The Department participated in the African Regional Preparatory meeting for WTDC to discuss regional positions after which it began the process of developing positions for ITU Plenipotentiary conference with regard to a stable Constitution and election.</li> </ul>		



Programme 2: ICT INTERNATIONAL AFFAIRS							
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations	
				<ul style="list-style-type: none"> <li>With regards to internet governance, six opinions on Internet Governance were adopted during World Telecommunications Policy Forum, which focused on the promotion of Internet Exchange points in developing countries to boost connectivity, promote broadband, building capacity for IPv6, promoting the transition from IPv4 to IPV6, and supporting Multi-stakeholderism.</li> <li>The Department participated in ICANN meetings in Beijing and South Africa. The DoC also worked with .zaDNA on the hosting of ICANN from 14th-19th July in Durban.</li> <li>The application by a private company for the dot Zulu domain was withdrawn following opposition from the DoC both through ICANN procedures and in the Government Advisory Committee.</li> <li>The African Union position on Dot Africa was supported by the DoC and this top level domain name will be administered by the ZA Central Registry in South Africa.</li> </ul>			

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>In the ITU Standardisation sector during the World Telecommunications Standardisation Assembly, South Africa for the first time was appointed as Vice-Chair for one of the Study Groups (SG16 dealing with IPTV, e-health etc).</li> </ul>		<ul style="list-style-type: none"> <li>With regards to promoting WSIS outcomes and building the Information Society, the Department promoted e-Skills and Information ethics projects through the ITU and UNESCO WSIS meetings in Paris and Geneva. This has raised the profile of South Africa's work in these areas internationally, and created new opportunities through networking and interaction with other international experts and agencies.</li> <li>The DoC commemorated World Telecommunication and Information Society Day in KZN so as to raise awareness around the impact of ICTs as a tool for development, and issues around ICTs and Road Safety.</li> <li>With regards to facilitating the implementation of the decisions of WRC-12 and other ITU platforms, the Department hosted the Joint Task Group meeting of Study Groups 4,5,6,7. Key decisions were debated concerning the re-allocation of certain bands of spectrum being underway in sub-region, region and through ITU structures.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
South Africa's active participation in bilateral and other African International Forums to advance the SA ICT Agenda. Explore and exploit trade and investment opportunities for the ICT sector in South Africa	Bilateral Programmes facilitated to enhance cooperation with countries of the North and South.	<ul style="list-style-type: none"> <li>Strong developing country alliances bore fruit during the conference, including interactions with the Arab group, with BRICS China and Brazil, and other countries such as Mexico, Malaysia, and Cuba.</li> </ul>	Relations with South-South countries further strengthened to promote the national ICT Agenda	<ul style="list-style-type: none"> <li>The SA delegation successfully prepared and advanced the position for spectrum for Broadband based on studies initiated in the Africa group.</li> <li>The Department fully achieved the target. With regards to BRICS ICT programmes, South Africa drafted a position paper on the operationalisation of cooperation on the BRICS Cybersecurity. The position paper was adopted with comments in the Ministerial meeting in Russia, Moscow.</li> </ul>	-	-

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>With regards to BRICS, The DoC successfully participated at the BRICS Roundtable for emerging economies to discuss Internet Governance and Cyber Security. The Department has offered to host the next Roundtable should resources allow. Convergence of BRICS minds to discuss these two issues would assist South Africa in its own process to finalise the cyber security related legislation and the fight against cyber crimes and bullying. The WSIS agenda and Declaration would also find prominence on the discussion of Internet governance matters.</li> </ul>		<ul style="list-style-type: none"> <li>The DoC participated at the BRICS Experts Working Group on Cyber Security.</li> <li>In terms of negotiating and developing two bilateral programmes with countries of the South, a Memorandum of Understanding between South Africa and Brazil as well as South Africa and India were negotiated and agreed with the respective counterparts.</li> <li>The Department also initiated an MoU with Cuba which was submitted to the Department of Justice.</li> <li>Furthermore, Bilateral Meetings were held with the Embassies of Brazil and Cuba, including the Indian High Commission with a focus on resuscitating the bilateral relations between SA and strategic partners that had been inactive.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Explore and exploit trade and investment opportunities for the ICT sector in South Africa	Trade and investment opportunities identified and exploited for the ICT sector and additional programmes developed and implemented	<ul style="list-style-type: none"> <li>DoC worked with the Department of Trade and Industry (DTI) to organise the Annual Trade and Investment Conference and Exhibition in which ICT SMMEs showcased their products, services and innovations with a view to attract business interest from the business delegates. This provided a platform to establish strategic business collaborations. A number of ICT SMMEs established relations and exchange business contacts. A clear interest in the South African ICT SMMEs was demonstrated by a number of business people visiting the exhibition stands picking exhibition materials. This was followed by follow-up dialogue on possible business partnerships.</li> </ul>	Trade and investment opportunities identified and exploited for the ICT sector and additional programmes developed and implemented	<ul style="list-style-type: none"> <li>The Department fully achieved the target with regards to identifying and exploiting trade and investment opportunities, as the ICT Trade and Investment Strategy together with the implementation plan were consulted with Members of the Economic Cluster and approved to be presented to Cabinet.</li> <li>A Workshop on Electronic Commerce was held under the auspices of the Council for Trade in Services (ICTs) in June 2013 which focused on enriching discussions on e-commerce in the ICTs with specific focus on investment in the ICT Industry, including investment opportunities related to broadband roll-out.</li> <li>The DoC participated in the SA-SADC on-going trade negotiations, which focused on opening up markets in the audio visual sector.</li> <li>The Department attended high-level ITU negotiations on international roaming to create market access for South African companies, and to agree on multilateral/bilateral guidelines on international roaming rates. The outcome of the participation included agreement on the multilateral/bilateral guidelines for co-operation regarding international roaming.</li> </ul>		

Programme 2: ICT INTERNATIONAL AFFAIRS							
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations	
				<ul style="list-style-type: none"> <li>The Department attended the ITU Telecom World to seek further market access and investment partnerships, in this regard a meeting was held between Minister of Communications South Africa and his counterpart in Thailand, as well as THAI.COM which is a Thailand SOC for telecommunications. Key issues under discussion were Digital Migration and Broadband amongst others.</li> <li>With regards to facilitating the implementation of the SA-EU work programme, the Department hosted the SA-EU Dialogue on the Information Society and ICTs which included State Owned Companies and agencies as well as officials of the European Commission. The dialogue provided for an exchange of ideas and experience in implementing key priorities for the development of the information society in the areas of Broadband, DTT, Spectrum Management, Research programmes, as well as access to EU research funding. Agreement was reached on a number of possible outcomes for future co-operation.</li> </ul>			

Programme 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
				<ul style="list-style-type: none"> <li>The Department hosted a National Broadband Policy Workshop with international experts from 15 countries, to share best practices with South Africa on Broadband Policy implementation.</li> <li>Funding was also successfully acquired for an e-skills project through the Project Steering Committee, which is chaired jointly by DIRCO and the European delegation.</li> <li>Furthermore, the Department participated in several SA-EU Inter-Departmental Steering Committee meetings in preparation for the SA-EU Joint Cooperation Council Meeting which will be held in June 2014.</li> </ul>		

**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Projects specific reasons for such underperformance have been provided under “comment on deviation” where applicable. With regards to the multilateral forums and facilitating strategic multilateral partnerships as well as contributing to international agreements and coordinating the implementation of decisions of major summits, going forward the Department will take into consideration the implications of reliance on external stakeholders such as the ITU during its planning processes. Furthermore, the Department will focus on improving relations with external stakeholders such as the ITU in order to improve turn-around times.

**Changes to planned targets**

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

**Linking performance with budgets**

The overspending for the both 2012/13 and 2013/14 financial years was under transfers payments to foreign government and international organisations due to high exchange rates.

**Sub-programme expenditure**

Sub-Programme Name	2013/2014			2012/2013		
	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	11,539	11,539	-	15,688	11,803	3,885
ICT Trade/ partnership	29,866	29,866	--	32,178	32,387	(209)
<b>Total</b>	<b>41,405</b>	<b>41,405</b>	<b>-</b>	<b>47,866</b>	<b>44,190</b>	<b>3,676</b>



#### 4.3 Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT

**The purpose of Programme 3: Policy, Research and Capacity Development** is to develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICT by the majority of the South African population, thus bridging the digital divide.

The Policy, Research and Capacity Development Programme consist 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 to function effectively in the emerging information society.

The Strategic Objectives for the 2013/14 Financial Year are listed below:-

- Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies;
- e-Skills capacity in South Africa for employability in the knowledge economy; and
- ICT research and development to improve evidence based policy making for economic growth and global competitiveness.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies	Approved White Paper on ICT Policy and National ICT Bill.	<ul style="list-style-type: none"> <li>The National ICT Policy Colloquium was held on the 19th and 20th April 2012 after which a draft colloquium report was produced.</li> <li>A draft framing document was developed.</li> <li>A Literature review of ICT policies was conducted and shared with the ICT Policy Review Panel members.</li> </ul>	ICT Policy Review Report developed and Green Paper on National Integrated ICT Policy published	<ul style="list-style-type: none"> <li>The Department fully achieved the target as planned. During the reporting period the Department established the ICT Policy Review Panel of experts to review the Telecommunication, e-Commerce and Broadcasting policies.</li> <li>The Department published the ICT Policy Framing Paper for public comments and also developed and tabled the ICT Policy Review Report at relevant governance structures.</li> <li>The National Integrated ICT Policy Green Paper was developed and approved by Cabinet in December 2013 and gazetted for public consultation in January 2014.</li> <li>A National Consultative Conference on the National Integrated ICT Policy Green Paper was held on the 3rd March 2014 and Public Hearings on the National Integrated ICT Policy Green Paper have already commenced in February 2014 in Provinces.</li> </ul>	-	-

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies	Corporatised and fully operational Postbank	<ul style="list-style-type: none"> <li>Consultations were concluded with National Treasury on the Borrowing, Lending and Investment Policies of the Postbank.</li> <li>The 3 Policies were thereafter approved by Cabinet and submitted to the speaker of Parliament.</li> <li>With regards to monitoring the implementation of the Postbank Act, bi-weekly and monthly meetings were held with the Operational Committee and Working Committee respectively and updated reports were developed and presented to relevant structures including Cabinet.</li> <li>The Postbank Amendment Bill was drafted.</li> </ul>	Postbank bill promulgated and Postbank corporatised	<ul style="list-style-type: none"> <li>The Department fully achieved the target. The draft RIA report on the Postbank bill and the revised Postbank Bill was approved by the Portfolio Committee and the Select Committee on Labour and Public Enterprises in the third quarter of the reporting period.</li> <li>The Postbank Bill was introduced to Parliament. Public hearings and deliberations were held in September 2013 by the Portfolio Committee on Communications.</li> <li>The Postbank Bill was thereafter passed and signed by the President.</li> </ul>		

**Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT**

Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
<p>Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies</p>	<ul style="list-style-type: none"> <li>SAPO SOC Ltd Amendment Bill</li> </ul>	<ul style="list-style-type: none"> <li>The Post and Telecommunications related Matters Amendment Bill was developed and gazetted for public consultation.</li> <li>Analysis of the public comments was conducted and affected on the Bill accordingly.</li> <li>Meetings with SAPO and the Pension Fund were held to implement the Constitutional Court decision.</li> </ul>	<p>SAPO SOC Ltd Amendment Bill submitted to Cabinet and tabled in Parliament.</p>	<ul style="list-style-type: none"> <li>With regards to Postbank Corporatisation, the application for a Banking License was submitted to the Registrar of Banks.</li> <li>Names of Board members that were recommended by SAPO were approved by the Minister of Communications and submitted to the Reserve Bank for the fit and proper assessment.</li> <li>Given the above, from a policy and legislative perspective, the Department has done all within its mandate to ensure Corporatisation of the Postbank.</li> </ul>	<p>-</p>	<p>-</p>
				<ul style="list-style-type: none"> <li>The Department fully achieved the target. As the SAPO SOC LTD Bill was approved by Cabinet Committee and subsequently approved by Cabinet in June 2013.</li> <li>The Bill was introduced to Parliament and approved by both the Portfolio Committee on Communications and the Select Committee on Labour and Public Enterprises in the third quarter of the reporting period.</li> <li>A RIA report on SAPO SOC LTD Bill was developed.</li> <li>Furthermore the SAPO Soc Ltd Amendment Bill was signed into law and became operational in January 2014.</li> </ul>	<p>-</p>	

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies	Electronic Communications Amendment Bill	<ul style="list-style-type: none"> <li>The Department developed the draft EC Amendment Bill which was gazetted for public comments.</li> <li>Furthermore, the RIA report was finalised.</li> <li>The EC Amendment Bill was finalised for submission to Cabinet for approval.</li> </ul>	Electronic Communications Amendment Bill tabled in Parliament.	<ul style="list-style-type: none"> <li>The Department fully achieved the target as the EC Amendment Bill was tabled in Parliament in the first quarter of the reporting period</li> <li>The RIA report was also aligned with the latest ECA Bill which was submitted to Parliament.</li> <li>The Department participated in the Parliamentary processes towards the enactment of the EC Amendment Bill.</li> </ul>	-	-
Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies	ICASA Amendment Bill	<ul style="list-style-type: none"> <li>The Department developed the ICASA Amendment Bill and concluded necessary consultations with ICASA.</li> <li>The RIA report was finalised and the Bill underwent extensive stakeholder consultation after which it was approved for tabling in Cabinet.</li> </ul>	ICASA Amendment Bill tabled in Parliament.	<ul style="list-style-type: none"> <li>The Department fully achieve the target as the ICASA Amendment Bill was introduced to Parliament during the first quarter of the reporting period.</li> <li>The RIA report was aligned with the latest ICASA Bill which was submitted to Parliament.</li> </ul>	-	-

**Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT**

Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies	Public Broadcasting Act	<ul style="list-style-type: none"> <li>Due diligence on the White Paper on Broadcasting (1998) was completed and a report was produced which was integrated into the comprehensive ICT Policy Review Process.</li> <li>Furthermore, a dedicated working group was established as part of the ICT Policy Review Panel.</li> </ul>	Public Broadcasting Policy Review completed and Position paper developed and consulted.	<ul style="list-style-type: none"> <li>The Department fully achieved the target as the Broadcasting Review Report was completed.</li> <li>The National Integrated ICT Policy Green Paper which was developed and approved by Cabinet in December 2013 and gazetted for public consultation in January 2014, includes sections related to Public Broadcasting.</li> <li>In an effort to streamline functions and resources, the section related to Public Broadcasting was incorporated and adequately addressed in the ICT Green Paper.</li> </ul>	-	-
Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies	Approved Community Broadcasting Support Strategy focusing on Community Radio and Television.	<ul style="list-style-type: none"> <li>A final community TV business model report was produced following a study that was undertaken. The Community Broadcasting Support Position Paper was developed and work shopped with relevant stakeholders.</li> </ul>	Community Broadcasting Support Strategy approved and implementation commenced.	<ul style="list-style-type: none"> <li>The Department partially achieved the target.</li> <li>A revised roadmap on the Community Broadcasting Support Strategy was developed.</li> <li>The draft Community Broadcasting Support strategy was developed and internally consulted in the third quarter of the reporting period.</li> </ul>	The Community Broadcasting Support Strategy was not finalised	The finalisation and submission of the Community Broadcasting Support Strategy to Cabinet for approval was delayed as it had to be re-worked to include financial implications
e-Skills capacity in South Africa for employability in the knowledge economy	Fully operational single Institution for e-skills.	<ul style="list-style-type: none"> <li>With regards to conducting environmental scan for e-Skills interventions, data gathered during the environmental scan was processed in five provinces which provided input to the national comments made by the e-SI.</li> </ul>	e-Skills development plan for a single institution for e-Skills developed and implemented	<ul style="list-style-type: none"> <li>The Department partially achieved the target as certain aspects of the developmental plan were not fully implemented.</li> </ul>	<ul style="list-style-type: none"> <li>Appointments of staff did not take place as planned.</li> </ul>	Delays in transferring of funds as well as the absence of a budget allocation for the E-Readiness Fund resulted in delays in the broader e-Skills programme

**Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT**

Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>The Department developed the final National e-Skills Curriculum Development and Competency Framework and instructional design guideline which guided the implementation of targeted courses.</li> <li>With regards to the development of the e-Skills aggregation monitoring and evaluation mechanism, the Department developed a model to support e-Skills aggregation for impact in rural and peri-urban communities.</li> <li>The Department also developed an e-Skills aggregation monitoring and evaluation mechanism.</li> </ul>		<ul style="list-style-type: none"> <li>With regard to appointment of senior management and non-management staff for the Single Entity for e-skills, only the post of the CEO was advertised. However, a Joint Task Team was established to conclude on the integration of eSI/NEMISA and ISSA and the process of looking at the HR, asset and budget transfers of eSI and ISSA to NEMISA was conducted.</li> <li>Extensive negotiations were undertaken with National Treasury and R15 million was approved to support the activities of the CoLabs and such funds were transferred to NEMISA.</li> <li>Extensive negotiations were undertaken with National Treasury and principle agreement was obtained for funding streams for the Entity.</li> <li>Targeted e-Skills courseware were developed in line with the National e-Skills Curriculum Framework in collaboration with key stakeholders.</li> <li>The National framework for e-Skills research was finalised with a focus on evidence based research.</li> </ul>	<ul style="list-style-type: none"> <li>The development of a Professional Development Strategy and Plan for the organisation as well as the establishment of the e-Readiness Fund is delayed.</li> <li>The e-Skills aggregation monitoring and evaluation mechanism was not developed and piloted.</li> <li>The E-Skill Development plan was not submitted to Cabinet for approval.</li> </ul>	

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Inclusive economic growth through the development and implementation of ICT policies, legislations and strategies	Approved National e-Strategy.	-	e-Strategy Framework, including vision 2020, developed in line with ECT and NDP.	<ul style="list-style-type: none"> <li>In terms of the development of local applications, the KwaZulu-Natal CoLab embarked on a process to integrate all the apps innovation at DUT into the CoLab in order to initiate the establishment of a Applications Factory at the CoLab. This was also in support of the Community Development Workers project in partnership with DPSA, COGTA KZN and LGSETA.</li> <li>With regards to the roll-out of the e-Skills Virtual Network, Minister launched the virtual network on 20 May 2013. The selection process of the Smart Community centres were facilitated and finalized by the CoLabs. 18 centres were identified in collaboration with key stakeholders to deliver build on e-astuteness especially in deep rural and peri-urban communities. These centres were selected in collaboration with local partners and against the selection criteria identified.</li> <li>In February 2014, the integrated Ikamva National e-Skills Institute was officially launched by the Minister.</li> <li>Department fully achieved the target and the e-Strategy framework was developed in line with ECT and the NDP.</li> </ul>	-	-



**Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT**

Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
ICT research and development to improve evidence based policy making for economic growth and global competitiveness	Conduct ICT research and development to support and inform policy making processes.		Research Programme developed and implemented focused on supporting priority policies.	<ul style="list-style-type: none"> <li>The Department fully achieved the target to develop and implement research programme focusing on supporting priority policies.</li> <li>An ICT Research Framework to guide research on the WSIS thematic areas aligned to the Government priorities was developed. On the 13th of September 2013, the DoC and University of Pretoria co-hosted a Provincial Seminar on Information Ethics a platform to discuss policy development / interpretation related to Information Ethics and research in Africa.</li> <li>A research report on identified thematic areas was developed and WSIS country report was developed.</li> <li>The e-Barometer Working Group on Measuring the Information Society and Development was established. Available data on ICT infrastructure, in terms of access by individuals and households for the period 2010 to 2012, was collected and collated.</li> <li>Furthermore, a National position paper on Green ICTs was developed.</li> </ul>	-	-

**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Projects specific reasons for such underperformance have been provided under “comment on deviation” where applicable. With regards to the Community Broadcasting Support Strategy the delays were due to delays in Cabinet approval as the strategy had to be re-worked to include financial implication. The Department will prioritise the approval of the Community Broadcasting Support Strategy and commence with the implementation thereof.

In terms of the e-Skills development, the Department will address the challenge which related to delays in transferring of funds as well as the absence of a budget allocation for the e-Readiness Fund which impacted on the broader e-Skills programme. Going forward such challenges will be mitigated through engagements with the National Treasury.

**Changes to planned targets**

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

**Linking performance with budgets**

Policy, Research and Capacity Development programme has 99% of its adjusted budget in the 2013/14 financial year as compared to 96% spent in 2012/13. The underspending in 2012/13 was mainly under compensation of employees due the organisational review and migration process that taking place. Goods and services was overspent in both financial years due budget cut by National Treasury.

**Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	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	27,572	27,512	60	41,764	41,817	(53)
Econ and Market Analysis	8,314	8,314	-	2,990	1,870	1,120
Research	6,002	6,002	-	3,967	5,086	(1,119)
Information Society and Development	38,179	38,179	-	46,369	46,369	-
Capacity Development	8,898	8,787	111	17,876	18,120	(244)
<b>Total</b>	<b>88,965</b>	<b>88,794</b>	<b>171</b>	<b>112,966</b>	<b>113,262</b>	<b>(296)</b>

### 4.4 Programme 4: BROADCASTING, COMMUNICATIONS REGULATION AND SUPPORT

**The purpose of Programme 4: Broadcasting, Communications Regulation and Support** is to oversee and manage Government's shareholding interest in public entities. Facilitate growth and development of small, medium and micro enterprises (SMMEs) in the ICT sector.

The Broadcasting, Communications Regulation and Support Programme consists of the following sub programmes:

- **Public Entity Oversight** provides oversight relating to State Owned Companies by managing Government's shareholder interests 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 2013/14 Financial Year are listed below:-

- Growth and Development of SMMEs to improve their sustainability through the use of ICTs; and
- Efficient and effective oversight to SOCs and ICASA.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 4: BROADCASTING, COMMUNICATIONS REGULATION AND SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Growth and development of SMMEs to improve their sustainability through the use of ICTs	Comprehensive ICT SMME capacity programme implemented towards sustainable SMMEs and job creation	With regards to ICT Hubs, a draft business plan was approved and discussions with the Provinces were held.	Implementation of ICT SMME Programmes facilitated focusing on e-Commerce, export readiness and the BDM value chain	<ul style="list-style-type: none"> <li>The Department partially achieved the target of facilitating the ICT SMME Programmes.</li> <li>For the 2013/14 financial year, training workshops on the SMME e-Commerce platform were conducted in 4 provinces, Limpopo, North West, Gauteng and Eastern Cape. A total of 129 SMMEs were capacitated on the use of the e-Commerce Platform and their business profiles and offerings were uploaded on the platform. Sectors covered includes travel and tourism, accommodation, arts and craft.</li> </ul>	<ul style="list-style-type: none"> <li>500 SMMEs could not be capacitated to take up opportunities in the BDM value chain.</li> <li>Service provider to deliver on the export readiness projects was not appointed and as a result the export readiness interventions to the 15 SMMEs were not implemented as planned.</li> </ul>	<ul style="list-style-type: none"> <li>Delays relating to the implementation of the broader BDM programme with specific reference to the roll-out of STBS had a negative impact on the participation of SMME's in the BDM value chain.</li> <li>HR capacity constraints had a negative impact on the export readiness programme.</li> </ul>

Programme 4: BROADCASTING, COMMUNICATIONS REGULATION AND SUPPORT							
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations	
Efficient and effective oversight to SOCs and ICASA	All mandatory legislative reports and plans of all six entities assessed and reviewed and recommendations provided to the Executive Authority with 30 days or receipt.	<ul style="list-style-type: none"> <li>With regards to coordinating the MTEF requests from SOEs in line with priorities, the Department, facilitated discussions to decide on the total quantum of funding needed for entities and provided relevant advice accordingly.</li> </ul>	Submission of entities facilitated, reviews and assessments of all mandatory legislative reports and plans undertaken and recommendations provided to the Executive Authority within 30 days of receipt	<ul style="list-style-type: none"> <li>The Department fully achieved the target.</li> <li>The MTEF requests of all SOEs were facilitated and all SOCs participated in the MTEC process.</li> </ul>	-	-	
				<ul style="list-style-type: none"> <li>With regards to the development of reports on Job creations, from April 2013 to March 2014, 865 jobs were created. 63.4% (549) of these individuals were youth. Only 1.7 % of the total employed consists of people living with disabilities. Of the total jobs, 37.7% (326) were females and 37.9% (328) were males. It is also critical to note that 21.3% (185) of these individuals were employed on a permanent basis, while 54.2% (469) were employed on a temporary basis.</li> </ul>			

Programme 4: BROADCASTING, COMMUNICATIONS REGULATION AND SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>In order to ensure strategic alignment of Government priorities with draft strategic/corporate plans, DoC officials participated in the SOEs Strategic Planning Workshops and SOEs participated in the DoC Strategic planning Workshops. Furthermore, a joint DoC/SOE workshop was held with all public entities on 17 January 2013.</li> <li>DoC held all planned Bilateral meetings with respective SOEs</li> <li>Corporate Plans of all public entities were tabled in the National Assembly on 13 March 2013.</li> </ul>		<ul style="list-style-type: none"> <li>The ENE submissions by entities were facilitated and submitted to National Treasury in line with the Treasury Guidelines and SOC inputs on the final 2014/15 ENE submission were reviewed and forwarded to Finance for consolidation and submission to National Treasury.</li> <li>In order to ensure alignment and integrated planning, all SOCs participated in the DoC strategic planning workshop while the DoC participated in all SOC planning workshop that were scheduled by the respective SOCs/Entities.</li> <li>Furthermore, joint DoC/SoC Strategic Work sessions were hosted in February and March 2014 after which the development of Corporate/Strategic Plans and APPs were facilitated for Tabling after the National Elections.</li> </ul>		

Programme 4: BROADCASTING, COMMUNICATIONS REGULATION AND SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>Quarterly reports of SOEs were analysed to determine actual performance against targets and meetings were held with executive management of SOEs to present their performance against targets and to provide Departmental feedback.</li> </ul>		<ul style="list-style-type: none"> <li>SoCs quarterly reports were analysed to determine the actual performance against targets and meetings were held with executive management of SoCs to present their performance against targets and to provide Departmental feedback.</li> <li>The Annual General Meetings (AGMs) were held with the SoCs as planned.</li> <li>Analyses of the 2012/13 Annual Reports were conducted within 30days of receipts.</li> <li>The submission of unaudited financial statements to the external auditors was facilitated for all entities.</li> <li>The 2012/13 Annual Reports of USAASA, NEMISA, SENTECH, SAPO and SABC were tabled in Parliament.</li> </ul>		

Programme 4: BROADCASTING, COMMUNICATIONS REGULATION AND SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
		<ul style="list-style-type: none"> <li>2011/12 Annual Reports of SOEs were analysed and feedback to the Chairpersons of SOEs was provided.</li> </ul>		<ul style="list-style-type: none"> <li>Monitoring of adherence to good Governance practices was undertaken on a quarterly basis and all SOEs completed King 3 compliance scorecards.</li> <li>The process of facilitating the development of the 2014/15 shareholder compacts has commenced through engagement with SOCs.</li> <li>Lastly, the drawdown schedules of all entities were finalised and the payments effected as well as expenditure monitored on a quarterly basis.</li> </ul>		



**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Projects specific reasons for such underperformance have been provided under “comment on deviation” where applicable. With regards to the Implementation of ICT SMME Programmes focusing on e-Commerce, export readiness and the BDM value chain the delays were relating to the implementation of the broader BDM programme with specific reference to the roll-out of STBs which had a negative impact on the participation of SMME’s in the BDM value chain. Going forward, initiatives related to SMMEs will be shared between Programme 3 and Programme 4 and will focus on a broader National Human Capacity development programme, focused on business and individuals while also reviewing SMME related empowerment targets in all the ICT subsectors and elements of the ICT value chain.

**Changes to planned targets**

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

**Linking performance with budgets**

This programme has spent 99% of its adjusted budget for 2013/14 financial year whereas in 2012/13 financial year it has spent 100% of its adjusted budget. The underspending in 2013/14 is due to transfer payments for programme production that did not flow due to the integration of NEMISA and –skills that resulted to NEMISA to redefine its strategic focus.

**Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	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	1 059,946	1 049,268	10,678	1 045,796	1 045,415	381
Small Medium and Micro Enter Development	7,123	7,123	-	15,786	15,786	-
ICT Support	7,941	6,358	1,583	9,022	9,022	-
<b>Total</b>	<b>1 075,010</b>	<b>1 062,749</b>	<b>12,261</b>	<b>1 070,604</b>	<b>1 070,223</b>	<b>381</b>

### 1.1 Programme 5: ICT INFRASTRUCTURE SUPPORT

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

ICT Infrastructure Development has the following sub-programmes:-

- **Broadband** – is responsible for developing and facilitating the implementation of the ICT infrastructure broadband strategy and implementation plan, and ensures that broadband goals are achieved; and
- **Digital Terrestrial Television** – is responsible for making transfers to Sentech to roll-out ICT infrastructure for the migration of signal distribution from analogue to digital.

The Strategic Objectives for the 2013/14 Financial Year are listed below:-

- Increased Broadband coverage and affordable access to Government services for all households by 2020;
- Efficient management and use of the National Radio Frequency Spectrum; and
- Migration from analogue to digital television by 2016 to ensure national digital television coverage.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 5: ICT INFRASTRUCTURE SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Increased Broadband coverage and affordable access to government services for all households by 2020	Approved Broadband policy, strategy and implementation plan	<ul style="list-style-type: none"> <li>The National Broadband Policy was amended and a draft broadband strategy was developed. The National Broadband Policy was gazetted and the development of strategy and implementation plan has commenced under the auspices of SIP 15.</li> <li>The Broadband marketing study was conducted together with National Treasury to inform the development of the funding model. Three (3) Funding models have been developed.</li> </ul>	Broadband policy, Broadband strategy and Broadband Implementation plan finalised.	<ul style="list-style-type: none"> <li>The Department achieved the fully achieved the target.</li> <li>The Department undertook the process of revising the National Broadband Policy.</li> <li>As a result, the revised National Broadband Policy, referred to as "SA Connect", was approved by Cabinet in December 2013.</li> <li>SA Connect, which was approved by Cabinet, also contains the National Broadband Strategy and implementation approaches.</li> </ul>	-	-
	Increased broadband geographic coverage in line with the broadband implementation plan	<ul style="list-style-type: none"> <li>The Department signed a contract and developed an implementation plan for connectivity of 1650 schools. As at the end of the reporting period, 852 of identified schools were connected (WAN installation) and implementation was monitored accordingly.</li> </ul>	Relevant broadband initiatives of identified stakeholders facilitated, coordinated and monitored.	<ul style="list-style-type: none"> <li>The Department fully achieved the target of prioritising the connectivity to schools.</li> <li>During the reporting period the department completed connectivity to 1650 schools by connecting them to the WAN network.</li> </ul>	-	-

Programme 5: ICT INFRASTRUCTURE SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Fully operational Cybersecurity Hub	A detailed project plan was developed and a building was identified and building blueprints have been drawn and approved.	<ul style="list-style-type: none"> <li>The Department identified ongoing private sector and public sector broadband initiatives including, amongst others, the Western Cape Project, KZN project, Dark Fiber projects and MTN projects. Going forward, the DoC will monitor developments until they are commissioned.</li> </ul>	<ul style="list-style-type: none"> <li>The Department partially achieved the target regarding the establishment of Cyber security Hub.</li> </ul>	<ul style="list-style-type: none"> <li>The Cyber security Hub building was not refurbished, resulting in the Cybersecurity Hub not being established as planned.</li> <li>During the reporting period the NCAC was appointed and the department further oversaw the launch of the NCAC and its activities. The NCAC work-plan for 2014 was developed and NCAC activities and recommendations were submitted to Minister.</li> <li>The Virtual Cybersecurity Hub was established. Most of the equipment has been procured and configured. Applications have been developed and are being continuously tested.</li> <li>Regarding Cybersecurity Awareness the department promoted such awareness at various events across the country.</li> </ul>	Delays in the establishment of the Cyber security Hub was largely due to lack of financial resources that were reprioritised for other projects.	-

**Programme 5: ICT INFRASTRUCTURE SUPPORT**

Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Efficient management and use of the National Radio Frequency Spectrum	Updated National Radio Frequency Plan	<ul style="list-style-type: none"> <li>National Radio Frequency Plan was reviewed as a result of the decisions of WRC-12 and proposed amendments to National Radio Frequency Plan were drafted in co-operation with ICASA.</li> <li>The usage of the National Radio Frequency spectrum was validated from 9 KHz to 500 MHz and all key deliverables in line with the project implementation plan were delivered.</li> </ul>	Updating of current Radio Frequency Plan facilitated taking into account all relevant decisions of WRC-12 and the outcomes of the spectrum audit.	<ul style="list-style-type: none"> <li>Furthermore, the Deputy Minister also promoted Cybersecurity awareness during the launches of schools as part of the schools connectivity project. Cybersecurity student awareness campaigns were also undertaken in 2 KZN schools in collaboration with the CSIR.</li> <li>The Department fully achieved the target as the National Radio Frequency Plan was approved by Minister and gazetted by the Authority.</li> <li>National Radio-Frequency Plan in Gazette No. 36336, 28 June 2013, incorporates radio spectrum requirements of security services.</li> <li>The spectrum requirements for exclusive allocations for Security Services was compiled and approved by Minister for incorporation by ICASA in the National Radio-Frequency Plan.</li> </ul>	-	-

Programme 5: ICT INFRASTRUCTURE SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
	Approved Digital Dividend Policy focused on optimisation of Digital Dividend	<ul style="list-style-type: none"> <li>The Department conducted an assessment of current and future usage of the UHF band.</li> <li>Furthermore, Policy directions on high demand spectrum were prepared and submitted to the Minister for consideration.</li> </ul>	Policy Directions issued on exploitation of Digital Dividend to support ICT infrastructure and services.	<ul style="list-style-type: none"> <li>The Department partially achieved the target of issuing Policy Directions on exploitation of Digital Dividend to support ICT infrastructure and services.</li> <li>Considering the revisions made to the National Broadband Policy, the DoC undertook the approach of merging the Digital dividend policy direction in order to produce a Policy directive on Spectrum for Broadband.</li> <li>In this regard, the Department has developed a draft a Policy directive on Spectrum for Broadband which will be issued in the 2014/15 financial year.</li> </ul>	The policy direction on exploitation of Digital Dividend was not issued.	The Department did not issue the policy direction on exploitation of Digital Dividend but will incorporate it in the policy direction on Spectrum for Broadband which will be aligned to South Africa Connect.
Migration from analogue to digital television by 2016 to ensure national digital television coverage	Digital Television transmission infrastructure rolled out	The DTT infrastructure rollout was continuously monitored and 80.4% population coverage was achieved.	88% national DTT coverage achieved.	<ul style="list-style-type: none"> <li>The target was fully achieved and exceeded to achieve 100% coverage via DTH-Satellite transmission. This was achieved through the DTT network rollout resulting in 84% DTT coverage according to the recommended transmitter power and the remaining 16% coverage through satellite transmission.</li> <li>To this end, the Satellite transmission platform was launched in September 2013, and was in operation, providing 100% geographical and population coverage.</li> </ul>	-	-

Programme 5: ICT INFRASTRUCTURE SUPPORT						
Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
	Set Top Box Rollout for the 5-million needy household	-	1.5-million subsidised STBs allocated to subsidy recipients.	<ul style="list-style-type: none"> <li>The Department did not achieve the target of allocating 1.5-million subsidized STBs to subsidy scheme recipients.</li> <li>In June 2013 the Minister made a pronouncement to review the BDM Policy with a view to make STB Control non-mandatory and proceed with the STB tender evaluation.</li> <li>The SABS Conformance lab was been commissioned and completed. The lab was ready for operations since June 2013.</li> <li>Distribution logistics with SAPO is 90% ready.</li> </ul>	<ul style="list-style-type: none"> <li>Zero subsidised STBs were distributed to subsidy scheme recipients.</li> </ul>	<ul style="list-style-type: none"> <li>The contention on the STB control by certain industry stakeholders resulted in delays in the broader BDM programme, with specific reference to the STB roll-out.</li> <li>Additional funding has been secured with National Treasury in line with the procurement plans for STBs and antennas for the 2014-17 MTEF period</li> </ul>
	Phased switch off of the analogue television transmitter network across all Provinces	-	Free State and Limpopo analogue transmitter networks switched off through a phased approach.	<ul style="list-style-type: none"> <li>The Department did not achieve the target with regards to switching-off the Free State and Limpopo analogue transmitter networks.</li> </ul>	<ul style="list-style-type: none"> <li>Phased switch off of Free State and Limpopo analogue transmitters did not take place.</li> </ul>	<ul style="list-style-type: none"> <li>Transmitter switch-off was stalled due to contentions on STB Control by some industry stakeholders.</li> </ul>

Programme 5: ICT INFRASTRUCTURE SUPPORT

Strategic objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
	STBs installed by qualified installers	-	Installer training provided to installers in identified Provinces, in line with phased switched of approached.	<ul style="list-style-type: none"> <li>The Department did not achieve the target as no substantial progress was made however, a training curriculum was developed.</li> </ul>	<ul style="list-style-type: none"> <li>Installer training was not provided to installers in identified Provinces.</li> </ul>	<ul style="list-style-type: none"> <li>Due to overall delays in the broader BDM programme as well as funding constraints, the installer training program has been left to industry to implement.</li> <li>The Department will provide facilitation and coordination for such training, especially to outlying areas.</li> </ul>
	Fully operational National Call Centre	-	National Call Centre established and operationalised to provide technical user support.	<ul style="list-style-type: none"> <li>The Department did not achieve the target as no substantial progress was made however, the planning and costing for the establishment of the call centre was completed.</li> </ul>	<ul style="list-style-type: none"> <li>The National Call Centre was not established.</li> </ul>	<ul style="list-style-type: none"> <li>Overall delays in the broader BDM programme had a negative impact on the establishment of the call centre.</li> <li>Furthermore, engagements are under way with National Treasury for alternate BDM Call Centre funding.</li> </ul>



**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Projects specific reasons for such underperformance have been provided under “comment on deviation” where applicable. Underperformance was largely due to delays in the broader BDM programme. The department experienced significant challenges due to the contention on the STB control system amongst broadcasters as well certain manufacturers. Despite extensive efforts to facilitate agreement, the issue of the STB control system reached a deadlock which impacted on related BDM initiatives. Going forward, the Department will explore all other avenues of resolving the STB control system issue so as to ensure speedy implementation of the BDM programme.

**Changes to planned targets**

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

**Linking performance with budgets**

This programme has being under-spending its adjusted budget on compensation of employees for both 2012/13 and 2013/14 financial year due to the migration process that was taking place. The goods and service budget have been overspent for both financial years due to budget cut imposed by National Treasury.

**Sub-programme expenditure**

Sub- Programme Name	2013/2014			2012/2013		
	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	418,156	418,156	-	61,743	61,743	-
Digital Terrestrial Television	541,239	541,239	-	165,834	165,834	-
<b>Total</b>	<b>959,395</b>	<b>959,395</b>	<b>-</b>	<b>227,577</b>	<b>227,577</b>	<b>-</b>

**5. TRANSFER PAYMENTS**

**5.1 TRANSFER PAYMENTS TO PUBLIC ENTITIES**

**5.1.1 NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA (NEMISA)**

The National Electronic Media Institute of South Africa (NEMISA) was established as a non-profit institute of education by the Department of Communications in terms of the Companies Act (1973). Formed as part of a government initiative in 1998, in response to the White Paper on Broadcasting Policy, the institute's main purpose is to train previously disadvantaged individuals, particularly women, to equip them with the necessary skills to play significant roles in the constantly changing broadcasting environment. During the 2013/14 financial year, the Department established a Joint Task Team to oversee the intergration of NEMISA, e-Skill Institute (e-SI) and Institute for Satellite & Software Applications (ISSA) to form the Ikamva National eSkills Institute (iNeSI). iNeSI was launched on 21 February 2014. The Institute is aimed at providing an enabling environment for a coordinated response to the challenges posed by the rapidly-expanding capacity, mobility, convergence and affordability of new information and communication technologies (ICTs) and their impact on South Africa's competitive position. A total amount of R50.746 million which included R15 million for e-Skills CoLabs was transferred during the 2013/14 financial year.

**5.1.2 SOUTH AFRICAN POST OFFICE (SAPO)**

The South African Post Office was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the public. It was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act (1988). This act 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. The Post Office Act (1958) was repealed and replaced by the Post Office Bill and the Postbank Bill, which have been enacted into law by March 2012. The South African Post Office has a retail post office infrastructure of about 2,500 service points, which delivers postal, courier, financial and Postbank services. To increase access to its services, 48 new points of presence were established, 37 postal outlets were refurbished and 355 off-line post offices were automated during the 2013/14 financial year. South African Post Office also rolled out 808 906 new addresses and delivered a total of about R9.4 million books to 4 394 schools. SAPO financial position had worsened in the 2013/14 financial year. Its financial position has deteriorated to a commercially insolvent position and may not be able to pay its short-term debts as and when they become due for payment in the normal course of business. There is an urgent need to find funds to ensure that SAPO pays salaries for employees and its debts as they become due in order to carry on with its operations.

**5.1.3 SENTECH**

Sentech Limited is a state owned enterprise established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999) and is listed as a schedule 3B public entity in terms of the Public Finance Management Act (1999). Its mandate is to provide broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was awarded value added network service licences for its multimedia and carrier of licences, thus allowing for converged ICT solutions. In 2009, these licences were converted to individual electronic communications network service and individual electronic communications service licences under the Electronic Communications Act (2005). The highlights at the end of FY2013/14 included the achievement of 82.12% DTT network roll out and geographical coverage against a target of 84%. Based on the predetermined service level targets, Sentech exceeded the network availability target of 99.80% by delivering an overall network availability of 99.86% to customers.

**5.1.4 SOUTH AFRICAN BROADCASTING CORPORATION (SABC)**

The South African Broadcasting Corporation's mandate is set out in its charter and in the Broadcasting Act (1999), which require it to provide its services to all South Africans in all the official languages; provide programming that informs, educates and entertains and which reflects the diversity of South Africans; and maintain freedom of expression and journalistic, creative and programming independence. The corporation's service and broadcasting activities are regulated through the licence conditions issued by the Independent Communications Authority of South Africa for each of its radio and television services. It reports to the authority quarterly to comply with licence conditions. The corporation is further bound to meet licence conditions

set for its individual radio stations and television channels, and has to abide by regulations set by the Independent Communications Authority of South Africa outlining minimum quotas and standards in areas such as local content. The corporation became a limited liability company in 2004, with two operational divisions: public broadcasting services and commercial broadcasting services. As a national public service broadcaster, the corporation operates 18 radio stations and three television stations, reaching about 24 million people daily.

One of the major achievements for the SABC was early repayment of its *Nedbank* loan. At the end of September 2013, the SABC settled the loan, with the early pay-off saving R45m in interest. The current cash reserves of the SABC have improved significantly during the financial year and are adequate to meet the current needs of the SABC.

The SABC embraced its public service role fully in covering the death and funeral of former President Nelson Mandela in December 2013. The Television Division broadcast 19.5 hours of hour-long live tribute shows between 8 December and 15 December on SABC1 and SABC3. SABC2 was set aside for use by News for the latest breaking news around the announcement of Madiba's death, his memorial service, the lying in state and the funeral at Qunu. The SABC received formal and informal accolades for the excellent content during the broadcast of the former President Nelson Mandela's funeral. The compliments ranged from local viewers, including SABC's opposition broadcaster to the many international clients, TV, Radio, and Digital media. It is no doubt that the SABC produced a worthy farewell to the Father of the Nation, Tata Nelson Mandela.

During the period under review the SABC launched its 24-Hour News Channel, with broadcasting commencing on *DStv's* Channel 404 from 1 August 2013.

One of the main focus areas for the year under review was the filling of all strategic and critical positions. The following executive positions were filled with effective date of June 2013:

- Group Executive: Human Capital Services;
- Group Executive: Risk;
- Group Executive: Technology;
- Head of Procurement; and
- CEO of the SABC Foundation.

### 5.1.5 INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA)

The Independent Communications Authority of South Africa was established in terms of the Independent Communications Authority of South Africa Act No.13 of 2000/2000. The Authority regulates broadcasting, electronic communications and postal matters in the public interest. It must also achieve the objects contemplated in the underlying statutes (Broadcasting Act No. 4 of 1999, the Electronic Communications Act No. 36 of 2005 and the Postal Services Act No. 124 of 1998. During the 2013/14 financial year ICASA, published the following in the Government Gazette:

- the Terrestrial Broadcasting Frequency Plan, 2013 on 2 April 2013;
- the Radio Frequency Migration Regulations, 2013 and the Radio Frequency Migration Plan, 2013, on 3 April 2013;
- the Labelling Regulations, 2013, on 26 August 2013;
- the Type Approval Regulations, 2013, on 26 August 2013;
- the final regulations on mobile termination rates, on 4 February 2014;
- the National Radio Frequency Plan 2013, giving the frequency allocations to services from 8.3 kHz up to 3000GHz on 28 June 2013; the Political Elections Broadcasting Regulations on 17 February 2014; and
- the draft End-User and Subscriber Service Charter Regulations on the 22 January 2014 for public comment.

**5.1.6 UNIVERSAL SERVICE AGENCY AND ACCESS OF SOUTH AFRICA – AGENCY AND THE FUND (USAASA AND USAAF)**

The Universal Service and Access Agency of South Africa, is established in terms of sections 80 to 90 of the Electronic Communications Act Number 36 of 2005 as a statutory body. Its sole mandate is to promote the goals of universal service and universal access to electronic communications services, electronic communications network services and broadcasting services. The Agency is responsible for managing the Universal Service and Access Fund. In terms of the Act, the Fund receives contributions from licensed telecommunications providers and broadcasters which are used to fulfil universal access obligations in unserved and under-served areas. During the year under review, 41 new cyberlabs - out of a targeted 30 - had been deployed and connected to the internet. Broadband upgrades and construction had been initiated at two local municipalities (uMsinga-KZN and Emalahleni –E/Cape). Furthermore, the Agency had completed a National Strategy on Universal Service and Access and secured its approval by the Board. Added to this, a Fund Manual and standard operating procedures had been finalised and approved by the Board. Lastly, efforts to stabilise the Agency leadership continued culminating in four (4) vacant Senior Management positions being filled in during the financial year.

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
National Electronic Media Institute of South Africa		50,746		
South African Post Office		0		
Sentech		535,304		
South African Broadcasting Corporation		247,728		
Independent Communications Authority of South Africa		390,661		
Universal Service Agency and Access of South Africa		60,090		
Universal Agency and Access Fund		285,046		

**5.2. TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES**

**5.2.1 SOUTH AFRICAN BROADCASTING CORPORATION: COMMUNITY RADIO STATIONS**

South African Broadcasting Corporation: Community Radio Stations has been allocated an amount of R8.8 million for the period under review. This allocation was transferred to South African Broadcasting Corporation for community radio infrastructure.

**5.2.2 SOUTH AFRICAN BROADCASTING CORPORATION: COMMUNITY RADIO STATIONS**

The South African Broadcasting Corporation: Programme Production has been allocated a budget of R10.6 million for 2013/14 financial year. This allocation was not transferred to SABC due to integration of National Electronic Media Institute of South Africa (NEMISA) and E-skills. The Department was intending to implement the programme production through NEMISA. The integrated Institute had to redefine its own mandate given the new priorities whose main focus is on delivering the programmes through strategic partnerships such as universities. Therefore, this change of strategic focus did not necessitate the urgency to transfer the funds.

**5.2.3 .ZA DOMAIN NAME**

.Za Domain name was allocated a budget of R1.6 million for the period under review. The transfer payment did not flow due to the entity being self-sustainable.

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

The table below reflects the transfer payments made for the period 1 April 2013 to 31 March 2014

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
South African Broadcasting Corporation: Community Radio Stations	Public entity	To fund community radio infrastructure	No	8.842	0	

The table below reflects the transfer payments which were budgeted for in the period 1 April 2013 to 31 March 2014, 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
South African Broadcasting Corporation: Programme Production		10.550	0	
.za Domain Name		1,583		

### 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

##### Broadband Infraco:

Name of donor	Broadband Infraco
Full amount of the funding	R50, 000
Period of the commitment	23-25 March 2014
Purpose of the funding	Sponsorship towards the hosting of the SADC Extraordinary Meeting from 23-25 March 2014
Expected outputs	Conference Venue
Actual outputs achieved	Conference Venue
Amount received in current period (R'000)	50
Amount spent by the department (R'000)	50
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Sponsorship was made directly to the Conference Venue by the donor

**African Union Communications**

Name of donor	African Union Communications
Full amount of the funding	R 50, 000
Period of the commitment	25-Mar-14
Purpose of the funding	Hosting of the SADC Extraordinary Ministers Gala Dinner on 25/03/14
Expected outputs	Hosting of the Gala Dinner
Actual outputs achieved	Hosting of the Gala Dinner
Amount received in current period (R'000)	50
Amount spent by the department (R'000)	50
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Sponsorship was made directly to the Dinner Venue by the donor

**Poynting Antennas**

Name of donor	Poynting Antennas
Full amount of the funding	R 50, 000
Period of the commitment	25-Mar-14
Purpose of the funding	Hosting of the SADC Extraordinary Ministers Gala Dinner on 25/03/14
Expected outputs	Hosting of the Gala Dinner
Actual outputs achieved	Hosting of the Gala Dinner
Amount received in current period (R'000)	50
Amount spent by the department (R'000)	50
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Sponsorship was made directly to the Dinner Venue by the donor

**ZA Central Registry**

Name of donor	ZA Central Registry
Full amount of the funding	R 50, 000
Period of the commitment	25-Mar-14
Purpose of the funding	Sponsorship towards the procurement of promotional material for the SADC Extraordinary Ministers ICT meeting from 23-25 March 2014.
Expected outputs	Promotional materials
Actual outputs achieved	Promotional materials
Amount received in current period (R'000)	50
Amount spent by the department (R'000)	50
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Sponsorship was made directly to the Dinner Venue by the donor

**Trade, Development Cooperation Facility - EU**

Name of donor	Trade, Development Cooperation Facility - EU
Full amount of the funding	R 424, 000
Period of the commitment	Mar-14
Purpose of the funding	Study tour focussing on recent international experiences in the implementation of Universal Broadband Strategies of 6 officials of the department.
Expected outputs	The expenses were for: International flights, Hotel accommodation and Ground transportation in Europe
Actual outputs achieved	International flights, Hotel accommodation and Ground transportation
Amount received in current period (R'000)	424
Amount spent by the department (R'000)	424
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Telkom SA Limited**

Name of donor	Telkom SA Limited
Full amount of the funding	R 361, 000
Period of the commitment	21 May 2013
Purpose of the funding	Venue, meals, decor and gifts at the gala dinner after the 2013 Budget Vote debate
Expected outputs	Venue, meals, decor and gifts at the gala dinner
Actual outputs achieved	Venue, meals, decor and gifts at the gala dinner
Amount received in current period (R'000)	361
Amount spent by the department (R'000)	361
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Iburst**

Name of donor	Iburst
Full amount of the funding	R 50, 000
Period of the commitment	21 May 2013
Purpose of the funding	Technical equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.
Expected outputs	Technical equipment at the gala dinner
Actual outputs achieved	Technical equipment at the gala dinner
Amount received in current period (R'000)	50
Amount spent by the department (R'000)	50
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Business Connections**

Name of donor	Business Connections
Full amount of the funding	R 50, 000
Period of the commitment	21 May 2013
Purpose of the funding	Technical equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.
Expected outputs	Technical equipment at the gala dinner
Actual outputs achieved	Technical equipment at the gala dinner
Amount received in current period (R'000)	50
Amount spent by the department (R'000)	50
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Neotel**

Name of donor	Neotel
Full amount of the funding	R 20, 000
Period of the commitment	21 May 2013
Purpose of the funding	Stage and lighting equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.
Expected outputs	Stage and lighting equipment
Actual outputs achieved	Stage and lighting equipment
Amount received in current period (R'000)	20
Amount spent by the department (R'000)	20
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Cell C**

Name of donor	Cell C
Full amount of the funding	R 20, 000
Period of the commitment	21 May 2013
Purpose of the funding	Stage and lighting equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.
Expected outputs	Stage and lighting equipment
Actual outputs achieved	Stage and lighting equipment
Amount received in current period (R'000)	20
Amount spent by the department (R'000)	20
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor



**Multichoice**

Name of donor	Multichoice
Full amount of the funding	R 75, 000
Period of the commitment	May 2013
Purpose of the funding	Entertainment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.
Expected outputs	Entertainment at the gala dinner
Actual outputs achieved	Entertainment at the gala dinner
Amount received in current period (R'000)	75
Amount spent by the department (R'000)	75
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Dark Fibre Africa**

Name of donor	Dark Fibre Africa
Full amount of the funding	R 35, 000
Period of the commitment	May 2013
Purpose of the funding	Videography, photography and gobo lights at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.
Expected outputs	Videography, photography and gobo lights
Actual outputs achieved	Videography, photography and gobo lights
Amount received in current period (R'000)	35
Amount spent by the department (R'000)	35
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Vodacom**

Name of donor	Vodacom
Full amount of the funding	R 17, 000
Period of the commitment	July 2013
Purpose of the funding	Flight tickets and accommodation to Durban July event
Expected outputs	Flight tickets and accommodation
Actual outputs achieved	Flight tickets and accommodation
Amount received in current period (R'000)	17
Amount spent by the department (R'000)	17
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**Multichoice**

Name of donor	Multichoice
Full amount of the funding	R 6, 000
Period of the commitment	May 2013
Purpose of the funding	Tickets and accommodation to the South African Music Awards
Expected outputs	Flight tickets and accommodation
Actual outputs achieved	Flight tickets and accommodation
Amount received in current period (R'000)	6
Amount spent by the department (R'000)	6
Reasons for the funds unspent	None
Monitoring mechanism by the donor	Expenses were incurred directly by the donor

**8. CAPITAL INVESTMENT**

**8.1 Capital investment, maintenance and asset management plan**

There are no capital investments made or maintained by the Department of Communications for the period under review. There were changes in the Department asset holdings for tangible capital assets due to the disposals of assets by means of transfer to Ikamva, scrapping of broken assets through DESCO and donation.

The Department has implemented the capital, investment and asset management plan, that was revised in order to meet the expectations for the next financial year. We put in place a better asset acquisition and replacement strategy that has assisted in identifying asset needs, utilisation, maintenance and disposals.

We maintained a complete and an accurate asset register, which fully adheres to the minimum requirements set out in the asset management framework and the National Treasury. The Department has updated the asset register with all the acquisitions and disposals.

During the period under review all assets that could not be cost effectively repaired or refurbished were disposed by means of scrapping while assets that were no supporting service delivery were transferred free of charge to government institutions and an NGO. All losses due to theft and damages were reported, investigated and recommendations made to determine liability, either to write off or recover the loss. The number of losses due to theft was relatively low. All the finalised cases on losses were removed and the asset register updated.

Asset reconciliation is done on a monthly as well as on a quarterly basis for the interim Financial Statements to ensure that all the assets are accounted for. The annual asset verification was done to ensure proper accounting and location of assets.

The following reflects the current state of the department's capital assets:

- Good condition      78%
- Fair Condition      12%
- Bad Condition      10%

There was no major maintenance projects that have been undertaken during the period under review. The maintenance and repairs undertaken during the period under review were due to wear and tear, as well as aging fleet that need to be replaced. The backlog has become smaller. A three year warranty is included when acquiring assets.

## VOTE 27: DEPARTMENT OF COMMUNICATIONS

Infrastructure projects	2012/2013			2013/2014		
	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
New and replacement assets	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Existing infrastructure assets	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
- Upgrades and additions	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
- Rehabilitation, renovations and refurbishments	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
- Maintenance and repairs	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Infrastructure transfer	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
- Current	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
- Capital	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
<b>Total</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>

### INVENTORIES

Inventory opening and closing balances together with movements for the year are reflected in the Annexure on Inventory. Inventory on hand was verified on the 31<sup>st</sup> March 2014 observed by the Office of the Auditor-General. There were minor discrepancies that were rectified immediately.

The total inventory on hand at year end was R 645 619.59 comprised mainly of stationery as well as printing and is also included in the Annexure to the annual financial statements.

# PART: C

## GOVERNANCE



### 1. INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilize the state resources, which is funded by the tax payer. The Department recognizes 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 duplications and resource wastages.
- Internalisation of a compliance culture to circumvent fraud, corruption and the abuse of State resources
- Accountable management, monitoring and reporting on the implementation of commitments entailed in the Strategic Plan and Annual Performance Plan of the Department.

The Department has the following governance structures in place:

- Executive Committee (EXCO). The EXCO is 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. It also addresses matters elevated by the Departmental Executive Committee for resolution and decisions-making. Five (5) EXCO meetings were held during the 2013/14 financial year.
- Departmental Executive Committee (DEC). The DEC is 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. Their role includes processing and providing direction and guidance on strategic operational issues. Ten (10) DEC meetings were held during the 2013/14 financial year.
- The Top Management Committee (TMC), attended by the Director-General (Chairperson) and DDGs and Chief Directors. The TMC monitors the implementation and reporting on the Department's Annual Performance Plan and identifies constraints that require decisions and resolution by the DEC. Seven (7) TMC meetings were held during the 2013/14 financial year.
- Organizational Performance Management Board (OPAB), chaired by the Director-General and attended by DDGs. The OPAB is attended by the Director-General (Chairperson) and DDGs. The OPAB is responsible for monitoring the Department's quarterly performance against the APP and processing and resolving constraints to implementation. Four (4) OPAB meetings were held during the 2013/14 financial year.
- Operations Committee (OPSCOM), attended by DDG: Administration (Chairperson) and the Chief Audit Executive, Chief Director: HRM, Chief Financial Officer and Chief Director: Communications and Compliance Officer. The OPSCOM manages the Department's internal Policy Register, by ensuring that all internal policies are reviewed annually and changes are effected to comply with legislative and other changes in the operations of the Department to ensure an aligned and supportive policy environment. OPSCOM convened three workshops in the 2013/14 financial year, during which 20 policies were reviewed.

### 2. RISK MANAGEMENT

#### 2.1 Risk Management Policy and Strategy

- Comprehensive and rigorous Risk Management Policy and Strategy have been adopted by Top Management and implemented throughout the Department to ensure that all the major risks facing the Department are identified and managed. These enablers are annually reviewed to ensure relevance to the Department's Strategy and Mandate. These enabling documents enhance the Department's ability to fulfil its mandate, achieve its strategic goals and objectives and improve the Department's risk management maturity.
- The implementation of these enabling risks management documents is monitored and reported on a quarterly basis and presented to relevant Governance Structures within the Department including the Risk Management and Audit Committees.

### 2.2 Risk Assessments

- Regular risk assessments are conducted at least annually to update the existing risks and identify new/emerging risk exposures. A comprehensive and rigorous Departmental Risk Identification and Assessment Methodology and Approach is utilised to perform these risk assessments.
- Risk assessment within the Department is not only about compliance with laws and regulations but also to ensure that risk exposures are reduced to acceptable appetites and tolerance levels while opportunities presented are pursued.
- The Department therefore manages risks in accordance with an established and approved Departmental Risk Appetite and Tolerance Framework to ensure risk exposures are within these levels of acceptable risks and that only opportunities within these levels are pursued.
- Risks Report and Mitigation Strategies are developed, presented to and approved by the relevant Governance Structures within the Department including the RMC and the AC. The Department has been abreast with latest developments in risk management and incorporated them in the risk assessments processes throughout the year under review.

### 2.3 Risk Management Committee (RMC)

- The Department has a formally established Risk Management Committee (RMC) comprising of eleven (11) members. The Committee's membership consists of two (2) independent non-executive members and nine (9) internal senior management members formally appointed by the Accounting Officer with a blend of skills and knowledge. The Committee is chaired by an independent non-executive member who is also a member of the Audit Committee which further enhances and harmonises the Audit Committee's oversight responsibility.
- The RMC operates in terms of approved terms of reference contained in a Departmental Risk Management Committee Charter. The Risk Management Committee met five (5) times during the year under review; three (3) normal and two (2) special RMC meetings and continued to provide objective oversight and assisting the Accounting Officer in embedding risk management culture throughout the Department. However, there were challenges that RMC faced that resulted in some ineffectiveness of the Committee e.g. inadequate attendance of Committee meetings. The Accounting Officer, Risk Owners (DDGs), Chief Director: Internal Audit and Risk Management, National Treasury and the Auditor-General are standing invitees to the meetings in terms of the Committee's terms of Charter.

## 3. FRAUD AND CORRUPTION

### 3.1 Fraud Prevention Plan

- The Department's has an established and approved Fraud Prevention Plan including the Whistle-Blowing Policy. These enabling documents are reviewed on an annual basis to ensure relevance to the Department's mandate and direction and to also align it to any amendments in relevant anti-fraud and corruption laws and regulations.
- The implementation of these enabling fraud prevention documents is monitored and reported on a quarterly basis and presented to relevant Governance Structures within the Department including the Risk Management and Audit Committees.

### 3.2 Reporting

- The Department has established systems and processes followed to report on and address incidents of alleged and actual fraud and corruption including reporting to the Public Sector Fraud Hotline.
- In achieving the above the Department encourages anonymous disclosures through the Public Services Commission which promoted protected disclosures.
- The Department has developed a Fraud Prevention Reporting template to further support the anonymous and confidential disclosures while ensuring adequate and relevant information about a suspected/alleged fraud and/or corruption act is provided.

- Reported allegations are dealt with through an established Departmental Fraud Investigation Procedure.

#### 4. MINIMISING CONFLICT OF INTEREST

The Department has systems and processes implemented to ensure that all SMS Members throughout the Department completes Financial Disclosure Forms in terms of Chapter 3 of the Public Service Regulations, 2001. In terms of the aforementioned regulation, completed disclosure must be submitted to DPSA by the 31<sup>st</sup> of May each year. Although the Department has experienced challenges with regard to submission within set timeframes in the manual financial disclosure forms, this will be mitigated by the introduction of an eDisclosure during the 2014/14 financial year as this system will ensure the forms are submitted electronically to the relevant Authorities.

Other measures implemented to prevent conflict of interest include:

- a) Systems and processes implemented to prevent conflict of interest in SCM such as:
  - All Bid Evaluation Committee members sign code of conduct and declaration of interest;
  - DBAC members sign declaration of interest on all meetings, members who have interest by chairperson's instruction are expected to recuse themselves; and
  - SBD 4 Documents are signed by all prospective bidders to declare any interest.
- b) Systems and processes implemented to prevent conflict of interest in governance structures:
  - Members of governance structures are required to disclose any interests on matters discussed in meetings/workshops and where disclosed to recuse from the decisions taken; and
  - Appointments of members into governance structures are made taking any potential or actual conflict of interest into account.

Any conflict of interest identified is considered and dealt with in terms of the Department policies and procedures and where necessary taking into account the provisions of the DPSA's guidelines.

#### 5. CODE OF CONDUCT

The Department is committed to upholding the highest level of compliance, zero tolerance to misconduct and adherence to the rules and standards of conduct set in the Public Service Code of Conduct. All employees are required to live by the Code's rules and standard of conduct in all their day-to-day business operations and when interacting with the Departmental stakeholders or other interested parties.

The Department has during the year under review conducted awareness workshops on the Code of Conduct to ensure that all employees within the Department are aware of and conduct themselves in terms of the standards set in the Code. Furthermore, Code of Conduct documents can also be accessed by all employees from the intranet to allow ease of access to the Code for reference or other purposes. The Department has further developed information posters that will be displayed in all the Department's premises. This is expected to be completed in the 2014/15 financial year.

As Department is not willing to accept any level or form of misconduct (zero tolerance to misconduct), any incident(s) of breach of the Code of Conduct that is regarded as a misconduct will be treated in terms of the relevant policies of the Department on misconduct.

**6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

The implementation of basic health and safety measures and procedures are according to the OHS Plan. Facilities are maintained on regular basis. The Department provides first aid services to employees. Forms are completed at Human Resources for injury on duty and thereafter submitted to the Department of Labour as per the compensation of injuries on duty act (COID). Plastic bottles are recycled through the City of Tshwane and paper waste through a private company.

**7. PORTFOLIO COMMITTEES**

During the period under review, the Department appeared before the Portfolio Committee on Communications (PCC) on numerous occasions. Over and above the appearances with regards to presenting the 2013/14 Annual Performance Plan and the 2012/13 Annual Report, the Department made several appearances with regards to briefings on various pieces of legislation including the Electronic Communications Amendment Bill; the ICASA Amendment Bill; the South African Post Office Amendment Bill; and the Postbank Amendment Bill. Through such deliberations and implementation of relevant recommendations, the said Bills were all passed within the reporting period.

Of significance was the appearance of the DoC before the PCC on 17 October 2014 to present its Action plan to address the AGs audit findings. The Action plan focused on expenditure, human resources, information technology, supply chain management, leadership and performance management. One of the key matters raised by the PCC was the requirement to fill critical vacancies. In response, the DoC prioritised the filling of such critical vacancies and for the first time has a full complement of DDGs. It is also worth noting that the Minister appeared before the PCC on 20 August 2013 where 19 commitments were made with regards to priority projects that need to be delivered on. The PCC supported the commitments and requested periodic progress reports. On 5 November 2013 and again on 18 and 19 February 2014, the DoC provided such progress reports to the PCC. The Department was able to achieve 14 of the 19 commitments which resulted in 74% achievement.

Furthermore, the DoC is committed to implementing the recommendations of the PCC as found in the Budgetary review and Recommendations Report (BRRR) as adopted by the PCC as well as provide periodic progress reports in this regard.

**8. SCOPA RESOLUTIONS**

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
None	None	None	None	None

**9. PRIOR MODIFICATIONS TO AUDIT REPORTS**

The prior period (2012/13) audit was unmodified. However, the following key matters were raised in the audit report for the Department to take into account and resolve in the 2014/15 financial year:

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
1. Expenditure Management		
1.1 Payments to suppliers not made within 30 days as required by TR 8.2.3.	2010/11	The Department has had challenges clearing this finding as a result of the budgetary pressure on the departmental allocation due to increased international organizations membership costs that were not anticipated. However, strict measures have now been put in place to monitor the budget and ensure that all commitments are honoured in time.



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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
2. Human resource management and compensation		
2.1 Appointments made in posts not approved and funded, as required by Public Service Regulation 1/III/F.1(a) and (d).	2010/11	An audit of the establishment has been completed.  Only posts indicated on the structure are advertised.  All requests for advertisements are via the CFO's office to ensure availability of funds
2.2 Employees appointed without following a proper process to verify the claims made in their applications in contravention of Public Service Regulation 1/VII/D.8.	2010/11	Check sheets are in place to ensure that the proper procedures are followed. Pre-vetting and qualification verification is done for all shortlisted candidates.  This information is presented to the panel at the time of interviews.
2.3 Overtime compensation in excess of 30% of employees monthly salaries, in contravention of Public Service Regulation 1/V/D.2(d).	2010/11	Control measures are in place to ensure compliance with the 30% threshold. The persal system has also been set so as not to allow more than 30% to be implemented.
2.4 The Department did not always have a written policy of overtime as required by Public Service Regulation 1/V/D.2(b).	2012/13	Overtime policy has been submitted to DG for approval.
2.5 Funded vacant posts not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2.	2010/11	This was mainly due to the migration process.  Funded posts are prioritised and are being filled on a continuous basis.
2.6 Acting in higher vacant posts for more than 12 months in contravention of Public Service Regulation 1/VII/B.5.3.	2012/13	Control measures are in place to ensure that acting appointments are in line with provisions.
2.7 The Accounting Officer did not ensure that all leave taken by employees were recorded accurately and in full as required by Public Service Regulation 1/V/F(b).	2012/13	Leave files will be audited on a 6 months basis, i.e. 1 January + 1 July respectively.
3. Leadership		
3.1 The Accounting Officer did not always exercise oversight responsibility in regard to proper processes in place to ensure compliance with laws and regulations.	2010/11	The Accounting Officer has strengthened the oversight responsibility particularly in the area of compliance by enhancing the capacity of internal audit.  Key areas in human resources, finance, supply chain and strategic planning have been identified as those that need thorough attention. Compliance reports are generated and presented to the governance structures of the Department where decisions are taken on the correct steps to address non-compliance.
4. Financial performance management		

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4.1 Management did not adequately review and monitor compliance with applicable laws and regulations to prevent non-compliance.	2012/13	The Department has compliance monitoring mechanisms that identify and ensure compliance with all applicable laws and regulations. Policies and procedures are designed, implemented and reviewed to ensure applicability.  Internal audit performs audits to ensure that applicable laws and regulations are complied with.
4.2 Management did not ensure that there are policies and procedures in place to ensure a consistent understanding and implementation of performance information.	2012/13	The Operations Committee was established to review all the policies in the Department and this work has been successfully completed.
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
5. APP Targets Measurability and Achievements		
5.1 A total of 25% of the targets selected for audit purposes were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management did not include the indicator description as part of the annual performance plan.	2012/13	The Department has developed a technical indicator description for its 2013/14 APP as well as its draft 2014/15 APP. Going forward the Department will engage further with National Treasury to improve the Technical Indicator description for subsequent APPs thus improving the measurability of targets.
5.2 Of the total number of 39 targets planned for the year, 18 targets were not achieved during the year under review. This represents 46% of total planned targets that were not achieved during the year under review.	2012/13	The Department has shown a slight improvement by achieving 57% of its targets as per the draft 2013/14 Annual Report.

### 10 INTERNAL CONTROL UNIT

The internal audit unit of the Department assisted in developing an internal control framework, which cuts across multiple functional areas within the Department. Internal audit also conducted audits that focused on the adequacy and effectiveness of controls within the department. Findings and recommendations were reported on in the quarterly Audit Committee meetings.

The Department prepared an Action Plan to address internal control weaknesses as identified in the management letter from the office of the Auditor General. The Internal Control Framework is being expanded to proactively address other areas of potential non-compliance.

### 11. INTERNAL AUDIT AND AUDIT COMMITTEES

The key objective of internal audit is to add value to the department. The value add is through the development of a strategic and annual plan that is aligned to the department's strategic imperatives, and it focuses on high risk areas. The Internal Audit Activity (IAA) reports administratively to the Accounting Officer and functionally to the Audit Committee. The IAA operates in terms of an approved IA Charter and under the control of an Audit Committee.

The IA plan is accomplished by implementing systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. In terms of the annual plan audits were planned for, were completed and were rolled over to the next financial year. The plan could not be completed due to capacity constraints. The audits were limited to compliance and financial audits, based on the capacity available. IT audits only focused on general controls and no performance audits were conducted since internal audit does not have the skills to audit these areas, and the budget was not sufficient to allow for the external acquisition of these services. The IAA however seeks to acquire software for their audits to increase efficiency and to fill all vacant positions in the next financial year.



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### **Key activities and objectives of the audit committee:**

The Audit Committee (AC) is an independent governance structure established in terms of section 76 and 77 of the PFMA, and its key function is providing an oversight role on the systems of internal control, risk management and governance. The AC operates in terms of written terms of reference (Audit Committee Charter), which deals adequately with its membership, authority and responsibility. The AC meets as and when necessary with the Executive Authority and the Auditor General Attendance of audit committee meetings by audit committee members (Tabular form);

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The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr W Huma	LLD, Attorney	External	n/a	09 September 2011	n/a	9
Mr C Weapond	Advocate, LLB, M. Tech Forensic Investigations	External	n/a	01 July 2011	n/a	9
Mr T Mofokeng	CA( SA), CIA	External	n/a	01 August 2011	n/a	8

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014.

**AUDIT COMMITTEE RESPONSIBILITY**

The Audit Committee consists of three members listed hereunder and is required to meet at least four times per annum as per its approved terms of reference. During the year under review, 9 meetings were held.

Name of Member	Date of appointment	Number of meetings attended
Mr Willy Huma (Chairperson)	09 Sep 2011	9
Adv. Collen Weapond*	01 Jul 2011	9
Mr Tshepo Mofokeng	01 Aug 2011	8
* Also appointed as Chairperson of Risk Management Committee		

**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 Regulation 3.1.13.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has conducted its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

**THE EFFECTIVENESS OF INTERNAL CONTROL**

The systems of internal control was adequate, although not entirely effective, for the year under review. This is indicated by internal audit and AGSA findings on issues relating to non-compliance with regulations and prescripts and not so adequate internal controls. The number of repeat findings has significantly reduced relative to the previous financial years. However, the Audit Committee will continue to monitor progress against the corrective action plans implemented by management.

The performance management area still needs close supervision to ensure that the Department improves its performance information reporting .. This continues to be an area of concern for the Audit Committee, and to this end Internal Audit reviews the quarterly performance information reports to ensure that the results are supported by a portfolio of evidence.

The risk management system complies with the basic legislative requirements and efforts are being implemented to advance towards the expected levels of efficiency, effectiveness and transparency. Management must pay special attention to risk management in order for risk management to function effectively.



**YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS OF THE PFMA AND THE DIVISION OF REVENUE ACT**

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer during the year under review.

# 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 structure that is implemented. As on 31 March 2014, 333 positions are filled and 80 positions are vacant.

#### **Human resource priorities for the 2013/2014 financial year and the impact**

- The Department went through a re-alignment process which resulted in the migration of employees from the old structure to the new structure.
- Filling of critical vacant positions were a priority.

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

The Department has an approved HR Plan. Recruitment and Selection are done in line with the HR Plan. Training and development are done in line with the Workplace Skills Plan.

#### **Employee performance management**

The Department has a Performance Management System that is implemented successfully. The HRD Section conducts quality assurance to ensure that individual performance agreements (PAs) are aligned to the Strategic plan, Business Plan and the APP. Subsequently, letters of advice are forwarded to the respective supervisors and employees to amend their PAs if they are not aligned to the above-mentioned documents. In addition, quality assurance is conducted on bi-annual performance review documents and annual appraisal document to check alignment with the PAs.

#### **Employee wellness programmes**

The Department has engaged the services of a Service Provider to provide Employee Assistance Programmes within the Department. The Department subscribes to the National Calendar of Events.

#### **Highlight achievements and challenges faced by the department, as well as future human resource plans /goals**

- **Achievement:** Migration process completed. Critical vacant SMS positions filled. On 31 March 2014, 94 SMS positions were filled.
- **Challenges:** Inability to attract critical scarce skills with required competencies in the following fields: Broadband, Spectrum and DTT. Department is unable to compete with market related salaries for employees in this specific fields.
- **Future plans/goals:** The Department must build relations with industry players (private companies) in order to increase accessibility to the scarce skills required in this specific fields.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel related expenditure

The following tables summarises 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 2013 and 31 March 2014**

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)
Administration	210 374	70 304	0	0	33.4	211
ICT Enterprise Development & SOE Oversight	1 062 747	8 433	0	0	0.8	25
ICT Infrastructure Support	959 362	25 195	0	0	2.6	76
ICT International Affairs	41 430	12 494	0	0	30.2	38
Policy, Research & Capacity Development	87 940	54 318	0	0	61.8	163
<b>Total</b>	<b>2 362 850</b>	<b>170 744</b>	<b>0</b>	<b>0</b>	<b>7.2</b>	<b>513</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2013 and 31 March 2014**

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)	2 987	1.7	14	213 357
Highly skilled production (levels 6-8)	23 084	13.3	81	284 988
Highly skilled supervision (levels 9-12)	52 716	30.4	102	516 824
Senior and Top management (levels 13-16)	73 059	42.1	85	859 518
Contract (Levels 1-2)	967	0.6	27	35 815
Contract (Levels 3-5)	450	0.3	3	150 000
Contract (Levels 6-8)	762	0.4	3	254 000
Contract (Levels 9-12)	5 361	3.1	10	536 100



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Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Contract (Levels 13-16)	10 082	5.8	8	1 260 250
Periodical Remuneration	710	0.4	1	710 000
Abnormal Appointment	271	0.2	26	10 423
<b>Total</b>	<b>170 449</b>	<b>98.1</b>	<b>360</b>	<b>473 469</b>

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2013 and 31 March 2014**

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
Branch 1: Administration	53 249	77.3	491	0.7	838	1.2	1 945	2.8
Branch 2: International Affairs	11 781	76.2	28	0.2	294	1.9	368	2.4
Branch 3: Policy Research & Capacity Development	31 169	76.6	15	0	617	1.5	1 114	2.7
Branch 4: Broadcasting & Communications Regulations & Support	3 800	78	18	0.4	171	3.5	166	3.4
Branch 5: ICT Infrastructure Support	23 600	80	3	0	371	1.3	650	2.2
Branch 6: ICT Information Society Development & Research	11 697	81.9	14	0.1	210	1.5	336	2.4
<b>Total</b>	<b>135 296</b>	<b>77.9</b>	<b>569</b>	<b>0.3</b>	<b>2 501</b>	<b>1.4</b>	<b>4 579</b>	<b>2.6</b>

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2013 and 31 March 2014**

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)	1 979	65.6	27	0.9	175	5.8	298	9.9
Highly skilled production (levels 6-8)	16 215	69.5	266	1.1	815	3.5	1 274	5.5
Highly skilled supervision (levels 9-12)	40 716	76.2	276	0.5	688	1.3	1 528	2.9
Senior management (level 13-16)	60 990	81.5	0	0	723	1	1 294	1.7
Contract (Levels 1-2)	967	98.9	0	0	0	0	0	0
Contract (Levels 3-5)	414	90	0	0	1	0.2	1	0.2
Contract (Levels 6-8)	582	75.7	0	0	22	2.9	56	7.3
Contract (Levels 9-12)	4 120	75	0	0	0	0	67	1.2
Contract (Levels 13-16)	9 040	87.4	0	0	80	0.8	61	0.6
Periodical Remuneration	0	0	0	0	0	0	0	0
Abnormal Appointment	271	96.4	0	0	0	0	0	0
<b>Total</b>	<b>135 294</b>	<b>77.9</b>	<b>569</b>	<b>0.3</b>	<b>2 504</b>	<b>1.4</b>	<b>4 579</b>	<b>2.6</b>

### 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 that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

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**Table 3.2.1 Employment and vacancies by programme as on 31 March 2014**

Programme	Number of posts on approved establishment (only funded posts and additional)	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Branch 1: Administration	208	167	19.7	32
Branch 2: International Affairs	24	21	12.5	0
Branch 3: Policy Research & Capacity Development	68	53	22.1	6
Branch 4: Broadcasting & Communications Regulations & Support	17	10	41.2	0
Branch 5: ICT Infrastructure Support	66	54	18.2	2
Branch 6: ICT Information Society Development & Research	30	28	6.7	0
<b>Total</b>	<b>413</b>	<b>333</b>	<b>19.4</b>	<b>40</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2014**

Salary band	Number of posts on approved establishment (only funded posts and additional)	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled ( 1-2)	1	1	0	0
Skilled(3-5)	16	14	12.5	1
Highly skilled production (6-8)	103	81	21.4	1
Highly skilled supervision (9-12)	148	102	31.1	2
Senior management (13-16)	94	84	10.6	2
Contract (Levels 1-2)	27	27	0	27
Contract (Levels 3-5)	3	3	0	2
Contract (Levels 6-8)	3	3	0	1
Contract (Levels 9-12)	10	10	0	3
Contract (Levels 13-16)	8	8	0	1
<b>Total</b>	<b>413</b>	<b>333</b>	<b>19.4</b>	<b>40</b>

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**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2014**

Critical occupation	Number of posts on approved establishment (only funded posts and additional)	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	103	74	28.2	3
Archivists curators and related professionals	2	0	100	0
Client Inform Clerks ( Switchboard Recept Inform Clerks)	2	2	0	2
Communication and Information Related	2	2	0	0
Finance and Economics Related	2	2	0	0
Financial and related professionals	9	6	33.3	0
Financial clerks and credit controllers	1	1	0	0
General legal administration & related professionals	1	1	0	0
Human resources & organisational development & related professionals	10	9	10	0
Human resources clerks	1	1	0	0
Human resources related	9	7	22.2	0
Information technology related	5	3	40	0
Language practitioners interpreters & other communication related	5	5	0	0
Library mail and related clerks	8	7	12.5	0
Light vehicle drivers	1	1	0	0
Logistical support personnel	15	12	20	0
Messengers porters and deliverers	4	3	25	0
Other administrative & related clerks and organisers	112	100	10.7	31
Other administrative policy and related officers	3	0	100	0

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Critical occupation	Number of posts on approved establishment (only funded posts and additional)	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Other information technology personnel	12	7	41.7	0
Other occupations	2	2	0	0
Risk management and security services	4	1	75	0
Secretaries & other keyboard operating clerks	6	5	16.7	0
Senior Managers	94	82	12.8	4
<b>Total</b>	<b>413</b>	<b>333</b>	<b>19.4</b>	<b>40</b>

### 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 2014**

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 Level 16 (include DG, Minister and Deputy Minister)	3	3	100	0	0
Salary Level 15 (include Special Advisors)	10	10	100	0	0
Salary Level 14	30	25	83.3	5	16.7
Salary Level 13	63	56	88.9	7	11.1
<b>Total</b>	<b>106</b>	<b>94</b>	<b>88.7</b>	<b>12</b>	<b>11.3</b>

**Table 3.3.2 SMS post information as on 30 September 2013**

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 Level 16 (include DG, Minister and Deputy Minister)	3	3	100	0	0
Salary Level 15 (include Special Advisors)	10	7	70	3	30
Salary Level 14	30	23	76.7	7	23.3
Salary Level 13	63	55	87.3	8	12.7
<b>Total</b>	<b>106</b>	<b>88</b>	<b>83</b>	<b>18</b>	<b>17</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014**

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	3	3	0
Salary Level 14	10	4	6
Salary Level 13	3	0	2
<b>Total</b>	<b>16</b>	<b>7</b>	<b>8</b>

**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 2013 and 31 March 2014**

Reasons for vacancies not advertised within six months
<ul style="list-style-type: none"> <li>The Department was undergoing a migration process after the new structure was approved.</li> <li>The process of migration was done concurrently with the filling of the advertised positions. The Department had to make sure placement is done before filling advertised posts.</li> </ul>

Reasons for vacancies not filled within twelve months
<ul style="list-style-type: none"> <li>The Department was undergoing a migration process after the new structure was approved.</li> <li>The process of migration was done concurrently with the filling of the advertised positions. The Department had to make sure placement is done before filling advertised posts.</li> </ul>

**Notes**

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

**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 2013 and 31 March 2014**

Reasons for vacancies not advertised within six months
None – Timeframes delayed due to Migration process.

Reasons for vacancies not advertised within twelve months
None – Timeframes delayed due to Migration process.

**Notes**

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

### 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 2013 and 31 March 2014 (This information is based on the total structure that was approved).**

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)	37	22	59	0	0	20 (clerks DPSCA coordinated)	54
Highly skilled production (Levels 6-8)	204	3	1.47	0	0	0	0
Highly skilled supervision (Levels 9-12)	239	21	8.79	0	0	0	0
Senior Management Service Band A	97	0	0	0	0	0	0
Senior Management Service Band B	43	17	39.5	0	0	0	0
Senior Management Service Band C	10	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
<b>Total</b>	<b>633</b>	<b>63</b>	<b>9.96</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>3.16</b>

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 2013 and 31 March 2014**

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 and 31 March 2014**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Clerical and Secretarial	14	5	6	Pay progression due to satisfactory performance assessment
Total number of employees whose salaries exceeded the level determined by job evaluation				14
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2013 and 31 March 2014**

Gender	African	Asian	Coloured	White	Total
Female	11	0	1	1	13
Male	1	0	0	0	1
<b>Total</b>	<b>12</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>14</b>

<b>Employees with a disability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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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 (see definition in notes below).

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2013 and 31 March 2014**

Salary band	Number of employees at beginning of period 1 April 2013	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)	18	0	1	5.6
Highly skilled production (Levels 6-8)	79	0	0	0
Highly skilled supervision (Levels 9-12)	102	1	3	2.9
Senior Management Service Bands A (Level 13)	53	2	0	0
Senior Management Service Bands B (Level 14)	18	3	5	27.8
Senior Management Service Bands C (Level 15)(Include Special Advisors)	4	2	1	25
Senior Management Service Bands D (Level 16 including Minister and Deputy Minister)	3	0	1	33.33
Contract (Levels 1-2)	0	29	2	0



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Salary band	Number of employees at beginning of period 1 April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract (Levels 3-5)	3	0	1	33.33
Contract (Levels 6-8)	2	1	0	0
Contract (Levels 9-12)	6	5	1	16.7
Contract (Band A) (Level 13)	2	1	1	50
Contract (Band B) (Level 14)	1	2	1	100
Contract (Band C) (Level 15)(Include Special Advisors)	0	4	4	0
Contract (Band D) (Level 16 including Minister and Deputy Minister)	1	2	1	100
<b>Total</b>	<b>292</b>	<b>52</b>	<b>22</b>	<b>7.5</b>

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014**

Critical occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	64	4	2	3.1
Client Information Clerks (Switchboard, Reception, Information Clerks)	2	0	0	0
Communication and Information Related	2	0	0	0
Finance and Economics Related	2	0	0	0
Finance and Related Professionals	7	0	1	14.3
Finance clerks and credit controllers	1	0	0	0
Head of Department/Chief Executive Officer	1	0	0	0
General legal administration & Related Professionals	0	0	0	0
Other Occupations (Minister and Deputy Minister)	2	0	1	50
Human Resources and Organisational Development	7	0	0	0
Human Resources Clerks	1	0	0	0
Human Resources Related	7	0	0	0
Information Technology Related	4	0	1	25
Language Practitioners Interpreters and Other Communication Related	5	0	0	0
Library Mail and Related Clerks	4	0	1	25
Light Vehicle Driver	0	0	0	0
Logistical Support Personnel	13	0	0	0

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Critical occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Messengers, Porters and Deliverers	6	0	0	0
Other Administrative and Related Clerks and Organisers	74	30	3	4.5
Other Information Technology Personnel	7	0	0	0
Risk Management and Security Services	0	0	0	0
Secretaries and other Keyboard Operating Clerks	7	2	0	0
Senior Managers	76	16	13	17.1
<b>TOTAL</b>	<b>292</b>	<b>52</b>	<b>22</b>	<b>7.5</b>

The table below identifies the major reasons why staff left the department.

**Table 3.5.3 Reasons why staff left the department for the period 1 April 2013 and 31 March 2014**

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	11	50
Expiry of contract	9	41
Dismissal – operational changes	0	0
Dismissal – misconduct	1	4.5
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	4.5
Transfer to other Public Service Departments	0	0
Other	0	0
<b>Total</b>	<b>22</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>	<b>7.5</b>	

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2013 and 31 March 2014**

Occupation	Employees 1 April 2013	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	64	4	6.3	56	87.5
Client Information Clerks (Switchboard, Reception, Information Clerks)	2	0	0	0	0
Communication and Information Related	2	0	0	1	50

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Occupation	Employees 1 April 2013	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
Finance and Economics Related	2	0	0	1	50
Finance and Related Professionals	7	0	0	5	71.4
Finance clerks and credit controllers	1	0	0	0	0
Head of Department/ Chief Executive Officer	1	0	0	0	0
General legal administration & Related Professionals	0	0	0	0	0
Other Occupations (Minister and Deputy Minister)	2	1	50	0	0
Human Resources and Organisational Development	7	0	0	7	100
Human Resources Clerks	1	0	0	1	100
Human Resources Related	7	0	0	7	100
Information Technology Related	4	0	0	2	50
Language Practitioners Interpreters and Other Communication Related	5	0	0	2	40
Library Mail and Related Clerks	4	0	0	4	100
Logistical Support Personnel	13	0	0	7	53.8
Messengers, Porters and Deliverers	6	0	0	3	50
Other Administrative and Related Clerks and Organisers	74	3	1.4	52	70.3
Other Information Technology Personnel	7	0	0	7	100
Risk Management and Security Services	0	0	0	1	0
Secretaries and other Keyboard Operating Clerks	7	0	0	8	114.2
Senior Managers	76	6	7.9	13	17
<b>TOTAL</b>	<b>292</b>	<b>14</b>	<b>4.8</b>	<b>177</b>	<b>60.6</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2013 and 31 March 2014**

Salary Band	Employees 1 April 2013	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)	18	0	0	13	72.2
Highly skilled production (Levels 6-8)	79	3	3.8	61	77.2
Highly skilled supervision (Levels 9-12)	102	4	3.9	82	80.4
Senior Management (Level 13-16)	78	7	8.8	15	19.2
Contract (Levels 3-5)	3	0	0	0	0
Contract (Levels 6-8)	2	0	0	1	50
Contract (Levels 9-12)	6	0	0	3	50
Contract (Level 13-16)	4	0	0	2	50
<b>Total</b>	<b>292</b>	<b>14</b>	<b>4.8</b>	<b>177</b>	<b>60.6</b>

### 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 2014**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	42	3	5	5	25	2	1	0	83
Professionals	9	0	0	2	25	2	1	5	44
Technicians and associate professionals	35	0	2	6	34	2	3	4	86
Clerks	37	2	0	0	66	8	0	4	117
Elementary occupations	3	0	0	0	0	0	0	0	3
<b>Total</b>	<b>126</b>	<b>5</b>	<b>7</b>	<b>13</b>	<b>150</b>	<b>14</b>	<b>5</b>	<b>13</b>	<b>333</b>
<b>Employees with disabilities</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>

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**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	1	1	0	2	1	0	0	9
Senior Management	36	2	3	5	26	1	2	0	75
Professionally qualified and experienced specialists and mid-management	35	0	1	7	47	4	2	6	102
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	16	2	1	0	49	6	1	8	81
Semi-skilled and discretionary decision making	7	0	0	0	6	1	0	0	14
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Contract (Top Management)	1	0	0	1	1	0	0	0	3
Contract (Senior Management)	3	0	1	0	1	0	0	0	5
Contract (Professionally qualified)	2	0	0	0	6	1	0	1	10
Contract (Skilled technical)	1	0	0	0	2	0	0	0	3
Contract (Semi-skilled)	1	0	0	0	2	0	0	0	3
Contract (Unskilled)	18	0	0	0	9	0	0	0	27
<b>Total</b>	<b>126</b>	<b>5</b>	<b>7</b>	<b>13</b>	<b>150</b>	<b>14</b>	<b>5</b>	<b>13</b>	<b>333</b>

**Table 3.6.3 Recruitment for the period 1 April 2013 to 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	1	0	0	2
Senior Management	4	0	0	0	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Contract (Top Management)	4	0	0	0	0	0	0	2	6

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Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management)	2	0	0	0	1	0	0	0	3
Contract (Professionally qualified and experienced specialists and mid-management)	1	0	0	0	3	0	0	1	5
Contract (Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents)	0	0	0	0	1	0	0	0	1
Contract (Unskilled and defined decision making)	19	0	0	0	10	0	0	0	29
<b>Total</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>52</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.6.4 Promotions for the period 1 April 2013 to 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	1	0	0	0	0	0	2
Senior Management	13	1	0	0	5	0	1	0	20
Professionally qualified and experienced specialists and mid-management	30	0	1	4	42	4	2	3	86
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	0	0	0	41	4	1	3	64
Semi-skilled and discretionary decision making	7	0	0	0	5	1	0	0	13
Contract (Senior Management)	1	0	1	0	0	0	0	0	2
Contract (Professionally qualified specialists and mid-management)	1	0	0	0	1	0	0	0	2
Contract (Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents)	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>68</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>95</b>	<b>10</b>	<b>4</b>	<b>6</b>	<b>191</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**Table 3.6.5 Terminations for the period 1 April 2013 to 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	3	0	0	1	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	0	0	0	3
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Contract (Top Management)	3	0	0	0	0	0	0	2	5
Contract (Senior Management)	1	0	0	0	1	0	0	0	2

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Professionally qualified and experienced specialists and mid-management)	0	0	0	0	1	0	0	0	1
Contract (Semi-skilled and discretionary decision making)	1	0	0	0	0	0	0	0	1
Contract (Unskilled and defined decision making)	1	0	0	0	1	0	0	0	2
<b>Total</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>22</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 3.6.6 Disciplinary action for the period 1 April 2013 to 31 March 2014*

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	2	0	0	0	0	0	0	0	2
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

*Table 3.6.7 Skills development for the period 1 April 2013 to 31 March 2014*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	24	0	1	2	21	1	1	1	51
Professionals	15	0	0	3	24	1	0	3	46
Technicians and associate professionals	2	0	0	0	3	0	0	0	5
Clerks	21	0	1	0	32	6	0	2	62
<b>Total</b>	<b>62</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>80</b>	<b>8</b>	<b>1</b>	<b>6</b>	<b>164</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>

### 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 is presented here.



**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2013**

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 (Do not include Minister and Deputy Minister)	1	1	0	0
Salary Level 15 (Do not include 2 Special Advisors)	8	6	4	66.7
Salary Level 14	30	24	4	16.7
Salary Level 13	63	55	34	61.8
<b>Total</b>	<b>102</b>	<b>86</b>	<b>40</b>	<b>46.5</b>

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2013**

Reasons
No valid reasons were received for late or non-submission of performance agreements. HR only received, record and file the Pas. However, HR issued reminder circulars and letters to both supervisors and employees as well as respective DDGs.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2013**

Reasons
Disciplinary steps were not taken against non-compliance in the 2013/14 financial year, however, a decision was taken to take disciplinary action in the 2014/15 financial year.

### 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 (see definition in notes below).

**Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2013 to 31 March 2014 (PLEASE NOTE: Performance Cycle was 2012/2013 but paid in 2013/2014)**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	47	124	37.9	751	15 972
Female	86	150	57.3	1 459	16 969
<b>Asian</b>					
Male	1	7	14.3	17	16 987
Female	3	5	60	57	18 911
<b>Coloured</b>					
Male	2	5	40	14	6 774
Female	11	14	78.6	186	16 942

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Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>White</b>					
Male	7	13	53.8	170	24 219
Female	12	13	92.3	215	17 956
<b>Employees with a disability</b>	<b>1</b>	<b>2</b>	<b>50</b>	<b>21</b>	<b>20 949</b>
<b>Total</b>	<b>170</b>	<b>333</b>	<b>51.1</b>	<b>2 890</b>	<b>16 998</b>

**Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2013 to 31 March 2014 (PLEASE NOTE: Performance Cycle was 2012/2013 but paid in 2013/2014)**

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)	12	14	85.7	87	7 250	2.9
Highly skilled production (level 6-8)	74	81	91.4	972	13 135	4.2
Highly skilled supervision (level 9-12)	81	102	79.4	1 779	21 962	3.4
Contract (Levels 1-2)	0	27	0	0	0	0
Contract (Levels 3-5)	0	3	0	0	0	0
Contract (Levels 6-8)	1	3	33.3	12	12 000	1.6
Contract (Levels 9-12)	2	10	20	39	19 500	0.7
Periodical Remuneration	0	1	0	0	0	0
Abnormal Appointment	0	26	0	0	0	0
<b>Total</b>	<b>170</b>	<b>267</b>	<b>63.6</b>	<b>2 889</b>	<b>16 994</b>	<b>1.7</b>

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**Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2013 to 31 March 2014 (PLEASE NOTE: Performance Cycle was 2012/2013 but paid in 2013/2014)**

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	47	74	63.5	1 027	21 851
Client Information Clerks (Switchboard Recept Inform Clerks)	0	2	0	0	0
Communication and Information Related	1	2	50	15	15 000
Finance and Economics Related	1	2	50	40	40 000
Finance and Related Professionals	5	6	83.3	84	16 800
Finance clerks and credit controllers	1	1	100	8	8 000
General legal administration & related professionals	0	1	0	0	0
Head of Department/Chief Executive Officer	0	1	0	0	0
Human Resources and Organisational Development	8	9	88.9	128	16 000
Human Resources Clerks	0	1	0	0	0
Human Resources Related	4	7	57.1	103	25 750
Information Technology Related	4	3	133.3	94	23 500
Language Practitioners Interpreters and Other Communication Related	5	5	100	102	20 400
Library Mail and Related Clerks	6	7	85.7	48	8 000
Light vehicle drivers	1	1	100	5	5 000
Logistical Support Personnel	11	12	91.7	165	15 000
Messengers, Porters and Deliverers	2	3	66.7	13	6 500
Other Administrative and Related Clerks and Organisers	62	100	62	884	14 258
Other Information Technology Personnel	7	7	100	96	13 714
Other Occupations (Minister and Deputy Minister)	0	2	0	0	0
Risk Management and Security Services	0	1	0	0	0

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Secretaries and other Keyboard Operating Clerks	3	5	60	30	10 000
Senior Managers	2	81	2.5	49	24 500
<b>Total</b>	<b>170</b>	<b>333</b>	<b>51.1</b>	<b>2 891</b>	<b>17 006</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2013 to 31 March 2014**

**PLEASE NOTE: PERFORMANCE ASSESSMENTS FOR SMS EMPLOYEES NOT FINALISED DURING THIS PERIOD**

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	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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 2013 and 31 March 2014**

Salary band	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
None						

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2013 and 31 March 2014**

Major occupation	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
None						

### 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 2013 to 31 December 2013**

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)	79	59.5	13	5.8	6	37
Highly skilled production (levels 6-8)	600	76.8	68	30.2	9	451
Highly skilled supervision (levels 9 -12)	453	69.1	77	34.2	6	756
Top and Senior management (levels 13-16)	411.5	86	56	24.9	7	1323
Contract (Levels 1-2)	13	53.8	6	2.7	2	3
Contract (Levels 6-8)	6	100	1	0.4	6	5
Contract (Levels 9-12)	9	77.8	2	0.9	5	15
Contract (Levels 13-16)	5	60	2	0.9	3	16
<b>Total</b>	<b>1576.5</b>	<b>76</b>	<b>225</b>	<b>100</b>	<b>7</b>	<b>2606</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2013 to 31 December 2013**

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)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2013 to 31 December 2013**

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)	380	15	25
Highly skilled production (Levels 6-8)	1927	83	23
Highly skilled supervision(Levels 9-12)	2486	105	24
Senior management (Levels 13-16)	1772	84	21
Contract (Levels 1-2)	120	29	4
Contract (Levels 3-5)	32	4	8
Contract (Levels 6-8)	39	3	13
Contract (Levels 9-12)	125	8	16
Contract (Levels 13-16)	89	8	11
<b>Total</b>	<b>6970</b>	<b>339</b>	<b>21</b>

**Table 3.10.4 Capped leave for the period 1 January 2013 to 31 December 2013**

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 2013
Highly skilled supervision(Levels 9-12)	15	2	8	13
Senior management (Levels 13-16)	1	1	1	37
<b>Total</b>	<b>16</b>	<b>3</b>	<b>5</b>	<b>24</b>

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

**Table 3.10.5 Leave payouts for the period 1 April 2013 and 31 March 2014**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2013/14 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2013/14	65	1	65000
Current leave payout on termination of service for 2013/14	0	7	0
<b>Total</b>	<b>65</b>	<b>8</b>	<b>8125</b>

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
There is no specific category of employees which are of high risk in contracting HIV & related diseases however the Department has put in place some programmes to support all employees in matters related to Health and Wellness.	<p>Programmes are available 24/7/365</p> <ul style="list-style-type: none"> <li>• 24-hour toll free number call centre which provides telephonic counselling and advice on a variety of wellbeing issues including health, financial, legal, family care, HIV and AIDS, TB, change, work, substance abuse and stress.</li> <li>• Face-to-face counselling.</li> <li>• Trauma counselling.</li> <li>• HIV and AIDS and TB Programme.</li> <li>• Health promotion and Life Management Programme.</li> <li>• Desk drops in line with Health Calendar.</li> <li>• Access to counselling and support is also available to immediate families of employees.</li> <li>• Encourage and support staff to participate in sports activities.</li> </ul>

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, 2001? If so, provide her/his name and position.	X		The Director: Organizational Development and Efficiency manages and oversee the function.
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		<ul style="list-style-type: none"> <li>• The function is performed under the Directorate: Organizational Development and Efficiency.</li> <li>• There are 2 dedicated Deputy Directors who are performing the function.</li> <li>• The budget is R1 000 000,00.</li> <li>• The Department has appointed a service provider to administer the Health and Wellness services for the department.</li> </ul>
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		<ul style="list-style-type: none"> <li>• 24-hour toll free number call centre which provides telephonic counselling and advice on a variety of wellbeing issues including health, financial, legal, family care, HIV and AIDS, TB, change, work, substance abuse and stress.</li> <li>• Face-to-face counselling.</li> <li>• Trauma counselling.</li> <li>• HIV and AIDS and TB Programme.</li> <li>• Health promotion and Life Management Programme.</li> <li>• Desk drops in line with Health Calendar.</li> <li>• Access to counselling and support is also available to immediate families of employees.</li> <li>• Encourage and support staff to participate in sports activities.</li> </ul>

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Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? 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		<ul style="list-style-type: none"> <li>• The Department is currently embarked in a process of reviewing its Health and Wellness policies in line with DPSA Health and Wellness Strategic Framework.</li> <li>• The HIV and AIDS and TB policy has been tabled but not yet been approved.</li> </ul>
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"> <li>• Condom distribution to all business units and utilisation of campaign.</li> <li>• Counselling and support through the Employee Assistance Programme.</li> </ul>
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		<p>The employees are encouraged through the following:</p> <ul style="list-style-type: none"> <li>• Health and Wellness Days; and</li> <li>• Awareness desk drops communicated to all employees.</li> </ul>
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		<ul style="list-style-type: none"> <li>• Implement HCT campaigns and other Wellness campaigns.</li> <li>• Implement Employee Wellness programme (EAP).</li> </ul>

### 3.12 Labour Relations

**Table 3.12.1 Collective agreements for the period 1 April 2013 and 31 March 2014**

<b>Total number of Collective agreements</b>	<b>None</b>
--	-------------

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 2013 and 31 March 2014**

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	0	0
Not guilty	0	0
Case withdrawn	1	100
<b>Total</b>	<b>1</b>	<b>100</b>



**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 and 31 March 2014**

Type of misconduct	Number	% of total
Failure to disclose information/misrepresentation	1	50
Procurement irregularities	1	50
<b>Total</b>	<b>2</b>	<b>100</b>

**Table 3.12.4 Grievances logged for the period 1 April 2013 and 31 March 2014**

Grievances	Number	% of Total
Number of grievances resolved	8	80
Number of grievances not resolved	2	20
<b>Total number of grievances lodged</b>	<b>10</b>	<b>100</b>

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2013 and 31 March 2014**

Disputes	Number	% of Total
Number of disputes upheld	1	12.5
Number of disputes dismissed	6	75
Number of disputes not resolved	1	12.5
<b>Total number of disputes lodged</b>	<b>8</b>	<b>100</b>

**Table 3.12.6 Strike actions for the period 1 April 2013 and 31 March 2014**

<b>Total number of persons working days lost</b>	0
<b>Total costs working days lost</b>	0
<b>Amount recovered as a result of no work no pay (R'000)</b>	0

**Table 3.12.7 Precautionary suspensions for the period 1 April 2013 and 31 March 2014**

<b>Number of people suspended</b>	4
Number of people who's suspension exceeded 30 days	4
Average number of days suspended	150
<b>Cost of suspension(R'000)</b>	<b>R1,067,799.15</b>

### 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 2013 and 31 March 2014**

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of the reporting period			
			Learner-ships	Skills Program-mes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	22	0	56	13	69
	Male	42	0	74	11	85
Professionals	Female	34	0	71	9	80
	Male	10	0	46	4	50

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Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	44	0	11	6	17
	Male	46	0	1	2	3
Clerks	Female	67	0	64	1	65
	Male	22	0	32	2	34
Elementary occupations	Female	2	0	0	0	0
	Male	5	0	0	0	0
Sub Total	Female	169	0	202	29	231
	Male	123	0	153	19	172
<b>Total</b>		<b>292</b>	<b>0</b>	<b>355</b>	<b>48</b>	<b>403</b>

**Table 3.13.2 Training provided for the period 1 April 2013 and 31 March 2014**

Occupational category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	22	0	22	11	33
	Male	42	0	27	10	37
Professionals	Female	34	0	47	12	59
	Male	10	0	35	6	41
Technicians and associate professionals	Female	44	0	5	0	5
	Male	46	0	4	0	4
Clerks	Female	67	0	51	7	58
	Male	22	0	40	5	45
Elementary occupations	Female	2	0	0	0	0
	Male	5	0	0	0	0
Sub Total	Female	169	0	125	30	155
	Male	123	0	106	21	127
<b>Total</b>		<b>292</b>	<b>0</b>	<b>231</b>	<b>51</b>	<b>282</b>

### 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 2013 and 31 March 2014**

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 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 2013 and 31 March 2014**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of a service provider review and evaluate Electronic Communications and transaction policy	3	6 months	R2 995 000,00
Appointment of a service provider review and evaluate Telecommunication Communications policy	10	6 months	R2 938 755,00
Appointment of a service provider review and evaluate Postal policy	6	126 days	R1 547 550,00
Appointment of a service provider review and evaluate Broadcasting policy	5	5 weeks	R2 929 657,50
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration work days</b>	<b>Total contract value in Rand</b>
4	24	17 months, 11 days	R10 410 962,50

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014**

Kindly note that the department does not have information as required in this table because effective from December 2011, the evaluation methods were amended by Treasury, BEE Level of Contribution is used and not HDI

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a			

**Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2013 and 31 March 2014**

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None			

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

**Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 20YY and 31 March 20ZZ**

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

**Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 20YY and 31 March 20ZZ**

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

### 3.16 Severance Packages

**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2013 and 31 March 2014**

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
None				

# PART: E

## FINANCIAL INFORMATION



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 27: DEPARTMENT OF COMMUNICATIONS

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the Department of Communications set out on pages 143 to 196, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, 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, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standards prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (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.

### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Communications as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standards prescribed by National Treasury and the requirements of the PFMA.

### Additional matter

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

### Unaudited supplementary schedules

8. The supplementary information set out on pages 197 to 217 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each sub-heading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
- Programme 2: ICT International Affairs on pages 46 to 60
  - Programme 3: Policy, Research and Capacity Development on pages 63 to 70
  - Programme 4: Broadcasting and Communications Regulation and Support on pages 73 to 77
  - Programme 5: ICT infrastructure Support on pages 80 to 85
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for all the selected programmes.

### **Additional matters**

#### **Achievement of planned targets**

15. Refer to the annual performance report on pages 41 to 86 for information on the achievement of planned targets for the year.

#### **Unaudited supplementary schedules**

16. The supplementary information set out on pages 87 to 96 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

#### **Compliance with legislation**

17. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

#### **Annual financial statements, performance and annual reports**

18. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(a) and (b) of the Public Finance Management Act. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Human resource management and compensation**

19. Not all senior managers had signed performance agreements for the year under review as required by Public Service Regulation 41111/8.1.

#### **Expenditure management**

20. Contractual obligations and money owed by the Department were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the Public Finance Management Act and Treasury Regulation 8.2.3.



**Internal control**

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

**Leadership**

22. Inadequate leadership capacity prevented consistent oversight over compliance with laws and regulations and accurate financial reporting.

**Financial and performance management**

23. Lack of adequate controls over daily and monthly processing and reconciling of transactions.

**OTHER REPORTS**

**Investigations**

24. An investigation into the Media Corner contract was initiated by way of a proclamation issued by the President during the year. The investigation was still not finalised at year end.

*Auditor-General*

**Pretoria  
31 July 2014**



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

# ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH 2014

### 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.

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 Act, 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 all 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. 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 comprises of 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.

## 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.

### 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 Accrued expenditure payable

Accrued expenditure payable is 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.

Accrued expenditure payable is 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.

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.

### **13. INVESTMENTS**

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

### **14. 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 transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

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

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 transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, 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) are 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 accurately, 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) are 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 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 or transferred to receivables for recovery.

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. PRIOR PERIOD ERRORS

Revenue to the amount of R950 538 094.32 of the Independent Communications Authority of South Africa (ICASA) was in the previous financial year accounted for and disclosed as Departmental revenue as per National Treasury directive. However, National Treasury issued an amended directive in July 2014 that ICASA revenue should not be accounted for and disclosed as Departmental revenue anymore. The comparative figures in the Annual Financial Statements for 2013/14 have been restated accordingly.

<b>Appropriation Statement</b> for the year ended 31 March 2014											
<b>Appropriation per Programme</b>											
	2013/14						2012/13				
	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		R'000
<b>1. Administration</b>											
Current payment	214,695	(985)	(5,656)	208,054	208,157	(103)	100	192,212	192,366		
Transfers and subsidies	249	430	-	679	429	250	63.2	539	333		
Payment for capital assets	1,122	-	1,673	2,795	1,302	1,493	46.6	2,917	2,917		
Payment for financial assets	-	555	-	555	555	-	100	343	343		
	<b>216,066</b>	-	<b>(3,983)</b>	<b>212,083</b>	<b>210,443</b>	<b>1,640</b>		<b>196,011</b>	<b>195,959</b>		
<b>2. ICT International Affairs</b>											
Current payment	16,573	-	3,573	20,146	20,157	(11)	100.1	22,510	22,719		
Transfers and subsidies	16,161	-	-	16,161	20,902	(4,741)	129.3	25,268	21,383		
Payment for capital assets	537	-	(180)	357	346	11	96.9	88	88		
	<b>33,271</b>	-	<b>3,393</b>	<b>36,664</b>	<b>41,405</b>	<b>(4,741)</b>		<b>47,866</b>	<b>44,190</b>		
<b>3. Policy, Research and Capacity Development</b>											
Current payment	87,886	(992)	-	86,894	87,220	(326)	100.4	112,205	112,501		
Transfers and subsidies	-	992	-	992	992	-	100	201	201		
Payment for capital assets	1,512	-	(433)	1,079	582	497	53.9	560	560		
	<b>89,398</b>	-	<b>(433)</b>	<b>88,965</b>	<b>88,794</b>	<b>171</b>		<b>112,966</b>	<b>113,262</b>		



<b>Appropriation Statement</b> for the year ended 31 March 2014											
<b>Appropriation per Programme (continued)</b>											
	2013/14						2012/13				
	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		R'000
<b>4. Broadcasting and Communications Regulation and Support</b>											
Current payment	21,921	(2)	(2,493)	19,426	19,565	(139)	100.7	27,490	27,490		27,490
Transfers and subsidies	1,055,246	2	-	1,055,248	1,043,115	12,133	98.9	1,043,081	1,042,700		1,042,700
Payment for capital assets	1,131	-	(795)	336	69	267	20.5	33	33		33
	<b>1,078,298</b>	-	<b>(3,288)</b>	<b>1,075,010</b>	<b>1,062,749</b>	<b>12,261</b>		<b>1,070,604</b>	<b>1,070,223</b>		<b>1,070,223</b>
<b>5. ICT Infrastructure Support</b>											
Current payment	418,920	(33)	4,436	423,323	423,631	(308)	100.1	58,963	58,963		58,963
Transfers and subsidies	535,304	33	-	535,337	535,337	-	100	166,121	166,121		166,121
Payment for capital assets	860	-	(125)	735	427	308	58.1	2,493	2,493		2,493
	<b>955,084</b>	-	<b>4,311</b>	<b>959,395</b>	<b>959,395</b>	-		<b>227,577</b>	<b>227,577</b>		<b>227,577</b>
<b>TOTAL</b>	<b>2,372,117</b>	-	-	<b>2,372,117</b>	<b>2,362,786</b>	<b>9,331</b>	<b>99.6</b>	<b>1,655,024</b>	<b>1,651,211</b>		<b>1,651,211</b>
<b>Reconciliation with Statement of Financial Performance</b>											
<b>Add:</b> Departmental receipts				1,711,942				2,052,037			
Aid assistance				-				281			
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>4,084,059</b>				<b>3,707,342</b>			
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					<b>2,362,786</b>						<b>1,651,211</b>

Appropriation per Economic classification									
	2013/14					2012/13			
	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
<b>Current payments</b>									
Compensation of employees	194,995	(17,142)	(8,170)	169,683	169,682	1	100	157,552	159,056
Goods and services	565,000	15,124	8,170	588,294	589,042	(748)	100.1	255,805	254,960
Interest and rent on land	-	6	-	6	6	-	100	23	23
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	-	9	-	9	9	-	100	5	5
Departmental agencies & accounts	788,375	4	-	788,379	786,547	1,832	99.8	775,427	775,221
Higher education institutions	-	-	-	-	-	-	-	100	100
Foreign governments & international organisations	16,161	-	-	16,161	20,902	(4,741)	129.3	21,383	21,383
Public corporations & private enterprises	802,424	47	-	802,471	791,920	10,551	98.7	433,624	433,243
Non-profit institutions	-	399	-	399	399	-	100	4,194	309
Households	-	998	-	998	998	-	100	476	476
<b>Payment for capital assets</b>									
Machinery & equipment	5,162	-	(72)	5,090	2,654	2,436	52.1	5,723	5,723
Intangible assets	-	-	72	72	72	-	100	369	369
<b>Payment for financial assets</b>									
	-	555	-	555	555	-	100	343	343
<b>Total</b>	<b>2,372,117</b>	<b>-</b>	<b>-</b>	<b>2,372,117</b>	<b>2,362,786</b>	<b>9,331</b>	<b>99.6</b>	<b>1,655,024</b>	<b>1,651,211</b>

VOTE 27: DEPARTMENT OF COMMUNICATIONS

Detail per programme 1 - Administration									
For the year ended 31 March 2014									
Programme 1 Per Economic classification	2013/14					2012/13			
	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
<b>1.1 Ministry</b>									
Current payment	3,871	-	(203)	3,668	3,668	-	100	3,669	3,629
<b>1.2 Departmental Management</b>									
Current payment	33,711	9,297	-	43,008	43,008	-	100	41,833	41,833
Transfers and subsidies	-	35	-	35	35	-	100	81	81
Payment for capital assets	568	(149)	-	419	419	-	100	225	225
<b>1.3 Internal Audit</b>									
Current payment	3,679	64	-	3,743	3,743	-	100	5,387	5,387
Transfers and subsidies	-	26	-	26	26	-	100	-	-
Payment for capital assets	56	3	-	59	59	-	100	63	63
<b>1.4 Corporate Services</b>									
Current payment	106,884	(17,749)	-	89,135	89,135	-	100	74,564	74,694
Transfers and subsidies	249	356	-	605	355	250	58.7	351	115
Payment for capital assets	261	88	1,565	1,914	421	1,493	22	676	676
<b>1.5 Financial Management</b>									
Current payment	58,313	9,603	(5,453)	62,463	62,566	(103)	100.2	58,951	61,302
Transfers and subsidies	-	13	-	13	13	-	100	107	137
Payment for capital assets	237	58	108	403	403	-	100	1,953	1,953
Payment for financial assets	-	555	-	555	555	-	100	343	343
<b>1.6 Property Management</b>									
Current payment	8,237	(2,200)	-	6,037	6,037	-	100	7,808	5,521
<b>Total</b>	<b>216,066</b>	<b>-</b>	<b>(3,983)</b>	<b>212,083</b>	<b>210,443</b>	<b>1,640</b>	<b>99.2</b>	<b>196,011</b>	<b>195,959</b>

VOTE 27: DEPARTMENT OF COMMUNICATIONS

Detail per programme 1 - Administration									
For the year ended 31 March 2014									
Programme 1 Per Economic classification	2013/14					2012/13			
	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
<b>Current payments</b>									
Compensation of employees	78,114	(2,226)	(5,655)	70,233	70,232	1	100	65,464	66,968
Goods and services	136,581	1,234	-	137,815	137,918	(103)	100.1	126,725	125,375
Interest and rent on land	-	6	-	6	6	-	100	23	23
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	-	9	-	9	9	-	100	5	5
Departmental agencies & accounts	249	4	-	253	4	249	1.6	236	30
Public corporations & private enterprises	-	47	-	47	46	1	97.9	-	-
Non-Profit institutions	-	300	-	300	300	-	100	11	11
Households	-	71	-	71	71	-	100	286	286
<b>Payment for capital assets</b>									
Machinery & equipment	1,122	-	1,601	2,723	1,230	1,493	45.2	2,918	2,918
Intangible assets	-	-	72	72	72	-	100	-	-
<b>Payment for financial assets</b>									
	-	555	-	555	555	-	100	343	343
<b>Total</b>	<b>216,066</b>	<b>-</b>	<b>(3,982)</b>	<b>212,084</b>	<b>210,443</b>	<b>1,641</b>	<b>99.2</b>	<b>196,011</b>	<b>195,959</b>

Detail per programme 2 - ICT International Affairs											
For the year ended 31 March 2014											
Details per Sub-Programme	2013/14						2012/13				
	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	R'000	R'000
<b>2.1 International Affairs</b>											
Current payment	11,610	(876)	525	11,259	11,259	-	100	11,733	11,733		11,733
Transfers and subsidies	-	-	-	-	-	-	-	3,885	-		-
Payment for capital assets	347	-	(67)	280	280	-	100	70	70		70
<b>2.2 ICT Trade/Partnerships</b>											
Current payment	4,963	876	3,048	8,887	8,898	(11)	100.1	10,777	10,986		10,986
Transfers and subsidies	16,161	-	-	16,161	20,902	(4,741)	129.3	21,383	21,383		21,383
Payment for capital assets	190	-	(113)	77	66	11	85.7	18	18		18
<b>Total</b>	<b>33,271</b>	<b>-</b>	<b>3,393</b>	<b>36,664</b>	<b>41,405</b>	<b>(4,741)</b>	<b>112.9</b>	<b>47,866</b>	<b>44,190</b>		<b>44,190</b>

Detail per programme 2 - ICT International Affairs										
For the year ended 31 March 2014										
Programme 2 Per Economic classification	2013/14					2012/13				
	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	
<b>Current payments</b>										
Compensation of employees	11,944	-	525	12,469	12,469	-	100	11,293	11,293	
Goods and services	4,629	-	3,048	7,677	7,688	(11)	100.1	11,217	11,426	
<b>Transfers &amp; subsidies</b>										
Foreign governments and international organisations	16,161	-	-	16,161	20,902	(4,741)	129.3	21,383	21,383	
Non-profit institutions	-	-	-	-	-	-	-	3,885	-	
<b>Payment for capital assets</b>										
Machinery & equipment	537	-	(180)	357	346	11	96.9	88	88	
<b>Total</b>	<b>33,271</b>	<b>-</b>	<b>3,393</b>	<b>36,664</b>	<b>41,405</b>	<b>(4,741)</b>	<b>112.9</b>	<b>47,866</b>	<b>44,190</b>	

Detail per programme 3 - Policy, Research and Capacity Development									
For the year ended 31 March 2014									
Details per Sub-Programme	2013/14					2012/13			
	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
<b>3.1 ICT Policy Development</b>									
Current payment	32,497	(5,393)	-	27,104	27,104	-	100	41,413	41,572
Transfers and subsidies	-	88	-	88	88	-	100	18	18
Payment for capital assets	380	-	-	380	320	60	84.2	333	227
<b>3.2 Economic Analysis, Market Modelling And Research</b>									
Current payment	1,234	6,996	-	8,230	8,230	-	100	2,958	1,854
Payment for capital assets	-	84	-	84	84	-	100	32	16
<b>3.3 Research</b>									
Current payment	7,197	(1,208)	-	5,989	5,989	-	100	3,967	5,070
Payment for capital assets	180	-	(167)	13	13	-	100	-	16
<b>3.4 Information and Society Development</b>									
Current payment	33,642	3,920	-	37,562	37,888	(326)	100.9	46,031	46,031
Transfers and subsidies	-	164	-	164	164	-	100	143	143
Payment for capital assets	750	(84)	(213)	453	127	326	28	195	195
<b>3.5 Capacity Development</b>									
Current payment	13,316	(5,307)	-	8,009	8,009	-	100	17,836	17,974
Transfers and subsidies	-	740	-	740	740	-	100	40	40
Payment for capital assets	202	-	(53)	149	38	111	25.5	-	106
<b>Total</b>	<b>89,398</b>	<b>-</b>	<b>(433)</b>	<b>88,965</b>	<b>88,794</b>	<b>171</b>	<b>99.8</b>	<b>112,966</b>	<b>113,262</b>

Detail per programme 3 – Policy, Research and Capacity Development											
For the year ended 31 March 2014											
Programme 3 Per Economic classification	2013/14						2012/13				
	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		
<b>Current payments</b>											
Compensation of employees	59,617	(6,229)	-	53,388	53,388	-	100	56,643	56,643		
Goods and services	28,269	5,238	-	33,507	33,833	(326)	101	55,562	55,858		
<b>Transfers &amp; subsidies</b>											
Higher education institutions	-	-	-	-	-	-	-	100	100		
Non-profit institutions	-	99	-	99	99	-	100	-	-		
Households	-	892	-	892	892	-	100	101	101		
<b>Payment for capital assets</b>											
Machinery & equipment	1,512	-	(433)	1,079	582	497	53.9	560	560		
<b>Total</b>	<b>89,398</b>	<b>-</b>	<b>(433)</b>	<b>88,965</b>	<b>88,794</b>	<b>171</b>	<b>99.8</b>	<b>112,966</b>	<b>113,262</b>		



Detail per programme 4 – Broadcasting and Communications Regulation and Support											
For the year ended 31 March 2014											
Details per Sub-Programme	2013/14						2012/13				
	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		R'000
<b>4.1 Public Entity Oversight</b>											
Current payment	5,906	214	-	6,120	6,120	-	100	4,306	4,306		4,306
Transfers and subsidies	1,053,663	2	-	1,053,665	1,043,115	10,550	99	1,041,481	1,041,100		1,041,100
Payment for capital assets	565	-	(404)	161	33	128	20.5	9	9		9
<b>4.2 Small Medium And Micro Enterprise Development</b>											
Current payment	8,822	655	(2,493)	6,984	7,123	(139)	102	15,678	15,678		15,678
Transfers and subsidies	-	-	-	-	-	-	-	100	100		100
Payment for capital assets	566	(36)	(391)	139	-	139	-	8	8		8
<b>4.3 Governance and Support</b>											
Current payment	7,193	(871)	-	6,322	6,322	-	100	7,506	7,506		7,506
Transfers and subsidies	1,583	-	-	1,583	-	1,583	-	1,500	1,500		1,500
Payment for capital assets	-	36	-	36	36	-	100	16	16		16
<b>Total</b>	<b>1,078,298</b>	<b>-</b>	<b>(3,288)</b>	<b>1,075,010</b>	<b>1,062,749</b>	<b>12,261</b>	<b>98.9</b>	<b>1,070,604</b>	<b>1,070,223</b>		<b>1,070,223</b>

Detail per programme 4 - Broadcasting and Communications Regulation and Support									
For the year ended 31 March 2014									
Programme 4 Per Economic classification	2013/14					2012/13			
	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
<b>Current payments</b>									
Compensation of employees	11,723	(252)	(3,040)	8,431	8,431	-	100	8,016	8,016
Goods and services	10,198	250	686	11,134	11,134	-	100	19,474	19,474
<b>Transfers &amp; subsidies</b>									
Departmental agencies & accounts	788,126	-	-	788,126	786,543	1,583	99.8	775,191	775,191
Public corporations & private enterprises	267,120	-	-	267,120	256,570	10,550	96.1	267,790	267,409
Non-profit institutions	-	-	-	-	-	-	-	100	100
Households	-	2	-	2	2	-	100	-	-
<b>Payment for capital assets</b>									
Machinery & equipment	1,131	-	(935)	196	69	127	35.2	33	33
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,078,298</b>	<b>-</b>	<b>(3,289)</b>	<b>1,075,009</b>	<b>1,062,749</b>	<b>12,260</b>	<b>98.9</b>	<b>1,070,604</b>	<b>1,070,223</b>

**Detail per programme 5 - ICT Infrastructure Support  
For the year ended 31 March 2014**

Details per Sub-Programme	2013/14						2012/13		
	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
<b>5.1 Broadband</b>									
Current payment	418,920	(5,614)	4,436	417,742	417,742	-	100	58,963	58,963
Transfers and subsidies	-	33	-	33	33	-	100	287	287
Payment for capital assets	860	(354)	(125)	381	381	-	100	2,493	2,493
<b>5.2 Digital Terrestrial Television</b>									
Current payment	-	5,581	-	5,581	5,889	(308)	105.5	-	-
Transfers and subsidies	535,304	-	-	535,304	535,304	-	100	165,834	165,834
Payment for capital assets	-	354	-	354	46	308	13	-	-
<b>Total</b>	<b>955,084</b>	<b>-</b>	<b>4,311</b>	<b>959,395</b>	<b>959,395</b>	<b>-</b>	<b>100</b>	<b>227,577</b>	<b>227,577</b>

**Detail per programme 5 - ICT Infrastructure Support  
For the year ended 31 March 2014**

Programme 5 Per Economic classification	2013/14						2012/13		
	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
<b>Current payments</b>									
Compensation of employees	33,597	(8,435)	-	25,162	25,162	-	100	16,136	16,136
Goods and services	385,323	8,402	4,436	398,161	398,469	(308)	100.1	42,827	42,827
<b>Transfers &amp; subsidies</b>									
Public corporations & private enterprises	535,304	-	-	535,304	535,304	-	100	165,834	165,834
Non-profit institutions	-	-	-	-	-	-	-	198	198
Households	-	33	-	33	33	-	100	89	89
<b>Payment for capital assets</b>									
Machinery & equipment	860	-	(125)	735	427	308	58.1	2,124	2,124
Intangible assets	-	-	-	-	-	-	-	369	369
<b>Total</b>	<b>955,084</b>	<b>-</b>	<b>4,311</b>	<b>959,395</b>	<b>959,395</b>	<b>-</b>	<b>100</b>	<b>227,577</b>	<b>227,577</b>

Notes to the Appropriation Statement  
for the year ended 31 March 2014

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-H) 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	%
<b>International Affairs</b>					
	Current payments	20,146	20,157	(11)	(0.1)
	Transfer and subsidies	16,161	20,902	(4,741)	(29.3)
	Payment for Capital assets	357	346	11	3.1
Membership fees payable to international organizations exceeded due to exchange rate.					
4.2	<b>Per economic classification:</b>				
<b>Current expenditure</b>					
	Compensation of employees	169,683	169,682	1	-
	Goods and services	588,294	589,042	(748)	(0.1)
	Interest and rent on land	6	6	-	-
	Unauthorised expenditure approved	-	-	-	-
<b>Transfers and subsidies</b>					
	Provinces and municipalities	9	9	-	-
	Departmental agencies and accounts	788,379	786,547	1,832	0.2
	Foreign governments and international organizations	16,161	20,902	(4,741)	(29.3)
	Public corporations and private enterprises	802,471	791,920	10,551	1.3
	Non-profit institutions	399	399	-	-
	Households	998	998	-	-
<b>Payments for capital assets</b>					
	Machinery and equipment	5,090	2,654	2,436	47.9
	Software and other intangible assets	72	72	-	-
<b>Payments for financial assets</b>					
		555	555	-	-

Public corporations and private enterprises: The underspending is due to the integration of National Electronic Media Institute of SA (NEMISA) and e-Skills, which requires their strategic focus to be redefined and therefore no funds was transferred for SABC: Programme Productions

Foreign government and international organisations: The overspending is due to the exchange rates.

Machinery and equipment: The underspending under machinery and equipment is due to most assets still having a good life span.

Statement of Financial Performance  
for the year ended 31 March 2014

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>REVENUE</b>			
Annual appropriation	1	2,372,117	1,655,024
Departmental revenue	2	1,711,942	2,052,037
Aid assistance	3	-	281
<b>TOTAL REVENUE</b>		<b>4,084,059</b>	<b>3,707,342</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>		<b>758,730</b>	<b>414,039</b>
Compensation of employees	4	169,682	159,056
Goods and services	5	589,042	254,960
Interest and rent on land	6	6	23
<b>Transfers and subsidies</b>		<b>1,600,775</b>	<b>1,230,737</b>
Transfers and subsidies	8	1,600,775	1,230,737
<b>Expenditure for capital assets</b>		<b>2,726</b>	<b>6,092</b>
Tangible capital assets	9	2,654	5,723
Software and other intangible assets	9	72	369
<b>Payments for financial assets</b>		<b>555</b>	<b>343</b>
<b>TOTAL EXPENDITURE</b>		<b>2,362,786</b>	<b>1,651,211</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,721,273</b>	<b>2,056,131</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		14,072	3,813
Annual appropriation	17	14,072	3,813
Departmental revenue	18	1,711,942	2,052,037
Aid assistance	3	-	281
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,721,273</b>	<b>2,056,131</b>

Statement of Financial Position  
at 31 March 2014

		2013/14	2012/13
	Note	R'000	R'000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>142,125</b>	<b>401,111</b>
Unauthorised expenditure	10	4,741	-
Cash and cash equivalents	11	128,271	391,549
Prepayments and advances	13	1,696	1,001
Receivables	14	7,417	8,561
<b>Non-Current Assets</b>		<b>14,472,822</b>	<b>14,472,822</b>
Investments	15	14,445,160	14,445,160
Loans	16	27,391	27,391
Other financial assets	12	271	271
<b>TOTAL ASSETS</b>		<b>14,614,947</b>	<b>14,873,933</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>140,257</b>	<b>398,106</b>
Voted funds to be surrendered to the Revenue Fund	17	14,072	3,813
Departmental revenue to be surrendered to the Revenue Fund	18	126,073	392,278
Payables	19	112	1,734
Aid assistance unutilised	3	-	281
<b>TOTAL LIABILITIES</b>		<b>140,257</b>	<b>398,106</b>
<b>NET ASSETS</b>		<b>14,474,690</b>	<b>14,475,827</b>
<b>Represented by:</b>			
Capitalisation reserve		14,472,551	14,472,551
Recoverable revenue		2,139	3,276
<b>TOTAL</b>		<b>14,474,690</b>	<b>14,475,827</b>

Statement of Changes in Net Assets  
for the year ended 31 March 2014

NET ASSETS		2013/14	2012/13
	<i>Note</i>	R'000	R'000
<b>Capitalisation Reserves</b>			
Opening balance		14,472,551	14,472,551
Transfers:			
Other movements		-	-
Closing balance		<u>14,472,551</u>	<u>14,472,551</u>
<b>Recoverable revenue</b>			
Opening balance		3,276	3,020
Transfers		(1,137)	256
Irrecoverable amounts written off		(1,356)	(51)
Debts recovered (included in departmental receipts)		(467)	(235)
Debts raised		686	542
Closing balance		<u>2,139</u>	<u>3,276</u>
<b>TOTAL</b>		<u><b>14,474,690</b></u>	<u><b>14,475,827</b></u>



**Cash Flow Statement**  
**for the year ended 31 March 2014**

		2013/14	2012/13
	<i>Note</i>	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>2,375,929</b>	<b>2,040,621</b>
Annual appropriated funds received	1.1	2,372,117	1,655,024
Departmental revenue received		1,111	382,706
Interest received		2,701	2,610
Aid assistance	3	-	281
Net (increase)/ decrease in working capital		(5,914)	2,257
Surrendered to Revenue Fund		(1,981,960)	(1,872,746)
Surrendered to RDP Fund/Donor		(281)	(240)
Current payments		(753,983)	(414,046)
Interest paid	6	(6)	(23)
Payments for financial assets		(555)	(343)
Transfers and subsidies paid		(1,600,775)	(1,230,707)
<b>Net cash flow available from operating activities</b>	<b>20</b>	<b>(1,967,545)</b>	<b>(1,475,227)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	9	(2,726)	(6,092)
<b>Net cash flows from investing activities</b>		<b>(2,726)</b>	<b>(6,092)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		1,708,130	1,666,721
Increase/ (decrease) in net assets		(1,137)	256
<b>Net cash flows from financing activities</b>		<b>1,706,993</b>	<b>1,666,977</b>
Net increase/ (decrease) in cash and cash equivalents		(263,278)	185,658
Cash and cash equivalents at beginning of period		391,549	205,891
<b>Cash and cash equivalents at end of period</b>	<b>11</b>	<b>128,271</b>	<b>391,549</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014

1 Annual Appropriation

1.1 Annual Appropriation

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2012/13 R'000
<b>Programmes</b>				
Administration	212,083	216,066	(3,983)	196,011
ICT International Affairs	36,664	33,271	3,393	47,866
Policy Research and Capacity Development	88,965	89,398	(433)	112,966
*Broadcasting and Communications Regulation and Support	1,075,010	1,078,298	(3,288)	1,070,604
ICT Infrastructure Support	959,395	955,084	4,311	227,577
<b>Total</b>	<b>2,372,117</b>	<b>2,372,117</b>	<b>-</b>	<b>1,655,024</b>

\*Details of specifically and exclusively appropriated amounts voted (after Virement):

- SABC: Digital migration project - R76 million.
- Sentech: Digitisation - R240 million.

As a result of a restructuring process in the department the programmes were reduced from 6 Programmes in the 2012/2013 financial year to 5 programmes in the 2013/2014 financial year.

	Note	2013/14 R'000	2012/13 R'000
<b>2 Departmental Revenue</b>			
Sales of goods and services other than capital assets	2.1	123	206
Interest, dividends and rent on land	2.2	1,710,831	1,669,331
Financial transactions in assets and liabilities	2.3	988	940
Transfer received	2.4	-	381,560
Total revenue collected		1,711,942	2,052,037
<b>Departmental revenue collected</b>		<b>1,711,942</b>	<b>2,052,037</b>

**Interest, dividends and rent on land:** The increase is mainly due to the dividend rate per share of Vodacom Group Limited that increased from 355 cents per share to 430 cents per share in July 2013 and from 430 cents per share to 395 cents per share in December 2013.

**Transfer received:** The decrease is mainly due to unutilised funds of R382 million returned by Telkom for the 2010 FIFA WORLD CUP close up in the 2012/2013 financial year.

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>2.1 Sales of goods and services other than capital assets</b>	2		
Sales of goods and services produced by the department		123	206
Sales by market establishment		65	117
Administrative fees		8	9
Other sales		50	80
<b>Total</b>		<u>123</u>	<u>206</u>
<b>2.2 Interest, dividends and rent on land</b>	2		
Interest		2,701	2,610
Dividends		1,708,130	1,666,721
<b>Total</b>		<u>1,710,831</u>	<u>1,669,331</u>
<b>2.3 Transactions in financial assets and liabilities</b>	2		
Receivables		388	108
Other Receipts including Recoverable Revenue		600	832
<b>Total</b>		<u>988</u>	<u>940</u>
<b>2.4 Transfers received</b>	2		
Other governmental units		-	381,560
<b>Total</b>		<u>-</u>	<u>381,560</u>

(An amount of R382 million was in the previous financial year disclosed as direct exchequer receipts according to SCOA classification. However the amount was reclassified due to a change in SCOA classification as Transfers received).

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

3 Aid Assistance

3.1 Aid assistance received in cash from RDP

Foreign

Opening Balance	281	240
Revenue	-	281
Surrendered to RDP	(281)	(240)
<b>Closing Balance</b>	<b>-</b>	<b>281</b>

3.2 Total

<b>Opening Balance</b>	281	240
Revenue	-	281
Surrendered to the RDP	(281)	(240)
<b>Closing Balance</b>	<b>-</b>	<b>281</b>

3.3 Analysis of balance

Aid assistance repayable	-	281
RDP	-	281
<b>Closing balance</b>	<b>-</b>	<b>281</b>

The R281 thousand is in respect of donation received from Finland for Provincial Information Society Strategy Programme through the RDP Fund. See also Annexure 1G.

4 Compensation of Employees

4.1 Salaries and wages

Basic salary	109,214	100,364
Performance award	2,890	3,704
Service Based	105	136
Compensative/circumstantial	3,450	4,599
Periodic payments	710	-
Other non-pensionable allowances	34,644	32,372
<b>Total</b>	<b>151,013</b>	<b>141,175</b>

(An amount of R1,544 million was in the previous financial year disclosed as operating expenditure: learnerships according to SCOA classification. However the amount was reclassified due to a change in SCOA classification as compensation of employees: Compensative/circumstantial).

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>4.2 Social Contributions</b>			
<b>Employer contributions</b>			
Pension		13,924	13,020
Medical		4,727	4,844
Bargaining council		18	17
<b>Total</b>		<b>18,669</b>	<b>17,881</b>
<b>Total compensation of employees</b>			
		169,682	159,056
Average number of employees		318	319
<b>5 Goods and services</b>			
Administrative fees		2,088	2,625
Advertising		49,612	39,942
Minor assets	5.1	446	374
Bursaries (employees)		382	259
Catering		3,425	3,521
Communication		5,376	5,339
Computer services	5.2	3,419	3,368
Consultants, contractors and agency/outourced services	5.3	417,054	86,670
Entertainment		373	159
Audit cost – external	5.4	10,457	4,179
Fleet services		1,949	554
Inventory	5.5	83	51
Consumables	5.6	4,487	6,302
Operating leases		38,030	37,766
Property payments	5.7	9,812	9,842
Rental and Hiring		2,098	1,731
Travel and subsistence	5.8	29,889	39,209
Venues and facilities		6,175	4,638
Training and staff development		2,510	4,869
Other operating expenditure	5.9	1,377	3,562
<b>Total</b>		<b>589,042</b>	<b>254,960</b>

**Advertising:** The increase is mainly due to an awareness campaign on the broadcasting digital migration process to the value of R40.8 million and Imbizos held amounting to R4 million.

**Fleet services:** The increase was caused due to the vehicles used from GG Transport for the protectors of the Minister and Deputy Minister. The Department also made more use of GG Transport for officials who had to attend courses and conferences. A further increase in the maintenance of the Department's own motor vehicle fleet also contributed to the increase.

**Training and staff development:** The decrease is mainly due to financial constraints.

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>5.1 Minor assets</b>			
<b>Tangible assets</b>	5	348	368
Heritage assets		3	-
Machinery and equipment		345	368
<b>Intangible assets</b>		98	6
<b>Total</b>		<u>446</u>	<u>374</u>
<b>5.2 Computer services</b>	5		
SITA computer services		2,430	2,382
External computer service providers		989	986
<b>Total</b>		<u>3,419</u>	<u>3,368</u>
<b>5.3 Consultants, contractors and agency/outsourced services</b>	5		
Business and advisory services		410,870	82,810
Legal costs		2,071	541
Contractors		3,988	2,399
Agency and support/outsourced services		125	920
<b>Total</b>		<u>417,054</u>	<u>86,670</u>
<p>Consultants, contractors and agency/outsourced services: The increase is mainly due to:</p> <p>(a) 374.2 million for the schools connectivity project through the adjusted budget which made up 89% of the total expenditure; and</p> <p>(b) R20 million for ICT Policy Review.</p> <p>(An amount of R10.475 million was in the previous financial year allocated to Goods and services: Audit cost – performance audits instead of Goods and services: Consultants, contractors and agency/outsourced services).</p>			
<b>5.4 Audit cost – external</b>	5		
Regularity audits		3,342	3,918
Investigations		7,115	261
<b>Total</b>		<u>10,457</u>	<u>4,179</u>

**Regularity audits:** Audit fees by the Auditor-General. R2,226 million is in respect of previous year audit invoices.

**Investigations:** R7,115 million is for forensic audits conducted at SA Post Office, USAASA and the department.

(An amount of R10,475 million was in the previous financial year allocated to Goods and services: Audit cost – performance audits instead of Goods and services: Consultants, contractors and agency/outsourced services).

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>5.5 Inventory</b>	5		
Clothing material and accessories		17	-
Fuel, oil and gas		3	6
Materials and supplies		61	43
Medical supplies		2	2
<b>Total</b>		<b>83</b>	<b>51</b>
<b>5.6 Consumables</b>			
Consumables supplies		119	134
Uniform and clothing		-	30
Household supplies		62	42
IT consumables		56	-
Other consumables		1	62
Stationery, printing and office supplies		4,368	6,168
<b>Total</b>		<b>4,487</b>	<b>6,302</b>
<b>5.7 Property payments</b>	5		
Municipal services		2,908	2,712
Property management fee		18	-
Property maintenance and repairs		853	866
Other		6,033	6,264
<b>Total</b>		<b>9,812</b>	<b>9,842</b>
The cleaning and security services for the property are included under other.			
<b>5.8 Travel and subsistence</b>	5		
Local		20,738	23,419
Foreign		9,151	15,790
<b>Total</b>		<b>29,889</b>	<b>39,209</b>

Travel and subsistence: The decrease is mainly due to the fact that less international conferences were attended. The Department also hosted less international conferences and implemented cost saving measures.

See also par 1.2 and 1.3 of the Management report.

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>5.9 Other operating expenditure</b>	5		
Professional bodies, membership and subscription fees		67	102
Resettlement costs		93	-
Other		1,217	3,460
<b>Total</b>		<u>1,377</u>	<u>3,562</u>
<p><b>Other:</b> The decrease is mainly due to stipend at R2 000 per month paid to unemployed youth on the E-Literacy project. (Approximately 150 unemployed youth @ R2 000 per month and the reclassification of learnerships expenses from other operating expenditure to compensation of employees.</p> <p>(An amount of R1,544 million was in the previous financial year disclosed as operating expenditure: learnerships according to SCOA classification. However the amount was reclassified due to a change in SCOA classification as Compensation of employees: Compensative/ circumstantial).</p>			
<b>6 Interest and Rent on Land</b>			
Interest paid		6	23
<b>Total</b>		<u>6</u>	<u>23</u>
<b>7 Payments for financial assets</b>			
Material losses through criminal conduct		-	16
Theft	7.3	-	16
Other material losses written off	7.1	439	290
Debts written off	7.2	111	35
Forex losses	7.4	5	2
<b>Total</b>		<u>555</u>	<u>343</u>
<b>7.1 Other material losses written off</b>	7		
<b>Nature of losses</b>			
Ex-employee - Settlement agreement		425	-
No shows		-	13
Interest on late payment – Telkom		-	2
Interest – American Express		13	-
Arbitration award		-	218
Damaged rented vehicles		1	51
Traffic fines		-	6
<b>Total</b>		<u>439</u>	<u>290</u>
The increase is mainly due to a settlement agreement payment.			



Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>7.2 Debts written off</b>	7		
<b>Nature of debts written off</b>			
Other debts written off			
Income tax		-	2
Salary overpayments		3	22
Ex-employee debts (cellphone, bursary, bond, advance and p/village)		108	-
Bursary		-	8
Interest on late payment		-	3
<b>Total</b>		<u>111</u>	<u>35</u>
<b>7.3 Details of theft</b>	7		
<b>Nature of theft</b>			
Notebook		-	16
<b>Total</b>		<u>-</u>	<u>16</u>
<b>7.4 Forex losses</b>	7		
<b>Nature of losses</b>			
Foreign exchange - travel and subsistence		5	3
<b>Total</b>		<u>5</u>	<u>3</u>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>8 Transfers and Subsidies</b>			
Provinces and municipalities	Annex 1A	9	5
Departmental agencies and accounts	Annex 1B	786,547	775,221
Foreign governments and international organisations	Annex 1D	20,902	21,383
Public corporations and private enterprises	Annex 1C	791,920	433,243
Households	Annex 1E	974	470
Gifts, donations and sponsorships made	Annex 1F	423	415
<b>Total</b>		<b>1,600,775</b>	<b>1,230,737</b>

**Public corporations and private enterprises:** The increase is mainly due to an increase in Sentech's funding requirements for digitisation.

**9 Expenditure for capital assets**

<b>Tangible assets</b>		2,654	5,723
Machinery and equipment	34.1	2,654	5,723
<b>Software and other intangible assets</b>		72	369
Computer software	35.1	72	-
Patents, licences, copyright, brand names, trademarks		-	369
<b>Total</b>		<b>2,726</b>	<b>6,092</b>

**9.1 Analysis of funds utilised to acquire capital assets - 2013/14**

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
<b>Tangible assets</b>	2,654	-	2,654
Machinery and equipment	2,654	-	2,654
<b>Software and other intangible assets</b>	72	-	72
Software	72	-	72
<b>Total</b>	<b>2,726</b>	<b>-</b>	<b>2,726</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

9.2 Analysis of funds utilised to acquire capital assets - 2012/13

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
<b>Tangible assets</b>	5,723	-	5,723
Machinery and equipment	5,723	-	5,723
<b>Software and other intangible assets</b>	369	-	369
Patents, licences, copyright, brand names, trademarks	369	-	369
<b>Total</b>	<b>6,092</b>	<b>-</b>	<b>6,092</b>

	Note	2013/14 R'000	2012/13 R'000
<b>10 Unauthorised expenditure</b>			
<b>10.1 Reconciliation of unauthorised expenditure</b>			
Opening balance		-	-
Unauthorised expenditure - discovered in current year		4,741	-
Unauthorised expenditure awaiting authorisation/ written off		4.741	-
		<u>4.741</u>	<u>-</u>
<b>10.2 Analysis of unauthorised expenditure per economic classification</b>			
Transfers and subsidies		4,741	-
<b>Total</b>		<u>4.741</u>	<u>-</u>
<b>10.3 Analysis of unauthorised expenditure awaiting authorisaion per type</b>			
Unauthorised expenditure relating to overspending of the vote or a main division within the vote		4,741	-
<b>Total</b>		<u>4.741</u>	<u>-</u>

10.4 Details of unauthorised expenditure - current year

Incident	Disciplinary steps taken/ criminal proceedings	
Membership fees payable to International organisations exceeded due to exchange rate	None	4,741
	<b>Total</b>	<b>4,741</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>11 Cash and Cash Equivalents</b>			
Consolidated Paymaster General Account		9,268	386,268
Cash on hand		35	35
Cash with commercial banks (Local)		118,968	5,246
<b>Total</b>		<u>128,271</u>	<u>391,549</u>
The decrease is mainly due to unutilized funds of R382 million returned by Telkom on 28 March 2013 (2012/13 financial year) for the 2010 FIFA World Cup close up.			
<b>12 Other Financial Assets</b>			
<b>Non-Current</b>			
<b>Local</b>			
Deposits		200	200
<b>Total</b>		<u>200</u>	<u>200</u>
<b>Foreign</b>			
Deposits		71	71
<b>Total</b>		<u>71</u>	<u>71</u>
<b>Total Non-Current other financial assets</b>		<u>271</u>	<u>271</u>
<b>Foreign:</b> Deposits paid by International Relations on hired accommodation for an employee stationed in Paris, France.			
<b>13 Prepayments and Advances</b>			
Travel and subsistence		108	197
Advances paid to other entities		1,588	804
<b>Total</b>		<u>1,696</u>	<u>1,001</u>
<b>13.1 Advances paid</b>			
National departments	Annex 6	1,588	804
<b>Total</b>		<u>1,588</u>	<u>804</u>

**Advances paid to National departments:** The increase is mainly due to outstanding invoices/claims from Department of International Relations and Cooperation.

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

		2013/14				2012/13	
		Less than one year	One to three years	Older than three years	Total		
Note	R'000	R'000	R'000	R'000	R'000	R'000	
<b>14</b>	<b>Receivables</b>						
	Claims recoverable	14.1 Annex 4	237	-	-	237	39
	Recoverable expenditure	14.2	-	-	1,649	1,649	1,649
	Staff debt	14.3	173	29	20	222	142
	Other debtors	14.4	244	133	4,932	5,309	6,731
			654	162	6,601	7,417	8,561
					<b>2013/14</b>	<b>2012/13</b>	
				<b>Note</b>	<b>R'000</b>	<b>R'000</b>	
<b>14.1</b>	<b>Claims recoverable</b>			<b>14</b>			
	National departments				237	39	
	<b>Total</b>				237	39	
	Claims for The Presidency, DPSA, Water Affairs and COGTA. Payment of R37 thousand received from the Presidency in April 2013. See also annexure 4.						
<b>14.2</b>	<b>Recoverable expenditure</b>			<b>14</b>			
	Disallowance payments - fraud				1,649	1,649	
	<b>Total</b>				1,649	1,649	
	Fraudulent orders and invoices to the amount of R1 649 120.49						
<b>14.3</b>	<b>Staff debt</b>			<b>14</b>			
	Debt accounts				222	142	
	<b>Total</b>				222	142	

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

		2013/14	2012/13
	Note	R'000	R'000
<b>14.4</b>	<b>Other debtors</b>		
	14		
	Ex-employees	856	1,047
	Suppliers	4,289	5,388
	SARS income tax	145	282
	Non-employees	15	14
	Clearing account	2	-
	Medical Aid	1	-
	Pension Fund	1	-
	<b>Total</b>	<u>5,309</u>	<u>6,731</u>
	Suppliers: The decrease is mainly due to irrecoverable debts written off against departmental revenue in accordance of National Treasury Instructions 02 and 02A of 2013/2014.		
<b>14.5</b>	<b>Fruitless and wasteful expenditure</b>		
	Opening balance	-	-
	Less amounts recovered	22	37
	Less amounts written off	438	282
	Transfers from note 29.1 fruitless and wasteful expenditure	(460)	(319)
	<b>Total</b>	<u>-</u>	<u>-</u>
<b>15</b>	<b>Investments</b>		
	<b>Non-Current</b>		
	<b>Shares and other equity</b>		
	Telkom SA Limited	2,070,380	2,070,380
	South African Post Office Limited	200,940	200,940
	Sentech (Pty) (Ltd)	1	1
	Vodacom Group Limited	12,173,839	12,173,839
	<b>Total</b>	<u>14,445,160</u>	<u>14,445,160</u>
	<b>Total non-current</b>	<u>14,445,160</u>	<u>14,445,160</u>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>Analysis of non-current investments</b>			
Opening balance		14,445,160	14,445,160
<b>Closing balance</b>		<u>14,445,160</u>	<u>14,445,160</u>
<p>In the 2004/2005 financial year an amount of R750 million was paid to the South African Post Office to facilitate the corporatization of the Postbank. The issuing of the shares in this regard however is not permitted in terms of the Post Office Act. The Post Office have disclosed the funds under capital and reserves as funds received from the shareholder until such time as the necessary changes have been made to the Post Office Act to permit the issuing of shares by the company.</p>			
<b>16 Loans</b>			
Public corporations		27,391	27,391
<b>Total</b>		<u>27,391</u>	<u>27,391</u>
<b>Analysis of Balance</b>			
Opening balance		27,391	27,391
<b>Closing balance</b>		<u>27,391</u>	<u>27,391</u>
<p>The amount of R27,4 million was made available to the SABC as permanent capital and is not repayable. Interest at 6% per annum is payable on the loan amount. Section 30 (2) of the Exchequer Act, (Act No 66 of 1975) refers.</p>			
<b>17 Voted Funds to be Surrendered to the Revenue Fund</b>			
Opening balance		3,813	210,911
Transfer from statement of financial performance		9,331	3,813
Add: Unauthorised expenditure for current year	10	4,741	-
Paid during the year		(3,813)	(210,911)
<b>Closing balance</b>		<u>14,072</u>	<u>3,813</u>
<p>The increase is mainly due to underspending of voted funds in the 2013/2014 financial year.</p>			
<b>18 Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		392,278	2,076
Transfer from statement of financial performance		1,711,942	2,052,037
Paid during the year		(1,978,147)	(1,661,835)
<b>Closing balance</b>		<u>126,073</u>	<u>392,278</u>
<p>The decrease is mainly due to unutilised funds of R382 million returned by Telkom in the 2012/2013 financial year for the 2010 FIFA WORLD CUP.</p>			

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>19 Payables - current</b>			
Clearing accounts	19.1	60	34
Other payables	19.2	52	1,700
<b>Total</b>		<u>112</u>	<u>1,734</u>
<b>19.1 Clearing accounts</b>	<b>19</b>		
Clearing amounts		32	4
Refund Department of Water Affairs		-	1
Dispute with supplier		-	1
State guarantee		28	28
<b>Total</b>		<u>60</u>	<u>34</u>
<b>19.2 Other payables</b>	<b>19</b>		
SARS - UIF License fees		33	1,681
Supplier invoices - legal dispute		19	19
<b>Total</b>		<u>52</u>	<u>1,700</u>
<p>The decrease is mainly due to Universal Service Fund contributions of R1,681 million rand paid into the Departments account on 28 March 2013 (2012/13 financial year) by ICASA which could not be transferred to the South African Revenue Services on or before 31 March 2013.</p>			
<b>20 Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		1,721,273	2,056,131
Add back non cash/cash movements not deemed operating activities		(3,688,818)	(3,531,358)
(Increase)/decrease in receivables - current		1,144	(452)
(Increase)/decrease in prepayments and advances		(695)	1,048
Increase/(decrease) in payables - current		(1,622)	1,661
Proceeds from sale of investments		(1,708,130)	(1,666,721)
Expenditure on capital assets		2,726	6,092
Surrenders to Revenue Fund		(1,981,960)	(1,872,746)
Surrenders to RDP Fund/Donor		(281)	(240)
<b>Net cash flow generated by operating activities</b>		<u>(1,967,545)</u>	<u>(1,475,227)</u>



Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>21 Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		9,268	386,268
Cash on hand		35	35
Cash with commercial banks (Local)		118,968	5,246
<b>Total</b>		<u>128,271</u>	<u>391,549</u>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000	
<b>22</b>				
<b>Contingent liabilities and contingent assets</b>				
<b>22.1 Contingent liabilities</b>				
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees <i>Annex 3A</i>	192	192	
Other guarantees	<i>Annex 3A</i>	110,912	256,745	
Claims against the department	<i>Annex 3B</i>	801,995	833,351	
<b>Total</b>		<b>913,099</b>	<b>1,090,288</b>	
The decrease is mainly due to repayments by the SABC on the Nedcor bank loan. The Nedbank loan was paid in full in 2013. See annexure 3 for more detail of the loan.				
<b>22.2 Contingent assets</b>				
<b>Nature of contingent asset</b>				
Counter claim submitted		4,409	2,863	
Payment of legal costs		266	-	
<b>Total</b>		<b>4,675</b>	<b>2,863</b>	
<b>23</b>				
<b>Commitments</b>				
<b>Current expenditure</b>		27,019	48,532	
Approved and contracted		27,019	48,532	
<b>Capital Expenditure</b>		748	1,118	
Approved and contracted		748	1,118	
<b>Total Commitments</b>		<b>27,767</b>	<b>49,650</b>	
<b>Commitments for longer than a year:</b>				
<b>Order number</b>	<b>Expire date</b>	<b>Amount</b>		
OR-009946	2014	R1,086		
OR-010381	2015	R753		
OR-008839	2014	R1,807		
OR-010640	2014	R1,183		
OR-010382	2014	R7,866		
OR-009598	2014	R5,660		
OR-008474	2014	R998		
<b>Total</b>		<b>R19,353</b>		
<b>24</b>				
<b>Accruals</b>				
<b>Listed by economic classification</b>	<b>30 days</b>	<b>30+ days</b>	<b>Total</b>	<b>Total</b>
Goods and services	8,255	19,803	28,058	20,833
Capital assets	70	117	187	272
<b>Total</b>	<b>8,325</b>	<b>19,920</b>	<b>28,245</b>	<b>21,105</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	Note	2013/14 R'000	2012/13 R'000
<b>Listed by programme level</b>			
Administration		13,937	9,436
ICT International Affairs		1,268	397
Policy, Research and Capacity Development		10,434	2,829
Broadcasting and Communications Regulation and Support		26	96
ICT Infrastructure Support		2,580	8,347
<b>Total</b>		<b>28,245</b>	<b>21,105</b>

Various invoices were not processed before 31 March 2014 due to availability of voted funds. Payments were processed in April 2014.

**25 Employee benefits**

Leave entitlement		6,939	5,976
Service bonus (Thirteenth cheque)		4,089	3,676
Performance awards		2,890	3,704
Capped leave commitments		3,111	3,305
<b>Total</b>		<b>17,029</b>	<b>16,661</b>

Leave entitlement: The leave cycle is from January to December whilst the financial reporting period is from April to March. Officials are entitled to leave as and when required and not as accrued. Debit leave days (exceeding accruals allowed) included above is 76.61 days with a monetary value of R126 820.84

**26 Lease commitments**

**26.1 Operating leases expenditure**

	Machinery and equipment	Total
<b>2013/14</b>		
Not later than 1 year	1,088	1,088
Later than 1 year and not later than 5 years	1,035	1,035
<b>Total lease commitments</b>	<b>2,123</b>	<b>2,123</b>
<b>2012/13</b>		
Not later than 1 year	2,482	2,482
Later than 1 year and not later than 5 years	1,166	1,166
<b>Total lease commitments</b>	<b>3,648</b>	<b>3,648</b>

Leases in respect of Minister and Deputy Minister's vehicles, GG vehicles for Ministry and photo copy machines.

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>27</b>	<b>Accrued departmental revenue</b>		
	Sales of goods and services other than capital assets	-	-
	<b>Total</b>	<u>-</u>	<u>-</u>
<b>28</b>	<b>Irregular expenditure</b>		
	<b>28.1 Reconciliation of irregular expenditure</b>		
	Opening balance	121,858	116,701
	Add: Irregular expenditure - relating to prior year	28,640	-
	Add: Irregular expenditure - relating to current year	44,910	5,210
	Less: Prior year amounts condoned	-	(5)
	Less: Current year amounts condoned	(594)	(46)
	Less: Amounts not recoverable (not condoned)	-	(2)
	<b>Irregular expenditure awaiting condonation</b>	<u>194,814</u>	<u>121,858</u>
	<b>Analysis of awaiting condonation per age classification</b>		
	Current year	72,956	5,162
	Prior years	121,858	116,696
	<b>Total</b>	<u>194,814</u>	<u>121,858</u>

A complete irregular expenditure register exist with detail information with regard to the above.

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

		2013/14 R'000
<b>28.2</b>	<b>Details of irregular expenditure – prior and current year</b>	
	<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>
	<b>Current year</b>	
	Procurement procedures not followed	In process 199
	Procurement procedures not followed	None - condoned 109
	Procurement procedures not followed	In process 489
	Overtime paid to employees exceeds 30% of monthly salary	In process 50
	Overtime paid after withdrawal of overtime policy	In process 118
	Promotion effected in month of appointment without a job evaluation	In process 3
	Procurement procedures not followed	None - condoned 485
	Overtime paid to employees exceeds 30% of monthly salary	In process 30
	Overtime paid after withdrawal of overtime policy	In process 577
	Procurement procedures not followed	In process 61
	Procurement procedures not followed	In process 2,595
	Procurement procedures not followed	In process 10,000
	Procurement procedures not followed	In process 40,774
	Procurement procedures not followed	In process 17,950
	Procurement procedures not followed	In process 110
	<b>Total</b>	<b>73,550</b>
<b>28.3</b>	<b>Details of irregular expenditure condoned</b>	
	<b>Incident</b>	<b>Condoned by (condoning authority)</b>
	Procurement procedures not followed	Departmental Bid Adjudication Committee 109
	Procurement procedures not followed	Departmental Bid Adjudication Committee 485
	<b>Total</b>	<b>594</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

	<i>Note</i>	2013/14 R'000	2012/13 R'000
<b>29 Fruitless and wasteful expenditure</b>			
<b>29.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		12,098	11,553
Fruitless and wasteful expenditure – relating to prior year		-	22
Fruitless and wasteful expenditure – relating to current year		774	1,075
Less: Amounts resolved		-	(233)
Less: Amounts transferred to receivables for recovery		(460)	(319)
<b>Fruitless and wasteful expenditure awaiting condonement</b>		<u>12,412</u>	<u>12,098</u>
<b>Analysis of awaiting resolution per economic classification</b>			
Current		<u>12,412</u>	<u>12,098</u>
<b>Total</b>		<u>12,412</u>	<u>12,098</u>
A complete fruitless and wasteful expenditure register exist with detail information with regard to the above.			
<b>29.2 Analysis of Current Year's Fruitless and wasteful expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		<b>2013/14 R'000</b>
<b>Current year</b>			
Damaged hired vehicle	In process		77
No show	In process		3
Interest	In process		19
Traffic fines	In process		2
Cellphone contracts	In process		25
Nkowankowa event - DTT campaign	In process		648
			<u>774</u>

**30 Related party relationships**

**Investment entities:**

Telkom SA Limited;  
South African Post Office Limited;  
Vodacom Group Limited; and  
Sentech.

**Other:**

Universal Service and Access Agency of South Africa;  
Universal Service and Access Fund;  
Independent Communications Authority of South Africa;  
South African Broadcasting Corporation;  
National Electronic Media Institute of South Africa;  
.ZA Domain Name Authority; and  
DPW

See also Annexure 2A and Management report in this regard.

Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	<i>No. of Individuals</i>	2013/14 R'000	2012/13 R'000
<b>31 Key management personnel</b>			
Political office bearers	3	3,867	3,678
Officials:			
Level 15 to 16	13	12,003	8,907
Level 14	10	6,644	5,101
Family members of key management personnel	-	-	-
<b>Total</b>		<u>22,514</u>	<u>17,686</u>
<b>32 Impairment</b>			
Debtors		6,583	3,869
<b>Total</b>		<u>6,583</u>	<u>3,869</u>
<b>33 Provisions</b>			
None		-	-
<b>Total</b>		<u>-</u>	<u>-</u>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

34 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	59,651	1,764	2,654	856	63,213
Transport assets	3,279	-	-	-	3,279
Computer equipment	28,811	871	1,590	713	30,559
Furniture and office equipment	9,873	21	729	47	10,576
Other machinery and equipment	17,688	872	335	96	18,799
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>59,651</b>	<b>1,764</b>	<b>2,654</b>	<b>856</b>	<b>63,213</b>

34.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	2,654	-	-	-	2,654
Transport assets	-	-	-	-	-
Computer equipment	1,590	-	-	-	1,590
Furniture and office equipment	729	-	-	-	729
Other machinery and equipment	335	-	-	-	335
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2,654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,654</b>



Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

34.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
<b>MACHINERY AND EQUIPMENT</b>	-	856	856	-
Computer equipment	-	713	713	-
Furniture and office equipment	-	47	47	-
Other machinery and equipment	-	96	96	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	856	856	-

34.3 Movement for 2012/13

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	57,655	5,723	3,727	59,651
Transport assets	2,349	930	-	3,279
Computer equipment	29,336	2,935	3,460	28,811
Furniture and office equipment	8,907	1,155	189	9,873
Other machinery and equipment	17,063	703	78	17,688
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	57,655	5,723	3,727	59,651

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

34.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2014

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	51	10,888	10,939
Current year adjustments to prior year balances	-	106	106
Additions	96	286	382
Disposals	145	122	267
<b>TOTAL MINOR ASSETS</b>	<b>2</b>	<b>11,158</b>	<b>11,160</b>

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	143	143
Number of minor assets at cost	2	4,527	4,529
<b>TOTAL</b>	<b>2</b>	<b>4,670</b>	<b>4,672</b>

34.5 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2013

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	50	11,575	11,625
Current year adjustments to prior year balances	-	28	28
Additions	3	245	248
Disposals	2	960	962
<b>TOTAL MINOR ASSETS</b>	<b>51</b>	<b>10,888</b>	<b>10,939</b>

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	162	162
Number of minor assets at cost	16	4,552	4,568
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>16</b>	<b>4,714</b>	<b>4,730</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

34.6 MOVABLE ASSETS WRITTEN OFF

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2014

	Intangible assets	Machinery and equipment	Total
Assets written off	-	36	36
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>36</b>	<b>36</b>

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2013

	Intangible assets	Machinery and equipment	Total
Assets written off	-	64	64
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>64</b>	<b>64</b>

35 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2014

	Opening balance	Current year adjust- ments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	8,330	-	72	-	8,402
Patents, Licences, Copy rights, Brands, Names, Trademarks	369	-	-	-	369
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>8,699</b>	<b>-</b>	<b>72</b>	<b>-</b>	<b>8,771</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

35.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash R'000	Non-cash R'000	(Develop- ment work- in-progress current costs) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
Computer software	72	-	-	-	72
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72</b>

35.2 Movement for 2012/13

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	9,607	-	1,277	8,330
Patents, Licences, Copy rights, Brand, Names, Trademarks	-	369	-	369
<b>TOTAL</b>	<b>9,607</b>	<b>369</b>	<b>1,277</b>	<b>8,699</b>

36 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Current year adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>
Non-residential buildings	18	-	-	-	18
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>

Notes to the Annual Financial Statements  
For the year ended 31 March 2014 (continued)

36.1 Movement for 2012/13

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

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

Disclosure Notes to the Annual Financial Statements

For the year ended 31 March 2014

37 TRANSFER OF FUNCTIONS

None

37.1 Statement of Financial Position	Note	Bal per dept	Func-	Func-	Funcions	2012/13 Balance after transfer
		2012/13	tions	tions	per dept	
		AFS before	per dept	per dept	per dept	
		transfer	(trans-	(trans-	(trans-	
			ferred)/	ferred)/	ferred) /	
			received)	received)	received	
		2012/13	2012/13	2012/13	2012/13	2012/13
		R'000	R'000	R'000	R'000	R'000
<b>ASSETS</b>						
<b>Current Assets</b>		<b>401,111</b>	-	-	-	<b>401,111</b>
Fruitless and wasteful expenditure		-	-	-	-	-
Cash and cash equivalents	11	391,549	-	-	-	391,549
Prepayments and advances	13	1,001	-	-	-	1,001
Receivables	14	8,561	-	-	-	8,561
<b>Non-Current Assets</b>		<b>14,472,822</b>	-	-	-	<b>14,472,822</b>
Investments	15	14,445,160	-	-	-	14,445,160
Loans	16	27,391	-	-	-	27,391
Other financial assets	12	271	-	-	-	271
<b>TOTAL ASSETS</b>		<b>14,873,933</b>	-	-	-	<b>14,873,933</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>		<b>398,106</b>	-	-	-	<b>398,106</b>
Voted funds to be surrendered to the Revenue Fund	17	3,813	-	-	-	3,813
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	392,278	-	-	-	392,278
Payables	19	1,734	-	-	-	1,734
Aid assistance unutilised	3	281	-	-	-	281

Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

<b>Non-Current Liabilities</b>	-	-	-	-	-
Payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>398,106</b>	-	-	-	<b>398,106</b>
<b>NET ASSETS</b>	<b>14,475,827</b>	-	-	-	<b>14,475,827</b>

37.2 Disclosure Notes		Bal per dept	Func-	Func-	Functions	2012/13
		2012/13	tions	tions	per dept	Balance
		AFS before	per dept	per dept	(trans-	after
		transfer	(trans-	(trans-	ferred) /	transfer
		2012/13	ferred) /	ferred) /	received	2012/13
		R'000	received	received)	2012/13	2012/13
			2012/13	2012/13	R'000	R'000
Contingent liabilities	22	1,090,288	-	-	-	1,090,288
Contingent assets	22	2,863	-	-	-	2,863
Commitments	23	49,650	-	-	-	49,650
Accruals	24	21,105	-	-	-	21,105
Employee benefits	25	16,661	-	-	-	16,661
Lease commitments - operating lease	26	3,648	-	-	-	3,648
Accrued departmental revenue	27	33,643	-	-	-	33,643
Irregular expenditure	28	121,858	-	-	-	121,858
Fruitless and wasteful expenditure	29	12,098	-	-	-	12,098
Impairment	32	3,869	-	-	-	3,869
Provisions	33	-	-	-	-	-
Movable tangible capital assets	34	59,651	-	-	-	59,651
Immovable tangible capital assets	36	18	-	-	-	18
Intangible capital assets	35	8,699	-	-	-	8,699

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 1A  
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2012/13 Total Available
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by Municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	
Cape Town	-	-	-	-	1	-	-	-	-	1
Tshwane	-	-	-	-	8	-	-	-	-	4
	-	-	-	-	9	-	-	-	-	5

Vehicle license fees and penalties.



**Annexure to the Annual Financial Statements  
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**ANNEXURE 1B  
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2012/13 Appropriation Act R'000
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Universal Service and Access Agency of South Africa	60,090	-	-	60,090	60,090	100%	59,801
Universal Service and Access Fund	45,046	-	-	45,046	45,046	100%	43,977
Universal Service and Access Fund: Set Top Box Subsidy	240,000	-	-	240,000	240,000	100%	230,000
Independent Communications Authority of South Africa	390,661	-	-	390,661	390,661	100%	405,797
National Electronic Media Institute of SA	50,746	-	-	50,746	50,746	100%	34,116
.ZA Domain Name Authority	1,583	-	-	1,583	-	-	1,500
ISETT SETA (Skills development levy)	249	-	-	249	-	-	-
*SABC - TV Licences	-	-	-	-	4	-	30
	788,375	-	-	788,375	786,547		775,221

\*Was reclassified in terms of SCOA from goods and services to transfer payments.

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 1C**

**STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2012/13	
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
<b>Public Corporations</b>										
<b>Transfers</b>										
SABC: Public Broadcaster	127,055	-	-	127,055	127,055	100%	-	127,055	154,152	
SABC: Channel Africa	44,673	-	-	44,673	44,673	100%	-	44,673	43,292	
SABC: Programme Production	10,550	-	-	10,550	-		-	-	10,000	
SABC: Community Radio Stations	8,842	-	-	8,842	8,842	100%	-	8,842	8,000	
SABC: Digital migration project	76,000	-	-	76,000	76,000	100%	-	76,000	-	
Sentech Digitisation	529,304	-	-	529,304	529,304	100%	408,464	120,840	165,834	
Sentech African National Championship	6,000	-	-	6,000	6,000	100%	-	6,000	-	
<b>Subsidies</b>										
SA Post Office	-	-	-	-	-		-	-	51,965	
<b>Total</b>	802,424	-	-	802,424	791,874		408,464	383,410	433,243	

ANNEXURE 1C (Continues)										
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES										
NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2012/13	
	Adjusted appropriation 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		Appropriation Act R'000
Private Enterprises										
Transfers										
Claims against the State	-	-	-	-	46		-	46	-	-
<b>TOTAL</b>	802,424	-	-	802,424	791,920		408,464	383,456	433,243	

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 1D**

**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				TRANSFER		2012/13
	Adjusted appropriation	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
African Telecommunication Union (ATU)	710	-	-	710	853	120%	708
Universal Postal Union (UPU)	3,555	-	-	3,555	4,667	131%	7,380
Pan African Postal Union (PAPU)	680	-	-	680	753	111%	733
International Telecommunications Union (ITU)	10,826	-	-	10,826	14,212	131%	12,450
Commonwealth Telecommunication Organization (CTO)	281	-	-	281	-	-	-
Organisation for Economic and Cultural Development	109	-	-	109	417	383%	112
<b>TOTAL</b>	16,161	-	-	16,161	20,902		21,383

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 1E  
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION					EXPENDITURE		2012/13 Appropriation Act R'000
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%		
<b>HOUSEHOLDS</b>								
<b>Transfers</b>								
H/H: EMP S/BEN: LEAVE GRATUITY	-	-	-	-	908		458	
H/H: PMT/REFUND & REM-ACT/GRACE	-	-	-	-	-		12	
*H/H: CLAIMS AGAINST THE STATE (CASH)	-	-	-	-	66		-	
<b>Total</b>	-	-	-	-	974		470	

\* Arbitration award paid to former employee.

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 1F  
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14		2012/13	
		R'000		R'000	
<b>Received in kind</b>					
National Institute Community Development and Management (NICDAM)	120 Toolkits to unemployed young people who participated in the e-Literacy Programme for unemployed youth.	-	-	-	12
Trade, Development Cooperation Facility – EU	Sponsored study tour focusing on recent international experiences in the implementation of Universal Broadband Strategies of 6 officials of the department. The expenses were as follows: International flights = R224 233.00, Hotel accommodation = R184 626.27 and Ground transportation in Europe = R14 954.31	424	-	-	-
Telkom SA Limited	Venue, meals, decor and gifts at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	361	-	-	-
Iburst	Technical equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	50	-	-	-
Business Connexion	Technical equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	50	-	-	-
Neotel	Stage and lighting equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	20	-	-	-
Cell C	Stage and lighting equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	20	-	-	-
Multichoice	Entertainment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	75	-	-	-
Dark Fibre Africa	Videography, photography and gobo lights at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	35	-	-	-
Vodacom	Two flight tickets and accommodation to Durban July event.	17	-	-	-
Multichoice	Tickets and accommodation to the South African Music Awards.	6	-	-	-

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014 (continued)**

**ANNEXURE 1F (continued)**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14		2012/13	
		R'000		R'000	
Broadband Infracore	Sponsorship towards the hosting of the SADC Extraordinary Meeting from 23-25 March 2014. Sponsorship was made directly to the Conference Venue which is Radisson Blu hotel in Sandton.	50	-	-	-
African Union Communications	Sponsorship contribution towards the hosting of the SADC Extraordinary Ministers Gala Dinner on 25 March 2014 which was hosted at the Michel Angelo Towers. The Co-sponsorship was paid directly to the Michel Angelo Towers.	50	-	-	-
Poynting Antennas	Sponsorship contribution towards the hosting of the SADC Extraordinary Ministers Gala Dinner on 25 March 2014 which was hosted at the Michel Angelo Towers. The Co-sponsorship was paid directly to the Michel Angelo Towers.	50	-	-	-
ZA Central Registry	Sponsorship towards the procurement of promotional material for the SADC Extraordinary Ministers ICT meeting from 23-25 March 2014.	50	-	-	-
Neotel	Donation of Notepads, Pens and lanyards for delegates attending the SADC Extraordinary Ministers ICT Meeting from 23-25 March 2014.	-	-	-	-
<b>TOTAL</b>		<b>1,258</b>	<b>-</b>	<b>12</b>	<b>-</b>

**Annexures to the Annual Financial Statements  
for the year ended 31 March 2014**

<b>ANNEXURE 1G STATEMENT OF AID ASSISTANCE RECEIVED</b>						
<b>NAME OF DONOR</b>	<b>PURPOSE</b>	<b>OPENING BALANCE R'000</b>	<b>TRANSFERRED TO REVENUE/ RDP FUND R'000</b>	<b>REVENUE R'000</b>	<b>EXPENDITURE R'000</b>	<b>CLOSING BALANCE</b>
Received in cash Finland	Provincial Information Society Strategy Programme	281	281	-	-	-
<b>TOTAL</b>		281	281	-	-	-



**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

ANNEXURE 1H STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE	2013/14		2012/13	
	R'000		R'000	
<b>NATURE OF GIFT, DONATION OR SPONSORSHIP</b>				
<u>Paid in cash</u>				
Donation of computers and printers to Moleketla Primary School	-	-	100	100
Donation of computers to Shiyinkosi High School	-	-	100	100
Sponsorship to University of Johannesburg - Centre for Small Business Development	-	-	100	100
Donations of Computers to Bashee Comprehensive High School F27/12/13	-	-	98	98
Gifts for Minister's Malaysian counterparts	-	-	4	4
Gifts for Minister's Korean counterparts	-	-	2	2
Sponsorship material for WDSC 2012 connection group	-	-	9	9
Gifts for Deputy Minister's delegation from China	-	-	2	2
Donation of computers to Musina high school	100	100	-	-
Donation of computers to Tshivhase high school	100	100	-	-
Donation of computers to Tshikomalima high school	100	100	-	-
Donation of computers to support Mampondomise Babinatlou	99	99	-	-
Gifts for Deputy Minister's delegation that will be welcoming the Deputy Minister in the Republic of China on her Study Tour	2	2	-	-
Gifts to be handed out by the Minister to his guests during international events	2	2	-	-
<b>Subtotal</b>	<b>403</b>	<b>403</b>	<b>415</b>	<b>415</b>

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014 (continued)**

ANNEXURE 1H (Continued)	STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE	
	2013/14 R'000	2012/13 R'000
<b>NATURE OF GIFT, DONATION OR SPONSORSHIP</b>		
<u>Made in kind</u>		
<u>During the 2013/14 financial year:</u>		
Donation of computers with no book value to Lamola Secondary School	-	-
<u>During the 2012/2013 financial year:</u>		
Donation of 3 outdated computers to Moleketa Primary School with no book value	-	-
Various redundant furniture and outdated computer equipment items to Nomsa Mapongwana Primary School with no book value	-	-
Various redundant furniture and office equipment items to Lehlabile Secondary School	-	2
<b>Subtotal</b>	-	2
<u>Remissions, refunds and payments made as an act of grace</u>		
Condolence donations in respect of officials who passed away	20	12
<b>Subtotal</b>	20	12
<b>TOTAL</b>	423	429

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 2  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2014  
(Only Public and Private Entities)**

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 2013/14	% Held 2012/13	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
				2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	
R'000												
<b>National/Public Entity</b>												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	(2,346)	(281)	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	227,771	238,244	No
Telkom SA Limited	2	39.8%	39.8%	207,038,058	207,038,058	10	10	2,070,381	2,070,381	5,083,000	(11,766,000)	No
South African Post Office Ltd	2	100%	100%	200,939,821	200,939,821	1	1	200,940	200,940	(448,471)	(337,953)	No
Independent Communications Authority of South Africa	1	100%	100%	-	-	-	-	-	-	44,684	14,596	No
South African Broadcasting Corporation	2	100%	100%	-	-	-	-	-	-	678,694	329,513	No

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014 (continued)**

**ANNEXURE 2 (Continued)  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2014  
(Only Public and Private Entities)**

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 2013/14	% Held 2012/13	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
				2013/14	2012/13	2013/14	2012/13	R'000	R'000	2013/14	2012/13	
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	559	(974)	No
Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	1	1	212,973	11,177	No
Vodacom Group Limited	2	13.90%	13.90%	207,038,059	207,038,059	58,80	58,80	12,173,839	12,173,839	13,667,000	13,224,000	No
<b>Total</b>				615,016,936	615,016,936	71	71	14,445,160	14,445,160	19,463,864	1,712,322	

In the 2004/2005 financial year an amount of R750 million was paid to the South African Post Office to facilitate the corporatisation of the Postbank. The issuing of the shares in this regard however is not permitted in terms of the Post Office Act. The Post Office have disclosed the funds under capital and reserves as funds received from the shareholder until such time as the necessary changes have been made to the Post Office Act to permit the issue of shares by the company.

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 3A**

**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014- LOCAL**

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	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
ABSA Standard Bank	Housing	50	50	-	-	-	50	-	-
		142	142	-	-	-	142	-	-
		192	192	-	-	-	192	-	-
	Subtotal								
* Nedcor Bank	Other (SABC Loan - 17 December 2009)	1,000,000	166,667	-	166,667	-	-	-	-
		1,000,192	166,859	-	166,667	-	192	-	-
	<b>TOTAL</b>								

\* The loan is repayable over a five year period (a) on the basis of a two year capital moratorium on the Capital amount of R1,000,000,000.00 (b) quarterly or monthly amortising capital repayments starting in the first month of year three, for the remaining three year period (c) Interest to be services on a quarterly or monthly basis over the five year period (d) Pricing to a maximum of an All rate of one month JIBAR + 180 Basis Points. The Nedbank loan was paid in full in 2013.

**ANNEXURE 3A (continued)**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 - FOREIGN**

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	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	100,052	464	-	537	73	-	-	-
	Natexis Banque	252,355	89,553	-	-	21,357	110,910	2	-
	Subtotal	352,407	90,017	-	537	21,430	110,910	2	-
	<b>Total</b>	352,407	90,017	-	537	21,430	110,910	2	-

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

<b>ANNEXURE 3B</b>						
<b>STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014</b>						
Nature of liability	Opening balance 1 April 2013	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2014	
	R'000	R'000	R'000	R'000	R'000	R'000
Claims against the department						
Possible legal claim	26	-	-	-	26	
Possible legal claim	4	-	4	-	-	
Possible legal claim	137	-	137	-	-	
Possible legal claim	804,144	-	49,360	-	754,784	
Possible legal claim	352	-	-	-	352	
Possible legal claim	2,000	-	-	-	2,000	
Possible legal claim	728	-	728	-	-	
Possible legal claim	600	-	-	-	600	
Possible legal claim	21,072	7,605	57	-	28,620	
Possible legal claim	246	-	-	-	246	
Possible legal claim	1,026	153	1,012	-	167	
Possible legal claim	74	6	-	-	80	
Possible legal claim	100	-	-	-	100	
Possible legal claim	10	-	10	-	-	
Possible legal claim	15	-	11	-	4	
Possible legal claim	30	-	-	-	30	
Possible legal claim	2,787	1,220	-	-	4,007	

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014 (continued)**

**ANNEXURE 3B (continued)**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014**

Nature of liability	Opening balance 1 April 2013	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2014
	R'000	R'000	R'000	R'000	R'000
Possible legal claim	-	1,300	787	-	513
Possible legal claim	-	100	-	-	100
Possible legal claim	-	2,625	-	-	2,625
Possible legal claim	-	400	-	-	400
Possible legal claim	-	300	-	-	300
Possible legal claim	-	6,937	-	-	6,937
Possible legal claim	-	20	-	-	20
Possible legal claim	-	20	-	-	20
Possible legal claim	-	24	-	-	24
Possible legal claim	-	20	-	-	20
Possible legal claim	-	20	-	-	20
<b>TOTAL</b>	833,351	20,750	52,106	-	801,995



**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 4  
CLAIMS RECOVERABLE**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2013/14*	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	Receipt date up to six (6) working days before year end	Amount R'000
<b>Department</b>								
Presidency	-	37	-	-	-	37	-	-
Water Affairs	-	-	20	-	20	-	-	-
Cooperative Governance and Traditional Affairs	-	-	215	-	215	-	-	-
Public Service and Administration	-	-	2	2	2	2	-	-
<b>TOTAL</b>	-	37	237	2	237	39	-	-

**Annexures to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 5**

INVENTORY	Note	2013/14		2012/13	
		Quantity	R'000	Quantity	R'000
<b>Inventory</b>					
Opening balance		12,501	1,085	10,920	1,133
Add: Additions/Purchases - Cash		11,786	2,537	36,951	4,175
(Less): Disposals		16	-	(585)	(249)
(Less): Issues		(18,731)	(2,998)	(34,785)	(3,974)
Add/(Less): Adjustments		-	7	-	-
Closing balance		5,572	631	12,501	1,085

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2014**

**ANNEXURE 6**

**INTER-ENTITY ADVANCES PAID (Note 13)**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	30/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
<b>GOVERNMENT ENTITY</b>						
<b>National Department</b>						
International Relations and Cooperations	-	-	1,588	804	1,588	804
<b>TOTAL</b>	-	-	1,588	804	1,588	804

<p><b>Annexure to the Annual Financial Statements for the year ended 31 March 2014</b></p>	
<p><b>ANNEXURE 7 IMMOVABLE ASSETS ADDITIONAL DISCLOSURE</b></p>	
<p><b>None</b></p>	<p>The amount of R18 thousand disclosed in Note 41 - immovable tangible capital assets is for a windy hut.</p>











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