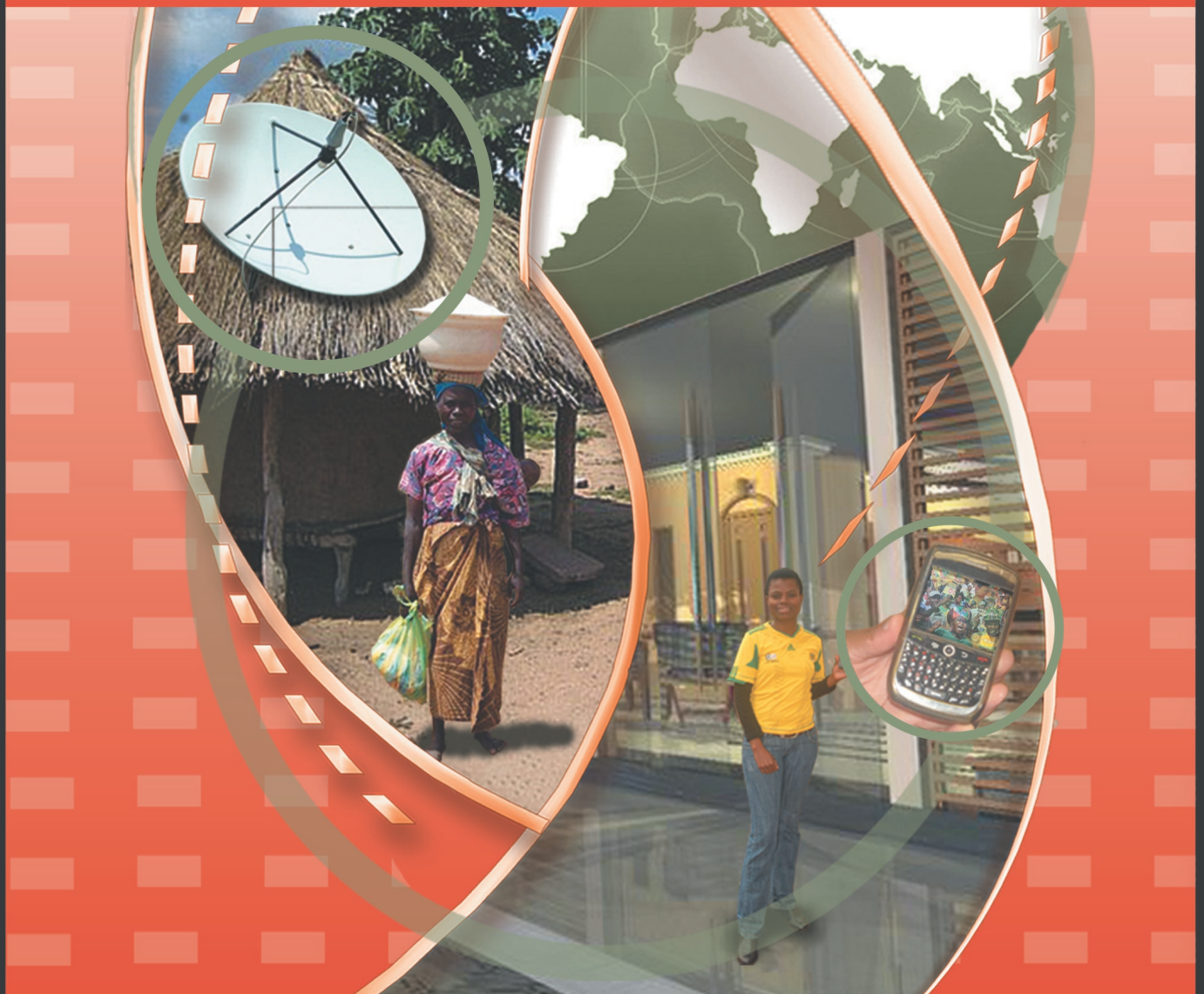# Annual Report

2009 - 2010

Making South Africa a Global Leader in Harnessing ICTs for Socio-economic Development

the **doc**

Department:
Communications
REPUBLIC OF SOUTH AFRICA

I have the honour of submitting the

2009/10 Annual Report of the Department of Communications

in terms of the Public Finance Management Act, 1999

DR HAROLD WESSO

Acting Director-General

31 August 2010

OVERVIEW BY THE MINISTER OF COMMUNICATIONS, GENERAL (RET) SIPHIWE NYANDA

It gives me pleasure to table the Department of Communications Annual Report for the 2009/10 financial year. Information and Communications Technologies (ICT) are becoming increasingly important in our country's drive for international competitiveness and the day-to-day strive to improve the quality of life of South Africans.

ICT gives people access to information that allows them choices and enables them to make use of opportunities for personal and socio-economic development. As a key player, the Department of Communications is committed to playing its leadership role in the development of a vibrant ICT sector that can contribute to the development goals of South Africa and the rest of the African continent.

The Department has been making a concerted effort to reduce the cost to communicate by promoting universal access to ICT services. High communication costs and the shortage of international bandwidth have been acknowledged as a deterrent to investment, particularly in the Business Process Outsourcing (BPO) sector. Low-cost connectivity is a critical success factor if South Africa is to become an internationally competitive BPO destination.

The Department has been actively addressing this situation and, as a result, the financial year under review saw the coming into operation of service providers who have invested significantly in undersea cable systems that connect the country to the global telecommunication backbones. These developments are addressing the lack of international optic fibre infrastructure and at the same time, making it possible to provide competitive services locally. With time, we hope the new undersea cable infrastructure will also address the low teledensity in the sub-Saharan region.
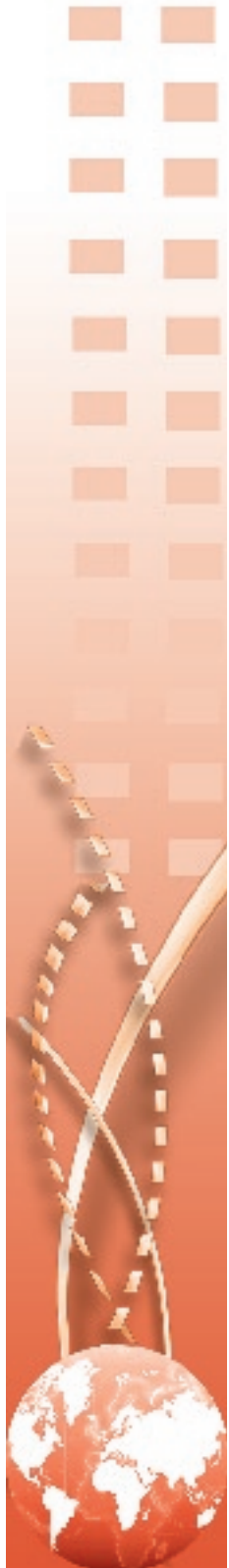
Another key element is managing international engagements on behalf of the South African Government as signatories of the International Telecommunication Union (ITU). Furthermore, the Department's engagement with our counterparts in India and Brazil has yielded many opportunities for cooperation on the ICT front. In the future, we anticipate that the combined efforts of these three countries will start bearing fruit by creating opportunities for investment. We have also engaged on the continent through the relevant bodies such as the Ministerial Conference of all Ministers in charge of ICT.

We undertook an organisational review that will fundamentally engineer the Department such that it delivers more effectively on its mandate. This corresponded with the broad drive across Government to increase productivity while lowering costs. It is crucial to ensure that technology plays its enabling role in service delivery.

Our strategy must drive the technology requirements of the country and influence what the manufacturers and developers of applications. i We acknowledge that the effective utilisation of technology is dependent on people. This is why the Department is playing a leading role in determining an ICT training vision for the country. Our efforts have largely been through the Meraka e-Skills Institute which will continue to use the platform to play our role.

In the area of policy, the Department has already made great progress in transforming both the Post Office and the Post Bank through the legislative process. The new financial year will see the corporatisation of the Post Bank and the passing of the new Post Office Act.

Several other policy initiatives that will be brought to fruition in the new financial year will include the Spectrum Policy, the Public Service Broadcasting Bill, and the Broadband Policy, ICASA Amendment Bill among others. An effective policy and regulatory environment is essential if the country is to advance.

It is also vital for our state-owned enterprises to come up with measures to enhance competition in a changing environment.

For the period under review the DoC administration has for the first time received a dubious qualified report from the office of the Auditor-General. It should be noted that most if not all the misgivings discovered by the Auditor-General pertain to previous years leading to 08/09 financial year. However the executive authority has put tight internal controls, compliance, and training in place which will see both the operational and financial management improving in the next financial year. Other corrective measures will include improvements in the following:

- Disciplinary procedures will be implemented to officials who were involved in irregular transactions is currently underway

- The Internal Audit Unit has been strengthened in terms of Human Resources

- All officials in the Department, particularly, the responsibility managers will undergo training in Supply Chain Management, PFMA and Corporate Governance. The training program will be standard for all new responsibility managers and program managers as and when they are appointed.

- The Supply Chain Management Unit will be strengthened with Human Resources capacity through the organizational review process that is currently underway.
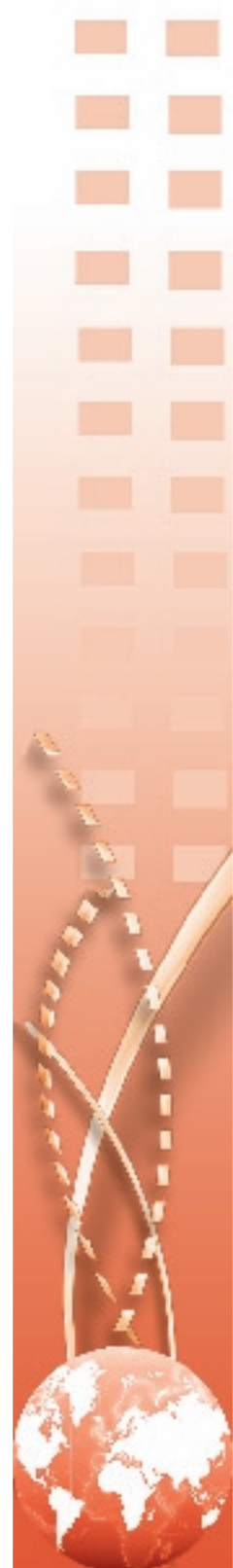
We also strive to deliver value for money to our citizens, to deliver products that will enhance their lives, to make the country and users of advanced technology, implement systems that are fair and processes that are transparent and encourage competition among those who deliver services for us and on our behalf, in a cost-effective manner. I am convinced that the management and staff of the Department will act with these values in mind.

I thank the Portfolio Committee of the Communications, the industry, SOEs, management and staff of the Department in the last financial year for the invaluable contribution to our country. They contributed immensely to the success of the delivery of government guarantees with regards to 2010 World Cup planning and policy formulation process by ensuring that the necessary telecommunications infrastructure is in place.
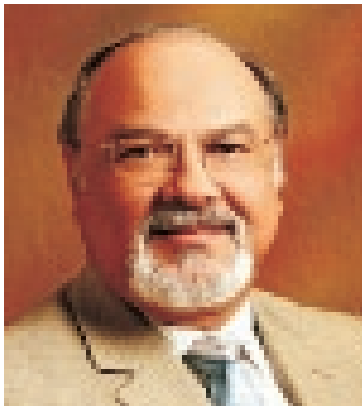
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FOREWORD

In the changing world economic and societal order, advances in technology have led to an increase in the uptake and use of Information and Communication Technologies. Barriers to health, prosperity, education and skills have been lowered by making it easier for nations operating in the global market, to share ideas, opportunities, compete and deliver appropriate solutions for growth and prosperity. Governments, businesses and individuals, determined to be successful in this new information and technology field, have developed policy frameworks that encourage both the public and private sectors to collaborate and promote an environment where the quality of service delivery is enhanced and the lives of citizens improved.

The digital revolution has had a profound impact not only in shaping how the world functions but also in shaping Africa's global future including the implementation of the Millennium Development Goals. ICTs have been recognized as a catalyst for positive socio-economic change in both developed and developing countries. "A challenge that requires new and practical means for its achievement" Dr. Ahmed Nazif, Prime Minister of the Arab Republic of Egypt.

Africa has demonstrated an astounding ability for strong growth across countries and in all sectors inspite of the global economic downturn. Even more remarkable is the fact that analysts have indicated that this strong growth will continue as the global demand for goods and commodities increases, while the continent itself creates opportunities for foreign partnerships and investments.

Our Government, like all other African Governments, the African Union Heads of State, has not lagged behind in developing National ICT Policies and Strategies that would improve the lives of their societies. In January 2010, Government declared, together with the other African Union Heads of State, "the Information and Technology sector as a top priority and adopted a declaration that called on all African countries to prioritise ICTs as a vehicle for driving Africa's Development Agenda" DoC Strategic Plan 2010/13.

Our national focus has been to achieve an Information Society that is inclusive, a society where there is equitable access to knowledge and where there is a means to communication for all. Improved service delivery is a corner stone of Government's commitment to improving the lives of the people in this country. It is the litmus test of the validity of the struggle of the South African people and their legitimate aspirations to a better life. The President, in his State of the National Address in 2010, vowed that the country would not rest until "the ideals of a society, free of poverty and deprivation were achieved".

Improvement of services to citizens is at the heart of Government's commitment to make ICT related services accessible to citizens and to reduce the gap between the "haves" and the "have nots" of the population, and thereby bridge the digital divide. This calls for technological enablers that will provide physical connectivity between Government and the citizens in a seamless, integrated and streamlined manner – e-Government.

In the past financial year the Department has also been moving to keep pace with the demands of the developmental state. The Department has taken initiatives that seek to harness the power of ICTs to substantially improve service delivery, reduce the currently astronomical costs of ICTs and focus more and more on service delivery to the South African citizens.

Governments throughout the world agree that a policy framework that enables citizens affordable access to services, and that allows the economy to grow, is an ideal to be pursued. As a result, governments have to create a wide range of policies with the intention to positively impact upon the future of various sectors. In our case, we have grappled with how we can effect policy that positively affects the use and the future of information and communications technologies to improve both affordability and service delivery for all South Africans.

On the policy front, the draft of the **South African Post Bank Bill** was presented to Cabinet and was approved. This, after an extensive consultation process with the general public and with key stakeholders such as the Ministries of the Economic Cluster, the Industrial Strategy Focus Group and the Forum of South African Directors-General. It is expected that the Bill will be enacted in the new financial year. The

drafting of a new **South African Post Office Bill** underlined a new approach to the service offered by the Post Office.

Still within the Policy arena, the **Public Service Broadcasting Bill** was put through a public service workshop process, which resulted in the development of a discussion document. This document was gazetted for public comment and underwent further stakeholder consultation through the hosting of public consultation workshops in all nine (9) Provinces. A draft Bill was been developed and published for public comment. The Bill will be introduced to Parliament in the new financial year because of the necessity to allow further comments.

The Department took a bold step with the Broadcasting Digital Migration process, deciding upon a strategy that would not only migrate the country safely into the digital broadcasting realm but also have a marked effect on the electronics manufacturing industry.

The migration to digital terrestrial broadcasting is necessitated by several factors:

• Analogue broadcasting has reached its capacity ceiling;

• Current analogue technology is obsolete and does not support convergence;

• Servicing costs do not support quality of service imperatives; and

• It inhibits the deployment of multiple services.

The migration to digital broadcasting presents the Department with an opportunity to take the country into a new phase of multiple services. Consequently, a **Draft Spectrum Policy** was developed and presented to the Economic Cluster and gazetted for public comment. The updated **Radio Frequency Spectrum Policy** was submitted to Cabinet and approved towards the end of the financial year. South Africa's computing architecture is heading for a phase of evolution; South Africa is moving into a new era of Frequency Spectrum Planning.

The rapid deployment of infrastructure is changing fundamentally, the manner in which the country views its developmental programme; since the new infrastructure propels the country to consider a unified structure to underpin and support the information infrastructure. In this financial year, our response to this challenge was to develop a draft **Broadband Policy** that was gazetted for public comment in September 2009.

The development of Broadband Infrastructure will bring to an end the era of fractured independent networks – an initiative that will be beneficial in a developmental state where the need to do away with the costly duplication of infrastructure, as well as the resources needed to maintain the individual networks has become a priority. In order to succeed in optimising service delivery vehicles, South Africa needs a new vision, and the Broadband Policy is a vital part of that vision. The new financial year will be devoted to solidifying that ideal, and engaging with the industry to ensure that the Broadband Policy moves the country toward that seamless interface between Government, various service providers and the recipients of services, the citizens.

In order to expedite the implementation of Broadcasting Digital Migration, the Department developed a draft **Scheme for Ownership Support (SOS)** for the distribution of **Set-Top Boxes**. This scheme which aims to support those households that cannot afford the cost of a Set-Top Box underwent extensive stakeholder consultations. In the new financial year, the Strategy will be aligned with to **Set-Top Box Manufacturing Strategy**.

The development of a Set-Top Box (STB) Manufacturing Sector Strategy is calculated to be a value-add to the country's electronic manufacturing sector. It is expected that the Set-Top Boxes will be manufactured and distributed in the new financial year. The Strategy was presented to the Industrial Focus Group for their contributions and comments after which the Strategy was updated and gazetted for the public to make comments. This was followed by a presentation, at a Digital Dzonga workshop, to manufacturers, retailers and distributors where further inputs were received and added to the Strategy. Towards the end of 2009, an STB Manufacturing Summit was held. It is envisaged that in June 2010, the updated Strategy will be presented to Cabinet for approval.

In order to improve the quality and availability of ICTs across the sector and to reduce costs to communicate, the Department has developed an extensive **Programme of Action (POA)** that was debated with key stakeholders such as ICASA and USAASA, as well as with Cabinet structures related to the Economic Cluster. The finalised POA was submitted to Cabinet to note whereafter an independent Interdepartmental Task Team comprising of the Departments of Trade and Industry, Science and
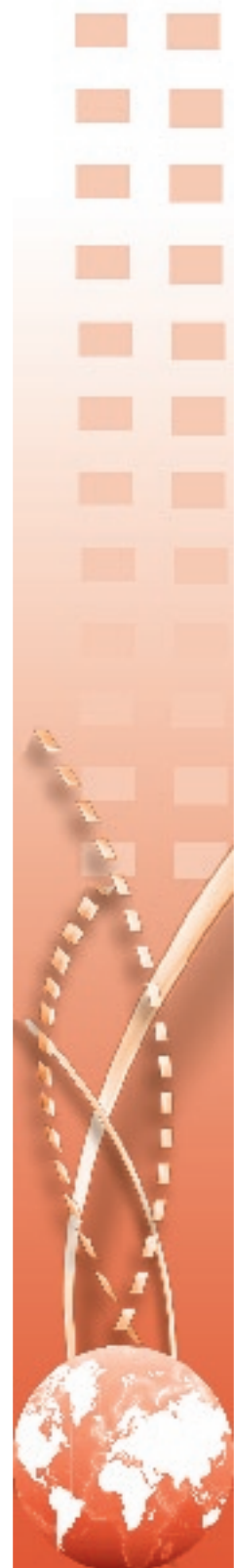
Technology, National Treasury, The Presidency, USAASA and ICASA was established under the leadership of the Department of Communications. This interdepartmental task team met regularly to monitor progress on the implementation of the POA and advise on the best approach to be utilised and on how to manage bottlenecks.

The Programme of Action identified interconnection rates as a priority item, and that the development of interconnection regulations by ICASA be expedited. Intense negotiations with mobile operators resulted in peak rates being reduced from R1.25 to 89 cents. ICASA is due to release the Draft Interconnection Regulations in the new financial year.

The task team also identified high telephone costs as the key inhibitor to growth in the Business Process Outsourcing- a highly labour intensive sector. To this end, a Draft Developmental Pricing Model for the BPO sector was completed and tabled at the Interdepartmental Task Team meeting held towards the end of the financial year. The Model is now ready for debate albeit within the Department, before it is presented to Cabinet.

The **Digital Dzonga** that was mandated to co-ordinate all BDM related initiatives in South Africa was formally launched by the Minister of Communications in July 2009 at Constitution Hill in Johannesburg. In August 2009, the Minister approved the establishment of the Digital Dzonga as a Government component, approved its organisational structure as well the subsequent process to recruit required staff. The focus of the Digital Dzonga is to guarantee that the country has a smooth migration to the digital broadcasting era. In the new financial year, the Department will accelerate its efforts to capacitate the organisation.

Inspite of these achievements, it must be stated, that the Department was in no way unaffected by the pressures and business drivers that necessitated adjustments to how we do business. These pressures include among others, shrinking budgets; improved-productivity demands on the government; rapid technology advances that necessitate more investments; shift in the expectations of the citizens as highlighted by a period of sustained service delivery protests; and a shrinking labour pool for government due to the higher wages paid by the private sector.

Administratively, the Department has recorded much progress. Government is still the largest purchaser of products and services and there is a need to derive value for money while lowering administrative burdens and costs. There is also the need to shorten acquisition fulfilment cycles, counter price increases, improve inventory practices and curb maverick purchasing practices. The challenge facing employees in the Department in this financial year was to do more with less. We will hold fast to this commitment until we can derive value for every rand we spend.

The task of advancing our service delivery objectives is enormous and clearly Government cannot achieve this mammoth task without the support of other stakeholders. In this regard, I pay tribute to all our stakeholders, our portfolio organisations, the private sector and other partners for the role they have played in supporting us in attaining our objectives; particularly in the provision of required skills, skills training and funding. South Africa is a resourceful country with a population that has come to expect only the best from its Government. I am convinced that the Department of Communications is up to the challenge.

It is my priviledge that I take the opportunity to thank the staff of the Department for putting their hearts and minds to the wheel, in order that we use our collective experience, our capacity and our expertise to keep the DoC ship on course.

Lastly, I would like to thank the former Acting Director-General, Gerda Gräbe and the former Director-General, Mamodupi Mohlala for the sterling work they have done and the leadership they have provided during this reporting period.

DR HAROLD WESSO
Acting Director-General

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GENERAL INFORMATION
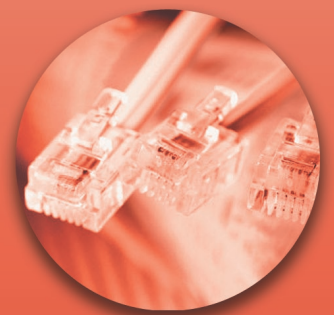
DEPARTMENT OF COMMUNICATIONS ORGANISATIONAL STRUCTURE

Ms Dina Pule
Deputy Minister

Gen (Ret) Siphiwe Nyanda
Minister

Dr Harold Wesso
Acting Director-General

Programme 1:
Administration

Programme 2:
International Affairs and Trade

Programme 3:
ICT Policy Development

Programme 4:
ICT Enterprise Development

Programme 5:
ICT Infrastructure Development

Programme 6:
Presidential National Commission
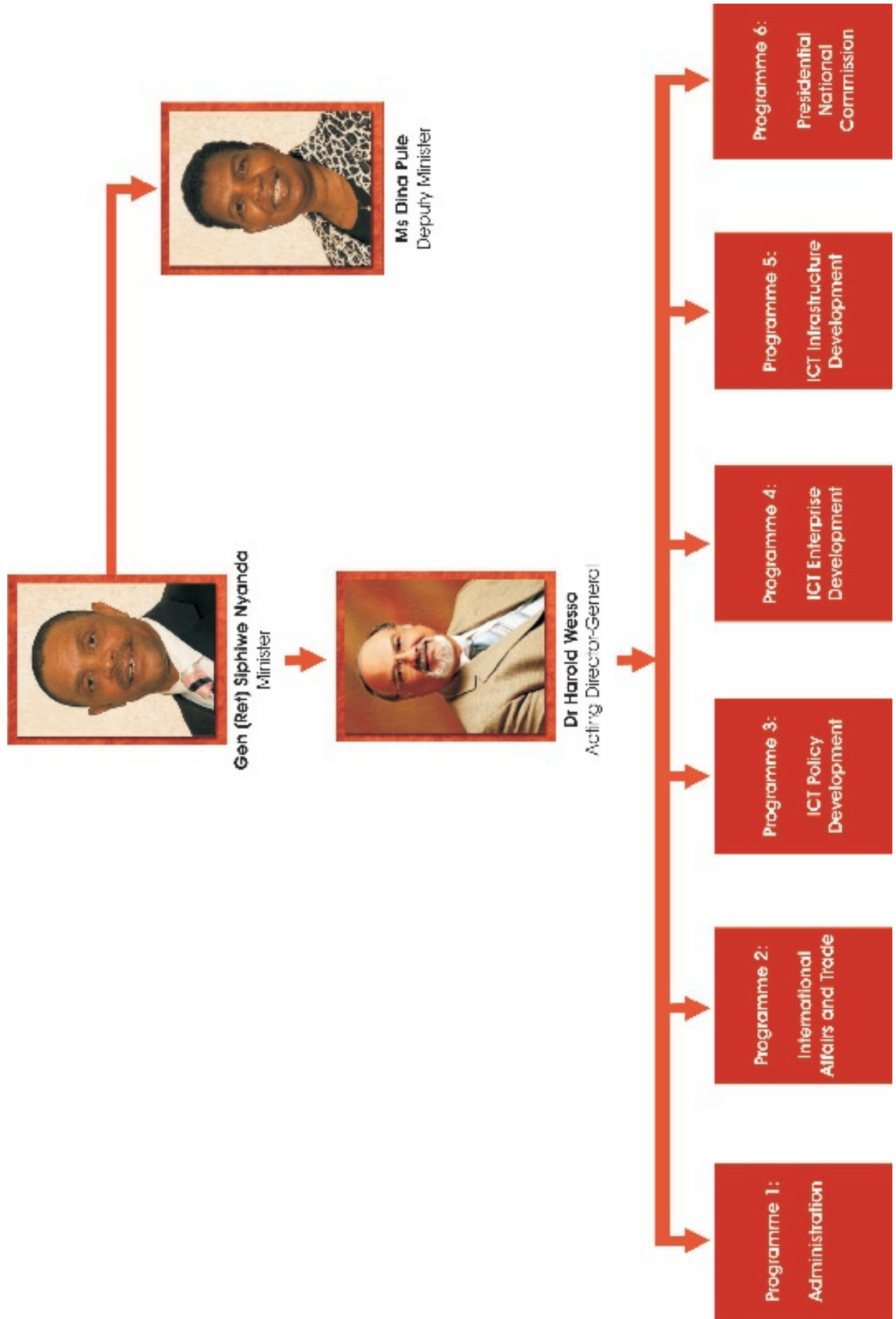
VISION

South Africa as a global leader in the development
and use of Information and Communication
Technologies for socio-economic development

MISSION

Building a better life for all through an enabling
and sustainable world-class Information and
Communication Technologies environment
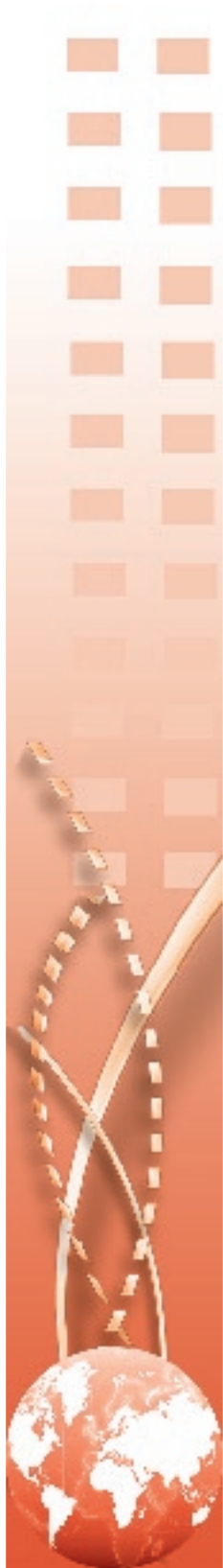
LEGAL AND CONSTITUTIONAL MANDATES

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 all South Africans have access to affordable and accessible 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 the 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 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 strengthen the ICT Regulator and 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 (SOEs) in the Communications portfolio; and

- To fulfil South Africa's continental and international responsibilities in the ICT field.

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);
- Former States Broadcasting Reorganisation Act (Act 91 of 1996);
- Independent Broadcasting Authority Act (Act 153 of 1993);
- Independent Communications Authority of South Africa Act (Act 13 of 2000);
- Sentech Act (Act 63 of 1996);
- Telecommunications Act (Act 103 of 1996);
- Post Office Act (Act 44 of 1958);
- Postal Services Act (Act 124 of 1998); and
- Telegraph Messages Protection Act (Act 44 of 1963)

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)
- Public Service Act, (Act 103 of 1994) as amended;
- Public Finance Management Act, 1999 (Act 1 of 1999) as amended.

INFORMATION ON THE MINISTRY

The main purpose of the Ministry is to render parliamentary, media liaison, administrative, secretarial and advisory support to the Minister and the Deputy Minister and also to ensure that they are able to execute their government obligations and mandated functions effectively.

MINISTERIAL VISITS ABROAD

The Minister, General Siphiwe Nyanda undertook the following visits in the reporting period:

DATE	COUNTRY	PURPOSE
24 – 26 June 2009	Namibia	SADC ICT Ministerial Meeting
3 – 7 August 2009	Zimbabwe	High Level Postal Strategy Conference for SADC Ministers
31 August – 2 September 2009	Swaziland	South Africa Telecommunication Networks and Applications Conference (SATNAC)
25 January – 2 February 2010	Ethiopia	14th Ordinary Session for the African Union Summit
8 – 13 April 2010	Cuba	Official visit to Cuba

The Deputy Minister, Ms Dina Pule undertook the following visits in the reporting period:

DATE	COUNTRY	PURPOSE
20 – 23 July 2009	Ethiopia	Second Bureau Meeting and third Steering Committee Meeting of the CIT Ministerial Conference and Workshop on the harmonisation of ICT Policy and Regulatory Frameworks in Africa
2 – 4 September 2009	Mexico	World Summit Awards (WSA) Winners Events
18 – 21 January 2010	Tanzania	31st Anniversary of the Pan African Postal Union (PAPU)
1 – 12 March 2010	New York	54th Session of the Commission on the Status of Women (UNCSW)
23 – 25 March 2010	Mozambique	4th Annual e-Government Africa Forum

KEY PROJECTS: MINISTRY

Since Minister Nyanda took office in May 2009, the Ministry together with the Department initiated the following projects and forums:

PROJECT	PROGRESS
Appointment of Ministerial Task Team	Business review, operational, strategic, funding and alignment of State Owned Enterprises, SABC and Sentech undertaken.
Reducing Cost to Communicate	The Minister initiated a consultative process with mobile operators including Telkom to consider the much anticipated drive of reducing the cost to communicate in South Africa. This resulted in mobile operators submitting lower interconnect tariffs with ICASA in February 2010.
Formation of an ICT platform that will enable an established Forum to interact with the Minister	The Minister initiated interactive meetings with the following sector members: • National Association of Broadcasters (representing broadcasters). • ICT Industry. • South African Communications Forum (representing ICT players, academia and learners).
Linking ICT to community development initiatives (Constituency work)	• Officiated and opened Tele-centres in rural areas. • Collated community service delivery queries, inputs and suggestions at various Imbizo.
Raising the profile of ICTs by the Ministry	Engaged with a number of media houses (print and electronic) with regard to promoting the Ministerial ICT Programme of Action.
Development of a Performance Management System/ Agreement between the Minister and ICASA Councillors	The Performance Agreements will focus on monitoring and evaluating ICASA Councillors' performance (regulatory, organisational, policy support measures, relevance and impact).
Facilitating the Ministerial Conference of African Ministers in charge of ICTs held in South Africa	The Extraordinary Conference of African Union Ministers in charge of Communication and Information Technologies was convened by the Ministry and the Department of Communications in South Africa from 2 to 5 November 2009. This Conference was in preparation for the hosting of the African Union Assembly of Heads of State and Government which was held in Addis Ababa in January 2010.

KEY SUBMISSIONS TO THE LEGISLATURE

During the period under review, the following Bills were submitted to Cabinet and received approval. One Policy was also submitted to Cabinet and received approval:

BILL/POLICY	DATE OF CABINET APPROVAL
South African Post Bank Bill	October 2009
South African Post Office Bill	November 2009
Radio Frequency Spectrum Policy	March 2010
The AU-CIT Extraordinary Conference and Oliver Tambo Declaration	November 2009
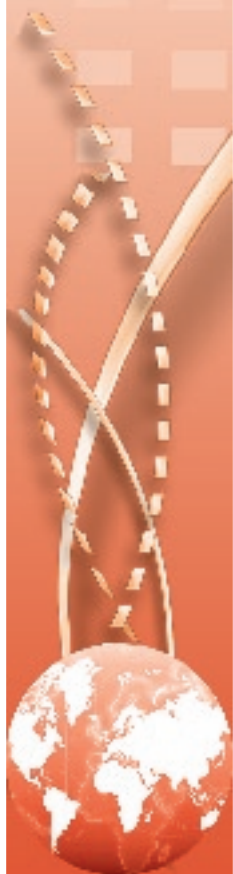
ICT PUBLIC ENTITIES AND AGENCIES REPORTING TO THE EXECUTIVE AUTHORITY, AND THE ICT REGULATOR

South African Post Office

The South African Post Office Ltd (SAPO) was established in accordance with the Post Office Act (1958) as a Government business enterprise to provide 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 execution of its operational functions, including its universal service obligations.

The Post Office is seen to be the core ICT public access network and is the vehicle to be used to achieve South Africa's universal service goals in the sector. In this regard, post offices will be built in several communities each year, in accordance with the Expanded Public Works Principles.

South African Broadcasting Corporation

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.

As provided for in the Broadcasting Amendment Act (2002), from October 2004 the SABC has been incorporated into a limited liability company having two (2) operational divisions: public broadcasting services and commercial broadcasting services.

The SABC is South Africa's national public services broadcaster and operates 17 radio stations. Its operations are based on the Broadcasting Charter, that guarantees independence and freedom of expression in creative, journalistic and programming enterprises or undertakings. The Charter also requires the SABC to encourage the expression of a South African nationhood by providing a wide range of programming in all official languages.

Sentech

Sentech Ltd was established in terms of the Sentech Act (1996) as a common carrier to 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.

Sentech is viewed as a core provider of wireless broadband in South Africa. Cabinet confirmed this policy position and declared that Sentech would remain a strategic State-Owned Enterprise.

National Electronic Media Institute of South Africa

The National Electronic Media Institute of South Africa (NEMISA) was established as a non-profit organisation in terms of the Companies Act (1973). It provides much needed skills training at an advanced level for the broadcasting industry. It is accredited by the Council for Higher Education and offers diploma courses, short courses and internships in three subjects: TV Production, Radio Production and Creative Multimedia.

NEMISA focuses on equipping students to be market-ready in a wide range of broadcasting disciplines and to have the ability to work effectively in constantly changing conditions.

Universal Service and Access Agency of South Africa (USAASA)

The Universal Service and Access Agency of South Africa was established in terms of section 58 of the Telecommunications Act (1996). The main role of the Agency is to promote Universal Service and Access to communications technologies and services for all South Africans. It also facilitates and offers guidance in evaluating, monitoring and implementing initiatives, that propose to improve Universal Access and Service.

The Agency is mandated by the Telecommunications Act (1996) to manage the Universal Service Fund that is capatalised from financial resth monies appropriated by Parliament, is used for infrastructure for the universal services area licensees as well as providing infrastructure for telecentres and school cyber ources or monies apppropriated by Parliament. It is used for developing infrastructure to be utilised by the universal services area licensees as well as for providing infrastructure to support teloecentres and school cyber labs (computer laboratories with ICT equipment that enable access to the internet and provide multimedia services.)

.za Domain Name Authority

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. The DoC will continue to provide funding for the .za DNA until the Authority is fully operational. Funding will then be sourced through a funding model developed in accordance with section 66(3) of the ECT. The .za DNA will also oversee the implementation of an alternative dispute resolution mechanism.

The DoC is actively involved with the .za DNA and will continue its support until the Authority is fully operational and sustainable.

Independent Communications Authority of South Africa (ICASA)

The Independent Communications Authority of South Africa Act, (2000) provided for the merger of the South African Telecommunications Regulatory Authority and the Independent Broadcasting Authority to form the Independent Communications Authority of South Africa (ICASA).

ICASA is responsible for regulating the telecommunications and broadcasting industries in the public interest and assure affordable services of a high quality for all South Africans. In addition to developing regulations, ICASA issues licences 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, controls and manages the effective use of Radio Frequency Spectrum.
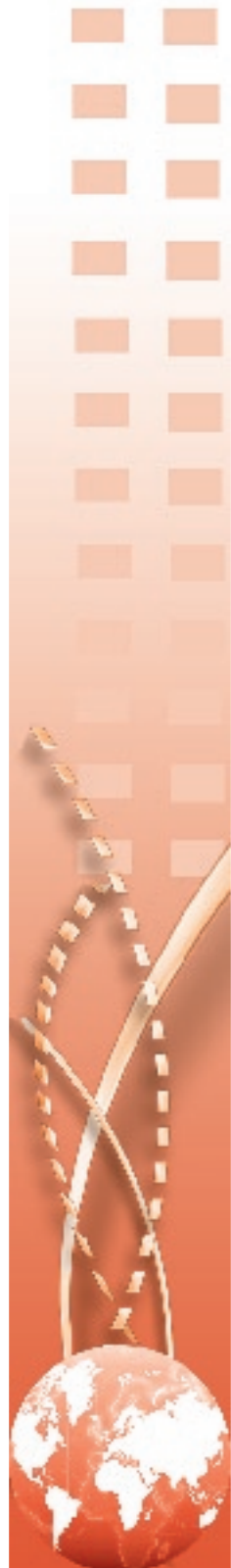
PROGRAMME PERFORMANCE
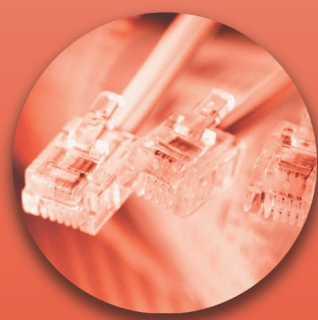
PROGRAMME OVERVIEW

VOTED FUNDS 2009/10

Appropriation	Main Appropriation R'000	Adjusted Appropriated R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000
	2 266 863	2 470 494	2 301 912	168 582

Responsible Minister	Minister of Communications
Administering Department	Department of Communications
Accounting Officer	Director-General of Communications

AIM OF THE VOTE

The aim of the Department of Communications is to develop ICT policies and legislation that stimulate and improve the sustainable economic development of the South African first and second economies and positively impact on the social wellbeing of all South Africans. The Department also aims to oversee the performance of state-owned entities within its portfolio.

KEY MEASURABLE OBJECTIVES, PROGRAMMES AND KEY ACHIEVEMENTS

KEY MEASURABLE OBJECTIVES

The following are the strategic goals identified by the Department during the year under review:

- Enable the maximisation of investment in the ICT sector;

- Ensure that ICT infrastructure is robust, reliable, affordable and secured to meet the needs of the country and its people;

- Accelerate the socio-economic development of South Africans by increasing access to, as well as the uptake and usage of, ICTs through partnerships with business and civil society and three (3) spheres of government;

- Build an effective information age organisation that contributes to the efficient functioning of the Forum of South African Directors' General (FOSAD) Cluster and the building of a Single Public Service;

- Enhance the role of ICT state-owned enterprises as the delivery arms of Government; and

- Contribute to the building of an inclusive Information Society globally, prioritising Africa's development.

PROGRAMMES

Programme 1: Administration

Provide strategic support and overall management for the Department.

Programme 2: ICT International Affairs and Trade

Give effect to South Africa's foreign policy on ICT-related matters, prioritising Africa's development. Establish a dynamic, effective and mutually beneficial multi-stakeholder partnership in the ICT sector that is reflective of, and responsive to South Africa's policy priorities.

Programme 3: ICT Policy Development

Develop ICT policies and legislation that support the development of an ICT sector that creates conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICTs by the majority of the South African population, thus bridging the digital divide.

Programme 4: ICT Enterprise Development

Oversee and manage Government's shareholding interest in public entities in a manner that improves the capacity of the state to deliver on its mandate, and support the speedy attainment of national goals and priorities. Ensure, through the use of ICTs, the development of the small, medium and micro enterprise (SMME) sector.

Programme 5: ICT Infrastructure Development

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 broader South African population.

Programme 6: Presidential National Commission

This Programme is currently under review and is likely to change in June 2010 pending the outcome of the review.

Provide timely and informed advice to the Presidency on all matters related to the development of an inclusive information society. Facilitate the development of an Integrated Information Society in South Africa by promoting the realisation of the country's vision for the building of the Information Society.

KEY ACHIEVEMENTS

South African Post Bank Bill

The Department developed a draft of the South African Post Bank Bill which underwent extensive stakeholder consultation including Key Ministries of the Economic Cluster, the Industrial Strategy Focus Group and the Forum of South African Directors General (FOSAD) Cluster. The Bill was presented to Cabinet and was approved in October 2009. Letters to introduce the Bill to Parliament were submitted to the Speaker of the National Assembly and the Chairperson of the National Council of Provinces (NCOP).

The Bill was debated in the Portfolio Committee on Communications on 23 March 2010; however the Bill has not yet been enacted.

South African Post Office Bill

The Department developed the South African Post Office (SAPO) Bill which was informed by extensive public consultation in all nine (9) Provinces. Ministries of the Economic Cluster as well as the Industrial

Strategy Focus Group were also consulted. The Bill was presented to Cabinet and was approved in November 2009. Letters to introduce the Bill to Parliament were submitted to the Speaker of the National Assembly and the Chairperson of the NCOP.

The Bill was debated in the Portfolio Committee on Communications on 23 March 2010; however the Bill has not as yet been enacted.

Radio Frequency Spectrum Policy

The Department developed a Draft Radio Frequency Spectrum Policy which was presented to the Economic Cluster for their input. It was thereafter gazetted for public comment. The updated Radio Frequency Spectrum Policy was submitted to Cabinet and approved in March 2010.

Broadband Policy

The Department developed a Draft Broadband Policy which was gazetted for public comment in September 2009. As part of the public consultation process, the Department hosted a Broadband Colloquium which gave members of the public and the industry a further opportunity to give their input on the policy and deliberate on some of the more contentious points in the policy. The updated policy document was submitted to Cabinet for approval where it was recommended that further deliberations on the policy should take place in an Inter-Ministerial Committee comprising the Departments of Communications, Economic Development, Co-operative Governance and Traditional Affairs, Public Service and Administration, Public Enterprises and Science and Technology. Following two (2) Inter-Ministerial Meetings on 9 and 16 March 2010, the policy was updated and is to be presented to the Cabinet Committee on 14 April 2010.

The DoC also developed a Draft National Broadband Strategy, that will act as a guideline, and will be finalised through the Broadband Inter-Governmental Implementation Committee.

Public Service Broadcasting Bill

On the basis of findings derived from a public service workshop, the Department developed a Discussion Document which was gazetted for public comment and underwent further stakeholder consultation through the hosting of public consultation workshops in all nine (9) Provinces. The Draft Bill was developed and published for comments with a closing date of 15 January 2010. Due to the complexity of the Bill, the Department heeded public requests to extend the deadline for the submission of comments, thus delaying the introduction of the Bill to Parliament. However, it is envisaged that given the extensive progress made, the Bill will be introduced to Parliament early in the 2010/11 financial year.

Reducing the Cost to Communicate

The Department developed an extensive Programme of Action (POA) to reduce the Cost to Communicate. The Programme of Action was debated with key stakeholders such as ICASA and USAASA as well as Cabinet structures related to the Economic Cluster. The final POA was then submitted to Cabinet for noting.

In order to expedite the implementation of the POA, an Interdepartmental Task Team comprising the Departments of Trade and Industry, Science and Technology, National Treasury, The Presidency, USAASA and ICASA was established, under the leadership of the DoC. This Interdepartmental Task Team met regularly, as from 31 August 2009, to monitor the progress of the implementation of the POA and to advise on an appropriate approach and the management of bottlenecks.

Reducing interconnection rates and expediting the development of interconnection regulations by ICASA was identified as a priority item on the Programme of Action. The Department proceeded to conduct two (2) regulatory impact assessments with regard to interconnection. The first was to explore various approaches to interconnection reduction, including the method used by Namibia, and to recommend the most effective approach for South Africa. Representatives from the Namibian Government participated in the Portfolio Committee's public hearings on interconnection rates and also held a workshop with the DoC on their interventions, particularly the role of the Regulator in facilitating compliance with the "glide path" instituted by the Namibian Government.
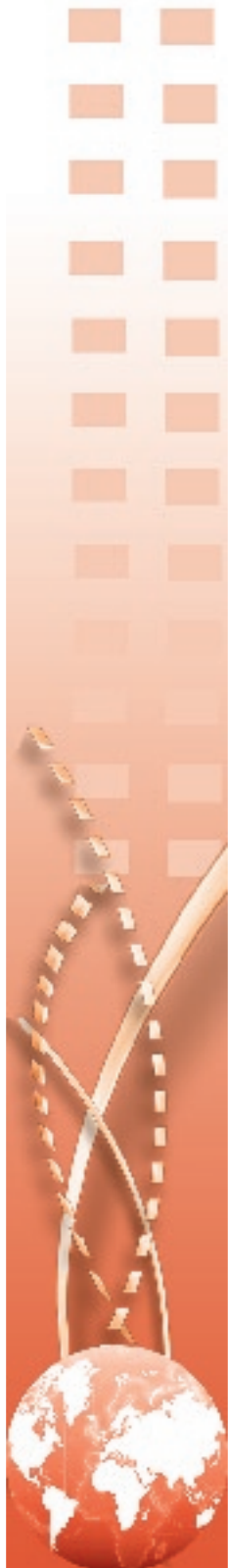
Following a call by the Portfolio Committee to reduce mobile termination rates (an element of interconnection), the Department issued a policy directive in support of the call, it also conducted an impact assessment study to see what the cost of the implementation of the directive would be to operators. However, in the third quarter of the reporting period the Department withdrew the policy directive as a result of negotiations with operators. These resulted in the Mobile Termination Rates (MTR) being reduced from a peak rate of R1.25 to 89 cents. ICASA is due to release the Draft Interconnection Regulations in April 2010 and has confirmed its commitment to the prospect that the Regulations will be completed by June 2010.

This Task Team that was mandated by the DoC and the DTI identified high telephone costs as the key inhibitor to growth in the Business Process Outsourcing sector, a highly labour intensive sector. To this end, a Draft Developmental Pricing Model for the BPO sector was completed and tabled at the interdepartmental Task Team meeting of 4 February 2010. It is now ready for debate within the DoC before being presented to Cabinet.

Broadcasting Digital Migration

The Department developed a Draft Scheme for Ownership Support (SOS) Framework. This underwent extensive consultations with stakeholders such as the Digital Dzonga, USAASA, SABC, Statistics South Africa (StatsSA), the South African Social Security Agency (SASSA) and the Department of Cooperative Governance and Traditional Affairs (COGTA). Written submissions were received and a consultation workshop was held in September 2009 with manufacturers, retailers and distributors of Set Top Boxes (STBs). The SOS was also presented to the FOSAD Infrastructure Cluster in February 2010, where it was decided that the DoC, Treasury, Department of Trade and Industry (DTI) and the Department of Science and Technology (DST) will further develop a Rollout Plan for the SOS and present it to the cluster as soon as possible. These Departments need to ensure that the SOS Strategy is aligned to the Manufacturing Strategy.

The Digital Dzonga, which is mandated to coordinate all Broadcasting Digital Migration (BDM) related initiatives in South Africa, was formally launched by the Minister in July 2009 at Constitutional Hill in Johannesburg. The Minister further approved the Digital Dzonga's organisational structure as well as the subsequent process to recruit required staff. In August 2009 the Minister approved the establishment of Digital Dzonga as a government component. The Digital Dzonga Council has met ten (10) times Three (3) Digital Terrestrial Television (DTT) State of Readiness Reports were produced and presented to the Executive. A decision to dissolve the Digital Dzonga Council was taken in November 2009 due to potential conflict of interests within the Council.

Set Top Box (STB) Manufacturing Sector Development Strategy

As part of the Broader BDM Programme, the Department developed the STB Manufacturing Sector Development Strategy. It was then presented to the Industrial Focus Group for inputs and comments, after which it was updated and gazetted for public comment. The updated Strategy was presented in the Digital Dzonga workshop to manufacturers, retailers and distributors for further inputs. A national STB Manufacturing Summit was also held in October 2009 so as to further solicit inputs from wider stakeholder groupings and members of the public. It is envisaged that the updated Strategy will be presented to Cabinet for approval in June 2010 after which manufacturing is expected to commence in the 2010/11 financial year.

Furthermore, the Department, as invited by India, Brazil and South Africa (IBSA), undertook a fact finding mission to Brazil to study their STB technical standards as it is critical to evaluate available standards prior to deciding on the best option for South Africa. The visit was also prompted by SADC interests on the preferred standard. Also important to the standards is the establishment of a verification and validation process within the Department which will focus on the technical conformance of STBs.

Finally, the STB volumes allocation criteria were finalised while work began on finalising the STB Control System. The Public Broadcaster and e-TV are in the process of finalising the selection of the a preferred vendor/service provider who will provide the STB Control System.

ICT Infrastructure for FIFA

The Department has been playing a key role in ensuring that South Africa's ICT infrastructure meets FIFA's requirements for the FIFA Confederations Cup, the Final Draw and the FIFA World Cup.

In May 2009, the Department tested and commissioned the access network for the FIFA Confederations Cup venues and then, in the first week of June 2009, saw to it that the video adaptation equipment and the satellite back-up network were ready and working. The regulator, ICASA, also developed and successfully implemented spectrum licensing and type approval procedures for the tournament. Following these preparations, the 2009 FIFA Confederations Cup operated smoothly, without any major ICT-related incidents.

The experience gained during the FIFA Confederations Cup was invaluable in preparing for the World Cup in June 2010. The Information Technology and Telecommunications (IT&T) implementation commenced in October 2009, resulting in the following milestones towards the World Cup:

- Refurbishment of the FIFA International Broadcasting Centre (IBC), which was completed in December 2009 and handed over to Host Broadcasting Services on 4 January 2010.

- The signing of a funding agreement with the City of Johannesburg to upgrade the facilities at the Johannesburg Expo Centre (the site of the IBC) and the adjoining satellite farm. The seven projects funded were mainly for IT&T, power, lighting and security, and were due to be completed by April 2010.

- The installation and commissioning of the Telkom access network and carrier rooms at all World Cup stadiums, which was completed by the end of March 2010. The access network requirements of other key FIFA venues, including FIFA hotels and the FIFA data centre, were also provided on time.

- The installation of satellite back-up links at all the stadiums, with final commissioning and testing scheduled for May 2010.

The Department's preparations for the World Cup included protecting the 2010 infrastructure from a security perspective and the development of the 2010 Legacy project. Host cities were engaged about the implementation of the Legacy plan and a position paper was completed on the future use of the video adaptation equipment. This paper informed the DoC's decision to lease and not purchase the equipment concerned. Furthermore, Sentech decided to maintain their satellite infrastructure at the stadiums after the 2010 World Cup.

Finally, the Department formally communicated with the Host Cities on preparations for the next Legacy phase, which will take place after the tournament, and also requested interaction with the Local Organising Committee on its legacy projects.
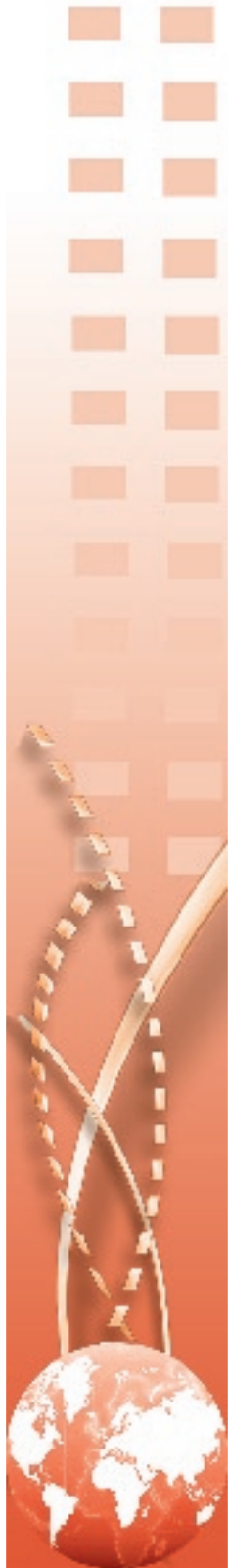
PROGRAMME 1: ADMINISTRATION

PURPOSE

Administration provides strategic support and exercises overall management for the Department.

MEASURABLE OBJECTIVES

- Provide effective strategic operational support to enable the Department to deliver on its mandate;

- Provide professional and administrative services across the organisation, to enable it to function smoothly, efficiently and professionally in implementing its service delivery objectives; and

- Facilitate organisational excellence through the coordination of the strategic and business planning process, and ensure alignment, linkages and integration across the whole of Government.

SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The Administration Programme is divided into five sub-programmes:

- The *Ministry*: Provides administrative and executive support to the Office of the Minister including Parliamentary and Ministerial support services;

- The *Deputy Ministry*: Supports the Deputy Minister administratively and also provide parliamentary and Ministerial support services;

- *Management*: Provides support to the Office of the Director-General;

- *Operations*: Provides strategic administration and corporate services to the Department; and

- *Property Management*: Provides for the management of the property of the Department.

KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme's targets set for the period under review.

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target
				Actual
Operations (Corporate Services)				**Communications and Marketing Services**
	BDM Public Awareness Strategy

Approved e-awareness strategy | High level of public e-awareness by 2014 | 60% of TV households well informed about digital migration | • In its efforts to implement the BDM Public Awareness Strategy, the Department formed part of a working group comprising members of the Digital Dzonga and DraftFCB, the company appointed by the Department to develop and implement the BDM Public Awareness Aampaign. The Working Group guides, supports and oversees the work undertaken by the Agency. During the reporting period a number of Working Group meetings were held to review progress on the development of the website, to brief the Agency on the BDM exhibition to be held during the Minister's Budget Vote Speech in Parliament, to review the creative work for the exhibition and to participate in a STB demonstration for the exhibition and the Digital Dzonga launch event.
• The Minister officially launched the Digital Dzonga on 21 July 2009 at Constitution Hill in Johannesburg. The launch was preceded by a briefing of the media on the BDM Policy, the nature and purpose of the Dzonga. During the official launch, the Chairperson of the Digital Dzonga introduced the Council Members and unveiled the Digital Dzonga corporate image, the website and the contact number of the call centre that would be operational and deal with all queries related to Broadcasting Digital Migration.
• The calls to the *Go Digital Call Centre* were monitored by means of weekly reports from the service provider, Direct Channel, and the Go Digital Website (www.godigitalsa.co.za) was enhanced, with additional functionalities.
• By the end of the reporting period the BDM Public Awareness Programme was put on hold in order to review progress effectiveness; as well as to determine the best and most cost-effective approach. |
| | | | e-Awareness Strategy

approved and implementation commenced | • No substantial progress was made.

Reasons for variance:
• In view of the fact that the BDM Awareness Programme covered a number of key elements of the e-Awareness Strategy, priority was given to the BDM Awareness Programme. It was decided to put the e-Awareness Strategy on hold. |

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target
				Actual
Operations (Corporate Services)				**Director-General's Office**
	Annual stakeholder engagement strategy	Constant and value adding engagement with relevant stakeholders	Annual calendar of engagement with stakeholders implemented	• An Annual Stakeholder Engagement Plan, aimed at optimising stakeholder engagement, was developed and implemented. This resulted in the Minister successfully hosting the first ICT Industry Forum on 23 October 2009 which was aimed at ensuring that Government builds long-term sustainable partnerships with industry. The implementation of the recommendations and commitments stemming from the ICT Industry Forum meeting are constantly monitored and evaluated.
			Annual stakeholder survey conducted	• There was no progress on this target. Reasons for variance: • The annual stakeholder survey was not conducted largely due to HR capacity constraints.
	Second Economy Interventions Framework to support second economy programmes of government	Departmental anti-poverty interventions integrated, coordinated and monitored	DoC interventions on the War on Poverty Campaign implemented and monitored through the implementation of a Second Economy Interventions Framework	• A framework on second economy interventions was developed which encapsulated relevant DoC projects. • Furthermore, a draft Rural Development Strategy was also developed. Reasons for variance: • Further progress was hindered by HR capacity constraints.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
Operations (Corporate Services)				**Human Resource Management**
	Approved Leadership Development Strategy	Capable and effective leadership cadre	Leadership competencies assessed based on job profiles to enhance the current skills through the development of a Leadership Development Strategy	• The Department developed a Draft Leadership Charter as well as a Leadership Model. Reasons for variance: • Further substantial progress was not made on this project as it was put on hold until the filling of various vacant SMS positions. The filling of these positions took longer than initially anticipated.
	Recruitment and retention strategy	Contribution to national priorities and initiatives of government	50% gender representativity at Senior Management Level 2% representation of people with disabilities across the Department	• The Employment Equity (EE) Plan was developed in consultation with the departmental Employment Equity Consultative Forum (EECF). Employment equity targets were determined in consultation with the EECF and the Employment Equity implementation plan for 2009-2010 was also adopted by the EECF. • By the end of the reporting period, the Department achieved 41.57% gender representivity at SMS level and 2.6% representivity of people with disability.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
				Communications and Marketing Services
Operations (Corporate Services)	Effective business management systems and processes	Compliance with relevant policies, frameworks and legislative requirements	Effective and efficient support services provided to the Department to optimise organisational performance and improve levels of compliance with relevant policies, frameworks and legislative requirements	• Various communication strategies were developed and implemented in support of a range of events/projects including among others: • Minister's budget vote speech • Gauteng SMME Expo • World Information Society Day • World Post Day • ICT Career Expo with specific focus on BDM • Highway Africa Conference • African Union Ministers of Communications and Information Technologies Meeting • National Summit on Set Top Box Manufacturing • Information Society and Development Multi-Stakeholder Conference • FIFA World Cup 100 Days Countdown Celebration • Communications support was provided during the consultation processes for the Post and Post Bank Bills as well as the compilation of a Discussion Document on Public Service Broadcasting. This included advertisements informing the public about the consultation processes, branding and promotional items.

Actual Performance Against Target

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual
Operations (Corporate Services)				**Strategic Planning and Monitoring**
	Effective business management systems and processes	Compliance with relevant policies, frameworks and legislative requirements	Effective and efficient support services provided to the Department to optimise organisational performance and improve levels of compliance with relevant policies, frameworks and legislative requirements	• The Department complied with the requirements of section 27(4) read with 36(5) of the PFMA regarding the evaluation of the organisational performance which includes the submission of quarterly performance reports to the Executive Authority. • The Department further complied with PFMA requirements of developing the 2010-2013 Strategic Plan which was timeously tabled in Parliament. • The development of Branch Business and Operational Plans led to the successful implementation of year one (2010/11) of the Strategic Plan. • The 2008/09 Annual Report was developed timeously and tabled in Parliament. • During the reporting period, the Department commenced with the implementation of its Project Management Framework through the identification and implementation of flagship projects. Furthermore, project plans were developed for all 2010/11 targets in the 2010-2013 Strategic Plan. The implementation of these projects will be monitored and evaluated during the 2010/11 financial year.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Operations (Corporate Services)				**Human Resource Management**
	Effective business management systems and processes	Compliance with relevant policies, frameworks and legislative requirements	Effective and efficient support services provided to the Department to optimise organisational performance and improve levels of compliance with relevant policies, frameworks and legislative requirements	• In implementing the Internship Programme, 30 interns were appointed from 1 June 2009 and underwent an process in order to familiarise them with the DoC. Continuous support was provided to the interns through ongoing mentoring.
				• The Department compiled a Workplace Skills Plan and the Annual Training Report in line with SETA requirements. These were submitted to the PSETA and ISETT SETA.
				• The Performance Management System was implemented and monitored on an ongoing basis. Performance Management Workshops were held during the period under review and the Department also conducted Quality Assurance Assessments on Performance Agreements. Furthermore, guidelines on managing poor performance for levels 1-12 were developed and distributed to all staff members. Employee assessments for the 2008/09 financial year were concluded and qualifying employees were paid accordingly.
				• Various Employee Wellness initiatives were undertaken through the implementation of the Employee Wellness Programme that included among others, the commemoration of World Aids Day, the facilitation of counselling sessions for employees as well as payment of gratuity benefits to qualifying employees.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	Actual
Operations (Corporate Services)				**Human Resource Management**
	Departmental processes mapped	Improved organisational performance and functioning by 2012	Current departmental process mapped and reviewed for improvement, prioritising core processes	• No substantial progress was made; however a cross-functional team was set up to implement the target after which a Draft Business Process Framework was developed. Reasons for variance: • The target was not implemented largely due to HR capacity constraints
	Approved employee satisfaction improvement plan	Increased level of employee satisfaction contributing to DoC being the employer of choice	Comprehensive plan developed and implemented to improve the employee satisfaction level to 65%	• No substantial progress made Reasons for variance: • The climate and culture survey was placed on hold pending the outcome of the institutional review which is currently being conducted by the Department in the 2010/11 financial year.

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target
				Actual
Operations (Corporate Services)				**Financial Management** *It must be noted that the Financial Management Unit is structurally located in Programme 4; however its budget is located in Programme 1. This misalignment will be reviewed by June 2010 through the institutional review process.*

	Effective business management systems and processes	Compliance with relevant policies, frameworks and legislative requirements	Effective and efficient support services provided to the Department to optimise organisational performance and improve levels of compliance with relevant policies, frameworks and legislative requirements	**Effective, Efficient and Transparent Financial and Other Systems**
				• The Annual Financial Statements were prepared and submitted on time to both National Treasury and the Auditor-General, and were presented to the Audit Committee for endorsement. Only minimal audit queries were received from the Auditor-General due to an improved control environment.
				• Other financial policies such as Banking, Cash Management and Revenue and Debt Policies were also reviewed. The Banking, Cash Management and Revenue Policy will be amended once all outstanding test debtors' accounts have been recovered or written off.
				• The Department implemented a register indicating the status and actions taken to address the issues raised in the Auditor-General's Audit Report and AG Management Letter.
				• Compliance with the PFMA and Treasury Regulations was continuously monitored and corrective action was taken where necessary.
				
				Effective, efficient and transparent supply chain management systems
				• The Department has implemented the Assets Management Strategy and a service provider was appointed to review Service Standards and Turn-around Times, resulting in the development of a Report containing recommendations.
				• The following policies were reviewed:
				  • Cellphone Policy.
				  • Transport Procedure Manual.
				  • Supply Chain Management delegations.
				  • Supply Chain Management and Asset Management Policies.
				• The Asset Acquisition and Disposal Committee finalised the Asset Management Strategy which was subsequently approved.
				  • Financial delegations were approved and circulated to all staff.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	Actual
Operations (Corporate Services)				**Financial Management** *It must be noted that the Financial Management unit is structurally located in Programme 4; however its budget is located in Programme 1. This misalignment will be reviewed by June 2010 through the institutional review project.*
				Compliance with PFMA, Treasury Regulations and Occupational Health and Safety (OHS) Act requirements • The Department has ensured compliance with PFMA, Treasury Regulations and the OHS Act requirements through the implementation of the Occupational Health and Safety (OHS) Policy. • Implementation of the OHS Policy was constantly monitored and reviewed. • OHS Representatives were appointed after which an OHS training service provider was appointed to train Safety Representatives. • Although substantial progress was made with regards to the appointment of OHS Representatives, the appointment of the Assistant Director: OHS has not as yet taken place thus proving to be a challenge in ensuring continuous progress in this function. **Efficient and effective facility, security and safety management systems** • New Security Procedure Manuals were developed and the Security Management Policy was implemented through the services of a contracted company. • The new security system for the Department was completed by the end of July 2009 and the installation of an encryption system at Minister's office in Cape Town and Director-General's office in Pretoria was also finalised. • Special security service for the African Union Communication and Information Technology Extra-Ordinary Conference (2-5 November 2009) was successfully arranged and coordinated.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Operations (Corporate Services)				**Financial Management** *It must be noted that the Financial Management unit is structurally located in Programme 4; however its budget is located in Programme 1. This misalignment will be reviewed by June 2010 through the institutional review project.* **Coordinate, prepare and allocate budget according to national and departmental priorities** • The Department's funding requests for capex were coordinated and submitted to the National Treasury in line with the timelines. • A nil roll-over request was also submitted on time to National Treasury. • The Medium Term Expenditure Framework (MTEF) budget submission was prepared in line with National Treasury's guidelines which involved a thorough reprioritisation exercise to ensure that the budget submission was in line with the Departmental priorities. • The final Estimates of National Expenditure (ENE) chapter and database was submitted to Treasury in time and it has been published. • Budget and expenditure were monitored effectively, whereby most of the payments were timeously processed. Due to the delay with certain projects, about 7% of funds budgeted for goods and services was not spent. • The Department has introduced the costing of project plans which will allow for alignment of the budget with the Strategic Plan thus minimising audit queries regarding monitoring of budget.
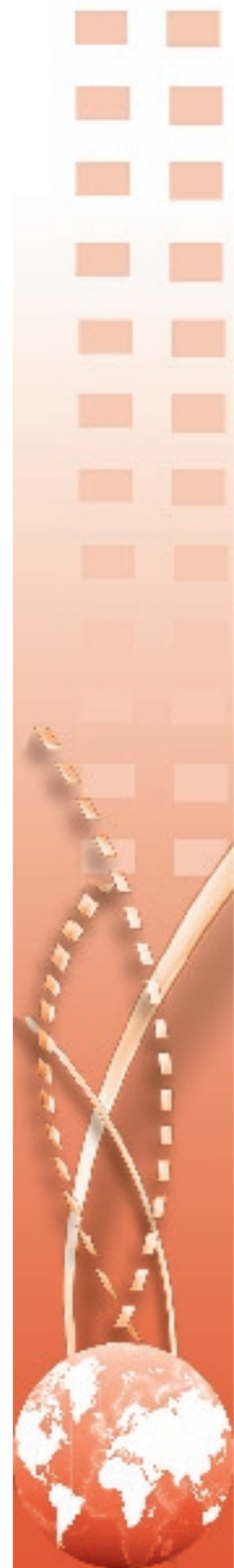
Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	Actual
Operations (Corporate Services)			**Gender, Disability, Youth and Children (GDYC)**	
	Departmental and State-Owned Enterprise (SOE) Programmes inclusive of GDYC issues.	GDYC Matters mainstreamed into the core business of all five branches by March 2011 through the implementation of the related GDYC strategies	Mainstreaming issues related to gender, disability, youth and children in the programmes of the Department and its SOEs	• The Department developed a National Youth and ICT Strategy to guide the youth development approach to be taken by the Department, its SOEs and in particular the ICT Sector. The Strategy underwent extensive consultation with relevant stakeholders including SOEs, government departments and state institutions, sector education and training authorities, international organisations, funding organisations and the private sector. The updated Youth and ICT Strategy will be presented to the National Youth Development Agency for final input and endorsement so as to ensure that the NYDA supports the implementation of the Strategy and advocates amongst the youth constituency to participate in and benefit from the Strategy. An implementation framework to support the implementation of the Strategy for the next three (3) years (2010 – 2013) has also been developed.
		Implementation of the National Youth Service Programme supported through the deployment of 5000 e-Cadres by the Department by March 2012		• The Department also developed a Disability and ICT Strategy that aims to promote access to ICTs people with disabilities. The Strategy is the Department's response to support the National Disability Policy Framework overseen by the Ministry for Women, Children and Persons with Disabilities. A draft implementation plan was developed.
				• An environmental scan report on Gender and ICTs was also developed during the reporting period. The environmental scan report included input on the outcomes of the review of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) Report; input from the research conducted by the CSIR on the needs and challenges of women in the ICT Sector as well as input and comments that were received during the second Gender Indaba held in August 2009.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
Operations (Corporate Services)				**Gender, Disability, Youth and Children (GDYC)**
		Level of awareness in the Department and state-owned enterprises raised by 40% through outcome of surveys, seminars and supporting international and national days by 2012		• In its efforts to support relevant Government initiatives related to GDYC, the Department undertook, among others, the following initiatives: • Supported the Cell C take a Girl Child to Work Campaign through successfully hosting 21 girl and boy learners from schools in the Winterveld area. • Supported International Children's Day through providing support to the Provincial Health Department Day Care Programme by sponsoring 300 children between the ages of two and six with educational toys. • Participated in the Day of the African Child hosted by the Ministry for Women, Children and Persons with Disabilities and the Children's Rights Programme. • The Department officially launched the e-Cadre programme on the 20 October 2009 as the Department's flagship program for National Youth Service Programme by the Minister. The e-Cadre programme aims to skill unemployed matriculants that are aged between 18 and 30 years to be deployed as conduits between their community and ICT infrastructure so as to enable communities to access Government services more effectively through the use of ICTs. • The Department developed and partially implemented the Service Deployment Strategy through the hosting of service deployment workshops with the participation of 15 Further Education and Training (FET) colleges and relevant stakeholders in all provinces except Mphumalanga. These will act as potential host organisations for the e-Cadres that will be deployed across the country. The training component of the e-Cadre programme has been concluded, with a total of 652 students having been trained in the International Computer Driving License (ICDL) course, which is an internationally recognised end-user computer programme. Of the 652 students who completed the ICDL training, 407 obtained the full ICDL certificate. The top 100 students who completed ICDL training and passed all seven (7) modules were presented with Certificates of Recognition during the e-Cadre Program Launch. • To date 40 e-Cadres have completed service deployment in the Gauteng Province. 145 ICDL students and 45 IT graduates will be deployed for service in the coming financial year.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
Operations (Corporate Services)			**Gender, Disability, Youth and Children (GDYC)**	
	ICT Policies inclusive of the needs of people with disabilities, young people, women and children	Inclusion of issues related to GDYC in at least five policies developed by DoC by March 2011	ICT-related policies influenced to ensure that they are inclusive of the needs of people with disabilities, young people, women and children	In its efforts to ensure that ICT-related policies are inclusive of the needs of people with disabilities, young people, women and children, the DoC through its GDYC Chief Directorate participated in the development of the following policies, among others: • Broadband Policy • Provided input to the Department of Social Development (DoSD) on their Strategy for services to children with disabilities. • Provided input to the Presidency on the Country Report towards inputs on Beijing +10 implementation • Provided input to the SABS on ICT accessibility terminology and standards for ICT equipment • National Integrated ICT Policy • Digital Local Content Development Strategy • Postal Services Bill • Post Bank Bill • Public Services Broadcasting Bill • Cyber Security Policy • Frequency Spectrum Policy • STB Manufacturing Strategy
			Four principles of gender equality and women empowerment implemented	• Substantial progress was not made; however, the Department attended and provided support to the workshop hosted by the Department of Public Service and Administration on a National Gender Policy Framework and the Job Access Strategy for Persons with Disabilities. Reasons for variance: • Further substantial progress was not made largely due to HR constraints.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Operations (Corporate Services)			**Gender, Disability, Youth and Children (GDYC)**	
	Approved monitoring mechanism	Institutional mechanisms addressing GDYC issues existing within five SOEs by March 2012	Monitoring mechanism developed and implemented to track performance of the Department and SOEs on gender, disability, youth and children issues	• The Department developed a draft monitoring mechanism on the proposed targets and indicators for SOEs on each of the relevant areas of gender, disability, youth and children. Reasons for variance: • The draft monitoring mechanism was not finalised and implemented largely due to HR constraints.

PROGRAMME 2: ICT INTERNATIONAL AFFAIRS AND TRADE

PURPOSE

Give effect to South Africa's foreign policy on ICT-related matters, prioritising Africa's development. Establish a dynamic, effective and mutually beneficial multi-stakeholder partnership in the ICT sector that is reflective of, and responsive to South Africa's policy priorities.

MEASURABLE OBJECTIVES

- Support economic development and promote an inclusive information society by implementing a stepped India-Brazil-South Africa information society plan with a specific action plan by March 2010.

- Strengthen the Africa Agenda in the ICT sector by:

  o Facilitating and coordinating the six planning meetings for the Uhurunet undersea cable by 2009/2010.

  o Rolling out the NEPAD school business plan in 2009/10.

- Promote development in Africa through African multilateral and bilateral ICT programmes by facilitating the signing of four memoranda of understanding by 2009/10.

SERVICE DELIVERY OBJECTIVES

This Programme is divided into two (2) sub-programmes:

- ***International Affairs*** is responsible for coordinating the functions and responsibilities of the Department to meet South Africa's international ICT obligations.

- ***ICT Trade/Partnerships*** is responsible for developing and advancing national interests in international trade forums through World Trade Organisation (WTO) ICT-related initiatives and other international trade agreements, as well as for promoting the interests of the South African ICT sector and that of developing countries through these forums.

KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme's targets set for the period under review.
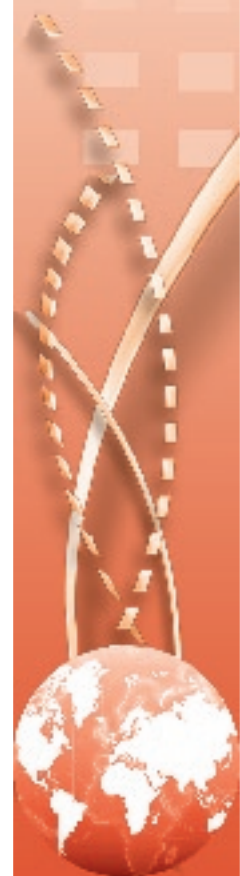
Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
International Affairs	African and international broadband connectivity	Access to robust, reliable and affordable intra-African and international broadband connectivity through UHURUnet and UMOJANet by 2012	Construction and implementation of submarine fibre-optic cable facilitated and integrated with the AU and SADC processes	• To date, eight countries from Eastern and Southern Africa have ratified the Kigali Protocol[1] which is the policy and regulatory framework under which the NEPAD ICT Broadband Infrastructure Network should be developed. The Protocol came into force in February 2008 after it had been ratified by more than half of the 12 countries that signed it. • Ongoing lobbying of the Kigali Protocol was supported, including the revision of the Protocol[2] so to incorporate all African countries. During the reporting period, the revision of the Protocol was done and awaits approval by the African Union Ministers responsible for ICTs.
				Reason for variance: • The scope of the submarine segment of the NEPAD ICT Broadband Network (*Uhurunet*) has been extended to encircle the African continent and provision has been made that it connects every coastal and island country in Africa, as well as connect Africa to Europe, the Middle East and India. This 45 000 km submarine cable is expected to be operational in 2012.
			Development of UMOJANET supported according to plan	• The Department supported the feasibility study of the terrestrial network in Eastern and Southern Africa, which was carried out and was completed in June 2009. The terrestrial segment of the NEPAD Network (*Umojanet*) will interconnect the African countries to one another and will be owned by the NEPAD special purpose vehicle (SPV). • The feasibility study found that there is a total network work size of 29 135 kilometers of which 17 372 km (60%) is operational, while 2 276 km (8%) is under construction, 6 600 km (23%) is planned and the rest, 2 887 km (9%) is required to be built.

[1] *The Protocol on Policy and Regulatory Framework for the NEPAD ICT Broadband Infrastructure Network*

[2] *The Kigali Protocol is applicable to Eastern and Southern Africa – there is a need to review its scope so that West, Central and North African countries can accede*

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual
International Affairs	Multilateral and bilateral ICT programmes	Africa's development promoted through the implementation of multilateral and bilateral ICT programmes	African Multilateral organisations further strengthened in order to achieve information society objectives	• South Africa continues to support the African Union and actively participates in the structures of the AU. In this regard, under the financial year the Department participated in two major AU meetings and the AU Summit 2010, whose theme was dedicated to ICTs. • In July 2009, the Department, led by the Deputy Minister, participated in the second Bureau and third Steering Committee meetings of the AU CIT. The Bureau focused on amongst others, the preparations for the AU January 2010 Summit of Heads of State and Governments dedicated to Information and Communication Technologies (ICTs); strengthening of the AU CIT programme; as well as supporting the implementation of AU CIT programmes. The Bureau adopted the "Programme for Infrastructure Development in Africa", aimed at accelerating infrastructure development in Africa, identifying ICT backbone infrastructure as the key driver for ensuring connectivity, and addressing universal services and access to ICTs. • South Africa was mandated by the AU Bureau to host an Extraordinary Conference of Ministers responsible for ICTs in preparation for the 2010 Heads of State and Government Summit whose theme is *"Information and Communications Technologies in Africa: Challenges and Prospects for Development"*. • The AU CIT Ministerial Conference was hosted in November 2009, and the AU Ministers adopted the Oliver Tambo Declaration as their collective position for the AU Summit. The Oliver Tambo Declaration commits to promote local content and content-based applications, develop definitions for open access, develop cyber legislation by 2012, develop standards and strategies for the postal sector, and encourage regulatory frameworks in Africa. • The Oliver Tambo Declaration was presented to the AU Summit of Heads of State and Government, held in Addis Ababa, Ethiopia from 25 January to 2 February 2010. The AU Heads of States declared their support for key ICT programmes under ARAPKE, the "Programme for Infrastructure Development in Africa", ICT Policy and Regulation and the Postal Sector.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
			• The Heads of States also supported the development of cyber-legislation by 2012 and the migration from analogue to digital. The Summit adopted the Addis Ababa Declaration on Information and Communication Technologies in Africa: Challenges and Prospects for Development, which highlighted the Cyber-legislation, the reduction of interconnection fees and digital broadcasting as key projects for implementation.
			• The Department also participated at the Extraordinary Plenipotentiary Conference of Pan African Postal Union (PAPU) in June 2009, in Cairo, Egypt resulting in promotion of postal reform and development. Key amongst the issues adopted were:
			• The development of modern quality products and services for customer satisfaction;
			• The deployment of ICT infrastructure to postal outlets;
			• The promoting reforms to boost development of the physical, electronic and financial postal network;
			• The establishment of efficient postal outlets and intra-African Mail Transmission Networks;
			• The creation of a single postal territory in Africa through harmonisation of policies, practices and regulations; and enhancement of cooperation with sub-regional postal organisations and
			• The promotion of reforms for sustainable development of the Post
			• South Africa also hosted a PAPU meeting in September 2009 on Postal matters, further highlighting positions taken at the SADC Ministerial Committee for Postal reform.
			• The Department also participated at the Forum on China Africa Cooperation (FOCAC), held in Egypt in November 2009. The discussions centered on cooperation between Africa and China, specifically on training and skills development as well as cooperation on rapid deployment of ICT infrastructure.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
		SADC ICT structures further strengthened in order to achieve socio-economic development and regional integration	• The Department continues to support and strengthen SADC as the regional economic hub. South Africa assumed the Chair of SADC for the period between 2008-2009, and the Government of South Africa focus was to intensify regional infrastructure development, amongst others. ICTs were identified as a pivotal tool in advancing regional development and economic integration. The Department of Communications (DoC) championed and coordinated the ICT infrastructure programme.

• During the RSA Chairmanship period, the Minister of Communications chaired the 2009 SADC ICT Ministerial meeting, which approved the following key ICT projects for implementation:

- SADC Frequency Band Plan
- SADC Home and Away Roaming
- e-SADC Initiative
- SADC Broadcasting Digital Migration Action Plan
- Postal Sector Reform
- Strengthening and reform of SADC ICT sector

• In this regard, the SADC Ministers decided that SADC will migrate from analogue to digital broadcasting by the end of 2013. The Ministers also agreed to harmonise the frequency band plan for the region. The SADC ICT Ministerial meeting also resolved that the SADC Home and Away roaming project should be prioritised in order to address the high telecommunication costs and regulate interconnection in the region.

• Another key issue which the Ministers deliberated on was the convergence of regulatory bodies in SADC. In this regard, the meeting resolved to establish one regional regulatory association for the Communications sector, tasking SADC Secretariat to incorporate Southern Africa Postal Regulator's Association (SAPRA) and Communication Regulatory Authority of Southern Africa (CRASA) into one new converged regulatory body. The Ministers approved the review of the SADC Protocol on Transport, Communications and Meteorology (specifically the Chapter on Communications) in order for it to be applicable to the ICT developments. The Communications issues should address postal, broadcasting, IT and telecommunications convergence.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
			• South Africa also chaired the SADC High Level Postal Strategy Conference on Postal held in Victoria Falls, Zimbabwe on 6-7 August 2009. The purpose of the meeting was for the Ministers to continue discussing the Postal reforms deliberated on at the SADC Ministerial meeting, which included amongst other things, the development of a policy framework and the deployment of ICT Infrastructure in all post offices, as well as the strengthening of postal infrastructure. The meeting also launched the Road Transport Network project, which aims to promote seamless mail delivery by road to the nearest border in line with the international standards on quality of service.
			• Other key milestones to highlight under the Chairmanship period:
			• Reintroduction of SADC Technical meetings were reintroduced, with South Africa chairing and hosting three meetings. These helped to strengthen the governance structure of SADC and ensured that the implementation of ICT programmes is tracked in between Ministerial meetings.
			• The Department effectively participated at the Southern African Postal Operators Association (SAPOA) meeting, thus ensuring that policy frameworks, which were adopted by AU CIT were incorporated into the Regional programme.
			• The DoC hosted a SADC technical meeting in March 2010 in OR Tambo, Ekurhuleni to assess the status of key priority programmes as adopted by the Ministers at their 2009 meeting in Swakopmund, Namibia. The DoC also hosted a Southern African Development Community Permanent Secretaries (SADC) PS meeting on 11 March 2010 in Kempton Park to discuss the migration plan from analogue to digital. The outcome was the need to re-open the debate on the technical standards of Digital Terrestrial Television.
			• The DoC also hosted the SADC Preparatory meeting for WRC-11 and WTSA-12 which was held in May and August 2009 and the outcomes of the meetings were tabled and approved by the SADC Ministerial meeting. The key discussions centred on the limited frequency spectrum in the SADC region and need for efficient usage of it. The Frequency band plan is an ongoing process which continues to be discussed at various SADC fora.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
		Bilateral relations with other African countries further strengthened	• With regards to facilitating ICT economic relations with relevant African countries, the Department finalised the SA–Egypt and the SA–Tunisia MoUs. These MoUs are ready for signing during 2010/11.
			• The Department also hosted a Malawian delegation on an exploratory mission on the establishment of an independent converged regulatory body for Malawi as well as the Ethiopian delegation on a fact finding mission regarding media and broadcasting.
			• The Department facilitated the participation of the SABC and Telkom SA to form part of the business delegation which accompanied the President to Angola on 19 to 21 August 2009. The objective was to explore possible collaboration in the broadcasting and telecommunications sector including forming partnerships in order to increase investment in the economy.
			• Furthermore the DoC facilitated a number of sector visits with the aim of exploring ICT investment in Ghana and to explore partnership agreements with Zimbabwe.
			• The Department facilitated a bilateral meeting with a Minister of the Government of Southern Sudan and a Minister from Mozambique. Minister to enhance existing cordial relations with counterparts during the Annual e-Government Forum held in Mozambique. The objective was to explore collaboration that will assist with ICT developments.

Sub-programme	Output	Performance Measure/Indicator		Actual Performance Against Target
ICT Trade/ Partnerships	IBSA information society annual plan	Increased influence of the South on the ICT global agenda in order to promote an inclusive information society	IBSA information society annual plan with specific actions adopted and implemented	• The Department consolidated and presented the first phase of the IBSA e-Readiness report to other IBSA Partners. Further discussions will be held in order to agree on the methodology for the adoption of e-readiness and formation of the results analysis.
				• An agreement was reached within the IBSA Working Group on Information Society to establish the sub-Working Group on Free Open Source Software. This sub-working group will drive the IBSA Open Source initiative and deliberate on open standards matters and open content adoption.
				• An extranet interface was set up thus allowing easy access to restricted web pages by all working group members of the IBSA countries.
				• A strategy on Content Development and uploading as well as the IBSA Website Training Manual has been developed for further comments by other IBSA partners. This is expected to be finalised in 2010/2011.
			Bilateral relations with countries of the South further strengthened	• The Department secured an agreement with Cuba to assist in e-skills training, as well as joint programme with South Korea on skills development in ICTs. The Government of South Korea sponsored the establishment of an ICT laboratory in RSA. This ICT laboratory is being used to train local officials on e-skills development.
				• The DoC established a SA/Cuba Joint Committee on ICT and the first meeting of the Joint Committee took place in December 2009. The Joint Committee, established under the Agreement Cooperation in the field of ICTs signed by the two countries, will facilitate the implementation of key projects related to software development and human capital development in e-skills, targeting youth in rural areas.
				• The Department has developed draft MOUs for Malaysia, Brazil and France and these will be concluded in 2010/11.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
International Affairs		Favourable positioning of developing countries through active influence in ICT institutions of global governance	ICT Institutions of global governance influenced to address current challenges and their impact on development

- South Africa is committed to participating in the international ICT arena. With this in mind, the Department consulted with SAPO and ICASA on the ratification of the Decisions of the 24th Congress of the Universal Postal Union (UPU), July 2008. The main issues included the alignment of the Postal Payments Service Agreement and the Letter and Parcels Convention, and the need to address the issues of Extra Territorial Offices of Exchange (ETOES) and the implications of ETOES within national legislation.

- In our commitment towards the UPU action programme, South Africa is on target with the implementation of the Nairobi Postal Strategy (NPS).

- South Africa, through the DoC, hosted the Key UPU Content meeting of PAPU Member countries, 22-24 September 2009. The purpose of this meeting was to review the work done so far by the African Support Committee and to develop a coherent African Strategy Document aligned with the UPU Postal Strategy, 2009-2012, in order to safeguard the interest of the African Postal fraternity.

- The Department participated in the UPU Council of Administration meeting that was held in Berne in October 2009, where South Africa presented on best practice in the Postal Policy Regulatory forum on behalf of Africa. Through DoC, South Africa became a member of an ad-hoc committee on UPU Strategy.

- In December 2009, the Department hosted an ITU Capacity Building Workshop for SADC member states. This workshop capacitated policy makers, regulators, and industry players with effective tools for participation in ITU structures and processes. This will contribute towards effective and proactive participation and influence by developing countries in the institutes of Global Dialogue.

- Position papers were prepared for the ITU Council and for the African Regional Preparatory meeting for the ITU Plenipotentiary Conference 2010. The position papers considered South Africa's policies towards the African position adopted in 2009 and the ongoing debates within the ITU Council, especially with respect to the final preparations for the ITU plenipotentiary Conference and the World Telecommunications Development Conference (WTDC) 2010. South Africa chaired the Regional meeting that considered preparations for the WTDC. During the second part of the meeting, South Africa was tasked with coordinating a position on ITU trade marks on behalf of Africa.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
			• The Department, led by the Deputy Minister, participated in the 30th Anniversary of the Pan African Postal Union (PAPU) held in Arusha, Tanzania from 18 to 21 January 2010. The Deputy Minister took part in the Ministerial Roundtable, which discussed the role of the post office in socio-economic development. South Africa was also instrumental in contributing to the debate on the importance of national address systems for quality universal service.
			• The DoC participated in the 8th PAPU Secretariat Management Board meeting in Nairobi, Kenya on 22 and 23 February 2010, as a Board Member. The meeting considered the activities undertaken by PAPU Management Board since its establishment; and the secondment of officials by member countries so to strengthen the PAPU Administration. South Africa was urged to consider deployment of official/s to support the Strategic Planning and Development Department of PAPU. This matter will be resolved in the 2010/11 financial year.
			• South Africa, through the DoC, also participated in the PAPU workshop held to assess the implementation of the Nairobi Postal Strategy and Africa's contribution to the 2010 Universal Postal Union Strategy Conference. The workshop took place from 24 to 26 February 2010. South Africa chaired the workshop by virtue of being the Chair of the African Support Committee (ASC) and the UPU Key Content Committee. The outcome of the meeting was a decision that South Africa, as ASC Chair, should prepare a presentation on behalf of Africa focussing on future perspectives based on experiences and challenges of the Nairobi Postal Strategy in the African context. A related decision was that South Africa should appoint a National Coordinator by the end of April 2010 to ensure that information on the Nairobi Postal Strategy is validated and approved by the respective governments.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
ICT trade/ partnerships	Cooperation agreements	Improved co-operation and understanding to address common policy challenges facing developing countries	• The DoC continues to participate in the Organisation for Economic Cooperation and Development (OECD) discussions hosted by National Treasury. Thee last meeting was held on 27 July 2009 in which research was presented on the impact of ICTs on development. The meeting was valuable in highlighting to Treasury, the UN Economic Commission for Africa, the OECD Development Centre and other key economic sector decision makers, the important contribution the ICT sector makes in the economy.
		Strategic multilateral partnerships implemented (UNESCO, OECD, EU, Cooperation Agreement with ITU and UPU)	• South Africa also participated in an OECD meeting, held in March 2010 in Paris, France. The meeting focused on ICTs and the Environment, and let to a proposed resolution calling for the reduction of carbon emissions by the ICT sector.
			• With respect to the EU and the implementation of the Trade, Development and Cooperation Agreement (TDCA), the DoC has indentified areas of cooperation and these were communicated to the European Commission for consideration and adoption. The main focus of the Cooperation Agreement is to the development of the Information Society in South Africa.
			• With respect to the ITU-UPU Cooperation Agreement, the support programme has been extended to Mozambique, Malawi, Tanzania and Lesotho for use of ICTs to support rural development and entrepreneurship.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target
ICT trade/ partnerships	Bilateral and multilateral engagements	South African positioned as an emerging ICT market by 2010	South Africa's economic interests in the ICT Sector promoted through bilateral and multilateral engagements

- A DoC delegation headed by the Minister participated at the ITU Telecom World exhibition and forum, which took place in Geneva from 5-9 October 2009. The Minister participated in Forum discussions with Industry leaders dealing with the future of regulations thus providing positive exposure for South Africa as the destination of choice to the international investment community. The forum allowed for high level networking, information sharing on initiatives and challenges facing the International community, and the consideration of best practice in terms of policies and programmes.

- The Department continues to work with the ICT sector in promoting South Africa as a leader in the electronic manufacturing industry and as a developer of open source software applications.

- The Department continues to champion and support key ICT development issues, including the development of a cyber-security framework for the region and continent as well as collaboration in the rapid deployment of an ICT backbone and reducing the costs to communicate so as to accelerate Africa's development.

PROGRAMME 3: ICT POLICY DEVELOPMENT

PURPOSE

Develop ICT policies and legislation that support the development of an ICT sector that creates conditions for accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICTs by the majority of the South African population, thus bridging the digital divide.

MEASURABLE OBJECTIVES

- Contribute to the reduction of the cost of telecommunications by developing policies and implementing a Programme of Action aimed at achieving a 25% improvement in the cost, quality, availability and usage of ICTs by March 2010.

- Broaden participation in the economy and increase Universal Service and Access by ensuring that 50% of South African homes have individual postal addresses by 30 March 2010.

- Improve access to and modernise broadcasting services in South Africa by facilitating the implementation of the Broadcasting Digital Migration Policy to ensure a smooth transition from analogue to digital broadcasting by November 2011.

- Contribute to the development of a competitive electronics manufacturing industry by participating in finalising the Set Top Box Manufacturing Strategy, which aims to ensure that the set top boxes are locally manufactured, by March 2009.

SERVICE DELIVERY OBJECTIVES

This Programme has six (6) sub-programmes:

- ***ICT Policy Development*** is responsible for drafting 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 Analysis, Market Modelling and Research*** is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sectors in order to determine trends and make growth projections. The sub-programme undertakes market research to explore areas which require policy intervention.

- ***ICT Uptake and Usage*** is responsible for ensuring that the ICT industry adheres to and implements policy and legislation, and undertakes research to determine the extent to which policies are being implemented in the broadcasting, telecommunications, postal and IT sectors.

- ***Inter-Governmental Relations*** is responsible for building, restoring and maintaining relationships with the three (3) spheres of Government.

- ***South African Broadcasting Corporation: Community Radio Stations*** focuses on extending signal distribution to reach all communities, and extending community multimedia services at selected nodal points.

- ***South African Broadcasting Corporation: Programme Production*** makes transfers to the SABC and other entities to produce programmes with local content on issues relating to youth, women, children, the disabled, and HIV and Aids, for commercial and community radio stations.

KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme's targets set for the period under review.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
ICT Policy Development	Integrated National ICT Act	Integrated National ICT Act by 2012 that advances convergence of the ICT sector	Integrated National ICT Policy approved	It should be noted that the development of an Integrated ICT Act was envisaged to be done in phases. Phase one would involve the establishment of legal frameworks to govern the activities of the SABC, SAPO and Post Bank. The process of developing such legal frameworks would require that all provisions that are in the Broadcasting Act and in the Postal Services Act are migrated into the proposed Bills. Thereafter the Department would begin with the process of developing an Integrated ICT Policy Framework. The actual performance is as follows: • The Department conducted extensive research and analysis of current legislation. This informed the development of a draft concept paper on the Integrated ICT Policy Framework. This Draft Concept Paper will be the basis for discussions during the colloquium which is to be held during the month of June 2010. Following the colloquium, the Department will begin the process of developing the ICT Policy Framework. • A draft Electronic Transactions Policy document was completed following research into global practices with regards to the reasons and need to improve aspects of the Electronic Communications Transaction Act of 2002. This policy document will feed into the Integrated ICT Policy Framework. Reasons for variance: • The Integrated National ICT Policy was not finalised and approved largely due to HR capacity constraints.
ICT Policy Development	Policy Guidelines on improvement with regard to cost, quality, availability and usage of ICTs	Improvement with regard to cost, quality, availability and usage of ICTs in line with world class standards by 2014	25% reduction in the number of days to receive authorisation to roll out electronic communications facilities	Policy guidelines on the rapid deployment of submarine cables were developed and gazetted for public comments. These guidelines are aimed at reducing the number of days to receive authorisation to roll out electronic communications facilities. Reasons for variance: • The process of finalising the draft guidelines, following the receipt of comments, could not be concluded due to the fact that there was disagreement on environmental issues from the Department of Environmental Affairs. Once such an agreement is reached, the Department of Communications will be in a position to gazette the final guidelines.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual
ICT Policy Development	Legislative Framework for Public Service Broad-casting and SAPO	Implementation of ICT policies and strategies	Legislative Framework for Public Service Broadcasting and SAPO developed	• The Draft Public Service Broadcasting Bill was published for comments in the last quarter of this reporting period. This Bill was informed by an extensive consultation process with relevant stakeholders in all nine (9) Provinces on a Discussion Document on Public Service Broadcasting. • The South African Post Office (SAPO) Bill was approved by Cabinet in November 2009 and subsequently introduced to Parliament and debated in the Portfolio Committee on Communications during the last quarter of this reporting period. This Bill was informed by extensive public consultation in all nine (9) Provinces. It was consulted with key ministries of the Economic Cluster as well as the Industrial Strategy Focus Group. It is expected that the Bill will be promulgated into law during the new financial year. Reasons for variance: • In view of the fact that the Public Service Broadcasting Bill is such a comprehensive document dealing with public service broadcasting in the broadest sense as well as the fact that it proposes an alternative model to fund public broadcasting services, the Department agreed with the requests from the public to provide a longer period for comments. This resulted in the delay of introducing the Bill to Parliament.
ICT Policy Development	Feasibility Study reports	Implementation of ICT policies and strategies	Implementation of the feasibility study on the managed liberalisation of the Postal Sector	• No substantial progress was made. Reasons for variance: • The development of the SAPO Bill and the Post Bank Bill was prioritised due to HR capacity constraints.

Actual Performance Against Target

Sub-programme	Output	Performance Measure/Indicator	Target	Actual
Economic analysis, market modeling and research	Relevant Policy directives issued	Improvement with respect to cost, quality, availability and usage of ICTs in line with world class standards by 2014	25% improvement with respect to cost, quality, availability and usage of ICTs across the Sector	• Following negotiations with operators, it was agreed that the Mobile Termination Rate (MTR) will be reduced from a peak rate of R1.25 to 89 cents. This reduction in interconnection rates will not only enable a reduction in telephone costs by the end-user, but will also enable more players to enter the market, thereby contributing to job creation and economic growth. • The aforementioned reduction results from the implementation of one of the key elements of an extensive Programme of Action (POA) to Reduce the Cost to Communicate that was developed and submitted to Cabinet for noting during this reporting period. Reducing interconnection rates and expediting the development of interconnection regulations by ICASA was identified as a priority item on the Programme of Action, as the benchmark study that informed the POA indicated that interconnection was a major impediment to sector competitiveness. The Department therefore conducted two (2) regulatory impact assessments with regard to interconnection. The aim was to explore various approaches to interconnection reduction and to recommend the most effective approach for South Africa. Following a call by the Portfolio Committee to reduce mobile termination rates (an element of interconnection), the Department issued a policy directive in support thereof and also conducted an impact assessment on the cost implication of the directive to operators. However, in the third quarter of the reporting period the Department withdrew the policy directive as a result of negotiations with operators to reduce to MTR.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual
				• The outcomes of the benchmarking study on the performance of South Africa's telecommunications sector against five (5) countries in respect of cost, quality, availability and usage, which informed the development of the POA, and the draft POA, were debated with key stakeholders such as ICASA and USAASA as well as Cabinet structures related to the Economic Cluster. • In order to expedite the implementation of the POA, an Interdepartmental Task Team was established under the leadership of the Department of Communications and comprises the Departments of Trade and Industry, Science and Technology, as well as the National Treasury, The Presidency, USAASA and ICASA. • The Department also developed a draft developmental pricing model for the BPO sector. This is a result of the fact that high telephone costs were also identified as the key inhibitor to growth in Business Process Outsourcing, a highly labour intensive sector. This model will be finalised in the new financial year.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
ICT Policy Development	Improvement in use of radio frequency spectrum and provision of services in a multiplicity of languages	Digital Migration achieved by 2011	Digital migration Strategy Implemented (Phase 1)	• The Digital Dzonga Council was formally launched by the Minister in July 2009. The Council was mandated to coordinate all BDM related intiatives in South Africa. The Minister thereafter approved the establishment of Digital Dzonga as a government component in August 2009. He also approved the organisational structure for the Digital Dzonga Office and subsequent process to recruit the required staff. The Digital Dzonga Council held ten meetings during the reporting period and submitted three (3) Digital Terrestrial Television State of Readiness reports to the Executive. However, a decision to dissolve the Digital Dzonga Council was taken in November 2009 due to potential conflict of interest within the Council. • The Department developed a draft Scheme for Ownership Support (SOS), which was widely consulted with the Digital Dzonga, USAASA, the SABC, Statistics South Africa, SASSA, and the Department of Cooperative Governance and Traditional Affairs. This was followed by a consultation workshop with manufacturers, retailers and distributors of Set Top Boxes (STBs) and a presentation to the Directors-General Infrastructure Cluster. The latter decided that the Department of Communications, National Treasury, the Department of Trade and Industry and the Department of Science and Technology will further develop a rollout plan for the SOS and ensure that the SOS Strategy is aligned to the STB Manufacturing Strategy.
ICT Policy Development	Globally competitive electronics manufacturing industry by 2019	STBs manufactured in line with approved SABS specifications	1.5 million locally manufactured STBs distributed in the market	• The Draft STB Manufacturing Sector Development Strategy was developed and gazetted for public comment. The updated Strategy was presented during a national STB Manufacturing Summit to further solicit inputs from wider stakeholder groups and members of the public. It is envisaged that the Strategy will be presented to Cabinet for approval in the first quarter of the new financial year. • The STB volumes allocation criteria were also finalised and work commenced to finalise the STB control system. Reasons for variance: • No STBs were distributed as manufacturing is dependent on the finalisation of the STB Manufacturing Sector Development Strategy. However manufacturing of STBs is expected to commence in the 2010/11 financial year.
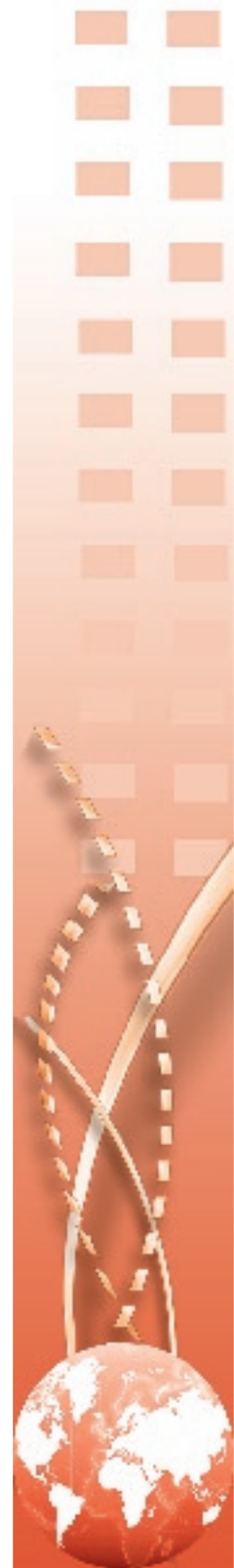
Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	Actual
ICT Policy Development	Competitive local content and digital content industry by 2019	Diverse content which can be digitally distributed in multiple languages and platforms.	55% increase in local content and digital content output	• The Local and Digital Content Strategy was gazetted for public comment. The finalisation of the Strategy was delayed due to capacity constraints. Reasons for variance: • The target could not be met as the finalisation of the Local and Digital Content Strategy was delayed due to HR capacity constraints.
Economic analysis, market modeling and research	Quarterly statistical bulletins	Reliable ICT data	Make the DoC an authoritative voice on ICT Policy and Statistics	• Monthly reviews of ICT data were conducted and placed on the DoC website. A booklet on ICT statistics was released based on BMIT data which focused on the cost to communicate in South Africa. These booklets were also distributed in Parliament.
ICT Policy Development	Postal Addresses	90% of South African homes with postal addresses by 2014	50% South African homes with Postal Addresses	• Although substantial progress was not made, a draft framework and Rollout Plan for postal addresses was developed. Reasons for variance: • There was no further substantial progress largely due to HR capacity constraints and the prioritisation of other projects.
ICT Policy Development	Corporitised Post Bank	Corporatisation of Post Bank	Corporitisation of the Post Bank concluded	• The Post Bank Bill was approved by Cabinet in October 2009 and subsequently introduced to Parliament and debated in the Portfolio Committee on Communications in the last quarter of the reporting period. The Bill underwent extensive stakeholder consultation including key Ministries of the Economic Cluster, the Industrial Strategy Focus Group and the FOSAD (Forum of South African Directors General) Cluster. • The Bill has not as yet been enacted as it is dependent on the Parliamentary process.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
ICT Policy Development	Universal Postal Union (UPU) outcomes implemented	Full implementation of the UPU outcomes	South Africa's policy positions at the UPU meetings advanced with a view to address current challenges and their impact on development	• A National Stakeholder forum was established with the Department of Communications, ICASA, SAPO and the Department of International Relations and Cooperation to develop common policy positions for future UPU meetings and to coordinate activities before and after major UPU conferences. • South Africa, through the Department of Communications, chaired the Pan African Postal Union (PAPU) workshop on the assessment of the implementation of the Nairobi Postal Strategy session and a report was produced. South Africa was mandated to champion UPU key content matters towards the Strategy conference which is to be held in September 2010. The report covered African positions in the areas of terminal dues, market access, reform of the Union, etc. • The Department provided a policy position at the PAPU Africa Support Committee meetings in preparation for UPU meetings and the UPU Administrative Council meeting. One of the meetings provided an assessment on the implementation of the Nairobi Postal Strategy by PAPU member countries and identified content issues to be included in the Doha Postal Strategy in 2012.

ICT Policy Development	World Telecommunications Development Conference (WTDC) outcomes implemented	Full implementation of the outcomes of the WTDC	South Africa's policy positions at the WTDC meetings advanced with a view to address current challenges and their impact on development	• South Africa, through the DoC, participated in the Africa Regional Preparatory meeting for the WTDC of which the following five Regional initiatives were agreed upon and supported by South Africa:
				
				   • Capacity building of institutional and human resources
				   • Strengthening and harmonising of political and regulatory frameworks for the integration of African telecommunications
				   • Development of large band infrastructure and achievement of Regional interconnectivity and worldwide access
				   • Implementation of new digital broadcasting techniques
				   • Implementation of the "Connect Africa" Kigali 2007 Summit recommendations
				
				 Reasons for variance:
				 • Progress was hindered largely due to HR capacity constraints and the prioritisation of other projects.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual

Intergovern-mental Relations (IGR)	Provincial Growth Development Strategies (PGDSs) and Integrated Development Plans (IDPs) reflecting the ICT Agenda	ICT agenda integrated in all spheres of government so as to contribute to socio-economic development	ICT agenda integrated into three PGDSs and IDPs	• In its efforts to promote the ICT agenda across all spheres of Government, the Department participated in various Izimbizo and Government communications campaigns across numerous Provinces, with specific focus on district and local Municipalities.
				
				• Working arrangements between the DoC and the Eastern and Western Cape Provincial and Local Governments were established to enhance participation in marketing ICT agenda.
				
				• The Department participated in several Inanda-Kwa Mashu-Nkandla (INK) Joint Government Technical Forum Meetings on intergovernmental planning and coordination in KZN where the INK business plan for 2009/10 was discussed and contributions were made to ensure that ICT related matters are addressed in the Plan.
				
				• In order to give visibility to ICT related initiatives, the political principals visited the following areas:
				
				  • Muyexe in Giyane: Celebration of World Post Day (WPD)
				
				  • Durban's INK Node: A Public Participation Week event (Imbizo), as well as the launch of the Inanda and Vibe community radio stations
				
				  • Indermark, Limpopo: The launch of low power transmitters for improved television and radio broadcasting.
				
				• With regards to the implementation of the IGR Framework, the Department established a formal Inter-Branch Committee which facilitated the sharing of information on projects to be implemented.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
Meraka e-Skills	Syllabi to be based on latest research and to produce students with ICT skills required by society	Interim operational by 1 April 09 Fully operational by January 2014	Meraka e-Skills Institute established	**FURTHER EDUCATION AND TRAINING ICT PROGRAM** • Multimedia Curriculum NQF Level 4 subject guidelines were approved and completed in collaboration with the Department of Higher Education. Briefing of the publishers for Multimedia Curriculum textbooks was conducted and moderators and examiners were also identified for the Multimedia Curriculum. • Significant progress has been achieved with the development of a Higher Certificate of NQF Level 5 with the Department of Higher Education and other stakeholders Consultations were held with Further and Education and Training (FET) College CEOs and a final MoU has been prepared, and is ready for signature. • Programmes with 24 FET ICT focused Colleges are at an advanced stage and draft MoUs were presented to the FET Colleges for further consultation. Some FET Colleges have already indicated their willingness to sign. • The Department commenced with an open source training programme in order to Train-the Trainer in "My e-skills Free and Open Source Software (FOSS) Training". This training was done on CHISIMBA, which is rapid Application Development Framework software, which forms part of the broader AVOIR[3] project. The training was done in collaboration with the University of the Western Cape (UWC) and the South African-Finland Partnership (SAFIPA). Three (3) FET Colleges participated in this training.

[3] AVOIR is a multi-national network of at least 13 African universities and several international organisations and companies to build capacity in Free and Open Source software engineering in Africa through collaborative development, deployment and support of software products

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
				Collaboration, Research Network and Thought leadership • Six (6) universities, namely Durban University of Technology, University of the Western Cape, University of Pretoria, Walter Sisulu University and Eidos Foundation in Australia (network of 10 universities in Australia) have already signed MoUs in order to collaborate and establish a dedicated e-Skills Research Network and to provide thought leadership. The network will amongst others, direct research in e-skills development as well as areas for development, new technologies and determine research areas for senior degrees in e-Skills. • Work also continued on the MoUs with the Umgungundlovu District Municipality, Wits University, INGRES (largest open source database), State Information Technology Agency (SITA) and SAFIPA. MoUs are expected to be signed in first quarter of the 2010/11 financial year. **South Africa-Korea Information and Communication Technologies Cooperation Centre (ITCC) Collaboration** • MoU was signed with Telkom SA in order to have the ITCC computer Lab relocated to the Telkom Learning Centre at Olifantsfontein, after which the ITCC computer Lab will be used for training which is scheduled to commence in first quarter of the new financial year. The training will focus on e-skills development i.e. imbedded software training, multimedia training, convergence, FOSS and e-governance training. The training will be provided to teachers and learners of FET colleges, university students and later also to unemployed individuals. • An e-Government Workshop involving a number of stakeholders was held on 3 December 2009 in Centurion, with numerous Government Departments (DoHE, DST, DTI), Business (IBM, Microsoft, Sun etc) and Academia (Wits, University of Johannesburg) participating. The purpose was to showcase how e-Government is implemented in Korea as well as identified projects that could be launched in SA to pilot e-Governance. An interim working group was established to prepare recommendations for the general workshop planned for the second quarter of 2010/11. • A meeting of the Joint Steering Committee between SA and South Korea representatives was held on 11 December 2009 to report on activities and budgets for 2008/09, and confirm the plan of action for 2010.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual

Actual Performance Against Target

The Information Society Institute (TISI) Agreement/Contract

- TISI was contracted to deliver on eight projects that will assist with the establishment of the e-SI. The projects are as follows:

  - The establishment of an e-Skills research network
  - 2010 Legacy Project
  - Path to the Summit
  - e-Skills Summit
  - Rotating Sabbaticals
  - Establishing a Commonwealth of Learning office
  - Shared Knowledge Centres
  - Funding Mechanism for Research Network

- During the period under review two (2) forums were held with key ICT industry stakeholders (representing corporate, academia, government and civil society). The forums were held on 20 January and 16 February. The final outcome of the forums was a completed version of the 4x4 model which indicates which companies play in which area of skills development.

- The final funding model for the research network was developed. This will be used to operationalise the collaboration between the e-Skills Institute (e-SI) and its partners in government, civil society and industry. In addition it provides a mechanism to fund the operations of such collaboration.

- Meetings with Vice-Chancellors of four (4) universities were held to establish a dedicated e-Skills Research Network as well as obtain buy in for the Summit. The outcome of the meeting was to gain support for e-Skills Research Network and identify key persons to represent each university on the network as well as gain support and commitment for the e-Skills Summit.

- Furthermore, TISI appointed two (2) new directors in order to address the problem of insufficient human resource capacity. Work was also initiated on obtaining sponsorships for the e-Skills Summit that will be hosted on behalf of the e-Skills Institute. The purpose of the Summit is to develop a plan of action in order to enhance e-Skills training in the country as a whole and for the e-SI to provide thought leadership for this sector.

PROGRAMME 4: ICT ENTERPRISE DEVELOPMENT

PURPOSE

Oversee and manage Government's shareholding interest in public entities, in a manner that improves the capacity of the state to deliver on its mandate, and support the speedy attainment of national goals and priorities. Ensure, through the use of ICTs, the development of the small, medium and micro enterprise (SMME) sector.

MEASURABLE OBJECTIVES

- Promote good governance in public entities by undertaking corporate governance reviews and monitoring compliance with corporate governance protocol and the applicable legislation in all five public entities every year.

- Promote sustainable economic development in the ICT sector by aligning the business and investment plans of public entities with the strategic objectives of the Department by analysing corporate plans and signing shareholder compacts every year.

- Improve the performance of public entities in the ICT sector by monitoring the implementation of their business and investment plans by analysing quarterly performance reports, annual reports and other ad hoc reports during the course of every year.

- Promote sound financial management practices in public entities by continuously monitoring expenditure on projects funded by the fiscus and assessing their financial sustainability by analysing quarterly financial reports, annual financial statement and other ad hoc reports during the course of every year.

- Facilitate the growth and development of SMMEs and improve their sustainability by ensuring that 4 000 enterprises have access to and use ICTs by March 2010.

SERVICE DELIVERY OBJECTIVES

The ICT Enterprise Development Programme has two sub-programmes:

- **Public Entity Oversight** oversees state-owned enterprises to improve Government's capacity to deliver on its mandate, and effectively manages Government's shareholder interests in public enterprises in a manner that supports the speedy attainment of national goals and priorities.

- **Small Medium and Micro Enterprise Development** promotes the development of the small, medium and micro enterprises (SMME) sector through the use of ICTs.

KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme's targets set for the period under review.

Actual Performance Against Target

Sub-Programme	Output	Performance measure/Indicator	Target	Actual
SMME Development	STB's manufactured in line with approved SABS specifications	Globally competitive electronics manufacturing industry by 2019	1.5 million locally manufactured STBs distributed in the market	• The Department, in its quest to facilitate the involvement of SMMEs in the STB manufacturing industry, had discussions with STB manufacturers and other relevant stakeholders to determine the status of SMMEs involved in electronics, with an emphasis placed on installations. It has been established that there are currently about 3 000 installers and that approximately 2 000 more will be required for Digital Terrestrial Television (DTT) roll-out. • Preparations are currently underway to facilitate the actual business linkages; however, this process will only kick off once DoC has appointed a consortium to take this work forward. This requires extensive stakeholder consultation on the various elements of the Broadcasting Digital Migration (BDM) process. The business linkages will allow SMMEs to participate in the various elements of the BDM value chain, i.e. packaging, installation, distribution, repairs and maintenance. • With regards to facilitating the capacity building of SMMEs within the electronics manufacturing sector, the Department has engaged some of the manufacturers who are planning to set up an installer's school to train SMMEs on STB Installations. Should these manufacturers be favourably considered for the BDM process, DoC will leverage on this infrastructure to capacitate installers in all Provinces. • Furthermore, a Draft Capacity Building Programme has been developed and will only be implemented upon the appointment of manufacturers. Reasons for variance: • Major challenges which hindered substantial progress in this target were the delay in the broader BDM programme. The components of BDM are interdependent, therefore the consultations with stakeholders resulted in the appointment of the manufacturers being delayed, hence no set top boxes were produced.

Actual Performance Against Target

Sub-Programme	Output	Performance measure/Indicator	Target	Actual
SMME Development	Web portal for women in construction	Growth and increased business efficiency of SMMEs through increased uptake and usage of ICTs and the linkages of ICT enterprises to new opportunities in the sector by 2014	3 500 SMMEs accessing and using ICTs for the first time	• The Department facilitated the development of a web-portal for Women in Construction to improve their competitiveness. • The Web portal content was gathered and contractors were identified together with key stakeholders such as the Construction Industry Development Board (CIDB), Department of Public Works (DPW) Independent Development Trust (IDT)and Department of Trade and Industry (DTI). • As a result, 3 000 women contractors within grading Levels 2-6 were identified and profiled in consultation with the Construction Industry Development Board (CIDB). The focus was on grading levels 2-6 as it relates to construction companies that are small to medium and registered with the CIDB to bid for construction projects from R500 000 to R10 million. • The domain name has been registered as **www.wic.gov.za** and the development of the web portal has been finalised and will be activated by end of April 2010 after which utilisation will be monitored. • The Department further intended to assist 500 tourism SMMEs with e-commerce websites. To this end, a team was put together to build the portal. The domain name has been registered as **www.tourismportal.gov.za**. • The development of the web portal has been finalised and will be activated by end of April 2010 after which utilisation will be monitored.
SMME Development	ICT business linkages		15 ICT business linkages facilitated	• To facilitate ICT business linkages to high-value opportunities in the ICT sector, the Department identified and profiled 15 ICT companies. The Department then initiated a process of identifying opportunities. The resulting recommendations were centred mainly on export markets. Reasons for variance: • The business linkages were delayed due to administrative adjustments but have since been approved by the Departmental Bid Adjudication Committee and will be proceeding as planned.

Actual Performance Against Target

Sub-Programme	Output	Performance measure/Indicator	Target	Actual
Public Entity Oversight	Fully aligned Shareholder Compacts and Strategic Plans	Improvement in effectiveness and efficiency of ICT SOEs to deliver on relevant government mandate	SOE Shareholder Compacts and Strategic Plans aligned with government priorities	• Corporate and Strategic Plans of Plans of SOEs were received and reviewed. • Corporate/Strategic Plans were discussed with the Boards of SOEs during bilateral meetings that took place during June 2009. • Shareholder Compacts were analysed and approved. Minister instituted a Turn-Around Task Team for both Sentech and the SABC to review the Corporate Plans which constitute a basis for concluding the Shareholder's Compact. • SABC appointed a task team to oversee the finalisation of the 2010/11 Shareholder's Compact.
			Performance of SOEs monitored against set KPIs as per their Corporate Plans	• Quarterly performance reports that were submitted by the SOEs were analysed and, where necessary, feedback was prepared for the Minister's consideration and signature. In certain instances, meetings were held with SOEs to discuss their quarterly performance. • Annual Reports of SOEs were analysed and submitted to the Minister to be tabled in the National Assembly.
			Monitor implementation of the recommendations of corporate governance review report on SOEs and compliance with applicable protocols and legislation	• During the first quarter, the recommendations of the review of Corporate Governance were discussed with the SOEs. • With regard to reviewing Articles of Association, the Department facilitated a round table discussion on the new Companies Act as part of the process of identifying areas in the Articles of Association which will require a review before the Act comes into operations. • The Department facilitated the Cabinet approval of several Chairpersons of Boards, and Non-Executive Directors of SOEs, thus ensuring that Board complements have been monitored and replacements have been made where vacancies arose. • Implementation of the corporate governance review report by SOEs and compliance with applicable protocols and legislation were monitored through the quarterly reports submitted by SOEs.

Sub-Programme	Output	Performance measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
			SOE's funding requests procured	• The Department facilitated the process of consolidating the funding plans of SOEs into the MTEF.
				• The payments of drawdown funding transfers of SOEs in accordance with the approved drawdown schedules was facilitated and expenditure in terms of possible deficits or surpluses was continuously monitored through the reports that entities submitted on how the previously transferred funds have been utilised.
				• The funding requests of SOEs through the MTEF and the Adjustment Estimates Budget processes were analysed in order to ensure compliance with the Treasury Guidelines.
				• Expenditure reports and cash flow forecasts from SOEs were analysed and transfer of payments was made in accordance with the approved drawdown schedule.
				• A workshop for the transfer of funds was organised with all the entities. This was done to create a common understanding in respect of the framework for the transfer of funds as well as various other considerations in transferring funds.
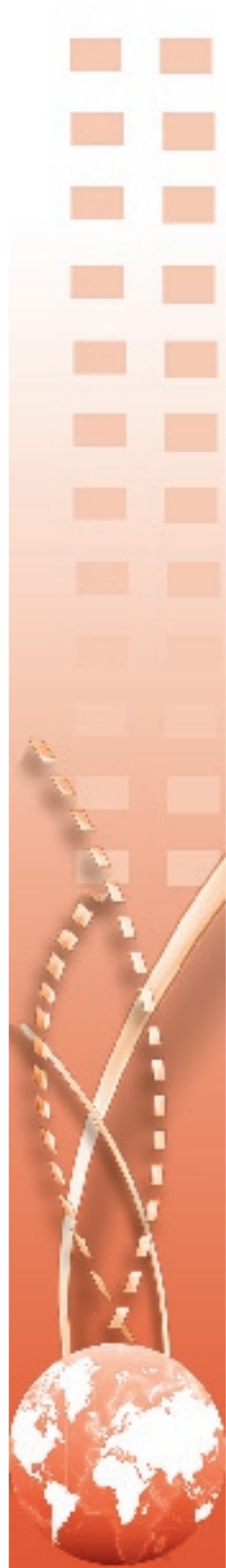
PROGRAMME 5: ICT INFRASTRUCTURE DEVELOPMENT

PURPOSE

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 broader South African population.

MEASURABLE OBJECTIVES

- Ensure that the allocation of the radio frequency spectrum is in the national interest and promotes diversity by developing a national Radio Frequency Spectrum policy, taking into account the decisions of the International Telecommunications Union's world radio communications conference, by March 2010.

- Create favourable conditions for the accelerated and shared growth of the South African economy by ensuring an increase in the access, uptake and usage of ICT by implementing a municipal and provincial broadband policy by March 2010.

- Increased Universal Access to ICTs by financial connectivity to 20% of Municipalities, schools and local houses of traditional leaders by March 2010.

- Monitor and evaluate the implementation of the Government ICT guarantees for the 2010 FIFA World Cup, specifically the primary and secondary fibre optic cable uplink connectivity and international connectivity, by December 2009.

- Contribute to building confidence and security in the use of ICTs and enabling environment to maximise investment in the ICT sector by completing the cyber security framework in 2009/10.

SERVICE DELIVERY OBJECTIVES

- ***Applications and Research*** is responsible for technology research and analysis, applications and content development; analysing the legal environment to promote infrastructure technologies and managing the use of the national frequency spectrum;

- ***Meraka Institute*** does research and develops ICT applications that aim to benefit all citizens.

- ***112 Emergency Call Centre*** provides a single national emergency number, from which all emergency calls will be routed to the most suitable local response unit.

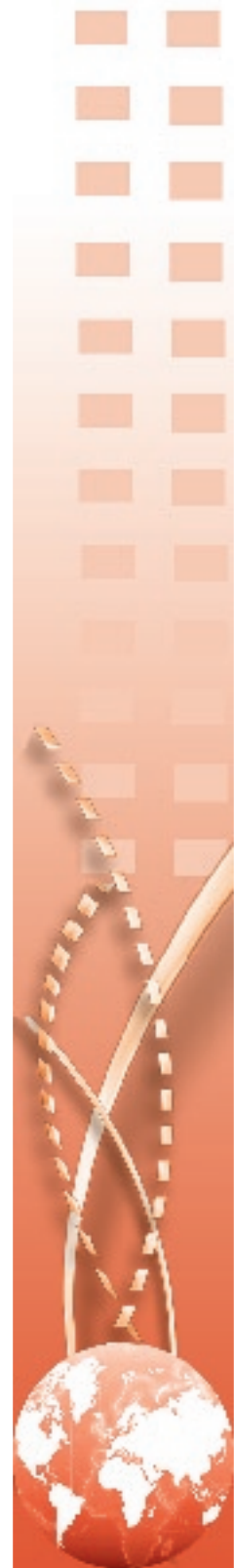- ***.za Domain Name Authority*** is responsible for administering and managing the .za domain name space.

KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme's targets set for the period under review.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
Applications and Research	Approved Broadband Policy	Broadband access and availability improvement at Municipal and Provincial Levels	Broadband Policy approved and National, Provincial and Municipal Broadband Strategies developed	• The Department developed a draft Broadband policy which was gazetted for public comment. The public consultation process was finalised in the third quarter through the hosting of a Broadband Colloquium on 18 and 19 November 2009 which provided members of the public and the industry with a further opportunity to provide their input on the policy and deliberate on some of the more contentious points in the policy. The updated Policy document was then submitted to Cabinet for approval.

• Upon first submission to the Cabinet Committee it was recommended that further deliberations on the policy take place in an Inter-Ministerial Committee comprising the Departments of Communications, Economic Development, Co-operative Governance and Traditional Affairs, Public Service and Administration, Public Enterprises and Science and Technology. Following two (2) Inter Ministerial Meetings on 9 and 16 March, the policy was updated and is to be presented at the Cabinet Committee on 14 April 2010.

• The DoC also developed a draft National Broadband Strategy, which will act as guidelines, and will be finalised through the Broadband Inter-Governmental Implementation Committee.

Reasons for variance:
• The Broadband Policy was not approved by Cabinet on the first submission on 10 March 2010 as it was recommended that further deliberation take place in an Inter-Ministerial Committee, however the policy is to be presented at the Cabinet Committee again on 14 April 2010 for final approval. |

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
	Cyber Security Policy and Implementation Strategy	Secured South African cyber-space Cyber Security Policy and Implementation Strategy approved by Cabinet by March 2010	Cyber Security Policy and Implementation Plan developed	• A draft Cyber Security Policy was developed which underwent extensive consultation with various stakeholders including Departments of the Justice Crime Prevention and Security (JCPS) Cluster, substructures of the JCPS Cluster (Joint Operational and Intelligence structures (JOINTS), Development Committee (DEVCOMM), National Intelligence Coordinating Committee (NICOC) and the JCPS Cluster. • The Department also went further to develop a working document on the Cyber Security Implementation Plan, however further progress on the document was not achieved due to lack of HR capacity.
				Reasons for variance: • Due to the extensive consultation that was required, the Department was unable to finalise the Cyber Security Policy for submission to Cabinet, however it is envisaged that the Policy will be finalised and submitted for Cabinet consideration no later than the first quarter of 2010/11

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual
	Secure cyber environment	Secure cyber environment through establishment of Computer Security Incident Response Team (CSIRT), protection of critical information infrastructure and national cyber security awareness	Critical Information Infrastructure (CIIP) identified	• The Department commenced with the process of identifying critical database/infrastructure for organs of State. • The Department developed the first draft of Regulations on the Critical Information Infrastructure • Pursuant to the WTSA-08 call for countries to develop CSIRTs, COMSEC has established the Government CSIRT which was accredited to the Forum of Incident Response Teams (FIRST) in 2009 and is now operational. At the request of the Department of State Security, the DoC is facilitating cooperation between the Government CSIRT and Internet Service Providers Association (ISPA). • A Draft Business Case for the establishment of a National CSIRT, was developed. Reasons for variance: • The process of identifying critical database/infrastructure for organs of State was hindered due to the restructuring of the Department of State Security. • The Regulations could not be finalised due to their technical nature. It was crucial to source the necessary expertise to develop effective regulations to ensure compliance to relevant regulations. Legal consultants were subsequently appointed, and the matter will be concluded during the next financial year. • No further progress was made on the establishment of the National CSIRT largely due to HR capacity constraints.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
	Integrated ICT infrastructure audit report	Audit incorporating all ICT infrastructure	Integrated ICT infrastructure audit conducted	• The Department collated data sets on Government infrastructure after which the GIS web application was updated. • Furthermore, spatial datasets on ICT infrastructure were gathered and the mapping of infrastructure datasets was also completed. The DoC was thereafter able to develop a draft ICT infrastructure audit report in March 2010 focusing on the information that was collected.
	Fulfillment of all 2010 ICT Guarantees	2010 ready ICT Infrastructure in accordance with the guarantees and LOC/DoC Agreement	ICT Infrastructure for FIFA Confederations Cup and International Broadcasting Control Centre (IBCC) fully operationalised. FIFA 2010 Legacy plan approved	• In its efforts to fulfill its FIFA 2010 ICT Guarantees, the Department installed, tested and commissioned the Access Network at all FIFA Confederation Cup (FCC) venues in May 2009 after which the video adaptation equipment (VandA) was implemented in first week of June 2009. The Telkom Access Network was installed at all the stadiums and the International Broadcast Centre (IBC). In June 2009, the 2009 FIFA Confederation Cup (FCC) Games operated without any major incidents. • With regards to VandA, Media Broadcast South Africa (MBSA) Lab testing and field trials were completed in December 2009 while Telkom Lab testing was completed in March 2010. • Furthermore, the Telkom Carrier Rooms (TCRs) at all venues were completely installed, and are currently being tested. The Technical Operations Centre (TOC) portion of the access network will be installed in April and May 2010. Telkom revisited the environmental and power arrangements at the FCC stadiums. Telkom devised a power plan for the stadia, for pre-event and during the event. Telkom/Eskom sessions were also held for the plans around Eskom powered exchanges. Sessions with the municipalities for the municipal-powered exchanges were also set up for April 2010.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
				• With regards to monitoring the implementation of the Satellite Back-up Network, the Satellite Back-up at all stadiums was implemented in the first week of June 2009 for the FCC games. The Satellite Network was implemented as per project plan, and operated effectively, with no outages during the FCC games.
				• For the 2010 FWC games, all satellite stadium back-up links were installed and preliminary tests have been completed. The final commissioning and testing will commence once the satellite and the downlink is operational at the second Teleport, which is due in May 2010.
				• For the FCC games the world feed uplink was located at Ellis Park. This was successfully installed, tested and operated without any major outages for the duration of the FCC games. For the 2010 FWC games this dish has been relocated to the second Teleport. The Department of Public Works (DPW) finalised a ten year lease agreement with Sentech to utilise their land for the second Teleport, with an option to renew it afterwards for another ten years.
				• The 22nd Teleport dish plinths for all 4 dishes have been completed and the dish assembly for the two (2) dishes, of 13m and 9m, has commenced and is on schedule for delivery by end of May 2010. The second Teleport building is also on schedule and is about 50% complete, i.e. foundation, walls and concrete roof, and will be ready for practical completion by end May 2010.
				• With regards to the IBC refurbishment, the refurbishment was completed in December 2009 after which the building was handed over to Host Broadcasting Services on 4 January 2010.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual

				• The DoC concluded a Funding Agreement with the City of Johannesburg for the upgrade of the Johannesburg Expo Centre facilities including the adjoining satellite farm. The projects funded are mainly toward Information Technology and Telecommunications (IT&T), power, lighting and security. This comprises the following projects; installation/upgrade of IT&T related facilities; refurbishment of the existing lighting and power infrastructure; public announcement sound system; closed-circuit television system; area signage and public telephone facilities. Seven (7) of the projects have been completed. The last project being the preparation of the temporary satellite farm and the provision of the cable bridges, which will be completed in April 2010.
				
				• The IT&T implementation commenced in October 2009. The Telkom Carrier Room portion of the Access Network was completed at all stadiums by end March 2010.
				
				• Services are scheduled to be provided to IBC users as follows:
				
				  • Host Broadcast Services (HBS) requirements were provided by 15 March 2010;
				
				  • Services required by first broadcasters to occupy the IBC are required by 19 April 2010;
				
				  • Full rate card and capacity of services in mid May 2010.
				
				  • The IBC will be fully operational on 2 June 2010.
				
				• Furthermore, the National Backbone Upgrade was completed in the second quarter and the Core Network has also been upgraded and completed as per project plan and schedule.
				
				• On the implementation of the international connectivity, the International Cable Upgrade project was initiated and completed in the third quarter and is ready for commercial use.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual
				• As per the implementation plan and FIFA's requirements, access networks were installed at all FCC non-stadium venues (FIFA hotels and FIFA data centre). All non-stadium venues were upgraded and installed according to specification, and operated without any incidents during the FCC. • Government agreed on 46 Public Viewing Areas (PVAs) (1 per Municipal district). Although the Departments of Sports and Recreation and Trade and Industry are leading this project, SABC will provide the broadcast signal and technical support while hotels and FIFA Headquarters infrastructure falls under the Telkom commercial sponsorship agreement. • With regards to ICASA's Radio Frequency Spectrum licensing for 2010 and equipment type approval, ICASA developed and successfully implemented spectrum licensing and type approval procedures for the FCC. ICASA Frequency Spectrum Licensing and Type Approval guidelines for the FIFA 2010 World Cup are complete and available on the ICASA website. ICASA has implemented an on-line applications process, which went live on 12 February 2010. • On the protection of 2010 ICT infrastructure, a security post-mortem has already been concluded and measures have been put in place for the FIFA World Cup. • DoC participated in all meetings of the special National Joint Operational and Intelligence Structure (NATJOINTS) workgroup. This is a special workgroup set up for the 2010 FIFA World Cup. It is chaired and run by SAPS and consists of representatives of all government departments. The purpose is to address all security and disaster recovery issues pertaining to the 2010 FWC, from stadium security, VIP security, security protocols, PVA and Fan Park security, to disaster recovery setup.

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target — Actual
	Fulfillment of all 2010 ICT Guarantees	2010 ready ICT Infrastructure in accordance with the guarantees and LOC/ DoC Agreement	FIFA 2010 Legacy Plan approved	• The Department developed a legacy concept document after which it engaged Host Cities about the implementation of the Legacy Plan. Furthermore, the VandA Position Paper has been completed. This paper informed the DoC decision to lease and not purchase the World Cup VandA equipment. Sentech plans to maintain their satellite infrastructure at the stadiums, and the second Teleport will be legacy in terms of the back-up to the Honeydew Teleport. • The DoC has formally requested the Host Cities to prepare for the post-tournament legacy phase, and has also requested interaction with the LOC legacy projects, in particular the 52 artificial turfs for legacy purposes. Reason for variance: • The process was delayed as lengthy consultation was needed with Provinces and Municipalities; and there were significant capacity constraints within the Host City municipalities. • Furthermore, priority was being given by the municipalities to the actual 2010 World Cup as opposed to the legacy plan, hence the plan will be finalised and approved after the World Cup.
	National Radio Frequency Spectrum Policy	National Radio Frequency Spectrum Policy and Implementation Plan approved	National Radio Frequency Spectrum Policy approved and implemented	• The Department developed a draft Spectrum Policy which was presented to the Economic Cluster. The draft Policy was then gazetted for public comment in the third quarter. • The updated Spectrum Policy was submitted to Cabinet and received Cabinet approval on 10 March 2010. Reason for variance: • Implementation did not take place due to the fact that stakeholder consultation of the draft policy took longer than expected for both external and internal stakeholders. Furthermore, the Cabinet approval process was rather lengthy thus delaying final approval of the Policy.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
			Current National Radio Frequency Spectrum audited up to 3 GHz	• As the National Radio Frequency Spectrum audit was to be outsourced, the terms of reference were drafted for spectrum usage to be audited up to 3GHz. The request for proposals was then published in the Tender Bulletin on 14 August 2009 with a closing date of 11 September 2009. • The Department thereafter developed revised terms of reference to audit bands between 500 MHz and 20 GHz which are needed for implementation of Broadband applications. Reasons for variance: • Upon publishing the tender for the audit, no proposals were received from potential service providers within the specified time frame. For this reason, the Department took a decision to revise the terms of reference to audit bands between 500 MHz and 20 GHz. However, there were delays in obtaining approval to carry out a spectrum audit in accordance with the revised terms of reference.
			Updated National Frequency Plan approved taking into account WRC-07 and the ECA	• The Department developed a South African Table of Frequency Allocation (SATFA) Report and collated Security/Government spectrum requirements. The SATFA report was submitted to ICASA on 19 August 2009 and Government requirements regarding allocations submitted to the Minister on 29 September 2009. • The final draft SATFA was submitted by ICASA for approval after which it was evaluated and recommendations were made to the Minister to approve the SATFA. The office of the Minister had certain queries regarding SATFA which have now been addressed and a new recommendation has been submitted to the Minister recommending approval of SATFA Reason for variance: • The variance was due to the fact that there were queries on SATFA which needed to be addressed prior to approval thus delaying the process.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
	Fully functional electronic organisational performance management system (e-OPMS)	e-OPMS with optimal functionalities	Skills transfer on e-OPMS and Website development	• In its efforts to improve organisational performance management and accountability, the DoC, through the Institute for Satellite and Software Applications (ISSA), upgraded the e-OPMS to include additional functionalities as well as developed a training manual. • The ISSA updated the organisational performance management system (OPMS) and the writing of voice-over scripts has been completed. Some of the screen shots of the OPMS training manual have been captured. The training manual as well as skills transfer to key personnel have also been completed.
	Connectivity of government institutions by 2014	Increase in uptake and usage of ICTs by government institutions	50% of Dinaledi schools connected and network coverage of surrounding government institutions provided	• An audit on 50% of Dinaledi schools was conducted to assess the state of readiness for connectivity in these schools. The working group dealing with schools connectivity incorporated the work on Dinaledi schools into their work. This working group consists of the Departments of Communications, PNC, Science and Technology, Rural Development and Public Service and Administration. • The DoC engaged various network operators to discuss connectivity to Dinaledi schools after which the Department received indications from operators on network coverage. Reasons for variance: • Connectivity of Dinaledi Schools was hindered due to HR capacity challenges.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
	Effective business management systems and processes in line with legislative requirements	Optimally functional organisation	Effective and efficient support services provided to the Department to optimise organisational performance and improve levels of compliance with relevant policies, frameworks and legislative requirements	• During the period under review, the Department made further inroads with regards to the roll out of the Electronic Document Management System (e-DMS) and, as results, two (2) processes were automated: *request to procure and request to pay.* • With regards to introducing Virtual Private Network (VPN) for DoC, SITA was appointed to implement the VPN. The required servers were procured, installed and tested. The VPN was thereafter implemented and is now fully operational. • On the implementation of the electronic resource centre, relevant software was procured and a suitable site was also identified and laid out. Through the implementation of the software, the electronic resource centre is now fully functional.
	Approved e-Schools connectivity plan	Increased access to and quality of education in Africa using ICTs through the NEPAD e-Schools project by 2016	Connectivity Plan for e-schools, based on the NEPAD Business Case and lessons learnt, approved	• A draft Connectivity Plan was developed for e-Schools, based on the NEPAD Business Case which underwent extensive stakeholder consultation, after which a National Connectivity plan was finalised. • A high level network rollout plan was developed and cost estimates were also finalised. • The National Connectivity Plan for schools was then presented at the Human Development Cluster on 24 March 2010 where it was approved for submission to the Deputy Ministers' meeting. • Currently the Department is engaging National Treasury and USAASA with regards to utilising the USAF to fund the connectivity of schools. • Furthermore, the DoC also facilitates the implementation of an e-Rate for schools connectivity.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	Actual
	South African Position Papers Effective preparations for World Radio Conferences (WRC) and World Telecom-munication Standardisation Assemblies (WTSA) and ensure implementation of applicable outcomes	Effective preparations for World Radio Conferences (WRC) and World Telecommunication Standardisation Assemblies (WTSA) and ensure implementation of applicable outcomes	Outcomes of RRC - 06, WRC – 07 and WTSA-08 implemented	Resolutions taken by WTSA-08 are implemented through various Departmental projects which are reported on in the Annual Report.
			Preparations for WRC-11 and WTSA-12 undertaken	• WRC-11 National Preparatory Working Group structure was finalised and operational, and the Department participated in three National Preparatory Working Group meetings. The National Preparatory Working Group Meetings are held approximately every three months and membership comprises all interested ICT stakeholders including academia and other government departments. The National Preparatory Working Group monitors the progress of the ITU-R study Group work on the various WRC agenda items and will develop South African positions for WRC once the ITU studies are mature.
				• The Department hosted two SADC workshops. The first SADC Workshop was held in May 2009 and the second Workshop in August 2009. The workshops were attended by representatives from South Africa, Botswana, Lesotho, Namibia, Mozambique, Malawi, Zambia and Zimbabwe. At the first SADC workshop, discussions focused on an overview of the WRC agenda and the identification of agenda items that could be of priority for SADC member states. The second SADC workshop was held to prepare for the WRC African Preparatory Meeting held in September 2009.
				• The Department identified WRC agenda items of priority to SADC and rapporteurs were also appointed to develop common positions for these agenda items.
				• A WRC-12 African Preparatory Meeting was held from 15 to 17 September 2009 and preliminary positions were presented to the meeting. The WRC African Preparatory Meeting was convened under the auspices of the ITU and ATU to inform African countries of the various WRC Agenda Items and to exchange preliminary views with other regional groups in Europe, Asia/Pacific, Arab countries and the Americas.

Sub-programme	Output	Performance Measure/Indicator	Actual Performance Against Target	
			Target	**Actual**
				• Furthermore, the Department participated in prioritised ITU-T study group meetings as well as the Telecommunication Standardisation Advisory Group (TSAG).
				• The Department also hosted a SADC Consultative Workshop in May 2009 for both ITU-R and ITU-T related matters. It was decided by the meeting that further SADC meetings on ITU-T related matters will only be required in the year preceding WTSA-12.
				• In an effort to keep the relevant stakeholders abreast of developments in the ITU, the Department issues a quarterly newsletter summarising relevant ITU-T and ITU-R meetings.
				• Further participation in ITU-T study groups was re-considered largely due to budgetary constraints.
	National Internet Policy and implementation strategy	Improvement in accessibility, availability, affordability and usage of the Internet	National Internet Policy and implementation strategy developed	• The Department developed a draft Internet Policy document and a draft internet policy implementation plan.
				• Subsequently, a revised Internet Policy was drafted which takes into consideration other initiatives that support the realisation of the Internet Policy objectives. The Internet Policy will be finalised in the first quarter of 2010.
				Reasons for variance:
				• The target was not fully achieved due to HR capacity constraints; however given the progress made thus far, the Internet Policy will be finalised in the first quarter of 2010.

PROGRAMME 6: PRESIDENTIAL NATIONAL COMMISSION ON INFORMATION SOCIETY AND DEVELOPMENT

PURPOSE

Provide timely and informed advice to the Presidency on all matters related to the development of an inclusive information society. Facilitate the development of an integrated information society in South Africa by promoting the realisation of the country's information society vision.

MEASURABLE OBJECTIVES

- Co-ordinate the building of an information society in South Africa by facilitating and monitoring the implementation of 15 of the 40 identified information society and development programme projects by 2009/10.

- Ensure that the information society and development programme is in alignment with outcomes of the World Summit of the Information Society by participating in the annual follow up meeting.

- Facilitate the integration of the World Summit on the Information Society outcomes into the Forum of South African Directors-General information society and development cluster's programme of action by disseminating information, advocating policy proposals and providing secreatariat support at all 10 cluster meetings in 2009/10.

- Measure the impact of the implementation of the information society and development programme by publishing the annual e-Barometer, which measures the improvement in ICT connectivity in various sectors, starting in March 2010.

SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The Programme is divided into the following four (4) sub-programmes:

- **Planning, Coordination and Evaluation** is responsible for ensuring that South Africa has proactive and progressive national plans on information society and development, with sectoral, provincial and Local Government components. It coordinates the implementation of the national information society and development plan and ensures that related policies, legislation and programmes are well integrated, complementary and aligned.

- **Information Society and Development Cluster** supports the effective and efficient functioning of the information society and development institutional mechanisms, such as the inter-ministerial committee on Information Society and Development, the information society and development Inter-Governmental Relations Forum, the forum of South African Director-General information society and development cluster, and the intergovernmental relations forum technical committee.

- **e-Applications** facilitates the implementation of information society related projects and programmes to attain the sectoral targets of the development of women, children, youth, people with disabilities, as well as poor communities.

- **Presidential National Commission Operations** provides responsive, timely and comprehensive strategic and administrative support aimed at strengthening the Presidential National Commission on information society and development as a knowledge driven organisation.

KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme targets set for the period under review.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	Actual
Policy, Planning and Foresight	The planning and foresight processes of building the Information Society aligned with current and future government priorities	Degree of alignment of the Information Society Research and Foresight Centres of Excellence outputs to the planning and foresight processes of building the Information Society	Position paper on the strengthening of Research and Foresight Centres of Excellence in the implementation of the Information Society and Development (ISAD) plan, approved by all relevant stakeholders and implementation processes initialised	• The Department committed to accelerate development of the Information Society in South Africa by developing a position paper on the implementation of Research and Foresight Centres of Excellence in the implementation of the ISAD Plan. In this regard, the Department has consulted with stakeholders in education, health, business training, and several research institutions such as Meraka and the Agricultural Research Council. • An e-Health zoning workshop was conducted on 26 October 2009 and 15 experts from around the country attended the work session which resulted in the development of a working document. • The Plan of Action for the Health Centre of Excellence was incorporated into the working document. The plan of action was developed with the assistance of the e-Health Specialists at the workshop to ensure that the draft position paper articulates pragmatic steps towards establishing the Centres of Excellence. Reason for variance: • The finalisation and approval of the position paper was hampered largely due to HR capacity constraints.
Policy Coordination and Integration	Provincial Growth Development Strategies (PGDSs) and Integrated Development Plans (IDPs) fully integrated with the ISAD plan and documented accordingly	Status in the facilitation of integrating ISAD Plan with PGDSs and IDPs	Provinces supported to incorporate the ISAD Plan into provincial development plans	• A conceptual framework with regards to the integration of the PDGSs and IDPs with the ISAD Plan was developed. The framework which unpacks both the PGDS and IDP, was discussed with INSPIRE Provinces and Finish Advisory Group. • The first draft of the ISAD Strategy for Limpopo and Northern Cape has been completed. Provincial Working Groups have been established in Limpopo, Northern Cape, Kwa-Zulu Natal (KZN) and Mpumalanga. • The Provincial ISAD Guidelines are in the final draft format and will be gazetted for public commentary in the 2010/11 financial year. Reasons for variance: • Further progress on the conceptual framework was hampered due to the new alignment of Government clusters and the absence of the FOSAD ISAD Cluster which delayed the section on institutional mechanism and created coordination challenges within the framework.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Policy Coordination and Integration	Effective and efficient functioning of the Presidential International Advisory Committee (PIAC) on ISAD	Degree of effectiveness and alignment of PIAC on ISAD meeting with government Information Society imperatives	PIAC on ISAD meeting agenda fully aligned to the government Information Society imperatives, monitoring on outcomes ensured	No progress was made. Reasons for variance: • Progress was hindered largely due to HR capacity constraints.
Special and Flagship Projects	Effective and efficient functioning of the Inter-Ministerial ISAD Committee	Degree of effectiveness and alignment of Inter-Ministerial ISAD Committee meeting agenda to the ISAD Plan	Inter-Ministerial ISAD Committee meeting agenda fully aligned to the strategic imperatives of the ISAD Plan, monitoring, on outcomes ensured and secretariat support provided	No progress was made. Reasons for variance: • Progress was hindered due to the fact that an analysis on the future relevance and viability of the Inter-Ministerial ISAD Committee had to be undertaken with all relevant political principals.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	Actual
Policy Planning and Foresight	Professional and secretariat support provided.	Status in the alignment and implementation of e-Skills Council meeting agenda and its recommendations	e-Skills Council Agenda fully aligned to its mandate and implementation of recommendations facilitated	• The Minister approved the reconstitution of the SA e-Skills Council and invited the Minister of Higher Education to be the co-chairperson of the council. • The Minister was appointed the Chairperson of the e-Skills Working Group, a technical support structure for the council. • The Department, through the PNC, provided secretariat and professional support to the council and its working group. • The Department published the e-Skills Council report: Towards an e-Skills Development Concept for South Africa. The report was published on-line and also distributed to relevant stakeholders. • The PNC also facilitated the Working Group meetings which were held on 8 December 2009 and 24 March 2010 which discussed the recommendations made by the e-Skills Council and prepared for the upcoming Council meeting scheduled in May 2010. • The Terms of Reference for the South African e-Skills Council were approved by the Director General and the members of the SA e-Skills Working Group.
Policy, Planning and Foresight	e-Literacy programme for children in conflict with the law implemented	Status of the implementation of e-literacy training programme	e-Literacy training programme for children in conflict with the law developed, implemented and baseline impact study conducted in two provinces	• A concept document on e-literacy training programme for children in conflict with the law was developed jointly by the PNC on ISAD and the Department of Correctional Services. The project was launched jointly on 30 June 2009. • As a result of a tender process, a suitable service provider was appointed in the last quarter of the reporting period. Reasons for variance: • The e-Literacy training programme was not implemented due to the delay in the evaluation and awarding of the tender. The training of the 250 youth offenders will therefore be conducted in the first quarter of the 2010/11 financial year.

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target
				Actual
Policy, Planning and Foresight	Computer Based Functional Literacy Programme for rural women implemented	Status of the implementation of a training programme for rural women on functional literacy	Training programme on Computer Based Functional Literacy for rural women in three provinces developed and implemented	No substantial progress was made. Reasons for variance: • The training programme on Computer Based Functional Literacy for rural women in three (3) Provinces could not be developed and implemented due to HR constraints and will therefore be implemented in the next financial year.
Policy, Planning and Foresight	Hospital websites developed	Status of functionality for the developed hospital websites	Websites for provincial and regional hospitals developed and fully functional	• The status of hospital websites was established across the nine (9) Provinces and a concept paper for the development of hospital websites was developed. The Western Cape and KwaZulu Natal Provinces have websites for their hospitals hence the project will now focus on the remaining seven (7) Provinces. • Role players in seven (7) Provinces and the National Department of Health were consulted and officials in Provinces were assigned to work on the project. • On 18 January 2010 a workshop was convened with 19 e-Cooperatives so as to conduct deployment briefings. The e-Cooperatives are responsible for the development of the hospital websites. • Signing of contracts with the e-Cooperatives was concluded on 15 February 2010 after which e-Cooperatives were deployed to the seven (7) Provinces. • Currently 119 of the targeted 282 hospital website designs have been completed by e-Cooperatives. Reasons for variance • All 282 website were not developed as delays in payment of the mobilisation fees to the e-Cooperatives, as stipulated in the contracts, have affected further progress.

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target
				Actual
Special and Flagship Projects	Sustainable youth ICT SMMEs	Status in the establishment of youth e-Cooperatives and their sustainability	Sustainability strategy for the youth e-Cooperatives developed and implemented	• A Youth Entrepreneurship Seminar was held on 30 June 2009 in collaboration with the Centre for Small Business Development at the University of Johannesburg Soweto Campus. The purpose of the seminar was to look at effective ways of facilitating the development of sustainable ICT youth owned small enterprises. Workshops were conducted in the areas of business, financial management, marketing and the use of ICT applications in the management of small enterprises and the outcomes of the seminar were taken into consideration in the process of developing the Sustainability Strategy for youth e-Cooperatives. • By March 2010, a draft sustainability strategy that covers the broad ICT small enterprise sector, including e-Cooperative enterprises was developed and will be implemented in the 2010/11 financial year. Reason for variance: • DoC entered into a MoU with the National Youth Development Agency to implement the strategy; however due to financial constraints the R5 m which was budgeted for was not available.
		Status in the implementation of the e-content SMMEs strategy	e-Content SMMEs strategy developed and establishment facilitated	A concept document for the e-Content SMMEs Strategy was developed. Reasons for variance: • The Strategy was not implemented due to HR constraints.
Special and Flagship Projects	Fully operational Cultural Heritage digital repository	Status in the establishment of a national digital repository	Provincial content captured into the National Digital Repository	• To date, the Department has trained 252 youths in this project. • A workshop with provincial and municipal stakeholders was hosted to develop a Strategy to collect content from Provinces and Municipalities in a systematic manner. • 32 proposals have been received from young people on content collection after which 24 proposals were approved so as to commence with content collection in various Provinces. • Content collection from KZN in the form of a documentary on the Ilembe District Municipality has been done as part of Provincial content collection. • The Thabo Mofutsanyane documentary has been finalised and documentation for the launch has been approved.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Policy Evaluation and Impact Assessment	Credible and reliable e-Barometer system and information commu-nicated	Status of the development of the e-Barometer and impact assessment report	First edition e-Barometer published	• The drafting of the e-Barometer report was effectively finalised during the first quarter of the reporting period. • An inter-departmental meeting was held to discuss the proposed list of Indicators on 19 October 2009 which was attended by several stakeholders including representatives from Department of Health, Department of Education, Department of Arts and Culture, Department of Public Service and Administration, Department of Trade and Industry, Development Bank of SA, and academics. • e-Application Sector specialists were consulted regarding the Report and a Research Unit was proposed to focus on developing and monitoring ICT Indicators for the country. • The final edit of the Report was completed during the third quarter. Reasons for variance: • The first edition was not published as there were reservations about the status of the report which only covered the period between 2000 and 2006 and if published in 2009, it would be lacking two (2) years (2007 and 2008). Therefore a decision was taken to update the report before publication.
Policy Evaluation and Impact Assessment		Status in the support of Provinces to develop and implement initiatives in line with the national framework	Provinces supported to develop and implement ISAD measurement initiatives in line with the national framework	• As part of the INSPIRE project, the Provinces of Limpopo, Northern Cape and North West were supported with regard to starting with their measurement initiatives . An ICT indicator study was also conducted to understand the status of ICTs in each Province. • Limpopo completed its baseline study and Northern Cape is still conducting the study which is aimed at obtaining a better understanding of the status of ICTs in the Province and to serve as a reference point for monitoring the future of the ICT sector. • Mpumalanga has developed and finalised its own ICT Strategy which also included a baseline study. The Mpumalanga ICT Strategy was incorporated into the Economic Development Summit which was hosted by the Premier. • Finland approved an extension of the funding of the INSPIRE Project to June 2010 hence no direct funding is needed for this project

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Policy Coordination and Integration	Effective and efficient functioning of the FOSAD ISAD Cluster	Degree of effectiveness and alignment of the FOSAD ISAD Cluster programme of action to the ISAD strategic imperatives of government.	FOSAD ISAD Cluster Programme of Action fully aligned to ISAD strategic imperatives of government and secretariat support service provided.	No progress was made. Reasons for variance: • No progress could be made as the ISAD Cluster has been discontinued.
Policy Coordination and Integration	Effective and efficient functioning of the Inter-Governmental Relations Forum (IGRF)	Degree of effectiveness and alignment of IGRF meeting agenda to the ISAD Plan	IGRF meeting agenda fully aligned to the strategic imperatives of the ISAD Plan, monitoring, on outcomes ensured and secretariat support provided	• In order to ensure effective and efficient functioning of the IGRF the Premiers in eight (8) Provinces, with the exception of KZN, have nominated Members of the Executive Council (MECs) to reconstitute the ISAD-IGR Forum which focuses on coordinating ICT Programmes at national, provincial and local level. • The PNC provided professional secretariat support to the ISAD IGRF which was held in November 2009. Reasons for variance: • Monitoring was not conducted as the resolutions of the meeting were not implemented largely due to capacity constraints. Due to the fact that not much work was done, the second meeting of the IGRF was postponed to the next financial year.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Policy Coordination and Integration	Effective and efficient functioning of ISAD IGRF Technical Committee	Degree of effectiveness and alignment of the ISAD IGRF Technical Committee's agenda to the ISAD Plan	ISAD IGRF Technical Committee meeting agenda fully aligned to the strategic imperatives of the ISAD Plan, monitoring, on outcomes ensured and secretariat support service provided	• The ISAD-IGRF Technical Committee membership was reconstituted following the nomination of MECs to serve on the Forum. • The Presidential National Commission (PNC) provided professional secretariat support to the ISAD IGRF Technical Committee meeting which was held on 15 of October to discuss the implementation of the IGR Program of Action • Letters to the Minister of Corporative Governance and Traditional Affairs and the Minister of Rural Development and Land Reform were drafted proposing a partnership with the DoC in ensuring successful implementation of the IGRF outcomes. Reasons for variance: • Monitoring was not conducted as the Technical Committee did not have the capacity to implement the ISAD IGR Forum decisions.
Policy Coordination and Integration	Fully functional municipal interactive websites	Percentage of municipal websites functional and interactive	100% municipal websites functional	• The Department initially informed Municipalities that were on web design training of its plans to update contact lists which is a database of the contact information of officials representing the municipality. • Ten municipalities were selected from KZN (five from Durban and five from Richards Bay) and ten (10) Municipalities from Eastern Cape, which complies with minimum requirements. • However, during the second quarter, the project scope was changed to accommodate all municipalities in all Provinces. The Department therefore contacted all Municipalities that required websites and feedback was received from 19 Municipalities. • Nine (9) e-cooperatives were provided with a refresher course in website development after which contracts were signed with these e-Cooperatives. Reason for variance: • Due to the late approval of MoUs between Departments and e-Cooperatives, no websites were developed however; 13 websites have been prioritised for development early in the new financial year.

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target	
				Target	**Actual**
Policy Coordination and Integration	Integrated Citizen information System	Status on the development and updating of the repository	National government ICT Services and Projects repository	• In order to develop the National Government ICT projects repository the Department presented the project to the GITO Council and also consulted various stakeholders including SITA, DHA, DOT, SAPO, SARS, GCIS, USAASA, DPSA, DSD, DST, GSSC, DOE, STATS SA, SALGA, DOH, DOJ, SAPS, DOA, DOD and COGTA.	
				• The GITOC council adopted the project as a strategic project.	
				• The Department further developed a questionnaire for requesting information on ICT projects (future and current), IT infrastructure and document management solutions. These questionnaires were sent to the following Departments: SITA, DHA, DOT, SAPO, SARS, GCIS, USAASA, DPSA, DSD, DST, GSSC, DOE, STATS SA, SALGA, DOH, DOJ, SAPS, DOA, DOD and COGTA.	
				• The project was also presented at the e-Government Standing Committee meeting held at SITA. The Standing Committee adopted the project as one of the flagship projects of the Committee, as well as offered support.	
				Reasons for variance:	
				• The slow response from Departments with regards to returning the questionnaires has resulted in the delay of the project.	
Organisa-tional Excellence	Effective and efficient business management systems and processes	Degree of implementation of business systems and processes with respect to Knowledge Management (KM), Information Technology (IT) Project Management (PM) and Communication	Effective business management systems and processes developed, implemented monitored and reviewed	The PNC ensured effective business management systems and processes largely through focusing on: • Implementation of the Master Systems Plan (MSP) • Implementation of the Knowledge Management Strategy • Improving Project Management Practices • Implementation of a Communications Strategy	

Sub-programme	Output	Performance Measure/ Indicator	Target	Actual Performance Against Target — Actual
Policy Coordination and Integration	Effective and efficient functioning of ISAD Multi-Stakeholders Forum	Degree and effectiveness and alignment of the annual ISAD Multi-stakeholder Forum to the WSIS commitments.	Annual ISAD Multi-stakeholder Forum convened, secretariat support services provided, and report disseminated	• The PNC provided professional secretariat support to the ISAD Multi-stakeholder Forum which was convened on 25 and 26 February 2010 where over 150 delegates including international guest speakers participated in the conference. • The Programme of Action was developed for implementation by the ISAD Multi-stakeholder Forum Commissions.
Special and Flagship Projects	The implemen-tation of the Regulation of the Interception of Commu-nications and Provision of Commu-nication Related Information Act supported	Status of registered Prepaid SIM Cards	Involvement of young people in the registration of Prepaid SIM Cards facilitated	• The Department consulted with cellphone operators and the concept of young people being involved as RICA agents was presented. • A database of approximately 8 000 youth was collected with the help of the National Youth Agency and the names were forwarded to MTN and Cell C. Reasons for variance: • The target could not be achieved as the project was put on hold due to a lack of cooperation from operators.

Sub-programme	Output	Performance Measure/ Indicator	Actual Performance Against Target	
			Target	**Actual**
Special and Flagship Projects	Increased awareness on how girls can protect themselves from vulnerability, violence, HIV and abuse	Status of Mobinet usage	Development of MOBINET for girls facilitated	• A project charter was developed after which a meeting was held with Women's Net in order to link the project to PNC's existing programme. • Youth to participate in this project were identified. Reasons for variance: • The target was not achieved as the project was suspended due to the lack of HR capacity and prioritisation of other projects.
Special and Flagship Projects	Well documented experiences and profiles of Military Veterans	The degree on the documentation and profiling of Military Veteran experiences	Experiences of the non-statutory Military Veterans profiled and documented	• The Department held meetings with representatives from the Military Veterans Association and Dariunhouse Consultants to discuss the way forward on implementing the project. • It was agreed that the project should not only focus on Military Veterans but also cover the other liberation movements. • The Minister approved collaboration between DoC and South African Military Veterans Association. Reasons for variance: • The target was not achieved due to a lack of HR capacity and the prioritisation of other projects.
	Effective and efficient programmes in empowering Military Veterans			
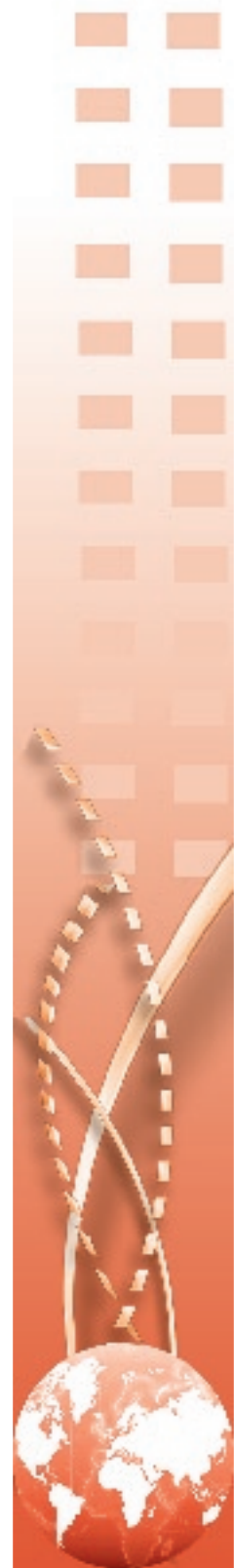
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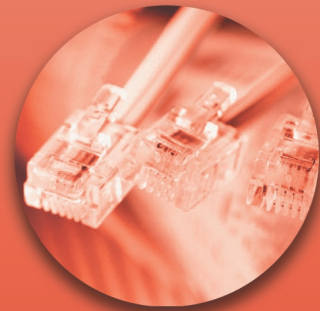
1. SERVICE DELIVERY

In its efforts to address the development of the Serviced Delivery Improvement Plan, the Department, during the reporting period, constituted a steering committee which was mandated to develop the SDIP. This Steering Committee underwent SDIP development training through Public Administration Leadership and Management Academy (PALAMA) after which the process of developing the Departmental SDIP commenced however the SDIP is yet to be finalised.

2. EXPENDITURE

Department's budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 2.1 – Personnel costs by programme, 2009/10

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Branch 1: Governance and Administration	54,575	53,018	2,410	24,674	97.15	473.38
Branch 2: ICT International Affairs and Trade	10,321	9,462	57	1,457	91.68	675.86
Branch 3: ICT Policy Development	24,201	24,083	449	8,529	99.51	547.34
Branch 4: Finance and ICT Enterprise Development	5,096	3,904	16	2,972	76.61	100.10
Branch 5: ICT Infrastructure Development	27,955	25,408	366	3,920	90.89	416.52
Branch 6: Presidential National Commission	16,281	13,700	2,536	511	84.15	391.43
Total	138,428	129,575	5,835	42,063	93.60	424.84

TABLE 2.2 – Personnel costs by salary bands, 2009/10

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	2.038	1.6	113.2
Highly skilled production (Levels 6-8)	18.858	14.6	227.2
Highly skilled supervision (Levels 9-12)	43.258	33.4	386.2
Senior management (Levels 13-16)	58.955	45.5	727.8
Contract (Levels 6-8)	240	0.2	240
Contract (Levels 9-12)	1.096	0.8	365.3
Contract (Level 13-16)	3.728	2.9	621.3
Abnormal Appointment (Interns)	1.402	1.1	23.8
Total	**129.575**	**100**	**356**

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2009/10

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Branch 1: Governance and Administration	46,943	88.54	255	0.42	586	1.11	1,666	3.15
Branch 2: ICT International Affairs and Trade	8,452	89.33	76	0.80	98	1.03	212	2.24
Branch 3: ICT Policy Development	21,417	88.93	64	0.27	344	1.42	627	2.60
Branch 4: Finance and ICT Enterprise Development	3,441	88.14	8	0.20	109	2.79	142	3.64
Branch 5: ICT Infrastructure Development	22,716	89.40	77	0.30	165	0.65	635	2.50
Branch 6: Presidential National Commission	12,180	88.91	15	0.11	98	0.72	342	2.50
Total	**115,419**	**89.08**	**495**	**0.38**	**1,400**	**1.08**	**3,624**	**2.80**

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2009/10

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	2871	2.2	21	0.02	64	0.05	167	0.13
Highly skilled production (Levels 6-8)	15943	12.3	222	0.17	405	0.31	1067	0.82
Highly skilled supervision (Levels 9-12)	36410	28.1	216	0.17	339	0.26	1335	1.03
Senior management (Levels 13-16)	51275	39.6	0	0	591	0.46	1011	0.78
Contract (Levels 6-8)	1682	1.3	0	0	0	0	0	0
Contract (Levels 9-12)	2427	1.9	0	0	1	0.001	22	0.02
Contract (Levels 13-16)	4802	3.7	0	0	0	0	22	0.02
Abnormal Appointment	9	0.01	36	0.03	0	0	0	0
Total	**115.419**	**89.1**	**495**	**0.38**	**1.400**	**1.08**	**3.624**	**2.80**

3.   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 (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2010

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Branch 1: Governance and Administration	152	112	26.3	6
Branch 2: ICT International Affairs and Trade	24	14	41.7	1
Branch 3: ICT Policy Development	68	44	35.3	9
Branch 4: Finance and ICT Enterprise Development	50	39	22	5
Branch 5: ICT Infrastructure Development	79	61	22.8	13
Branch 6: Presidential National Commission	56	35	37.5	1
Total	429	305	28.9	35

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2010

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	17	18	-5.9	5
Highly skilled production (Levels 6-8)	114	83	27.2	12
Highly skilled supervision (Levels 9-12)	164	113	31.1	8
Senior management (Levels 13-16)	134	81	39.6	6
Contract (Levels 6-8)	0	1	0	1
Contract (Levels 9-12)	0	3	0	3
Contract (Levels 13-16)	0	6	0	0
Total	429	305	28.9	35

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2010

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative Related	96	77	19.8	8
Communication and Information Related	12	5	58.3	0
Finance and Economics Related	6	2	66.7	0
Financial and Related Professionals	6	6	0	0
Head of Department/Chief Executive Officer	1	1	0	0
Human Resources and Organisational Development	8	7	12.5	0
Human Resources Clerks	3	1	66.7	1
Human Resources Related	9	12	-33.3	1
Information Technology Related	5	4	20	0
Language Practitioners Interpreters and Other Communication Related	7	5	28.6	0
Legal Related	1	1	0	0
Financial Clerks and Credit Controller	0	1	0	0
Library Mail and Related Clerks	1	4	-300	0
Logistical Support Personnel	12	12	0	4
Messengers Porters and Deliverers	7	5	28.6	0
Other Administrative and Related Clerks and Organisers	70	80	-14.3	15
Other Information Technology Personnel	10	6	40	0
Other Occupations	2	2	0	0
Secretaries and other Keyboard Operating Clerks	44	7	84.1	1
Senior Managers	129	67	48.1	5
Total	**429**	**305**	**28.9**	**35**

The information in each case reflects the situation as at 31 March 2010. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.
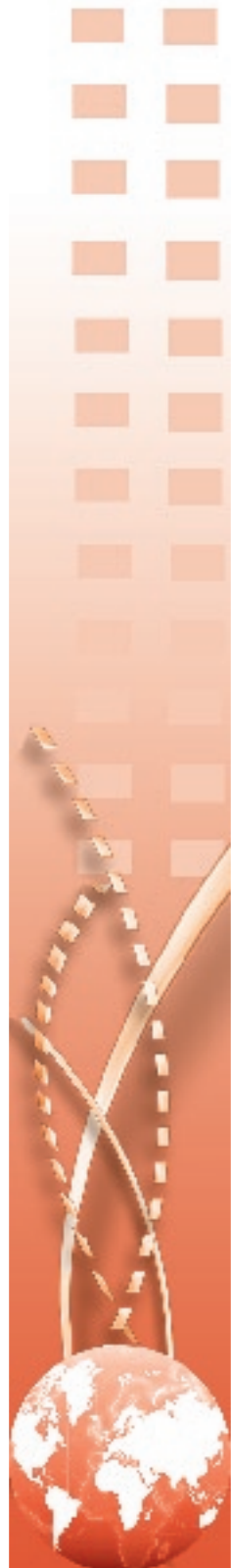
4. JOB EVALUATION

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. 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. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) 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 4.1 – Job Evaluation, 1 April 2009 to 31 March 2010

Salary band	Number of posts	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	1	0	1	0	0	0
Skilled (Levels 3-5)	17	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	114	10	8.8	0	0	0	0
Highly skilled supervision (Levels 9-12)	164	22	13.4	0	0	0	0
Senior Management Service Band A	92	23	25	0	0	0	0
Senior Management Service Band B	31	0	0	0	0	0	0
Senior Management Service Band C	8	0	0	0	0	0	0
Senior Management Service Band D (Include Minister and Deputy Minister)	3	0	0	0	0	0	0
Total	429	56	13.1	0	0	0	0

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts 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 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2009 to 31 March 2010

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	0	0	0	0	0
Total	1	0	0	0	1
Employees with a disability					0

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2009 to 31 March 2010 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2009/ 10	None

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2009 to 31 March 2010 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

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 (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).
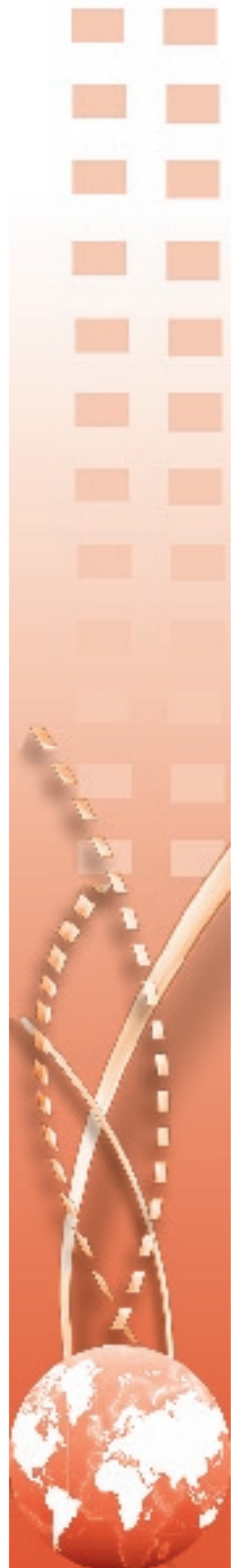
TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2009 to 31 March 2010

Salary Band	Number of employees per band as on 1 April 2009	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	1	0	0	0
Skilled (Levels 3-5)	15	3	0	0
Highly skilled production(Levels 6-8)	92	1	9	9.8
Highly skilled supervision(Levels 9-12)	113	7	7	6.2
Senior Management Service Band A (Level 13)	47	11	5	10.6
Senior Management Service Band B (Level 14)	23	4	2	8.7
Senior Management Service Band C (Level 15)	7	0	2	28.6
Senior Management Service Band D (Level 16) (Including Minister and Deputy Minister)	3	2	3	100
Contract (Levels 6-8)	1	1	2	200
Contract (Levels 9-12)	4	1	2	50
Contract: Senior Management Service Band B (Level 14)	0	1	0	0
Contract: Senior Management Service Band C (Level 15)	0	1	0	0
Contract: Senior Management Service Band D (Level 16)	0	2	0	0
Total	**306**	**34**	**32**	**10.5**

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2009 to 31 March 2010

Occupation:	Number of employees per occupation as on 1 April 2009	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	83	6	8	9.6
Communication and Information Related	9	0	0	0
Finance and Economics Related	6	0	2	33.3
Finance and Related Professionals	6	0	4	66.7
Head of Department/Chief Executive Officer	1	1	1	100
Human Resources and Organisational Development	7	0	0	0
Human Resources Clerks	3	0	0	0
Human Resources Related	8	2	1	12.5
Information Technology Related	4	0	0	0
Language practitioners Interpreters and other Communication Related	7	0	0	0
Legal Related	1	0	0	0
Library Mail and Related Clerks	1	2	0	0
Logistical Support Personnel	12	0	1	8.3
Messengers Porters and Deliverers	5	1	1	20
Other Administrative and Related Clerks and Organisers	41	2	2	4.9
Other Information Technology Personnel	5	0	0	0
Other Occupations	2	2	2	100
Secretaries and other Keyboard Operating Clerks	33	0	1	3.0
Senior Managers	77	18	9	11.7
Total	306	34	32	10.5

Table 5.3 identifies the major reasons why staff left the department.
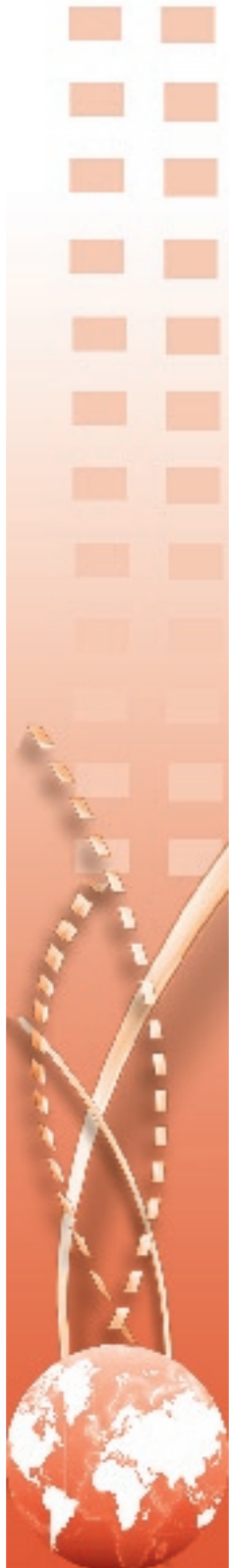
Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	2	0.7
Resignation	13	4.2
Expiry of contract	4	1.3
Dismissal – operational changes	0	0
Dismissal – misconduct	2	0.7
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfers to other Public Service Departments	11	3.6
Other	0	0
Total	**32**	**10.5**
Total number of employees who left as a % of the total employment	**10.5**	

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2009	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative Related	83	1	1.2	24	28.9
Communication and Information Related	9	1	24.5	3	33.3
Finance and Economics Related	6	0	0	2	33.3
Finance and Related Professionals	6	0	0	6	100
Head of Department/ Chief Executive Officer	1	0	0	0	0
Human Resources and Organisational Development	7	1	14.3	0	0
Human Resources Clerks	3	0	0	1	33.3
Human Resources Related	8	0	0	4	50
Information Technology Related	4	0	0	4	100
Language practitioners Interpreters and other Communication Related	7	0	0	3	42.9
Legal Related	1	0	0	0	0
Library Mail and Related Clerks	1	0	0	1	100
Logistical Support Personnel	12	0	0	5	41.7
Messengers Porters and Deliverers	5	0	0	2	40
Other Administrative and Related Clerks and Organisers	41	0	0	37	90.2
Other Information Technology Personnel	5	0	0	2	40
Other Occupations	2	0	0	0	0
Secretaries and other Keyboard Operating Clerks	33	2	6.1	2	6.1
Senior Managers	77	1	1.3	0	0
Total	306	6	2	96	31.4
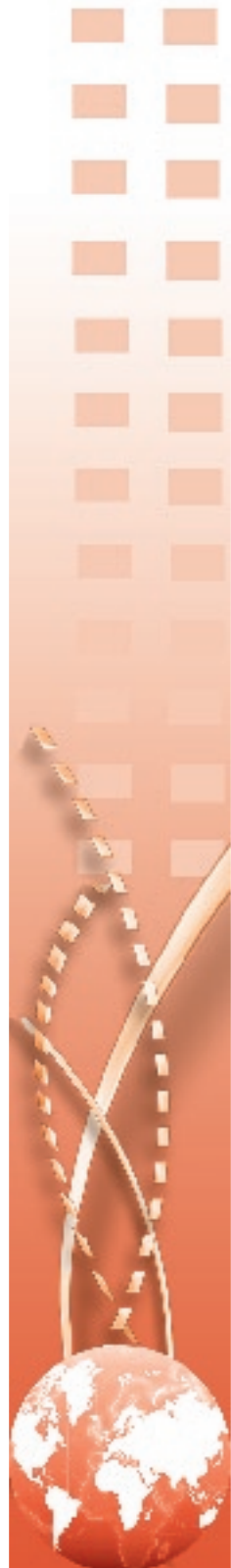
Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2009	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	1	0	0	1	100
Skilled (Levels 3-5)	15	0	0	9	60
Highly skilled production (Levels 6-8)	92	2	2.2	30	32.6
Highly skilled supervision (Levels9-12)	113	3	2.7	56	49.6
Senior management (Levels13-16)	75	1	1.3	0	0
Contract (Levels 6-8)	1	0	0	0	0
Contract (Levels 9-12)	4	0	0	0	0
Contract (Levels 13-16)	5	0	0	0	0
Total	306	6	2	96	31.4

6. EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2010

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	34	5	4	9	29	3	1	2	87
Professionals	28	1	1	7	26	0	1	2	66
Technicians and associate professionals	13	0	0	2	24	5	1	5	50
Clerks	25	0	1	1	59	9	0	7	102
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	**100**	**6**	**6**	**19**	**138**	**17**	**3**	**16**	**305**
Employees with disabilities	**3**	**0**	**0**	**1**	**2**	**1**	**0**	**0**	**7**
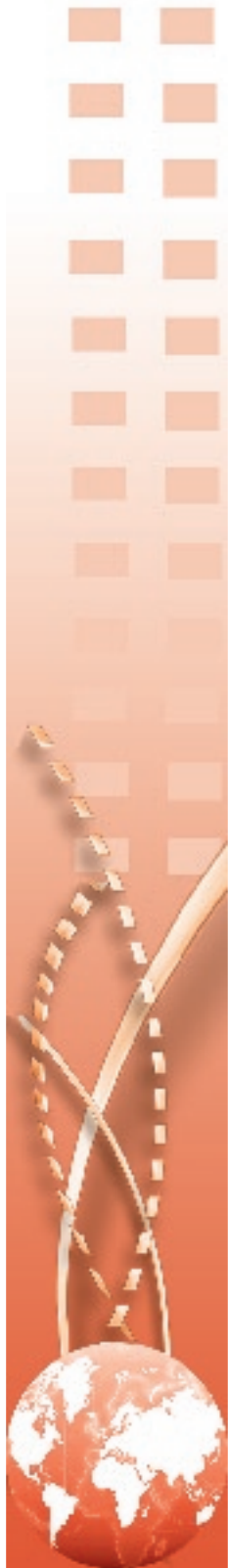
6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	2	0	0	3	0	0	1	9
Senior Management	31	3	4	9	26	3	1	1	78
Professionally qualified and experienced specialists and mid-management	28	1	1	07	26	0	1	2	66
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	13	0	0	2	24	5	1	5	50
Semi-skilled and discretionary decision making	25	0	1	1	59	9	0	7	102
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**100**	**6**	**6**	**19**	**138**	**17**	**3**	**16**	**305**

6.3 – Recruitment for the period 1 April 2009 to 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	1	0	0	2	0	0	0	5
Senior Management	9	1	0	0	6	0	0	0	16
Professionally qualified and experienced specialists and mid-management	2	0	0	0	5	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	1	0	0	0	4	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	14	2	0	0	18	0	0	0	34
Employees with disabilities	0	0	0	0	1	0	0	0	1

6.4 – Promotions for the period 1 April 2009 to 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	2	0	0	0	2
Semi-skilled and discretionary decision making	0	0	0	0	2	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**1**	**0**	**0**	**0**	**5**	**0**	**0**	**0**	**6**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

6.5 – Terminations for the period 1 April 2009 to 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	1	0	4	0	0	0	7
Senior Management	1	0	1	1	2	0	0	0	5
Professionally qualified and experienced specialists and mid-management	2	0	0	1	3	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	2	0	0	1	5
Semi-skilled and discretionary decision making	2	1	0	0	6	0	0	0	9
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	9	1	2	2	17	0	0	1	32
Employees with disabilities	0	0	0	0	0	0	0	0	0
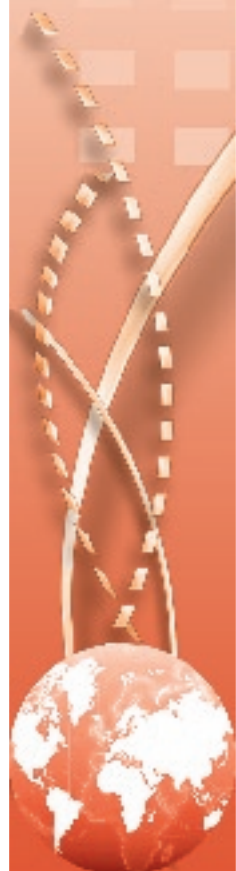
6.6 – Disciplinary action for the period 1 April 2009 to 31 March 2010

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	7	0	0	2	4	2	0	0	15

6.7 – Skills development for the period 1 April 2009 to 31 March 2010

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	25	0	2	5	22	2	1	2	59
Professionals	15	0	0	2	21	0	0	0	38
Technicians and associate professionals	1	0	0	0	0	0	0	0	1
Clerks	21	0	0	1	47	5	0	1	75
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	62	0	2	8	90	7	1	3	173
Employees with disabilities	2	0	0	1	1	0	0	0	4

7.   PERFORMANCE REWARD

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, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2009 to 31 March 2010

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	27	100	27	466	18.636
Female	49	138	35.5	830	17.293
Asian					
Male	5	6	83.3	118	29.584
Female	3	3	100	116	28.933
Coloured					
Male	0	6	0	0	0
Female	9	17	52.9	297	99.666
White					
Male	7	19	36.8	233	33.280
Female	10	16	62.5	147	16.279
Employees with a disability	2	7	28.6	22	21.864
Total	112	305	36.7	2.228	20.629

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2009 to 31 March 2010

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employ- ees	% of total within sal- ary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel ex- penditure
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	8	18	44.4	50	6.250	2.45
Highly skilled production (Levels 6-8)	38	84	45.2	414	11.500	2.17
Highly skilled supervision (Levels 9-12)	49	116	42.2	872	18.553	1.97
Total	95	218	43.6	1336	14681	2

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2009 to 31 March 2010

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	20	77	25.9	429	21.450
Communication and Information Related	5	5	100	80	16.000
Finance and Economics Related	1	2	50	22	22.000
Financial and Related Professionals	4	6	66.7	62	15.500
Head of Department/ Chief Executive Officer	0	1	0	0	0
Human Resources and Organisational Development	1	7	14.3	10	10.000
Human Resources Clerks	1	1	100	4	4.000
Human Resources Related	5	12	41.7	111	22.200
Information Technology Related	4	7	57.1	87	21.750
Language Practitioners Interpreters and Other Communication Related	5	5	100	80	16.000
Legal Related	1	1	100	71	71.000
Financial Clerks and Credit Controller	1	1	100	8	8.000
Library Mail and Related Clerks	1	4	25	5	5.000
Logistical Support Personnel	8	12	66.7	96	12.000
Messengers Porters and Deliverers	1	5	20	6	6.000
Other Administrative and Related Clerks and Organisers	33	80	41.3	430	12.647
Other Information Technology Personnel	5	6	83.3	91	18.200
Other Occupations	0	2	0	0	0
Secretaries and other Keyboard Operating Clerks	3	7	42.9	26	8.667
Senior Managers	13	67	19.4	690	53.077
Total	112	305	36.7	2228	20630
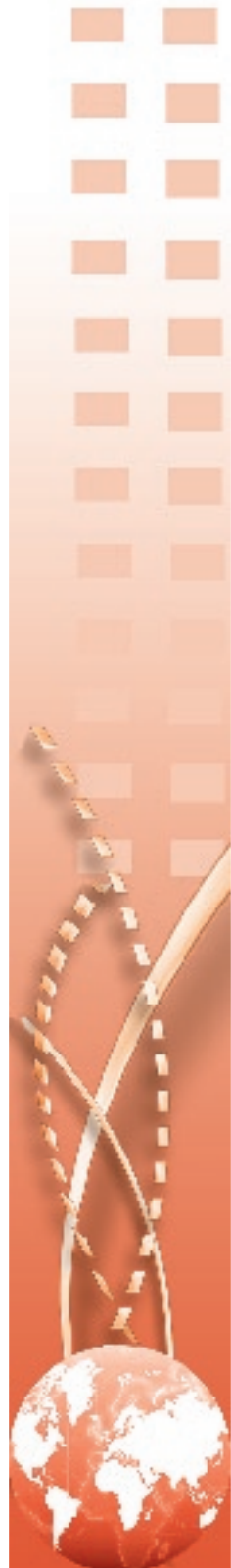
TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A (Level 13)	9	50	18	352	3.911	1.1
Band B (Level 14)	6	28	21.4	313	5.217	1.6
Band C (Level 15)	2	5	40	227	11.350	3.6
Band D (Level 16 – include Minister and Deputy Minister	0	4	0	0	0	0
Total	**17**	**87**	**19.5**	**892**	**5247.1**	**1.5**

8.   FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 8.1 – Foreign Workers, 1 April 2009 to 31 March 2010, by salary band

Salary Band	1 April 2009		31 March 2010		Change	
	Number	% of total	Number	% of total	Number	% change
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
Total	**0**	**0**	**0**	**0**	**0**	**0**

TABLE 8.2 – Foreign Worker, 1 April 2009 to 31 March 2010, by major occupation

Major Occupation	1 April 2009		31 March 2010		Change	
	Number	% of total	Number	% of total	Number	% change
None	0	0	0	0	0	0
Total	0	0	0	0	0	0

9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2009 TO 31 DECEMBER 2009

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 (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2009 to 31 December 2009

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 skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	53	49.1	9	4.1	6	15
Highly skilled production (Levels 6-8)	552	73.2	75	34.4	7	281
Highly skilled supervision (Levels9-12)	466	68.2	81	37.2	6	551
Senior management (Levels 13-16)	236	73.3	47	21.6	5	608
Contract (Levels 6-8)	7	71.4	1	0.5	7	3
Contract (Levels 9-12)	12	84.6	4	1.8	3	13
Contract (Levels 13-16)	3	100	1	0.5	3	7
Total	1330	70.7	218	100	6	1478
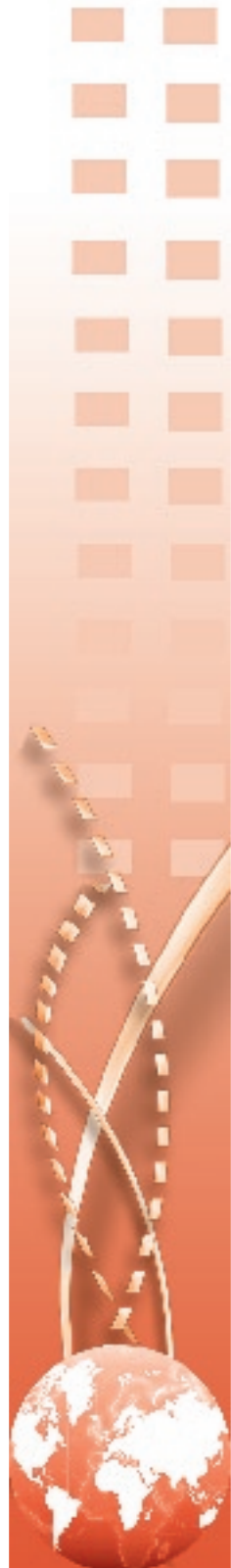
TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2009 to 31 December 2009

Salary Band	Total days taken	% 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)	69	100	4	100	17	41
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	69	100	4	100	17	41

Table 9.3 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 9.3 – Annual Leave, 1 January 2009 to 31 December 2009

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	0	0
Skilled Levels 3-5)	294	18
Highly skilled production (Levels 6-8)	1828	20
Highly skilled supervision(Levels 9-12)	2393.92	21
Senior management (Levels 13-16)	1688	20
Contract (Levels 6-8)	17	17
Contract (Levels 9-12)	67	13
Contract (Levels 13-16)	71	14
Total	6358.92	20

TABLE 9.4 – Capped leave, 1 January 2009 to 31 December 2009

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2009
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	0	0	0
Highly skilled production (Levels 6-8)	1	1	6
Highly skilled supervision(Levels 9-12)	9	2	13
Senior management (Levels 13-16)	74	15	33
Total	84	8	19

TABLE 9.5 – Leave payouts for the period 1 April 2009 to 31 March 2010

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

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2000/10 due to non-utilisation of leave for the previous cycle	38	2	1900
Capped leave payouts on termination of service for 2009/10	127	9	14111
Current leave payout on termination of service for 2009/10	61	5	12200
Total	226	16	14125

10. HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	None
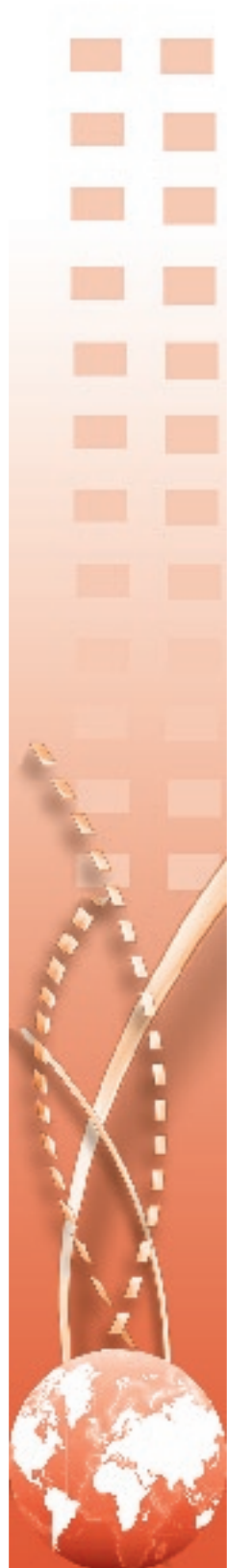
TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

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	
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		Two employees The annual budget allocated for the health promotion programme is approximately R 500, 000.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for the employees? If so, indicate the key elements/services of this Programme.	X		The key elements of the programme include: • A 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, etc. • Face-to-face counselling • Trauma management • HIV and AIDS Programme • Health promotion, and life management programme • Electronic health information and monthly health newsletter Access to counselling and support is also available to dependants of employees.
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		Employee Wellness and Health Programme policy and HIV and AIDS Policy are in place
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		The HIV and AIDS policy protects employees against discrimination. The Employee Wellness and Health Programme provides training, education counselling, support, and information to address perceptions about HIV and AIDS. Prohibition of unfair discrimination is integrated in some of the important HR policies

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Employees encouraged to undergo Voluntary Counselling during World Aids Day
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Service provider appointed to monitor and evaluate impact of health promotion programmes. Statistics; feedback from staff utilising the services, trends analysis of problem are handled by the EWHP service provider, as well as surveys.

11. LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2009 to 31 March 20010

Total collective agreements	None

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

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2009 to 31 March 2010

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	1	50
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	1	50
Case withdrawn	0	0
Total	2	100
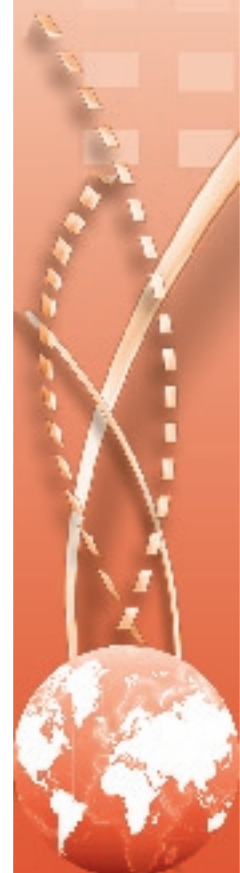
TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Unauthorised absenteeism/Non adherence to lawful instruction	1	50
Fraud/Misrepresentation of qualification	1	50
Total	**2**	**100**

TABLE 11.4 – Grievances lodged for the period 1 April 2009 to 31 March 2010

	Number	% of Total
Number of grievances resolved	4	36.36
Number of grievances not resolved	7	63.63
Total number of grievances lodged	**11**	**100**

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2009 to 31 March 2010

	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	**1**	**100**

TABLE 11.6 – Strike actions for the period 1 April 2009 to 31 March 2010

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

TABLE 11.7 – Precautionary suspensions for the period 1 April 2009 to 31 March 2010

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	80
Cost (R'000) of suspensions	R475 381

12. SKILLS DEVELOPMENT

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

12.1 – Training needs identified 1 April 2009 to 31 March 2010

Occupational Categories	Gender	Number of employees as at 1 April 2009	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	33	0	26	15	41
	Male	45	0	31	25	56
Professionals	Female	63	0	30	13	43
	Male	55	0	30	6	36
Technicians and associate professionals	Female	74	0	3	0	3
	Male	20	0	0	1	1
Clerks	Female	7	0	81	78	159
	Male	8	0	31	30	61
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	178	0	140	106	246
	Male	128	0	92	62	154
Total		306	0	232	168	400

12.2 – Training provided 1 April 2009 to 31 March 2010

Occupational Categories	Gender	Number of employees as at 1 April 2009	Training provided within the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	33	0	27	11	38
	Male	45	0	25	27	52
Professionals	Female	63	0	24	8	32
	Male	55	0	23	9	32
Technicians and associate professionals	Female	74	0	0	0	0
	Male	20	0	1	0	1
Clerks	Female	7	0	79	11	90
	Male	8	0	20	13	33
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	178	0	130	30	160
	Male	128	0	69	49	118
Total		306	0	199	79	278

13. INJURY ON DUTY

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2009 to 31 March 2010

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
Total	**0**	**0**

14. UTILISATION OF CONSULTANTS

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Telecommunications consulting relating to FIFA world cup	2	18 Months	R 4 753 800,00
Investigation in to allegations levelled against Chief Director HR	3	3 months	R298 965,00
Extension of scope of work-Investigation in to allegations levelled against Chief Director HR	3	1 month	R 193 800,00
Investigation into NEPAD related activities	2	4 months	R198 645,00
Investigation into allegations levelled against Intelligence Edge	3	1 month	R130 279,00
Legal Opinion on litigation against Department	1	5 days	R151 000,00
Legal opinion on Litigation against Department	1	5 days	R140 000,00
Legal opinion on litigation against the Department.	1	5 days	R 76 380,00
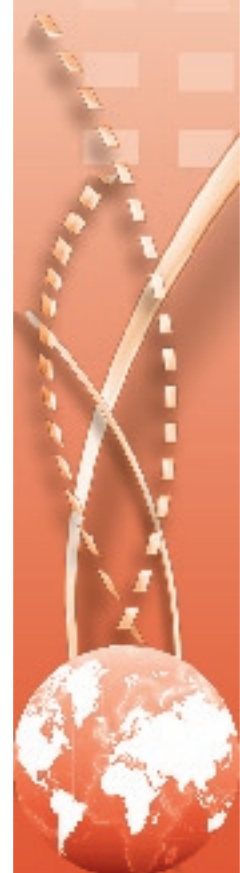
Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Audio visual, report writing , transcription and translation services	12	4 days	R419 520,00
Forensic investigation	4	3 Months	R 304 309,78
Training of youth offenders	12	4 months	R746 002,32
Advisory services for SMME. (Women in Construction)	2	5 Months	R 190 234,08
Strategic partnership for Tourism Portal	11	6 Months	R 2 458 360,14
Facilitation and minute taking at the Set-top box workshop.	8	2 days	R 119 814,00
Facilitator at the set top box workshop	1	2 days	R 42 000,00

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
15	66	45 months, 23 days	R 10 223 109,32

Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Telecommunications consulting relating to FIFA world cup	-	-	-
Investigation in to allegations levelled against Chief Director HR	100	100	3
Extension of scope of work- Investigation in to allegations levelled against Chief director HR	100	100	3
Investigation into NEPAD related activities	100	100	3

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Investigation into allegations levelled against Intelligence Edge.	100	100	3
Legal Opinion on litigation against Department	44	44	2
Legal opinion on Litigation against Department	44	44	2
Legal opinion on litigation against the Department.	44	44	2
Audio visual, report writing , transcription and translation services	100	100	8
Forensic investigation	50	50	2
Training of youth offenders	-	20	11
Advisory services for SMME. (Women in Construction)	100	100	2
Strategic partnership for Tourism Portal	(Section 21 Company)	-	-
Facilitation and minute taking at the Set-top box workshop.	100	100	8
Facilitator at the set top box workshop	100	100	1
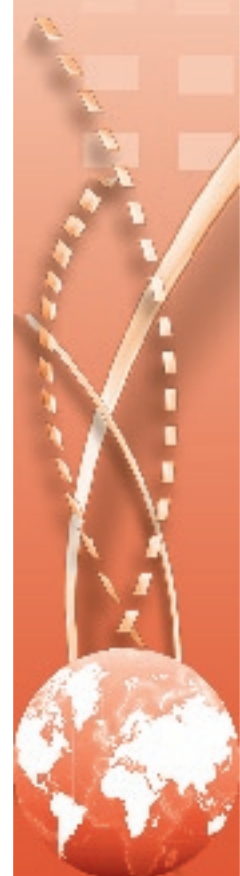
Table 14.3 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
No donor funds used	0	0	0
Total number of projects	**Total individual consultants**	**Total duration: Work days**	**Total contract value in Rand**
0	0	0	0

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
No donor funding used	0	0	0

REPORTS TO THE FINANCIAL STATEMENTS
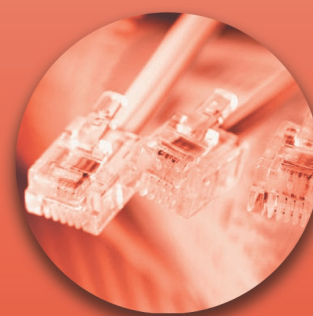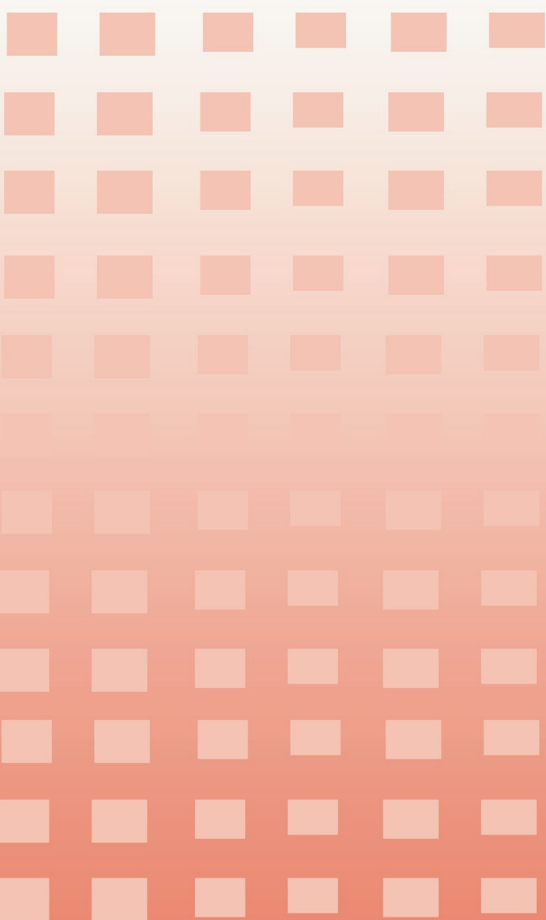
REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2010.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 4 meetings were held.

Name of Member	Number of Meetings Attended
S Hari (Chairperson)	3
B Francis (Contract terminated 1 June 2009)	0
M Moja (Chairperson's contract terminated 20 June 2009)	3
A Mawela	4

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from **section 38(1)(a) of the PFMA** and **Treasury Regulation 3.1**.

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

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The system of internal control was not entirely effective for the year under review. Though operating, they need strengthening and improvement for reliance to be placed thereon. During the year under review, several deficiencies in the system of internal control and/or deviations were reported by the Internal Auditors and the Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

THE QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS 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 of the Department during the year under review.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;

- reviewed the Auditor-General's management report and management's response thereto;

- reviewed changes in accounting policies and practices;

- reviewed the departments compliance with legal and regulatory provisions; and

- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.
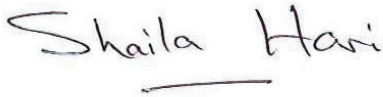
The Audit Committee wishes to raise its concern regarding the findings that the Auditor-General has highlighted in its report as a qualification on the Irregular Expenditure. As an emphasis of the matter, some of the findings relates to the previous year which was not detected.

INTERNAL AUDIT

The Audit Committee is concerned that the Internal Audit function is not operating effectively and that it has challenges in addressing the risks pertinent to the Department in its Audit Plan. The Internal Audit Branch is also faced with capacity challenges that need to be addressed rather urgently.

AUDITOR-GENERAL SOUTH AFRICA

The Audit Committee met with the Auditor-General South Africa to ensure that there are not unresolved issues.

Shaila Hari
Chairperson of the Audit Committee
31 August 2010
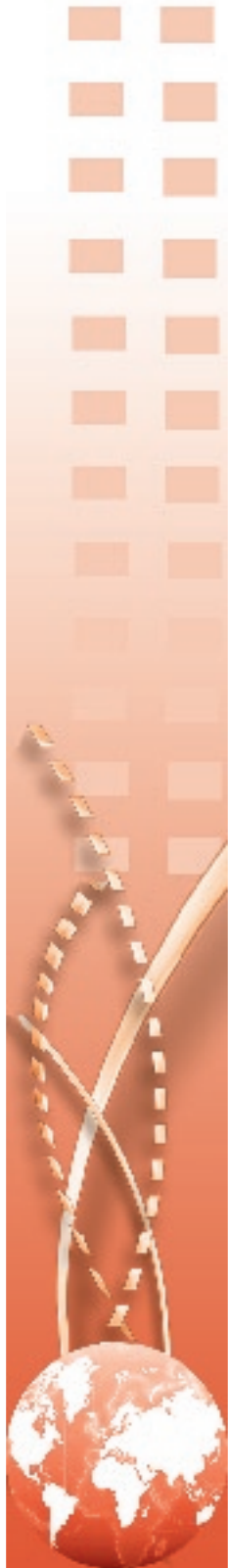
DEPARTMENT OF COMMUNICATIONS
Vote 24
MANAGEMENT REPORT
FOR THE YEAR ENDED 31 MARCH 2010

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1.   GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1   IMPORTANT POLICY DECISIONS AND STRATEGIC ISSUES FACING THE DEPARTMENT

South African Post Bank Bill

The Department developed the South African Post Bank Bill which was presented to and approved by Cabinet in October 2009. Letters to introduce the Bill to Parliament were submitted to the Speaker of the National Assembly and the Chairperson of the NCOP.

The Bill was debated in the Portfolio Committee on Communications on 23rd March 2010 and is yet to be promulgated into law.

Strategic focus of the Bill amongst others:

- To create a legislative framework that will facilitate the incorporation of the Postbank division of the Post Office as a public company wholly owned by the Post Office and for the company to be registered and operate as a bank;
- Provide for the establishment of a financial institution for mass mobilization of savings and investments from a broad community, particularly communities that have little or no access to commercial banking services and facilities;
- To provide an improved and expanded role of the Postbank and to strengthen the Postbank to provide financial services to wide segments, particularly the rural community;
- To ensure balance in its development obligations with the need for financial viability and sustainability;
- To facilitate government intervention in the Postal financial sector in line with the developmental State.

South African Post Office Bill

The Department developed the SAPO Bill which was presented to and approved by Cabinet in November 2009. Letters to introduce the Bill to Parliament were submitted to the Speaker of the National Assembly and the Chairperson of the NCOP.

The Bill was debated in the Portfolio Committee on Communications on 23rd March 2010. The Bill is yet to be promulgated into law.

Strategic focus of the Bill amongst others:

- To provide for continued corporate existence of the South African Post Office and its subsidiaries
- To provide for its governance and staffing
- To provide for the separation of accounts between reserved and unreserved postal services
- To ensure the provision of universal, accessible, reliable and affordable postal services.

Radio Frequency Spectrum Policy

The Department developed a Radio Frequency Spectrum Policy which was submitted to and approved by Cabinet in March 2010.

Key objectives of the Policy amongst others:

- To establish the environment within which National Spectrum Policy objectives are implemented
- To establish principles for spectrum management
- To establish guidelines for radio frequency spectrum planning so as to ensure the efficient usage of the radio frequency spectrum
- To set guidelines for spectrum usage
- To establish principles for spectrum fees

Extensive work was done with regards to the drafting of the Public Service Broadcasting Bill, the Broadband Policy and the STB Manufacturing Sector Development Strategy which underwent extensive stakeholder consultation and are expected to undergo the Cabinet approval process in the first quarter of the 2010/11 financial year

Public Service Broadcasting Bill

The Bill aims to align the Broadcasting Services to the developmental goals of the country in the public interest through the following, amongst others:

- To provide for a three tier system of public, commercial and community broadcasting services that contribute to development;
- To promote universal access to broadcasting services by citizens of the country;
- To make provision for the funding of broadcasting development including public broadcasting services;
- To promote stability in the community broadcasting sector;
- To promote the local content industry.

Broadband Policy

The Broadband Policy aims to facilitate the provisioning of affordable, accessible, universal access to Broadband infrastructure to citizens, business and government (National, Provincial and Local), and to stimulate the usage of Broadband services.

STB Manufacturing Sector Development Strategy

The strategy has been drafted as part of implementing the National Industrial Policy Framework for South Africa. The Strategy outlines government's vision and approach to strengthening the local electronic manufacturing industry. The Strategy seeks to achieve the following objectives:

- Revitalise the electronics manufacturing industry;
- Create a competitive electronics industry and related supporting industries;
- Create sustainable jobs in the industry;
- Bring about transformation in the electronics industry;
- Promote innovation, research and development; and
- Build South African excellence in electronic manufacturing.

1.2   SIGNIFICANT EVENTS THAT TOOK PLACE DURING THE YEAR

The African Union Extraordinary Conference of Ministers responsible for Communications and Information Technologies

Africa, through the Department of Communications (DoC), hosted the African Union (AU) Extraordinary Conference of Ministers of Communications and Information Technologies (CIT), from 2-5 November 2009.

This Extraordinary CIT Conference, which was held in preparation for the January 2010 Summit of Heads of State and Government, served as the only platform for continental consultation prior to the AU Summit 2010 whose theme is *"Information and Communications Technologies in*
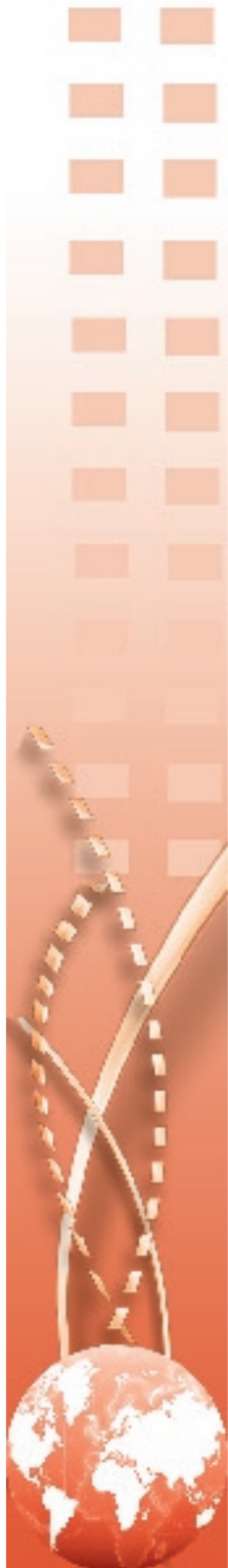
Africa: Challenges and Prospects for Development". The Conference was also a direct response to the decision of the AU Assembly of Heads of State and Governments at their Ordinary Session held in Addis-Ababa, Ethiopia in January 2009, to have the AU Summit January 2010 dedicated to ICTs.

Hosting this AU CIT Extraordinary Conference was propelled by Governments' commitment to supporting the AU and its technical committees, such as the CIT. The AU CIT's key priority is to bridge the digital divide gap, promote and accelerate socio economic development through robust infrastructure development, and contribute to the attainment of the millennium development goals through ICTs.

The AU CIT Conference deliberated on 4 broad themes which are: Enabling Environment for ICT growth; ICT Infrastructure Development; Africa in the Economics of the Internet; and ICT Capacity Building, Research and Development. The outcome was the adoption of the Oliver Tambo Declaration by the African Ministers responsible for ICTs. The Oliver Tambo Declaration, named after one of Africa's stalwarts, reflects key issues which the African Ministers seek to prioritise.

AU Assembly of Heads of States and Governments 14th Ordinary Session

The Department participated at the 14th Ordinary Session of the Assembly of Heads of States and Governments which was held in Addis-Ababa, Ethiopia from 25 January to 2 February 2010. The Department provided inputs towards the theme for this Summit, which was *Information and Communications Technologies in Africa: Challenges and Prospects for Development"*. The President of the Republic, President Zuma in his response on the debate on the theme highlighted the need to promote research and development, and innovation in Africa. He called on all to implement information society development initiatives, and utilise the Internet as a critical tool for financial, economic and socio-cultural benefit to Africa. The need to protect critical information infrastructure was also highlighted.

Linked to the theme, the Department also participated in the ICT Panel, a debate forum on the margins of the Summit which put forward recommendations on how to fast-track connectivity in Africa. The recommendations were transmitted and incorporated in the Addis Ababa Declaration on Information and Communication Technologies in Africa: Challenges and Prospects for Development, which was adopted by the Summit of Heads of State and Government at its 14th Ordinary Session.

1.3   MAJOR PROJECT UNDERTAKEN OR COMPLETED IN THE YEAR

South African Post Bank Bill

The Department developed a draft Post Bank Bill which underwent extensive stakeholder consultation including key Ministries of the Economic Cluster, the Industrial Strategy Focus Group, and the FOSAD (Forum of South African Directors General) Cluster. Following certification of the Bill by the State Law Advisors, it was presented and approved by Cabinet in October 2009 and subsequently introduced to Parliament and debated in the Portfolio Committee on Communications in the last quarter.

The Bill has not as yet been enacted due to the Parliamentary process which is out of the Department's control.

South African Post Office Bill

The Department developed a draft South African Post Office (SAPO) Bill which was gazetted for public comments in July 2009 after which it underwent extensive public consultation including presentation to key ministries of the Economic Cluster, the Industrial Strategy Focus Group as well as public consultations in all nine Provinces.

Following certification of the Bill by the State Law Advisors, the Bill was presented and approved by Cabinet in November 2009 and subsequently introduced to Parliament and debated in the Portfolio Committee on Communications during the last quarter of this reporting period. The Bill has not as yet been enacted due to the Parliamentary process which is out of the Department's control.

Radio Frequency Spectrum Policy

The updated Spectrum Policy was submitted to Cabinet and received Cabinet approval on 10 March 2010. Prior to obtaining Cabinet approval, the Policy was presented to the Economic Cluster and gazetted for public comment in the third quarter after which the comments fed into the development of the Radio Frequency Spectrum Policy which was updated.

Broadband Policy

The Department developed a draft Broadband Policy that was gazetted for public comment in September 2009. The public consultation process was finalized in the third quarter through the hosting of a Broadband Colloquium at Gallagher Estate on 18 and 19 November 2009. The Colloquium provided members of the public and the industry with a further opportunity to provide their input on the policy and deliberate on some of the more contentious points in the policy. Input from the Colloquium and the public comment process were incorporated into the policy document and then submitted to Cabinet for approval where it was recommended that further deliberations on the policy take place in an Inter-ministerial Committee comprising of the Departments of Communications, Economic Development, Co-operative Governance and Traditional Affairs, Public Service and Administration, Public Enterprises and Science and Technology. Following two Inter Ministerial Meetings on 9 and 16 March, the policy was updated based on the input from the IMC and is to be presented at the Cabinet Committee on 14 April 2010.

The Department also developed a draft National Broadband Strategy, which will act as guidelines, and will be finalized through the Broadband Inter-Governmental Implementation Committee.

Public Service Broadcasting Bill

The Department developed a discussion document stemming from a Public Service Workshop which was gazetted for public comment and underwent further stakeholder consultation through the hosting of public consultation workshops in all nine Provinces. The draft bill was thereafter developed and published for comments with a closing date of 15 January 2010. Due to the complexity of the Bill, the Department agreed with the requests from the public to extend the deadline for the submission of comments which delayed the introduction of the Bill to Parliament. However, it is envisaged that given the extensive progress made, the Bill will be introduced to Parliament early in the 2010/11 financial year.

STB Manufacturing Sector Development Strategy

Although no STBs were distributed, as manufacturing is expected to commence in the 2010/11 financial year, the Department developed the STB Manufacturing Sector Development Strategy following which it was presented to the Industrial Focus Group for inputs and comments. Thereafter, it was updated and gazetted for public comments. Following the analysis of the public comments, the updated strategy was presented in the Digital Dzonga workshop to manufacturers, retailers and distributors for further inputs. A national STB Manufacturing Summit was also held in October 2009. The Purpose of the Summit was to further solicit inputs from wider stakeholder groups and members of the public. The inputs from the Summit were incorporated into the Draft Strategy. It is envisaged that the Strategy will be presented to Cabinet for approval in June 2010.

The STB volumes allocation criteria were also finalized while work began to finalise the STB control system. The Public Broadcaster and e-TV are in the process of finalising their selection of the vendor/service provider who will provide the STB Control System.

Reducing cost, improving quality, availability and usage of ICTs across the Sector over 3 years.

The Department developed an extensive Programme of Action (POA) to reduce the Cost to communicate which was debated with key stakeholders such as ICASA and USAASA as well as Cabinet structures related to the Economic Cluster, after which the final POA was submitted to Cabinet for noting.
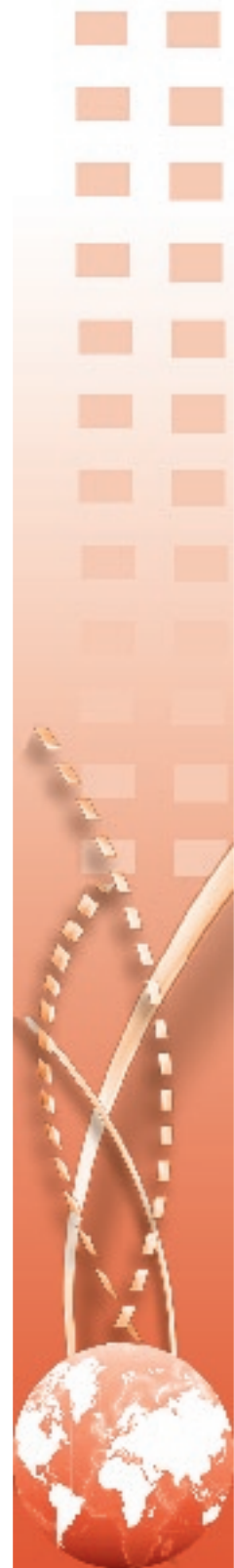
In order to expedite the implementation of the POA, an interdepartmental task team comprising of the Departments of Trade and Industry, Science and Technology, National Treasury, The Presidency, USAASA and ICASA was established, under the leadership of the DoC. This interdepartmental task team met regularly, as from 31 August 2009, to monitor the progress of the implementation of the POA and to advise on approach and the management of bottlenecks.

Reducing interconnection rates and expediting the development of interconnection regulations by ICASA was identified as a priority item on the Programme of Action. The Department proceeded to conduct two regulatory impact assessments with regard to interconnection. The first was to explore various approaches to interconnection reduction, including the method used by Namibia, and to recommend the most effective approach for South Africa. Following a call by the Portfolio Committee to reduce mobile termination rates (an element of interconnection), the Department issued a policy directive in support of the call; and it also conducted another impact assessment to see what the cost of the implementation of the directive would be to operators.

However, in the third quarter of the reporting period, the Department withdrew the policy directive as a result of negotiations with operators, which resulted in the MTR being reduced from a peak rate of R1.25 to 89 cents. ICASA is due to release the draft interconnection regulations in April 2010 and commit to completing the regulations by June 2010. The reduction in interconnection rates will not only enable a reduction in telephone costs by the end-user, but will also enable more players to enter the market, thereby contributing to job creation and economic growth.

High telephone costs were also identified by the task team, which was mandated by the DoC and the DTI, as the key inhibitor to growth in Business Process Outsourcing (BPO), a highly labour intensive sector. To this end, a draft developmental pricing model for the BPO sector was completed and tabled at the interdepartmental task team meeting of 4 February 2010. It is now ready for debate within the DoC before being presented to Cabinet.

Furthermore, lack of infrastructure was identified as another major impediment to the competitiveness of the ICT sector. The task team therefore received regular feedback from the DoC Infrastructure Branch with regards to a National Broadband Policy and a Spectrum Management Policy; and also monitored progress in respect of the roll-out of terrestrial and undersea backbone infrastructure. A reduction in the cost of international lease lines, better co-ordination of broadband roll-out and improved allocation of spectrum will result in affordable, accessible and reliable broadband services.

Broadcasting Digital Migration

The Department developed a draft Scheme for Ownership Support (SOS) which underwent extensive stakeholder consultations including, the Digital Dzonga, USAASA, SABC, Statistics South Africa, SASSA, and DPLG wherein written submissions were received. Furthermore, a consultation workshop was held in September 2009 with manufacturers, retailers, and distributors of Set Top Boxes (STBs). The SOS was also presented to the FOSAD Infrastructure Cluster in February 2010, wherein it was decided that the DoC, Treasury, DTI and DST will further develop a rollout plan for the SOS and present it to the cluster as soon as possible. The Department now also needs to ensure that the SOS strategy is aligned to the manufacturing strategy.

The Digital Dzonga, which is mandated to coordinate all BDM related initiatives in South Africa, was formally launched by the Minister in July 2009 at the Constitutional Hill in Johannesburg. The Minister further approved the Digital Dzonga organisational structure and subsequent process to recruit the required staff, and thereafter approved the establishment of Digital Dzonga as a government component in August 2009. The Digital Dzonga Council met ten times and three DTT State of Readiness reports were produced and presented to the Executive. A decision to dissolve the Digital Dzonga Council was taken in November 2009 because of potential conflict of interest within the council. However, the Council was fully operational until 31 March 2010, after which it was formally dissolved on 01 April 2010. A nomination process was started immediately to appoint the new advisory council, with the intention to complete the process as soon as possible.

ICT Infrastructure for FIFA Confederation Cup, International Broadcasting Control Centre (IBCC) and FIFA 2010 Legacy plan

The Department installed, tested and commissioned the Access Network at all FIFA Confederation Cup (FCC) venues in May 2009 after which the video adaptation equipment (VandA) was implemented in the first week of June 2009. Following this, in the third quarter, the Telkom Access Network was been installed at all the stadiums and the International Broadcast Centre (IBC). In June 2009, the 2009 FIFA Confederation Cup (FCC)Games were held without any major related technical incidents.

Furthermore, the Telkom Carrier Rooms (TCRs) at all venues were completely installed, and are currently being tested. The Technical Operations Centre (TOC) portion of the access network will be installed in April and May 2010. Telkom revisited the environmental and power arrangements at the FCC stadiums, after which a power plan was devised for the stadia, for pre-event and during-the- event. Telkom/Eskom sessions were also held to discuss the plans regarding the Eskom powered exchange, and sessions with Municipalities regarding the Municipal-powered exchanges were set up for April 2010.

With regards to monitoring the implementation of the Satellite Back-up Network, the Satellite Back-up at all stadia was implemented in the first week of June 2009 for the FCC games. The Satellite Network was implemented as per project plan, and operated effectively, with no outages during the FCC games.

For the 2010 FWC games, all satellite stadium back-up links were installed and preliminary tests have been completed. The final commissioning and testing will commence once the satellite and the downlink is operational at the second Teleport, which is due in May 2010.

The second Teleport dish plinths for all 4 dishes have been completed and the dish assembly for the two dishes, 13m and 9m dishes, has commenced and is on schedule for delivery by end of May 2010. The second Teleport building is also on schedule and is about 50% complete, i.e. foundation, walls and concrete roof, and will be ready for practical completion by end May 2010.

The IBC refurbishment was completed in December 2009, after which the building was handed over to Host Broadcasting Services on 04 January 2010.

The DoC concluded a funding agreement with the City of Johannesburg for upgrade of the Johannesburg Expo Centre facilities, including the adjoining satellite farm. The projects funded are mainly Information Technology and Telecommunications (IT&T), power, lighting, audio-visual and security related. This comprises the following projects; installation / upgrade of IT&T related facilities; refurbishment of the existing Lighting and Power Infra-structure; Public Announcement Sound System;

Closed-circuit television System; Area Signage; and Public Telephone facilities. Seven of the projects have been completed. The last project which is the preparation of the temporary satellite farm and the provision of the cable bridges will be completed in April 2010.

The Information Technology and Telecommunications (IT&T) implementation commenced in October 2009. The Telkom Carrier Room portion of the Access Network was completed at all stadiums by end March 2010.

With regards to FIFA non-stadia venues, as per the implementation plan, access Networks were installed at all FCC non-stadia venues (FIFA hotels, and FIFA data Centre) as per FIFA's requirements. All non-stadia venues were upgraded and installed according to specification, and operated without any incidents during the FCC games.

With regards to ICASA's Radio Frequency Spectrum licensing for 2010 and equipment type approval, ICASA developed and successfully implemented spectrum licensing and type approval procedures for the FCC.

With regards to protection of 2010 ICT infrastructure, a security post-mortem has already been concluded and measurements have been put in place for the FIFA World Cup.

With regards to the 2010 Legacy project, the department developed a legacy concept document after which it engaged host cities with regards to implementation of the Legacy
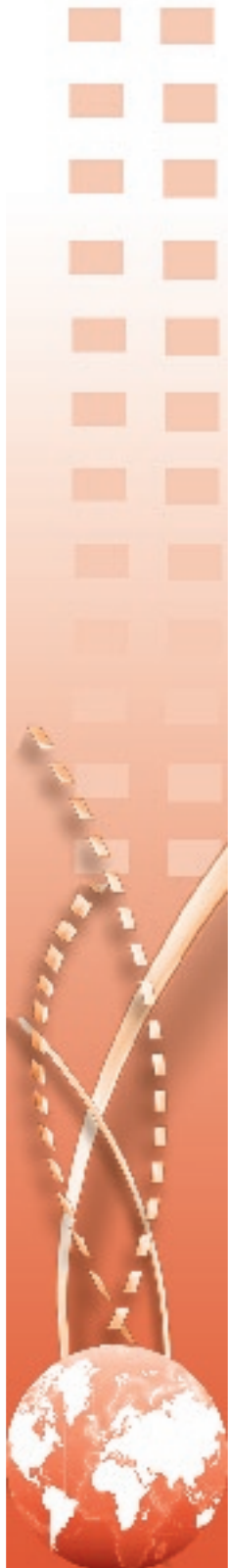
plan. Furthermore, the VandA position paper has been completed for the VandA legacy lease-or-buy option which was used to inform the DoC decision to lease and not purchase the FWC VandA equipment. Sentech plans to maintain their satellite infrastructure at the stadiums, and the second Teleport will be legacy in terms of the back-up to the honeydew Teleport.

Lastly, DoC has issued formal communication to Host Cities to prepare for the next legacy phase post the event, and has also requested interaction with the LOC legacy projects, in particular the 52 artificial turfs for legacy purposes.

1.4.   SPENDING TRENDS

The department's approved budget allocation for the 2009/10 financial year amounted to R2 470,5 billion, made up of baseline allocation of R2 266,9 billion and adjusted estimates allocation of R203,6 million.

The adjustment estimates include an additional allocation of R200 million for immediate liquidity requirements of the South African Broadcasting Corporation and R3, 6 million for higher salary increases.

Spending for the 2009/10 financial year amounts to R2 301, 9 billion and the underspending of R168, 6 million that represents 6.8 % of the total budget is made up as follows:

- R8,8 million for compensation of employees due to the resignation and promotion of staff members as well as the moratorium on staff appointments in the Department.

- R18,2 million for goods and services which arises from the delay in finalising tender processes as a result of the new administration having undertaken a reprioritisation exercise during the year under review.

- R139 million for transfers and subsidies for Telkom: 2010 FIFA World Cup (R20 million) and Sentech: 2010 FIFA Wold Cup (R96 million) as a result of the savings realised due to fixed price agreements; Programme Production: Broadcasting Digital Migration Awareness (R20 million); and NEPAD transfer funds re-planned for transfer to NEMISA (R3 million).

- R2,5 million for payment of capital assets in relation to the procurement of test equipment.

Request was made to National Treasury in terms of the applicable guidelines to roll-over the underspend on transfers and subsidies and on capital assets. Rollover request was also submitted for R15,8 million of the R18,2 million underspend on goods and services i.e. to the maximum 5% of the 2009/10 goods and services budget of R315,9 million.

The Department is structured into six programmes namely: Administration, ICT International Affairs and Trade, ICT Policy Development, ICT Enterprise Development, ICT Infrastructure Development and Presidential National Commission. The ICT Enterprise Development programme accounts for the highest budget allocation of 82,8% of the total budget of the department. This is mainly due to the transfer payment to entities in the Department's portfolio namely: Independent Communications Authority of South Africa (ICASA), South African Post Office (SAPO), South African Broadcasting Corporation (SABC), Sentech, Universal Service and Access Agency of South Africa (USAASA), Universal Services and Access Fund (USAF), The National Electronic Media Institute of South Africa (NEMISA); and a transfer for Telkom for the fulfilment of the 2010 FIFA World Cup guarantees.

The transfers constitute 95, 2% of the programme expenditure and are made as follows:

Entity	Allocated funds	Expenditure as at 31 March 2010
	R'000	R'000
National Electronic Media Institute of South Africa	29,059	29,059
Universal Services and Access Agency of South Africa	33,495	33,495
Universal Services and Access Fund	36,427	36,427
Independent Communications Authority of South Africa	269,607	269,607
South African Post Office	383,092	383,092
South African Broadcasting Corporation	466,579	466,579
Sentech	360,019	264,019
Telkom	370,000	350,000
Total	**1 948,278**	**1 832,278**

Budget vs Expenditure as at 31 March 2010
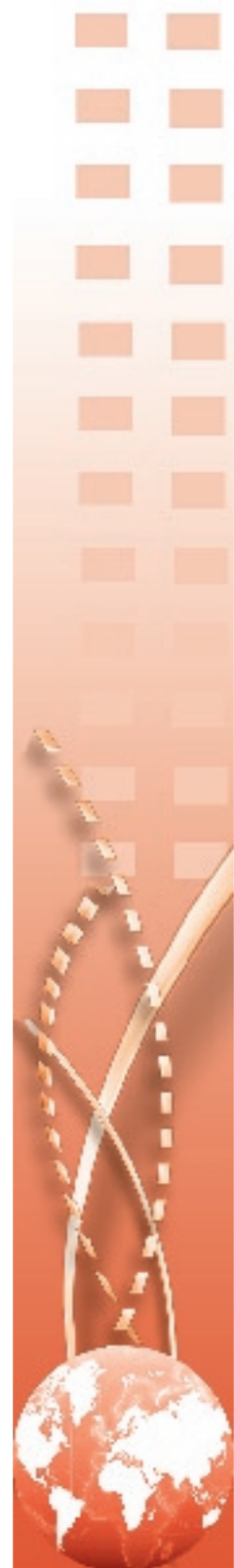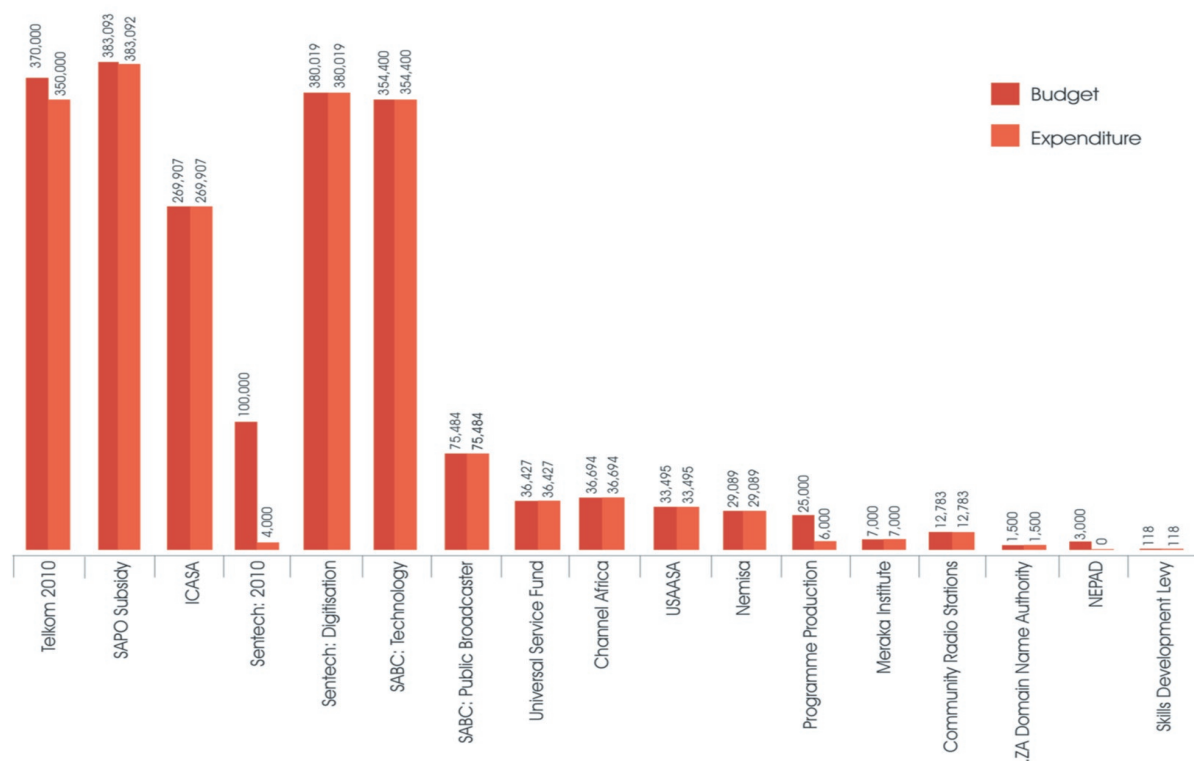
Programme	Final allocation	Expenditure as at 31 March 2010
	R'000	R'000
Administration	164,786	163,200
ICT International Affairs and Trade	49,274	44,600
ICT Policy Development	93,025	70,112
ICT Enterprise Development	2,041,848	1,923,635
ICT Infrastructure Development	90,244	74,787
Presidential National Commission	31,317	25,578
	2, 470,494	2,301,912

Budget vs Expenditure as at 31 March 2010
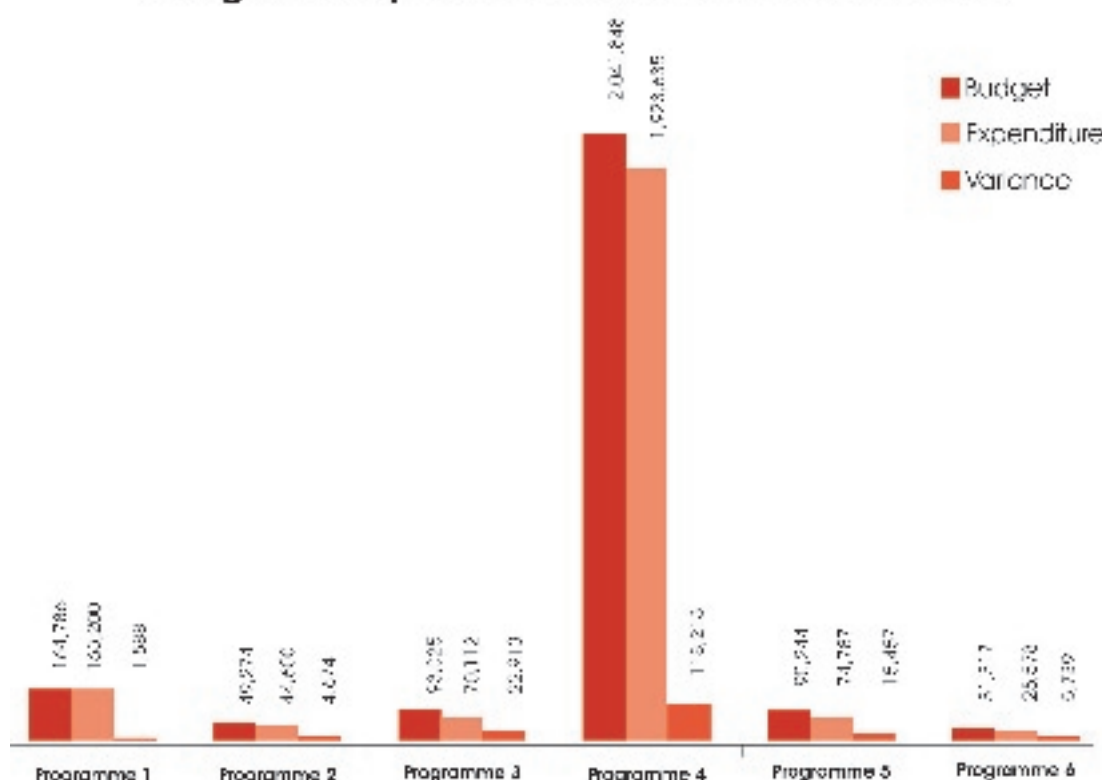
1.5 VIREMENT

Virement was effected on programmes 1, 2, 3, 4, 5, and 6 to programmes 1 and 5. The virement from programme 1 and 4 under compensation of employees to programme 2 goods and services was to defray excess expenditure in relation to membership fees to international organisations and also to programme 1 goods and services related to Broadband Digital Migration awareness and in relation to the transaction to unbundle the Telkom shares.

Virement to programme 5 was due to the finalisation of Electronic Document Management System (EDMS). Virement is in accordance with section 43 (1) of the PFMA.

1.6 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure incurred during the 2007/08 financial year is still recorded under current assets. This expenditure is mainly as the result of interest charged by Universal Postal Union (UPU) to which the Department subscribes annually as a member. The interest charged was due to late payment of membership fees. The interest charged amounts to R520 thousand. The Department is in discussion with UPU to reverse the interest, based on the outcome of a joint review by the parties around the circumstances of the late payment.

Fruitless and wasteful expenditure for the 2009/10 financial year of R54 thousand is disclosed in disclosure note 36 of the financial statements.

1.7 DEPARTMENTAL RECEIPTS

The Departmental receipts for the year under review amount R5,826 billion of which R871,8 million is license fees collected by the Independent Communications Authority of South Africa and is made up as follows:

- R18,291 million for Post Office license fees;
- R30,951 million for Telecommunications service providers;
- R481,096 million for cellular network licenses;
- R202,159 million for private radio stations;
- R130,452 million for private television stations;
- R27 thousand for unreserved postal services registration fees; and
- R8,874 million for telephone equipment licenses.

The balance of the receipts is made up as follows:

- R8,947 million direct exchequer receipts: ICASA;
- R4,472 billion direct exchequer receipts: special dividends from Telkom;
- R238,105 million ordinary dividend from Telkom;
- R227,752 million ordinary dividend from Vodacom;
- R1,984 million interest on Nedbank account;
- R1,780 million interest on SABC loan;
- R2,340 million for local donations received; and
- R156 thousand for interest on debts.

Departmental Receipts 2009/10

R465,857 million   R871,823 million

R3,920 million

R4,481,173 million

- ● Licence Fees: ICASA
- ● Interest Received
- ● Direct Exchequer Receipts ICASA and Telkom
- ● Ordinary Dividends: Telkom and Vodacom
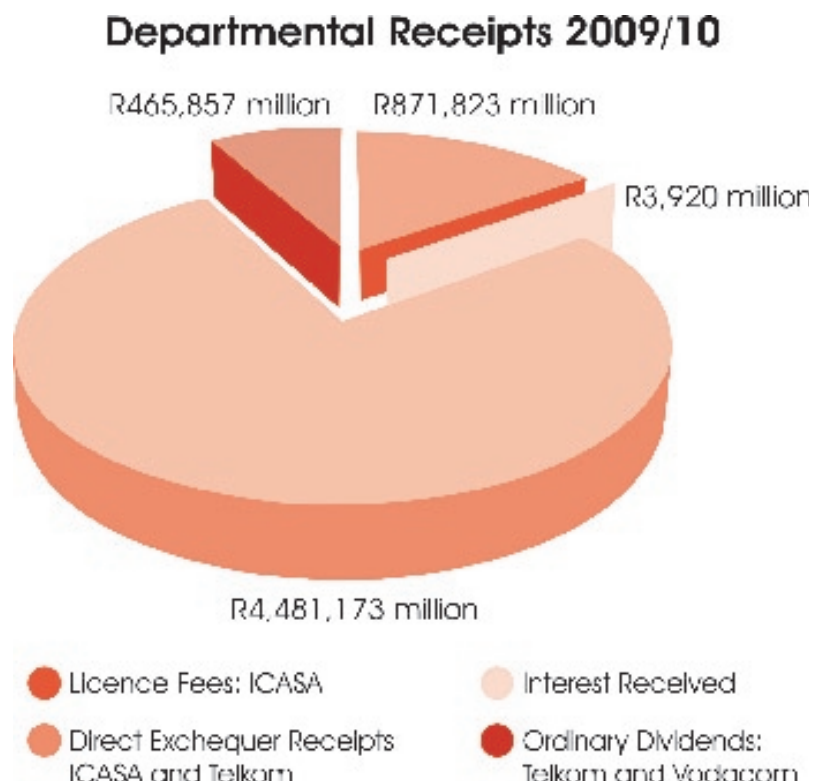
1.8 2010 FIFA World Cup

The Department incurred expenditure of R21 thousands for the purchase of lapels pins and vuvuzelas in May 2010 as gifts and donations for SADC minister's meeting on Communications, Post and ICTs held in Angola (Luanda) from 10 -13 May 2010.

Departments World Cup Expenditure			
	2009/10		**2008/09**
	Quantity	**R'000**	**R'000**
Tickets acquired	-	-	-
	2009/10		**2008/09**
Distribution of tickets	**Quantity**	**R'000**	**R'000**
Stakeholders	-	-	-
SMS officials			
Level 16	-	-	-
Level 15	-	-	-
Level 14	-	-	-
Level 13	-	-	-
Non-SMS officials	-	-	-
Family members of officials	-	-	-
Other government entities	-	-	-
Audit Committee members	-	-	-
Other			
None	-	-	-
Total	**-**	**-**	**-**

	2009/10	**2008/09**
Travel costs		
Stakeholders	-	-
SMS officials		
Level 16	-	-
Level 15	-	-
Level 14	-	-
Level 13	-	-
Non-SMS officials	-	-
Family members of officials	-	-
Other government entities	-	-
Audit Committee members	-	-
Other		
None	-	-
	-	**-**

Departments World Cup Expenditure			
		2009/10	2008/09
Purchase of other world cup apparel	Quantity	R'000	R'000
Specify the nature of the purchase (e.g t-shirts, caps, blankets etc)	-	-	-
	-	-	-
Total world cup expenditure		-	-

	Quantity	R'000
Tickets acquired after year-end (30 June 2010)	-	-

Distribution of tickets acquired after year-end	Quantity	R'000
Stakeholders	-	-
SMS officials		
Level 16	-	-
Level 15	-	-
Level 14	-	-
Level 13	-	-
Non-SMS officials	-	-
Family members of officials	-	-
Other government entities	-	-
Audit Committee members	-	-
Other		
None	-	-
Total	-	-

Shifting of funds	2009/10	2008/09
Budget line item utilised:		
	-	-
	-	-
Extent of funds shifted from other line items	-	-

2.   SERVICE RENDERED BY THE DEPARTMENT

The Department's core business is policy formulation for the Information Communications Technology sector. In addition, the Department controls and manages shareholding in SAPO, NEMISA, Sentech and USAASA. Detailed descriptions of services provided by different programmes are covered later in this report.
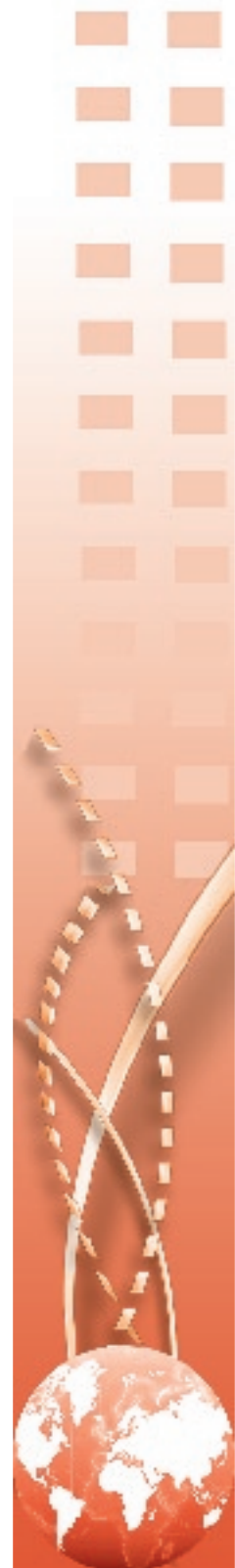
2.1 TARIFF POLICY

The existing tariff for electromagnetic compatibility testing at the Institute for Satellite and Software Applications (ISSA) has been maintained, pending the transfer of this facility to the South African National Space Agency.

2.2 FREE SERVICES

There is no free service delivery provided by the Department.

2.3 INVENTORIES

Inventory verification on hand was undertaken in March 2010 in the presence of the Auditor-General and two minor discrepancies were discovered and rectified.

The total inventories on hand at year-end of R 7,6 million comprising mainly of stationery and printing is included in the Annexure to the annual financial statements on Inventory.

3. CAPACITY CONSTRAINTS

The Department is experiencing a high vacancy rate since the previous restructuring process that was finalised in 2007. This is as a result of financial constraints which led to the difficulty in filling of all vacant positions. A decision was taken to identify critical posts to be prioritised and filled, using the limited available budget.

The vacancies had some impact on service delivery. Although the Department was able to deliver on its key commitments, the finalisation of some strategies and policies was delayed and implementation of a few projects was deferred.

4. UTILISATION OF DONOR FUNDS

The balance of the donation forwarded to the 2009/10 financial year amounts to R2,9 million (R97 thousand from Information System, Electronic and Telecommunications Technologies Sector Education and Training Authority (Isett-Seta), R2,76 million from Vodacom and R32 thousand from Post Office.

During the year under review, the Department received an amount of R2,340 million from various companies (R45 thousand from Sentech, R1,2 million from Multichoice, R95 thousand from Vodacom, and R1 million from MTN which was paid into the department's bank account) to assist in the hosting of World Telecommunications Standardisation Assembly (WTSA-08). The sponsorship money was paid into the National Revenue Fund and was requested through the adjustment estimates, but approval was not granted.

5. TRADING ENTITIES AND PUBLIC ENTITIES

5.1 NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA (NEMISA)

NEMISA is a training institution that was established by the DoC with a mandate to provide individuals from previously disadvantaged communities with expertise in the various fields within the electronic media sector. Its principal activity is the development of skills in the electronic media industry for the benefit of South Africa.

During the year under review NEMISA trained more than 500 trainee students. The number of students trained is substantially higher during the recently completed academic year compared to previous years. More than 95% of the trainees came from previously disadvantaged background, representing all the nine provinces.

NEMISA also had its first class of students graduate in a three-year course in animation. The curriculum for the animation course was acquired from Algonquin College in Canada. As part of this training, the students spent three months creating an animated dream sequence which was featured in a local film, Karate Kallie, and released on the Ster-Kinekor circuit and on DVD in 2009. NEMISA has also seen a significant number of its students taking up employment opportunities in the ICT industry.

5.2 UNIVERSAL SERVICE AGENCY AND ACCESS OF SOUTH AFRICA (USAASA) - AND THE FUND (USAAF)

The Universal Service and Access Agency of South Africa ("the Agency"), is established in terms of section 80 of the Electronic Communications Act No. 36 of 2005 ("the ECA") as a statutory body with a sole mandate of promoting the goal of universal access and universal service to electronic communications services ("ECS"), electronic communications network services ("ECNS") and Broadcasting Services ("BS").

During the financial year under review, the following key achievements were attained:

- 8 new community access centres were built;

- 68 new schools were provided with about 2720 computers;

- 18 FET Colleges received subsidies for internet connectivity to the internet;

- 100 Access Centre personnel trained in business management and IT skills; and

- USAASA completed a project on the Definitions of Universal Access and Services which will lay a foundation upon which all future ICT Universal Services and Access programmes will be based.

5.3 SAPO

The South African Post Office Ltd (SAPO) was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. SAPO 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. It also makes provision for the activities of Postbank.

During the year under review, SAPO reported an operating profit of R403 million. The company built and upgraded about 120 branches. Since the start of the rollout of the addresses in 2001/02, about 7.4 million new addresses have been rolled out. One of the main focuses of Postbank during the year under review was to provide a wider range of affordable, relevant and accessible financial services for the unbanked. In fulfilling this objective, a product called Bakgotsi was developed. The number of Bakgotsi accounts grew from 16 000 in January 2009 to 34 000 in January 2010. The Bakgotsi accounts are designed specifically for savings clubs.

5.4 SENTECH

Sentech was established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999). It was licensed as a common carrier for broadcasting signal distribution and was subsequently granted a multimedia and carrier-of-carrier license in terms of the Telecommunications Amendment Act, 200. The core business of Sentech is provision of broadcasting signal distribution to broadcasting licensees. The multimedia and carrier-of-carrier licences awarded to Sentech in 2002 positions the company to play in the space of converged ICT services. In 2005 Sentech was mandated by Government to migrate the analogue terrestrial television infrastructure to Digital Terrestrial Television (DTT). Sentech achieved the digital switch-on on 30 October 2008 and work is currently in progress to finish the remainder of the phases.

Key achievements include amongst others, operating and maintaining the terrestrial analogue television and radio transmission networks above satisfactory customer service levels, at 99.9%. Major networks are anticipated to continue to perform at these standards during the 2010 FIFA World Cup to ensure that South Africans across the country can enjoy the soccer spectacular.

Subsequent to the switch-on of DTT network in 2008, Sentech together with the SABC and e-TV have been conducting a pilot-broadcasting on the DTT platform involving about three thousand households. The DTT network of Sentech could potentially reach 33.3% population coverage during the year under review. As part of the 2010 FIFA World Cup Guarantees, Sentech provided back-up satellite infrastructure during the 2009 Confederations Cup. The satellite infrastructure performed at 100% availability at four stadia (Mangaung in Bloemfontein; Royal Bafokeng in Rustenburg; Johannesburg and Tshwane) hosting the Confederations Cup.
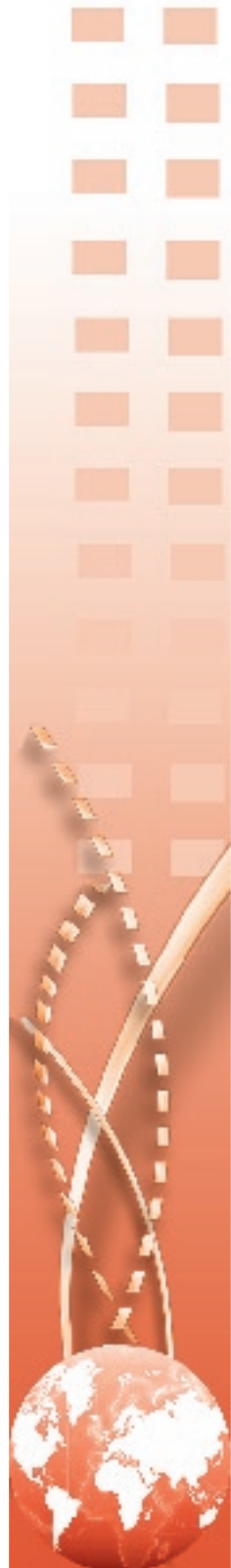
As part of a commercial contract, Sentech provided the international satellite feed for FIFA during the Confederations Cup.

To ensure universal access to television and radio, Sentech (in partnership with the SABC) has been rolling out lower power transmitters. This will mainly assist a significant number of isolated and underserved rural communities to access radio and television broadcasts for the first time. Sentech has also provided a broadcasting signal distribution to an estimated 47 community radio stations based throughout South Africa.

5.5   SOUTH AFRICAN BROADCASTING CORPORATION

The SABC is a public broadcaster, established in terms of the Broadcasting Act (22 of 1936) to provide radio and television services that informs, educates and entertains. It is operationally regulated in terms of licences granted by ICASA. The company's general objectives are outlined in the SABC's Broadcasting Charter, which is set out in the Broadcasting Act. In terms of this Charter, the SABC, in pursuit of its objectives and in exercise of its powers, enjoys freedom of expression and journalistic, creative and programming independence as enshrined in the Constitution. To improve stability, consistency and delivery at SABC, Editorial Policies have been put in place to guide every aspect of the SABC's broadcasting activity.

During the 2008/9 financial year, the SABC faced a severe financial crisis alongside a serious corporate governance crisis. In terms of an amendment of the Broadcasting Act, 1999, the incumbent Board was removed in 2009 and replaced with an interim Board. The interim Board was tasked with the responsibility to stabilize the SABC. During the current year, the SABC was granted a R200 million allocation through the Adjustment Estimates of National Expenditure. The Interim Board also submitted an application to Government for a Government Guarantee to enable it to borrow funds in the market. Of the required guarantee of R1.473 billion, a Government Guarantee of R1 billion was given to the SABC, with the remaining R473 million conditional upon fulfilment of certain conditions. Amongst these conditions was the requirement that the SABC fully reports on the utilization of the amount of R1 billion borrowed on the back of a Government Guarantee. It is also required to provide details on how the amount of R473 million will be utilised. The R1 billion has been used by the SABC to pay most of its debts and to settle some of its overnight facilities.

In support of the Government Guarantee Performance Conditions, the Interim Board engaged with management to put mechanisms in place to ensure that total costs did not exceed total revenue and to mitigate against any further losses by bringing the core to profitability through engaging in strategic cost reductions, ensuring schedule stability, increased audience ratings, targeted sales action on underperforming client segments, improving working capital management, better management of suppliers and creditors, the capital expenditure deferment plan and adjusting cost items in line with revenue targets.

In January 2010, the new Board and the new Group Chief Executive Officer (GCEO) assumed office.

The SABC also covered the 2009 elections successfully.

5.6   ICASA

ICASA was established in terms of Independent Communications Authority of South Africa Act, of 2000 (Act No. 13 of 2000). The authority makes regulations and issues communications licenses in terms of Electronic Communications Act and Postal Services Act. In addition to this, it 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 the licencees, and controls and manages the frequency spectrum.

In line with the licence conversion of the Electronic Communications Act 36 of 2005 (ECA), ICASA converted all licenses issued in terms of Telecommunications Act (TA) of 1996, and the Independent Broadcasting Act (IBA) of 1993 was converted. About 600 class and individual licences were issued. The following regulations were issued:

- The licence fees regulations. These are designed to lower the regulatory barrier to entry, which consequently result in competition and the lowering of the cost of communication;

- E-rate regulations. These regulations prescribe a minimum of 50% discount of the total charge for the provision of internet or broadband service to schools and tertiary institutions;

- The review of handset subsidies regulations. These are to enhance the transparency of pricing, such that consumers are able to make informed decisions in terms of price; and

- Interconnection regulations. These are the key regulations to facilitate competition. They provide competing services such as premium services; value added services and internet access to a competitor's customers.

The authority had also reviewed the radio frequency plan leading to the revised South Africa Table of Frequency Allocations and the broadcasting spectrum plan.

6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

6.1 PROGRAMME PRODUCTION

An amount of R5 million was transferred to the Media Development and Diversity Agency (MDDA) to fund development content production by community radio stations. The transfer is part of the 2008/09 Memorandum of Understanding.

6.2 COMMUNITY RADIO STATIONS

Of the R12,783 million allocated to Community Radio Stations, an amount of R4,3 million was transferred to the signal distributor Sentech for emergence signal distribution services to both newly licensed community radio stations in the nodal areas and community television stations. A further R8, 483 million was transferred to the South African Broadcasting Corporation for provision of broadcasting infrastructure to the community radio stations. The funds will cover newly-licensed stations and those requiring upgrades.

6.3 .ZA DOMAIN AUTHORITY

.za Domain Name Authority was established in terms of chapter 10 of the Electronic Communication and Transactions (ECT) Act of 2002 to take responsibility for the .za Domain Name Space. The Department has been funding the .za Domain Name Authority since its inception. An amount of R1,5 million has been allocated for 2009/10 financial year and was transferred to this Organisation.

6.4 MERAKA INSTITUTE

During 2009/10, the funding provided to the Meraka Institute was applied in the Meraka Applications and Innovations Programme. The main areas that benefited from the fund were: Research and Development in ICT applications that aim to benefit all citizens with a specific emphasis on e-inclusion into the information society and connectivity pilots; and, Advanced Human Capital Development Programme that builds and strengthens human capital development to grow knowledge-generating capacity in ICT in South Africa. This involves the support of PhD and MSc studentships and interns.

7. PUBLIC PRIVATE PARTNERSHIPS (PPP)

The department, after having completed the selection process for the preferred bidder and secondary bidder, applied for approval from Treasury. Engagement with Treasury and the Transaction Advisers continued to ensure that the application was complete and acceptable. The Department was granted TAIIb approval to continue with the appointment of the preferred bidder and commence with contract negotiations.
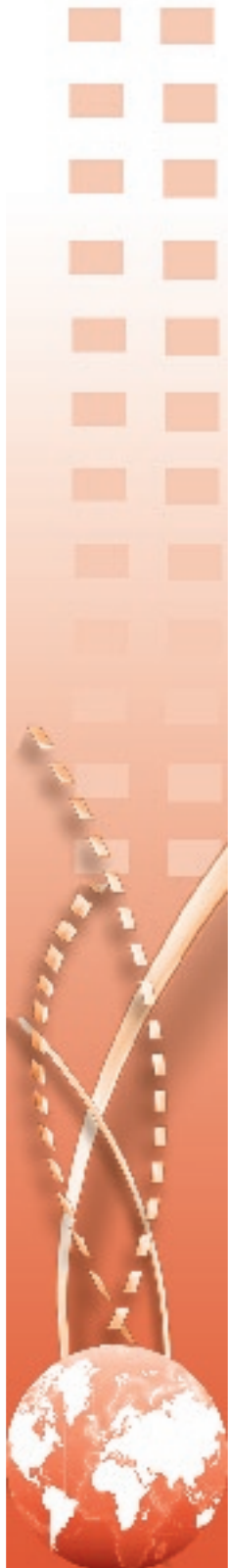
8. CORPORATE GOVERNANCE ARRANGEMENTS

Good corporate governance is essentially about effective leadership. It requires leadership that is able to integrate decision-making, strategy and sustainability. It also calls for an inclusive and collaborative approach with stakeholders founded on the need for effective dialogue and engagement.

The Department has to comply with the corporate requirements as stipulated in the Public Finance Management Act, (Act No.1 of 1999) and the Treasury Regulations, and is therefore in the process of enhancing the practices and processes in this regard. The initiatives taken by the Department to this effect during the financial year are set out below.

8.1 PERFORMANCE PLANNING AND MONITORING

8.1.1 Strategic planning, business plans and project plans

The Strategic Plan was developed through extensive consultations with Senior Managers in planning workshops that were held in October 2009 and February 2010. The final plan reflecting 3-year targets, outputs and indicators was timeously printed and tabled in Parliament. A Business Plan, unpacking year one of the 3-year Strategic Plan, was developed for each Branch and progress against the Business Plans was monitored on a quarterly basis and reported accordingly to the Executive Authority through the submission of quarterly performance reports. The achievement of objectives is comprehensively reported on in the Annual Report.

8.1.2 Employees performance planning and development

The department has developed and implemented the performance management and development policy for all its employees, based on guidelines issued by the Department of Public Service and Administration.

8.2 ASSIGNMENT OF RESPONSIBILITY AND DELEGATION OF AUTHORITY

8.2.1 Internal /Departmental

The ultimate responsibility for the Department's operations rests with the Director-General, who retains effective control through well-developed governance processes. Certain authorities have been delegated to Deputy Directors-General, Programme Managers, Responsibility Managers as well as Finance, SCM and Human Resource Management officials, to manage the day-to-day business affairs of the Department. The DDGs assist the Director-General in discharging duties when she is not in the office. However, in terms of the PFMA and Treasury Regulations as well as the Public Service Act and Regulations, together with the revised delegation of authority, certain matters are still reserved for Director-General's approval.

An approved delegation of authority is in place, in accordance with the PFMA, Treasury Regulations, as well as the Public Service Act and its Regulations.

8.2.2 State Owned Enterprises (SOE's)

The sizes of the Boards of our entities vary as informed by the Articles of Association and the founding legislation of each SOE. None of the Articles of Association and the founding legislation of our SOEs require the Director-General to become a member of the respective SOE. In terms of the Treasury Regulations promulgated in terms of the Public Finance Management Act, 1999, as amended, Boards of each one of the Schedule 2 and 3b public entities are required to conclude a Shareholder's Compact with the Shareholder (represented by the Minister) on an Annual basis.

The Department periodically (typically every two to three years) undertakes an Independent Evaluation of Corporate Governance Practices in all State Owned Enterprises under the Ministry of Communications. In terms of the King Code on Good Corporate Governance Practices, under the leadership of Chairperson of the Board, Boards should undertake performance evaluations. The recent reports on Independent Evaluation of Corporate Governance Practices of our SOEs identified, amongst other things, the importance of the Boards of our SOEs to

undertake performance evaluations. The most recent instance of board evaluation undertaken among our SOEs was at Sentech in 2009.

In line with a standard provision in our Shareholder's Compacts and a practice that has developed over time, the Minister holds a minimum of two bilaterals per year with each SOE. During the year under review, as a result of the transitional difficulties associated with the election year, only one bilateral meeting was held with each one of our public entities. Besides the bilateral meetings, the Minister and Director-General held several meetings with our public entities either at their own initiative or at the request of the public entities.

8.3   COMMITTEES

8.3.1   Departmental Bid Adjudication Committee

The Departmental Bid Adjudication Committee's role is to assist the department's officials in procurement decisions, tendering and contracts within its delegated authority. The committee functions in accordance with the Code of Conduct issued by National Treasury. The committee is appointed by the DG and consists of 8 members (Chairperson and Deputy Chairperson and representative from SCM). For the year under review, the committee executed its roles and responsibilities successfully i.e. ensured that the Department's tendering systems were equitable, transparent, and competitive and cost effective.

8.3.2   Audit Committee

The Audit Committee is established in accordance with section 76 and 77 of the PFMA and operates in accordance with an approved Audit Charter as its terms of reference. The committee held four meetings during the year under review.

8.4   ENTERPRISE RISK MANAGEMENT

The department recognises that risk management is an integral part of the daily management activities of all its officials. To embed risk management into the daily activities of all officials, the department has developed and implemented a risk management strategy. A risk management committee is in place and operates in terms of approved terms of reference. Risk assessments are performed every year and are used to develop and integrate risk treatment strategies into strategic planning and performance monitoring processes, and to guide the internal audit plans. The Risk Management

Committee consists of representatives from various programmes within the Department and is chaired by an external official.

8.5   FRAUD PREVENTION

For the year under review, the Department's Fraud Prevention Plan was reviewed and approved by the Accounting Officer. The planned awareness campaigns will be conducted in the next financial year.

8.6   CODE OF ETHICS, AND POLICIES AND PROCEDURES

The Department currently uses the Public Service Code of Conduct which is signed by every employee in the Department, as well as the Public Service Pledge. All work executed in HRM is done in terms of approved policies.

8.7   INTERNAL AUDIT

The Department has an Internal Audit unit which provides independent and objective assurance to management regarding the effectiveness of risk management, control and governance processes to help the organisation achieve its objectives. The Internal Audit function reports administratively to the Accounting Officer and functionally to the Audit Committee. During the year under review, Internal Audit experienced capacity challenges; however, towards the end of the financial year, capacity was increased to ensure effective execution of audit plans.
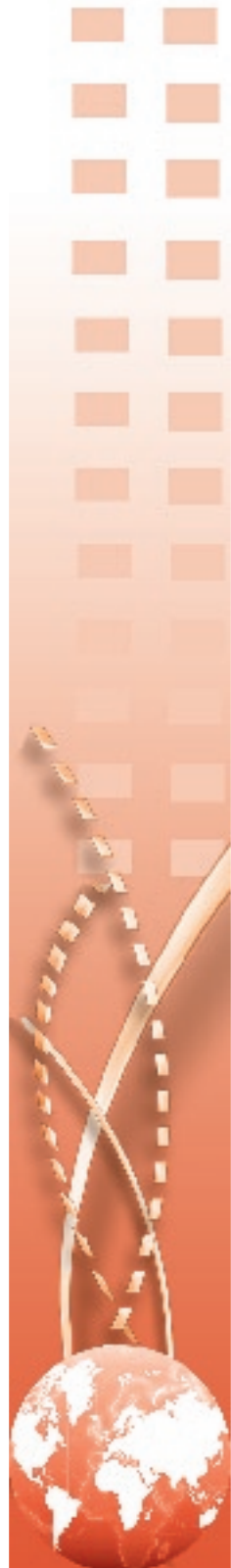
9.   DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

None

10.   NEW/PROPOSED ACTIVITIES

None

11.   ASSET MANAGEMENT

The asset management register fully complies with the minimum requirements set out by the National Treasury (Asset Management Framework).

12.   EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date.

13.   PERFORMANCE INFORMATION

The Department cascades its 3-year Strategic Plan into Annual Business and Project Plans. These Business Plans unpack Year 1 of the Strategic Plan into Branch Sub-objectives and quarterly milestones that need to be achieved in order to achieve the Annual Target as set out in the Strategic Plan. Performance information against the Business Plans are collected on a quarterly basis from all Branches, against the quarterly milestones as reflected in the Branch Business Plans which are directly aligned to the Strategic Plan of the Department. These quarterly performance reports are verified and consolidated into a Departmental Quarterly Performance Report, and thereafter submitted to the Minster via the Accounting Officer. The performance reports include dashboards and graphs depicting progress against the achievement of the quarterly milestones as well as identification of challenges hindering performance and corrective measures.

Progress against the Project Plans, which further unpack the milestones into action steps, are reported on a monthly basis. The process of unpacking all year one targets of the Strategic Plan into Project Plans and conducting monthly reporting against Project Plans will be undertaken in the Department for the first time in the 2010/11 financial year. It is envisaged that such process together with the costing of Project Plans will ensure improved accountability and performance monitoring. Furthermore, the Department also conducts a mid-year organizational performance review in September of each year which covers the organizational performance for the first two quarters (April to September) and feeds such information into the development of the forthcoming Strategic Plan.

Lastly, the department has developed an Electronic Organisational Performance Monitoring System (e-OPMS) which is an open source electronic system that allows for the management of organizational performance information, including the development of dashboards and performance reports.

14.   SCOPA RESOLUTIONS

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
None	None	None

15.   PRIOR MODIFICATIONS TO AUDIT REPORTS

None

16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

None

17. OTHER

None

18. APPROVAL

The Annual Financial Statements set out on pages 159 to 223 have been approved by the Accounting Officer.

DR HAROLD WESSO
Acting Director-General
31 August 2010
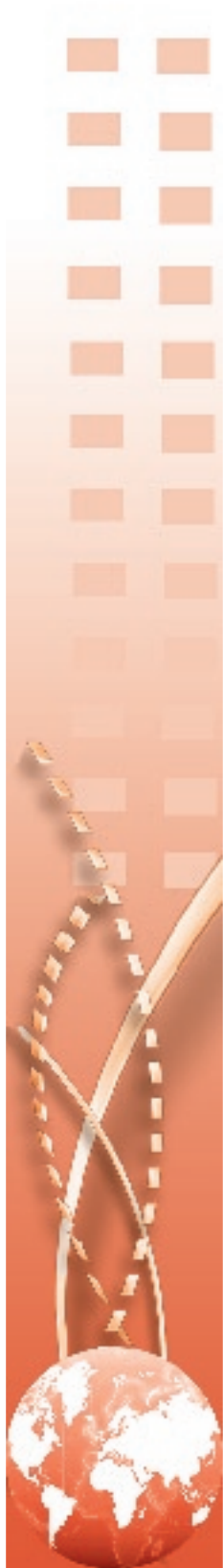
REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 21:

DEPARTMENT OF COMMUNICATIONS

FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

I have audited the accompanying financial statements of the Department of Communications, which comprise the appropriation statement, the statement of financial position as at 31 March 2010, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 125 to 205.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act of South Africa (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR-GENERAL'S RESPONSIBILITY

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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.

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

BASIS FOR QUALIFIED OPINION

IRREGULAR EXPENDITURE

Section 38(1)(a)(iii) of the PFMA requires that the department implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective. Payments were made in contravention of the supply chain management regulations. It was not possible to determine the value of all such payments made due to a lack of controls which detect non-compliance to supply chain management regulations. Consequently all these payments

were not included in irregular expenditure, indicated in disclosure note 30 to the financial statements resulting in irregular expenditure being understated.

QUALIFIED OPINION

In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the Department of Communications as at 31 March 2010 and its financial performance and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act of South Africa.

EMPHASIS OF MATTER

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

BASIS OF ACCOUNTING

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, described in accounting policy note 1.1.

FRUITLESS AND WASTEFUL / IRREGULAR EXPENDITURE

As disclosed in note 30, irregular expenditure was incurred as proper procurement procedures were not followed. An amount of R8 501 000 was incurred in the current year and R15 701 000 was incurred in previous years but identified in the current year.

As disclosed in note 31, fruitless and wasteful expenditure to the amount of R54 000 was incurred due to interest on the late payment of a Telkom account, cancellation of trips and a duplicate payment for the same service.

ADDITIONAL MATTERS

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

The supplementary information set out in annexures 1A to 6 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General notice 1570 of 2009,* issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA, Public Service Act (PSA), Preferential Procurement Policy Framework Act (PPPFA) and financial management (internal control).

PREDETERMINED OBJECTIVES

No matters to report.

COMPLIANCE WITH LAWS AND REGULATIONS

PUBLIC FINANCE MANAGEMENT ACT, 1999 (ACT NO. 1 OF 1999) (PFMA)

NON-ADHERENCE TO REQUIREMENTS

- Contrary to section 38(1)(g) of the PFMA the accounting officer did not immediately report the particulars of irregular expenditure discovered to the National Treasury.
- Contrary to the requirements of Treasury Regulation 9.1.1 the accounting officer did not implement effective, efficient and transparent processes of financial and risk management to prevent and detect irregular expenditure.
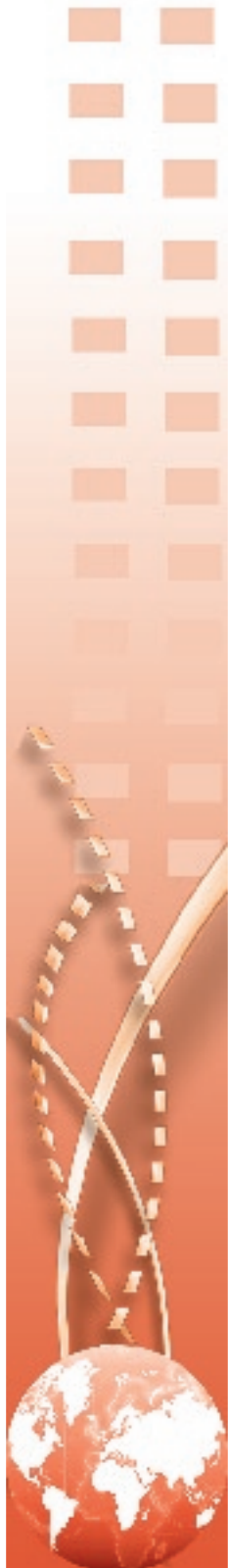
INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, PSA and PPPFA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

- **LEADERSHIP**

  Decisive action was not taken in response to the risk of non-compliance with supply chain management regulations highlighted by internal and external audit findings, by implementing controls to prevent the occurrence of irregular expenditure.

- **FINANCIAL AND PERFORMANCE MANAGEMENT**

  Manual controls are not designed to ensure that all transactions and performance information are completely recorded and accurately classified.

OTHER REPORTS

INVESTIGATIONS

- **INVESTIGATIONS IN PROGRESS**

  Investigations are being carried out into alleged financial misconduct by the Chief Operations Officer/DDG: Governance and Administration, Chief Director: Human Resources and Chief Director: Finance.

- **INVESTIGATIONS COMPLETED DURING THE FINANCIAL YEAR**

  An investigation was completed into alleged financial misconduct by the Deputy Director-General: Finance and ICT Enterprise Development. The matter was settled out of court on 19 March 2010.

Auditor-General

Pretoria
30 July 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

DEPARTMENT OF COMMUNICATIONS
Vote 24
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2010

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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 Act and the Division of Revenue Act, Act 2 of 2006.

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 PRESENTATION CURRENCY

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 ROUNDING

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

1.4 COMPARATIVE FIGURES

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

1.5 COMPARATIVE FIGURES - APPROPRIATION STATEMENT

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. REVENUE

2.1 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 financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

The total appropriated funds received during the year are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.
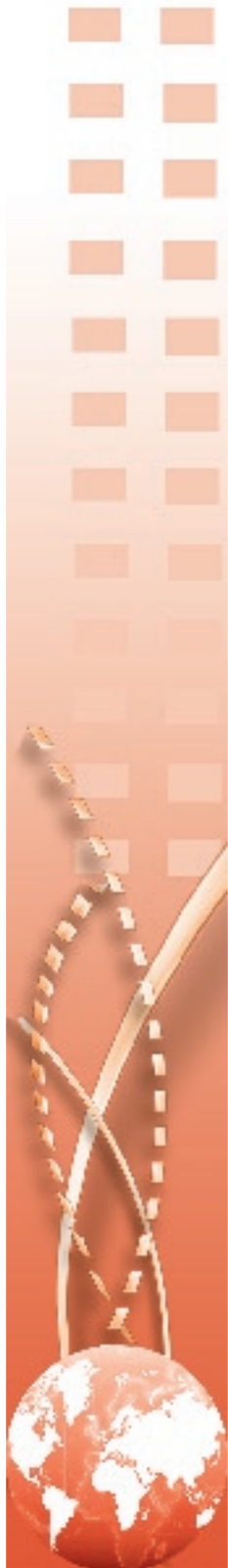
2.2   DEPARTMENTAL REVENUE

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3   DIRECT EXCHEQUER RECEIPTS / PAYMENTS

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and subsequently paid into the National/Provincial Revenue Fund, unless otherwise stated.

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4   AID ASSISTANCE

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later then 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3.   EXPENDITURE

3.1   COMPENSATION OF EMPLOYEES

3.1.1   Short-term employee benefits

The cost of short-term employee benefits are expensed in the statement of financial performance when financial authorisation for payment is effected on the system (by no later then 31 March each year)

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts must not be recognised in the statement of financial performance or position.

Employee cost are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Post retirement benefits

Employer contributions (i.e. social contributions) are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Funds and not in the financial statements of the employer department.

Social contribution (such as medical benefits) made by the department for certain of its ex-employees are classified as transfers to households in the statement of financial performance.

3.1.3 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements.

3.2 GOODS AND SERVICES

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

3.3 INTEREST AND RENT ON LAND

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.   If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 TRANSFERS AND SUBSIDIES

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).
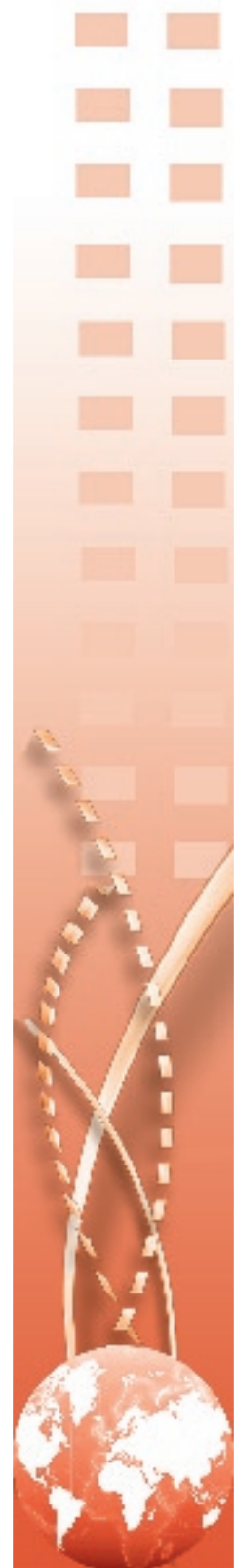
3.6 UNAUTHORISED EXPENDITURE

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 IRREGULAR EXPENDITURE

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. ASSETS

4.1 CASH AND CASH EQUIVALENTS

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

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.

4.2 OTHER FINANCIAL ASSETS

Other financial assets are carried in the statement of financial position at cost.

4.3 PREPAYMENTS AND ADVANCES

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and where the goods and services have not been received by year end.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 RECEIVABLES

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

4.5 INVESTMENTS

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances

indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 LOANS

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 INVENTORY

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.8 CAPITAL ASSETS

4.8.1 Movable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national department of public works.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5. LIABILITIES

5.1 PAYABLES

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.
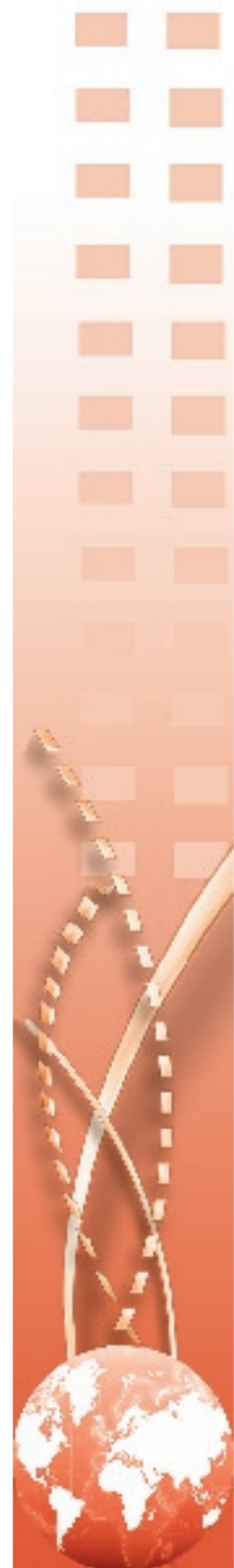
5.2 CONTINGENT LIABILITIES

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 CONTINGENT ASSETS

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

5.4 COMMITMENTS

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 ACCRUALS

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 EMPLOYEE BENEFITS

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 LEASE COMMITMENTS

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the discloser notes to the financial statement.

5.8 PROVISIONS

Provisions are disclosed 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 will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. NET ASSETS

7.1 CAPITALISATION RESERVE

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

7.2   RECOVERABLE REVENUE

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

8.   RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the disclosure notes.

9.   KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10.   PUBLIC PRIVATE PARTNERSHIPS

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.
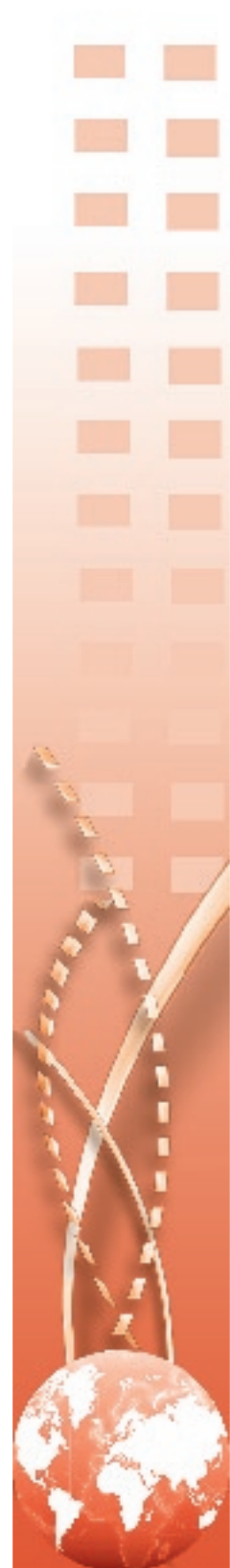
ANNUAL FINANCIAL STAMENTS
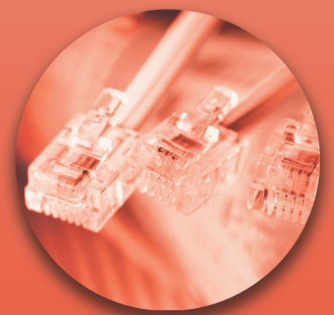
Vote 24: Communications

Appropriation Statement

for the year ended 31 March 2010

Appropriation per programme

	2009/10							2008/09	
	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
1. Administration									
Current payment	145,017	-	14,412	159,429	157,843	1,586	99.0%	145,033	143,933
Transfers and subsidies	118	-	259	377	377	-	100.0%	703	703
Payment for capital assets	2,755	-	2,225	4,980	4,980	-	100.0%	2,795	2,795
2. ICT International Affairs And Trade									
Current payment	41,241	(160)	4,913	45,994	44,320	1,674	96.4%	50,915	50,915
Transfers and subsidies	3,000	160	-	3,160	160	3,000	5.1%	2,500	2,500
Payment for capital assets	1,383	-	(1,263)	120	120	-	100.0%	64	64
3. ICT Policy Development									
Current payment	58,570	(85)	(3,661)	54,824	51,911	2,913	94.7%	54,682	54,682
Transfers and subsidies	37,783	85	-	37,868	17,868	20,000	47.2%	16,188	16,188
Payment for capital assets	1,449	-	(1,116)	333	333	-	100.0%	621	621
4. ICT Enterprise Development									
Current payment	98,288	(327)	(4,966)	92,995	90,782	2,213	97.6%	6,333	6,333
Transfers and subsidies	1,948,278	327	-	1,948,605	1,832,605	116,000	94.0%	1,911,664	1,911,664
Payment for capital assets	486	-	(238)	248	248	-	100.0%	416	416

	2009/10							2008/09	
	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
5. ICT Infrastructure Development									
Current payment	87,333	(3,251)	(9,213)	74,869	61,912	12,957	82.7%	80,993	79,195
Transfers and subsidies	8,500	7	-	8,507	8,507	-	100.0%	7,525	7,525
Payment for capital assets	2,252	3,244	1,372	6,868	4,368	2,500	63.6%	8,129	8,129
6. Presidential National Commission									
Current payment	32,919	(95)	(1,744)	31,080	25,340	5,740	81.5%	42,186	42,186
Transfers and subsidies	-	95	-	95	95	-	100.0%	2	2
Payment for capital assets	1,122	-	(980)	142	143	(1)	100.7%	760	760
TOTAL	2,470,494	-	-	2,470,494	2,301,912	168,582	93.2%	2,331,509	2,328,611

Reconciliation with Statement of Financial Performance

Add: Departmental receipts — 1,344,790 — 3,520,122

Direct Exchequer receipts — 4,481,173

Actual amounts per Statement of Financial Performance (Total Revenue) — 8,296,457 — 5,851,631

Add: Aid assistance — - — -

Actual amounts per Statement of Financial Performance Expenditure — 2,301,912 — 2,328,611

Appropriation per Economic classification

	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	147,428	(4,000)	(4,995)	138,433	129,595	8,838	93.6%	107,953	107,953
Goods and services	315,940	52	4,654	320,646	302,401	18,245	94.3%	272,188	269,290
Interest and rent on land	-	30	-	30	30	-	100.0%	-	-
Financial transactions in assets and liabilities	-	-	82	82	82	-	100.0%	121	121
Transfers and subsidies									
Provinces and municipalities	-	1	104	105	105	-	100.0%	6	6
Departmental agencies and accounts	370,206	-	-	370,206	370,206	-	100.0%	338,977	338,977
Universities and technikons	-	78	-	78	78	-	100.0%	98	98
Foreign governments and international organisations	-	3	3	6	6	-	100.0%	9	9
Public corporations and private enterprises	1,624,473	-	125	1,624,598	1,488,598	136,000	91.6%	1,596,484	1,596,484
Non-profit institutions	3,000	327	-	3,327	327	3,000	9.8%	2,824	2,824
Households	-	265	27	292	292	-	100.0%	63	63
Payment for capital assets									
Machinery and equipment	9,447	794	(1,372)	8,869	6,369	2,500	71.8%	6,660	6,660
Software and other intangible assets	-	2,450	1,372	3,822	3,823	(1)	100.0%	6,126	6,126
Total	2,470,494	-	-	2,470,494	2,301,912	168,582	93.2%	2,331,509	2,328,611

Detail per programme 1 - Administration

For the year ended 31 March 2010

Details per Sub-Programme	2009/10							2008/09	
	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
1.1 Minister									
Current payment	1,725	-	-	1,725	1,557	168	90.3%	1,612	1,584
1.2 Deputy Minister									
Current payment	1,420	-	-	1,420	1,490	(70)	104.9%	1,328	1,307
1.3 Management									
Current payment	36,473	-	1,569	38,042	36,701	1,341	96.5%	47,696	47,745
Transfers and subsidies	-	-	111	111	111	-	100.0%	431	431
Payment for capital assets	696	(156)	-	540	540	-	100.0%	653	653
1.4 Operations									
Current payment	99,124	-	12,843	111,967	111,902	65	99.9%	88,736	89,048
Transfers and subsidies	118	-	148	266	266	-	100.0%	272	272
Payment for capital assets	2,059	156	2,225	4,440	4,440	-	100.0%	2,142	2,142
1.5 Property Management									
Current payment	6,275	-	-	6,275	6,193	82	98.7%	5,661	4,249
Total	**147,890**	**-**	**16,896**	**164,786**	**163,200**	**1,586**	**99.0%**	**148,531**	**147,431**

Detail per programme 1 - Administration

For the year ended 31 March 2010

Programme 1 Per Economic Classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	58,575	-	(4,000)	54,575	53,037	1,538	97.2%	46,970	46,970
Goods and services	86,442	-	18,330	104,772	104,724	48	100.0%	98,062	96,962
Financial transactions in assets and liabilities	-	-	82	82	82	-	100.0%	121	121
Transfers and subsidies									
Provinces and municipalities	-	-	104	104	104	-	100.0%	6	6
Departmental agencies and accounts	118	-	-	118	118	-	100.0%	113	113
Universities and technikons	-	-	-	-	-	-	-	98	98
Foreign governments and international organisations	-	-	3	3	3	-	100.0%	7	7
Public corporations and private enterprises	-	-	125	125	125	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	324	324
Households	-	-	27	27	27	-	100.0%	34	34
Payment for capital assets									
Machinery and equipment	2,755	-	2,225	4,980	4,980	-	100.0%	2,577	2,577
Software and other intangible assets	-	-	-	-	-	-	-	219	219
Total	147,890	-	16,896	164,786	163,200	1,586	99.0%	148,531	147,431

Detail per programme 2 - ICT International Affairs And Trade

For the year ended 31 March 2010

Details per Sub-Programme	2009/10								2008/09		
	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	
2. International Affairs											
Current payment	20,313	(9,660)	(82)	10,571	9,010	1,561	85.2%		12,785	12,846	
Transfers and subsidies	3,000	6	-	3,006	6	3,000	0.2%		2,500	2,500	
Payment for capital assets	1,133	-	(1,053)	80	80	-	100.0%		26	26	
2.2 ICT Trade/Partnerships											
Current payment	20,928	9,500	4,995	35,423	35,310	113	99.7%		38,130	38,069	
Transfers and subsidies	-	154	-	154	154	-	100.0%		-	-	
Payment for capital assets	250	-	(210)	40	40	-	100.0%		38	38	
Total	45,624	-	3,650	49,274	44,600	4,674	90.5%		53,479	53,479	

Detail per programme 2 - ICT International Affairs And Trade

For the year ended 31 March 2010

Programme 2 Per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	14,321	(4,000)	-	10,321	9,462	859	91.7%	6,705	6,705
Goods and services	26,920	3,840	4,913	35,673	34,858	815	97.7%	44,210	44,210
Transfers and subsidies									
Non-profit institutions	3,000	-	-	3,000	-	3,000	-	2,500	2,500
Households	-	160	-	160	160	-	100.0%	-	-
Payment for capital assets									
Machinery and equipment	1,383	-	(1,263)	120	120	-	100.0%	64	64
Total	**45,624**	**-**	**3,650**	**49,274**	**44,600**	**4,674**	**90.5%**	**53,479**	**53,479**

Detail per programme 3 - ICT Policy Development

For the year ended 31 March 2010

Details per Sub-Programme	2009/10							2008/09	
	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
3.1 ICT Policy Development									
Current payment	36,011	(85)	-	35,926	34,996	930	97.4%	37,771	39,461
Transfers and subsidies	-	85	-	85	85	-	100.0%	4	4
Payment for capital assets	363	-	(234)	129	129	-	100.0%	314	314
3.2 Economic Analysis, Market Modelling And Research									
Current payment	6,080	-	(461)	5,619	4,232	1,387	75.3%	4,271	4,031
Payment for capital assets	362	-	(250)	112	111	1	99.1%	80	98
3.3 ICT Uptake And Usage									
Current payment	6,949	-	(1,500)	5,449	4,936	513	90.6%	4,253	3,362
Payment for capital assets	362	-	(331)	31	32	(1)	103.2%	40	23

Details per Sub-Programme	2009/10							2008/09	
	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
3.4 Intergovernmental Relations									
Current payment	9,530	-	(1,700)	7,830	7,747	83	98.9%	8,387	7,828
Payment for capital assets	362	-	(301)	61	61	-	100.0%	187	186
3.5 South African Broadcasting Corporation: Community Radio Stations									
Transfers and subsidies	12,783	-	-	12,783	12,783	-	100.0%	2,280	2,280
3.6 South African Broadcasting Corporation: Programme Production									
Transfers and subsidies	25,000	-	-	25,000	5,000	20,000	20.0%	13,904	13,904
Total	97,802	-	(4,777)	93,025	70,112	22,913	75.4%	71,491	71,491
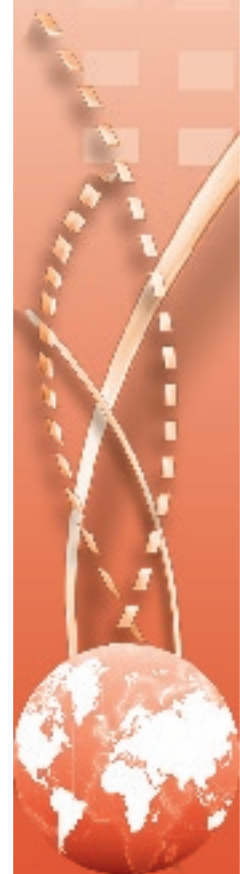
Detail per programme 3 - ICT Policy Development

For the year ended 31 March 2010

Programme 3 Per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	24,201	-	-	24,201	24,084	117	99.5%	17,624	17,624
Goods and services	34,369	(85)	(3,661)	30,623	27,827	2,796	90.9%	37,058	37,058
Transfers and subsidies									
Universities and technikons	-	78	-	78	78	-	100.0%	-	-
Foreign governments and international organisations	-	3	-	3	3	-	100.0%	2	2
Public corporations and private enterprises	37,783	-	-	37,783	17,783	20,000	47.1%	16,184	16,184
Households	-	4	-	4	4	-	100.0%	2	2
Payment for capital assets									
Machinery and equipment	1,449	-	(1,116)	333	333	-	100.0%	621	621
Total	97,802	-	(4,777)	93,025	70,112	22,913	75.4%	71,491	71,491

Detail per programme 4 - ICT Enterprise Development

For the year ended 31 March 2010

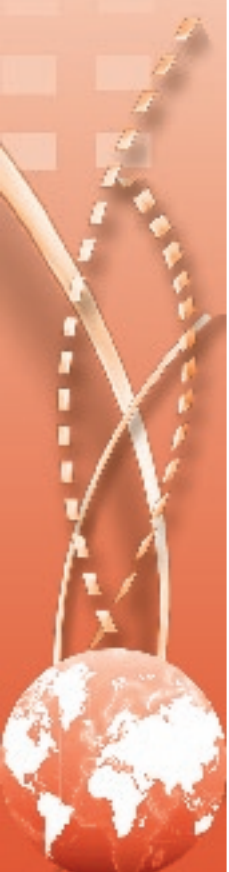| Details per Sub-Programme	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Public Entity Oversight									
Current payment	88,715	-	(900)	87,815	86,425	1,390	98.4%	4,186	4,266
Transfers and subsidies	1,948,278	-	-	1,948,278	1,832,278	116,000	94.0%	1,911,664	1,911,664
Payment for capital assets	290	-	(111)	179	179	-	100.0%	206	100
4.2 Small Medium And Micro Enterprise Development									
Current payment	9,573	(327)	(4,066)	5,180	4,357	823	84.1%	2,147	2,067
Transfers and subsidies	-	327	-	327	327	-	100.0%	-	-
Payment for capital assets	196	-	(127)	69	69	-	100.0%	210	316
Total	**2,047,052**	**-**	**(5,204)**	**2,041,848**	**1,923,635**	**118,213**	**94.2%**	**1,918,413**	**1,918,413**
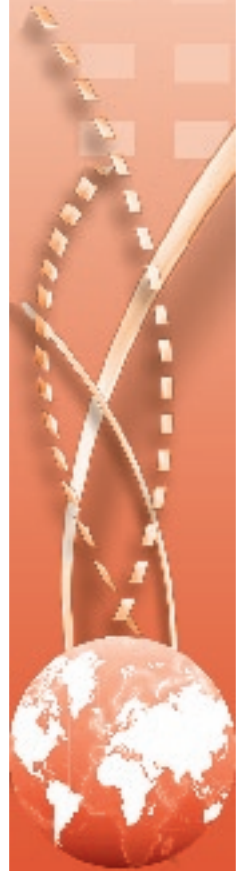
Detail per programme 4 - ICT Enterprise Development

For the year ended 31 March 2010

Programme 4 Per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	6,095	-	(995)	5,100	3,904	1,196	76.5%	3,459	3,459
Goods and services	92,193	(327)	(3,971)	87,895	86,878	1,017	98.8%	2,874	2,874
Transfers and subsidies									
Departmental agencies and accounts	368,588	-	-	368,588	368,588	-	100.0%	337,364	337,364
Public corporations and private enterprises	1,579,690	-	-	1,579,690	1,463,690	116,000	92.7%	1,574,300	1,574,300
Non-profit institutions	-	327	-	327	327	-	100.0%	-	-
Payment for capital assets									
Machinery and equipment	486	-	(238)	248	248	-	100.0%	416	416
Total	**2,047,052**	**-**	**(5,204)**	**2,041,848**	**1,923,635**	**118,213**	**94.2%**	**1,918,413**	**1,918,413**

Detail per programme 5 - ICT Infrastructure Development

For the year ended 31 March 2010

Details per Sub-Programme	2009/10							2008/09	
	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
5.1 Applications And Research									
Current payment	60,602	(3,251)	(9,213)	48,138	40,867	7,271	84.9%	56,057	56,169
Transfers and subsidies	-	7	-	7	7	-	100.0%	25	25
Payment for capital assets	2,252	3,244	1,372	6,868	4,368	2,500	63.6%	8,129	8,129
5.2 Meraka Institute									
Transfers and subsidies	7,000	-	-	7,000	7,000	-	100.0%	6,000	6,000
5.3 112 Emergency Call Centre									
Current payment	26,731	-	-	26,731	21,045	5,686	78.7%	24,936	23,026
5.4 .Za Domain Name Authority									
Transfers and subsidies	1,500	-	-	1,500	1,500	-	100.0%	1,500	1,500
Total	**98,085**	**-**	**(7,841)**	**90,244**	**74,787**	**15,457**	**82.9%**	**96,647**	**94,849**
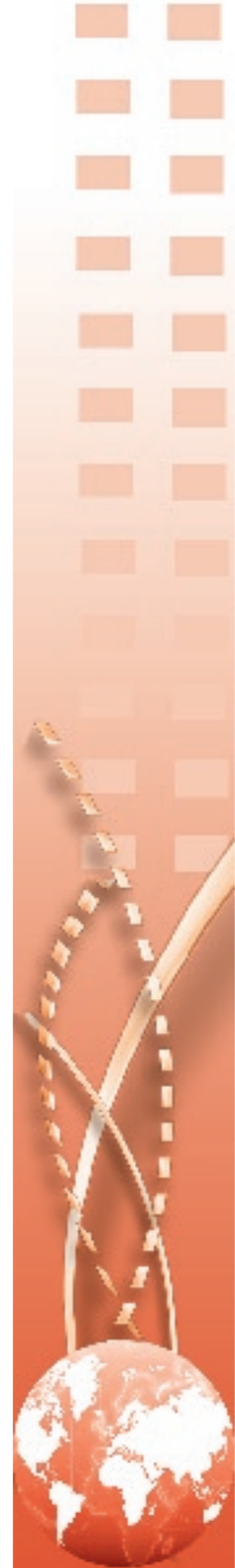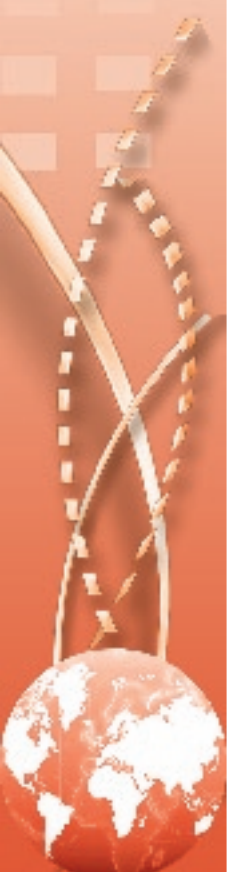
Detail per programme 5 - ICT Infrastructure Development

For the year ended 31 March 2010

Programme 5 Per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	27,955	-	-	27,955	25,408	2,547	90.9%	22,687	22,687
Goods and services	59,378	(3,281)	(9,213)	46,884	36,474	10,410	77.8%	58,306	56,508
Interest and rent on land	-	30	-	30	30	-	100.0%	-	-
Transfers and subsidies									
Provinces and municipalities	-	1	-	1	1	-	100.0%	-	-
Departmental agencies and accounts	1,500	-	-	1,500	1,500	-	100.0%	1,500	1,500
Public corporations and private enterprises	7,000	-	-	7,000	7,000	-	100.0%	6,000	6,000
Households	-	6	-	6	6	-	100.0%	25	25
Payment for capital assets									
Machinery and equipment	2,252	804	-	3,056	556	2,500	18.2%	2,222	2,222
Software and other intangible assets	-	2,440	1,372	3,812	3,812	-	100.0%	5,907	5,907
Total	98,085	-	(7,841)	90,244	74,787	15,457	82.9%	96,647	94,849

Detail per programme 6 - Presidential National Commission

For the year ended 31 March 2010

Details per Sub-Programme	2009/10							2008/09	
	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
6.1 Planning Coordination and Evaluation									
Current payment	5,043	(93)	-	4,950	3,343	1,607	67.5%	11,138	11,138
Transfers and subsidies	-	93	-	93	93	-	100.0%	-	-
Payment for capital assets	-	-	-	-	-	-	-	18	18
6.2 ISAD cluster									
Current payment	4,288	-	(1,200)	3,088	2,710	378	87.8%	1,157	1,156
6.3 E-Application									
Current payment	12,439	3,853	(544)	15,748	13,686	2,062	86.9%	21,920	21,922
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payment for capital assets	-	71	-	71	71	-	100.0%	-	-

| | 2009/10 | | | | | | | 2008/09 | |
Details per Sub-Programme	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
6.4 PNC Operations									
Current payment	11,149	(3,855)	-	7,294	5,601	1,693	76.8%	7,971	7,970
Transfers and subsidies	-	2	-	2	2	-	100.0%	-	-
Payment for capital assets	1,122	(71)	(980)	71	72	(1)	101.4%	742	742
Total	**34,041**	**-**	**(2,724)**	**31,317**	**25,578**	**5,739**	**81.7%**	**42,948**	**42,948**

Detail per programme 6 - Presidential National Commission

For the year ended 31 March 2010

Programme 6 Per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	16,281	-	-	16,281	13,700	2,581	84.1%	10,508	10,508
Goods and services	16,638	(95)	(1,744)	14,799	11,640	3,159	78.7%	31,678	31,678
Transfers and subsidies									
Households	-	95	-	95	95	-	100.0%	2	2
Payment for capital assets									
Machinery and equipment	1,122	(10)	(980)	132	132	-	100.8%	760	760
Software and other intangible assets	-	10	-	10	11	(1)	100.0%	-	-
Total	34,041	-	(2,724)	31,317	25,578	5,739	81.7%	42,948	42,948
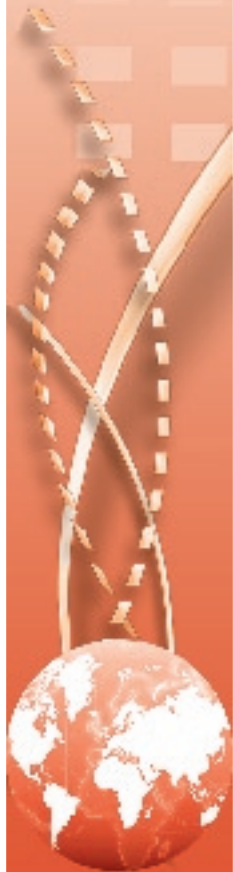
Vote 24- COMMUNICATIONS

Notes to the Appropriation Statement

for the year ended 31 March 2010

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, disclosure notes and Annexure 1 (A-G) to the Annual Financial Statements.

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

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

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in the note to Financial transactions in assets and liabilities to the Annual Financial Statements.

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

4.1 Per programme:

Programme name	Final Appro-priation	Actual Ex-penditure	Variance	Variance as a % of Final Appropria-tion
Administration	**164,786**	**163,200**	**1,586**	**1.0%**
The underspending is mainly under compensation of employees due to vacant positions.				
ICT International Affairs and Trade	**49,274**	**44,600**	**4,674**	**9.5%**
The underspending is mainly due to the transfer payment to NEPAD that was not paid as a result of the reprioritisation. A roll over request has been submitted to National Treasury to re-direct the funds to NEMISA.				
ICT Policy Development	**93,025**	**70,112**	**22,913**	**24.6%**
The underspending is mainly under the transfer payment to Programme Production that did not take place due to the reprioritisation exercise done to redirect the funds to Broadcasting Digital Migration awareness. A roll over request has been submitted to National Treasury.				
ICT Enterprise Development	**2,041,848**	**1,923,635**	**118,213**	**5.8%**
The savings is mainly under the transfer payments to Sentech:2010 FIFA World Cup and Telkom: 2010 FIFA World Cup due to fixed-price agreements concluded at amounts lower than budgeted. A request for funds to be rolled over for the 2010 FIFA World Cup ICT project has been submitted as these funds may be required in government's final engagements with FIFA and Organising Committee.				

ICT Infrastructure Development	90,244	74,787	15,457	17.1%
The underspending is under 112 Emergency Call Centre as a result of the delay experienced in the PPP process to convert it from pilot to the national PPP and also under a contract in relation to the monitoring of 2010 FIFA World Cup project which is still in progress.				
Presidential National Commission	31,317	25,578	5,739	18.3%
The underspending is under compensation of employees due to vacant positions and projects on websites development that are still in progress. A roll over request has been submitted to National Treasury.				

4.2 Per economic classification:

	Final Appro-priation	Actual Ex-penditure	Variance	Variance as a % of Final Appropria-tion
	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	138,433	129,595	8,838	6.38%
Goods and services	320,646	302,401	18,245	5.69%
Interest and rent on land	30	30	-	-
Financial transactions in assets and liabilities	82	82	-	-
Transfers and subsidies				
Provinces and municipalities	105	105	-	-
Departmental agencies and accounts	370,206	370,206	-	-
Universities and technikons	78	78	-	-
Public corporations and private enterprises	1,624,598	1,488,598	136,000	8.37%
Foreign governments and international organisations	6	6	-	-
Non-profit institutions	3,327	327	3,000	90.17%
Households	292	292	-	-
Payments for capital assets				
Machinery and equipment	8,868	6,369	2,499	28.19%
Software and other intangible assets	3,823	3,823	-	-
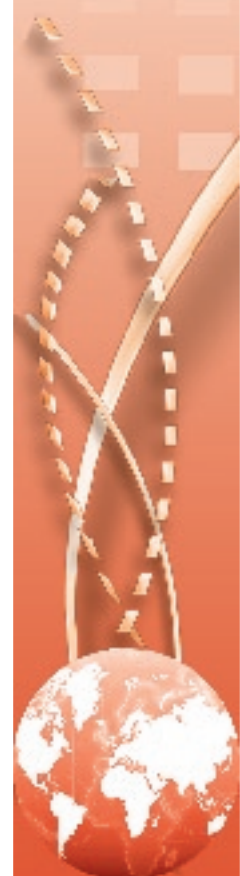
Vote 24: Communications
Statement of Financial Performance
for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
REVENUE			
Annual appropriation	1	2,470,494	2,331,509
Departmental revenue	2	1,344,790	3,520,122
Direct Exchequer Receipts	3	4,481,173	-
TOTAL REVENUE		**8,296,457**	**5,851,631**
EXPENDITURE			
Current expenditure			
Compensation of employees	5	129,594	107,953
Goods and services	6	302,403	269,291
Interest and rent on land	7	30	-
Financial transactions in assets and liabilities	8	82	121
Total current expenditure		**432,109**	**377,365**
Transfers and subsidies		**1,859,612**	**1,938,461**
Transfers and subsidies	9	1,859,612	1,938,461
Expenditure for capital assets			
Tangible capital assets	10	6,369	6,659
Software and other intangible assets	10	3,822	6,126
Total expenditure for capital assets		**10,191**	**12,785**
TOTAL EXPENDITURE		**2,301,912**	**2,328,611**
SURPLUS/(DEFICIT) FOR THE YEAR		**5,994,545**	**3,523,020**
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		168,582	2,898
Annual appropriation	18	168,582	2,898
Departmental revenue	19	1,344,790	3,520,122
Direct Exchequer Receipts		4,481,173	-
SURPLUS/(DEFICIT) FOR THE YEAR		**5,994,545**	**3,523,020**

Vote 24: Communications

Statement of Financial Position

at 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Current Assets		**301,060**	**14,118**
Fruitless and wasteful expenditure	11	526	555
Cash and cash equivalents	12	292,674	9,608
Prepayments and advances	14	1,282	1,280
Receivables	15	6,578	2,675
Non-Current Assets		**14,472,822**	**2,298,983**
Investments	16	14,445,160	2,271,321
Loans	17	27,391	27,391
Other financial assets	13	271	271
TOTAL ASSETS		**14,773,882**	**2,313,101**
LIABILITIES			
Current Liabilities		**300,207**	**13,253**
Voted funds to be surrendered to the Revenue Fund	18	168,582	2,898
Departmental revenue to be surrendered to the Revenue Fund	19	127,608	7,465
Payables	21	1,128	1
Aid assistance unutilised	4	2,889	2,889
TOTAL LIABILITIES		**300,207**	**13,253**
NET ASSETS		**14,473,675**	**2,299,848**
Represented by:			
Capitalisation reserve		14,472,551	2,298,713
Recoverable revenue		1,124	1,135
TOTAL		**14,473,675**	**2,299,848**
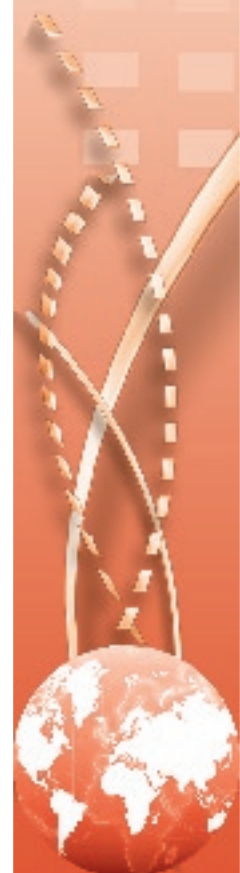
Vote 24: Communications

Statement of Changes in Net Assets

for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
Capitalisation Reserves			
Opening balance		2,298,713	2,298,713
Transfers:			
Other movements		12,173,839	-
Closing balance		14,472,552	2,298,713
Recoverable revenue:			
Opening balance		1,135	731
Transfers		(12)	404
Irrecoverable amounts written off	8.4	27	80
Debts recovered (included in departmental receipts)		(740)	(662)
Debts raised		701	986
Closing balance		1,123	1,135
TOTAL		**14,473,675**	**2,299,848**

	Note	2009/10 R'000	2008/09 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		7,830,600	4,484,820
Annual appropriated funds received	1.1	2,470,494	2,331,509
Departmental revenue received		878,933	2,153,311
Direct Exchequer receipts	3	4,481,173	-
Net (increase)/ decrease in working capital		(2,749)	(2,243)
Surrendered to Revenue Fund		(5,708,718)	(3,525,747)
Current payments		(432,109)	(377,365)
Transfers and subsidies paid		(1,859,612)	(1,938,461)
Net cash flow available from operating activities	22	**(172,588)**	**(1,358,996)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	10	(10,191)	(12,785)
Proceeds from sale of capital assets	2.3	-	297
(Increase)/ Decrease in investments		(12,173,839)	-
Net cash flows from investing activities		**(12,184,030)**	**(12,488)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		465,857	1,366,514
Increase/ (decrease) in net assets		12,173,827	404
Net cash flows from financing activities		**12,639,684**	**1,366,918**
Net increase/ (decrease) in cash and cash equivalents		283,066	(4,566)
Cash and cash equivalents at beginning of period		9,608	14,174
Cash and cash equivalents at end of period	12	**292,674**	**9,608**

Vote 24: Communications

Notes to the Annual Financial Statements

for the year ended 31 March 2010

1   Annual Appropriation

1.1   Annual Appropriation

Programmes	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested / not received R'000	Appropriation Received 2008/09 R'000
Administration	164,786	164,786	-	148,531
ICT International affairs and trade	49,274	49,274	-	53,479
ICT Policy development	93,025	93,025	-	71,491
ICT Enterprise development	2,041,848	2,041,848	-	1,918,413
ICT Infrastructure development	90,244	90,244	-	96,647
Presidential National Commission	31,317	31,317	-	42,948
Total	**2,470,494**	**2,470,474**	**-**	**2,331,509**

	Note	2009/10 R'000	2008/09 R'000
2 Departmental Revenue			
Sales of goods and services other than capital assets	2.1	871,878	2,148,962
Interest, dividends and rent on land	2.2	469,777	1,370,204
Sales of capital assets	2.3	-	297
Financial transactions in assets and liabilities	2.4	795	659
Transfer received	2.5	2,340	-
Total revenue collected		1,344,790	3,520,122
Departmental revenue collected		**1,344,790**	**3,520,122**

Interest, dividends and rent on land: The decrease is mainly due to the dividend rate per share of Telkom SA Limited that decreased from 660 cents per share to 115 cents per share and Vodacom Group Limited that paid a dividend rate of 110 cents per share.

Sales of goods and services other than capital assets: The decrease is mainly due to amendments to the General License Fees Regulations by ICASA. License fees are now paid annually.

Transfers received: The increase is due to Sponsorships received for the Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008) See also Annexure 1I.

	Note	2009/10 R'000	2008/09 R'000
2.1 Sales of goods and services other than capital assets	2		
Sales of goods and services produced by the department		871,878	2,148,962
Administrative fees		871,878	2,148,940
Other sales		-	22
Sales of scrap, waste and other used current goods		-	-
Total		**871,878**	**2,148,962**
2.2 Interest, dividends and rent on land	2		
Interest		3,920	3,690
Dividends		465,857	1,366,514
Total		**469,777**	**1,370,204**
2.3 Sales of capital assets	2		
Tangible assets			
Machinery and equipment		-	297
Total		**-**	**297**
2.4 Financial transactions in assets and liabilities	2		
Receivables		483	470
Other Receipts including Recoverable Revenue		312	189
Total		**795**	**659**
2.5 Transfers received	2		
Public corporations and private enterprises		2,340	-
		2,340	-
3 Direct Exchequer Receipts			
Interest and dividends		4,481,173	-
		4,481,173	-
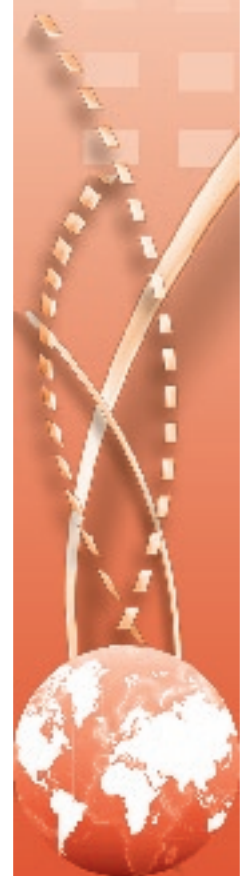
	Note	2009/10 R'000	2008/09 R'000
4 Aid Assistance			
4.1 Aid assistance received in cash from other sources			
Local			
Opening Balance		2,888	2,888
Closing Balance		**2,888**	**2,888**
Analysis of balance			
Aid assistance unutilised		2,889	2,889
Other sources		2,889	2,889
Closing balance		**2,889**	**2,889**
5 Compensation of Employees			
5.1 Salaries and wages			
Basic salary		81,147	68,028
Performance award		2,229	2,705
Service Based		738	399
Compensative/circumstantial		1,065	1,062
Periodic payments		1,358	1,339
Other non-pensionable allowances		28,611	22,341
Total		**115,148**	**95,874**
5.2 Social Contributions			
Employer contributions			
Pension		10,813	8,854
Medical		3,624	3,215
Bargaining council		9	10
Total		**14,446**	**12,079**
Total compensation of employees		**129,594**	**107,953**
Average number of employees		303	300

Performance awards: The decrease is mainly due to performance awards of SMS members for the 2008/2009 assessment year paid in the 2010/2011 financial year instead of the 2009/2010 financial year.

	Note	2009/10 R'000	2008/09 R'000
6 Goods and services			
Administrative fees		1,371	9,201
Advertising		13,838	19,881
Assets less then R5,000	6.1	925	1,516
Bursaries (employees)		314	202
Catering		2,781	2,865
Communication		8,076	6,281
Computer services	6.2	2,500	2,712
Consultants, contractors and agency/outsourced services	6.3	151,642	108,396
Entertainment		147	149
Audit cost – external	6.4	6,517	1,456
Inventory	6.5	7,594	6,647
Operating leases		33,990	24,971
Owned and leasehold property expenditure	6.6	11,460	10,598
Travel and subsistence	6.7	27,706	41,467
Venues and facilities		4,898	19,884
Training and staff development		5,835	10,945
Other operating expenditure	6.8	22,989	2,120
Total		**302,403**	**269,291**

Venues and facilities: The decrease is mainly as a result of saving measures implemented by the Department and a re-classification of expenses previously allocated to venues and facilities.

6.1 Assets less than R5,000	6		
Tangible assets		**874**	**1,313**
Machinery and equipment		874	1,313
Intangible assets		**51**	**203**
Total		**925**	**1,516**

6.2 Computer services	6		
SITA computer services		1,103	1,098
External computer service providers		1,397	1,614
Total		**2,500**	**2,712**

	Note	2009/10 R'000	2008/09 R'000
6.3 Consultants, contractors and agency/outsourced services	6		
Business and advisory services		42,063	51,785
Infrastructure and planning		-	23
Legal costs		607	2,276
Contractors		86,832	35,156
Agency and support/outsourced services		21,960	19,156
Total		**151,462**	**108,396**

Contractors: The increase is mainly due to a R80 million payment to the City of Johannesburg to establish and operate the international broadcasting centre for the 2010 FIFA World Cup.
Legal costs: The decrease is mainly due to invoices of approximately R1.8 million not paid before 31 March 2010.

	Note	2009/10 R'000	2008/09 R'000
6.4 Audit cost – external	6		
Regularity audits		2,903	1,456
Other audits		3,614	-
Total		**6,517**	**1,456**

Other audits: The increase is mainly due to a forensic audit conducted by the Auditor-General at the SABC, R2,923 million and at the department by Ntumba Chartered Accountants R0,691 million.

Regularity audits: The increase is mainly due to invoices in respect of March 2009 paid in the 2009/2010 financial year and the information system audit conducted on the Electronic Document Management System implemented in the 2009/10 financial year.

	Note	2009/10 R'000	2008/09 R'000
6.5 Inventory	6		
Fuel, oil and gas		512	430
Other consumable materials		233	83
Maintenance material		13	16
Stationery and printing		6,834	6,117
Medical supplies		2	1
Total		**7,594**	**6,647**

Other consumable materials: The increase is mainly due to clothes purchased for the Netball and soccer players, T-shirts for events and staff uniforms for the ICT career summit.

		Note	2009/10 R'000	2008/09 R'000
6.6	**Owned and leasehold property expenditure**	6		
	Municipal services		4,964	5,150
	Other		6,496	5,448
	Total		**11,460**	**10,598**
6.7	**Travel and subsistence**	6		
	Local		19,534	30,930
	Foreign		8,172	10,537
	Total		**27,706**	**41,467**

The decrease is mainly due to saving measures implemented by the department.

		Note	2009/10 R'000	2008/09 R'000
6.8	**Other operating expenditure**	6		
	Professional bodies, membership and subscription fees		22,537	1,427
	Resettlement costs		-	22
	Other		452	671
	Total		**22,989**	**2,120**

Other operating expenditure: The increase is mainly due to membership fees to International organisations for the 2008/2009 financial year paid in the 2009/2010 financial year.

		Note	2009/10 R'000	2008/09 R'000
7	**Interest and Rent on Land**			
	Interest paid		30	-
			30	-

Interest paid on Telkom account. See also disclosure note 36.2.

		Note	2009/10 R'000	2008/09 R'000
8	**Financial Transactions in Assets and Liabilities**			
	Other material losses written off	8.1	42	33
	Debts written off	8.2	32	80
	Forex losses	8.3	8	8
	Total		**82**	**121**

		Note	2009/10 R'000	2008/09 R'000
8.1	**Other material losses written off**	*8*		
	Nature of losses			
	Vehicle access payments		4	-
	No shows		7	5
	Interest		26	-
	Cancellation fee		1	24
	Other		4	4
	Total		**42**	**33**
8.2	**Debts written off**	*8*		
	Nature of debts written off			
	Income tax		5	6
	Salary overpayments		26	59
	Test debtors		1	14
	Other		-	1
	Total		**32**	**80**
8.3	**Forex losses**	*8*		
	Nature of losses			
	Foreign exchange - travel and subsistence		8	8
	Total		**8**	**8**
8.4	**Recoverable revenue written off**	*Stat Chg in NA*		
	Nature of losses			
	Personnel		(27)	(66)
	Test debtors		-	(14)
	Total		**(27)**	**(80)**
8.5	**Assets written off**	*35*		
	Nature of write-off			
	Overhead projector		-	12
	Laptop		61	4
	Computer		-	8
	CPU parts		3	-
	Total		**64**	**24**

	Note	2009/10 R'000	2008/09 R'000
9 Transfers and Subsidies			
Provinces and municipalities	Annex 1A	5	6
Departmental agencies and accounts	Annex 1B	370,206	338,977
Public corporations and private enterprises	Annex 1C	1,488,598	1,596,484
Non-profit institutions	Annex 1D	-	2,500
Households	Annex 1E	80	23
Gifts, donations and sponsorships made	Annex 1F	723	471
Total		**1,859,612**	**1,938,461**
10 Expenditure for capital assets			
Tangible assets		**6,369**	**6,659**
Machinery and equipment	35.1	6,369	6,659
Software and other intangible assets		**3,822**	**6,126**
Computer software	36.1	3,822	6,126
Total		**10,191**	**12,785**

10.1 Analysis of funds utilised to acquire capital assets - 2009/10

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	**6,369**	**-**	**6,369**
Machinery and equipment	6,369	-	6,369
Software and other intangible assets	**3,822**	**-**	**3,822**
Computer software	3,822	-	3,822
Total	**10,191**	**-**	**10,191**

10.2 Analysis of funds utilised to acquire capital assets - 2008/09

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	**6,659**	**-**	**6,659**
Machinery and equipment	6,659	-	6,659
Software and other intangible assets	**6,126**	**-**	**6,126**
Computer software	6,126	-	6,126
Total	**12,785**	**-**	**12,785**

	Note	2009/10 R'000	2008/09 R'000
11 Fruitless and wasteful expenditure			
11.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		555	555
Less: Amounts condoned		(29)	-
Current		(29)	-
Fruitless and wasteful expenditure awaiting condonement		**526**	**555**
Analysis of awaiting condonement per economic classification			
Current		526	555
Total		**526**	**555**

Fruitless and wasteful expenditure incurred during the 2007/08 financial year is still recorded under current assets. This expenditure is mainly as the result of interest charged by Universal Postal Union (UPU) to which the Department subscribes annually as a member. The interest charged was due to late payment of membership fees. The interest charged amounts to R520 thousand. The Department is in discussion with UPU to reverse the interest, based on the outcome of a joint review by the parties around the circumstances of the late payment.

Fruitless and wasteful expenditure for the 2009/10 financial year of R54 thousand is disclosed in disclosure note 31 of the financial statements.

	Note	2009/10 R'000	2008/09 R'000
12 Cash and Cash Equivalents			
Consolidated Paymaster General Account		164,314	2,198
Cash on hand		40	25
Cash with commercial banks (Local)		128,320	7,385
Total		**292,674**	**9,608**

The increase is mainly due to savings of the following transfer payments:

- Sentech 2010 FIFA World Cup R96 million;

- SABC: Programme Production R20 million;

- Telkom SA Ltd R20 million;

- Underspending of R8,8 million on compensation of employees, R18,2 million on goods and services due to vacant positions not filled and projects that are still in progress and an underspending of R2,5 million on capital expenditure; and

- Revenue of R128 million paid into the departments account on 31 March 2010 by ICASA which could not be transferred to the National Revenue Fund on or before 31 March 2010.

	Note	2009/10 R'000	2008/09 R'000
13 Other Financial Assets			
Non-Current			
Local			
Deposits		200	200
Total		**200**	**200**
Foreign			
Deposits		71	71
Total		**71**	**71**
Total Non-Current other financial assets		**271**	**271**
14 Prepayments and Advances			
Travel and subsistence		317	353
Advances paid to other entities		965	927
Total		**1,282**	**1,280**

Advances paid to other entities: The increase is mainly as a result of a MoU between the department and Foreign Affairs whereby the department has to pay in advance for services rendered by Foreign Affairs.

		2009/10				2008/09
	Note	**Less than one year**	**One to three years**	**Older than three years**	**Total**	**Total**
		R'000	**R'000**	**R'000**	**R'000**	**R'000**
15 Receivables						
Claims recoverable	15.1 Annex 4	23	-	-	23	33
Recoverable expenditure	15.2	2,921	-	-	2,921	-
Staff debt	15.3	150	68	51	269	71
Other debtors	15.4	1,246	1,568	551	3,365	2,571
		4,340	**1,636**	**602**	**6,578**	**2,675**
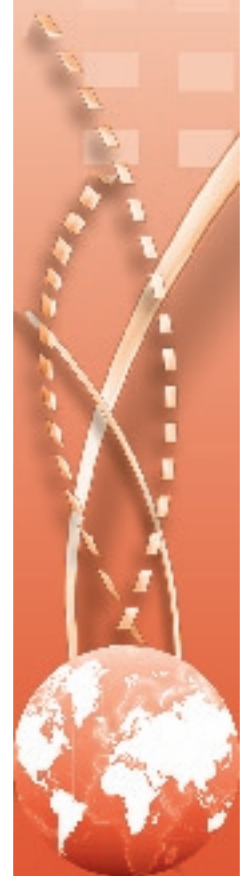
	Note	2009/10 R'000	2008/09 R'000
15.1 Claims recoverable	15		
National departments		23	33
Total		**23**	**33**
15.2 Recoverable expenditure	15		
Disallowance payments - fraud		2,921	-
		2,921	**-**

Fraudulent orders and invoices from Uniglobe to the amount of R1 649 120.49 and international calls to the amount of R1 272 002.81 made from the Departments PABX system by hackers.

	Note	2009/10 R'000	2008/09 R'000
15.3 Staff debt	15		
Debt accounts		269	71
Total		**269**	**71**
15.4 Other debtors	15		
Ex-employees		519	549
Test equipment		166	316
Suppliers		2,667	1,689
Clearing accounts		13	11
SARS income tax		-	6
Total		**3,365**	**2,571**

Suppliers: The increase is mainly due to debts raised for an amount of R2 518 738.00 in respect of the travel agency Templemore Trading (Uniglobe).

16 Investments	Note	2009/10 R'000	2008/09 R'000
Non-Current			
Shares and other equity			
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	-
Total		**14,445,160**	**2,271,321**
Total non-current		**14,445,160**	**2,271,321**

	Note	2009/10 R'000	2008/09 R'000
Analysis of non-current investments			
Opening balance		2,271,321	2,271,321
Non-cash movements		12,173,839	-
Closing balance		**14,445,160**	**2,271,321**

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 share holder until such time as the necessary changes have been made to the Post Office Act to permit the issuing of shares by the company.

The increase is mainly due to the unbundling of Telkom SA Limited shares. The 207 038 059 Vodacom shares issued with no par value held by Government represents 13.9% of Vodacom's total issued capital of 487 954 000. The fair value at acquisition was R58.80 per share.

17 Loans

	Note	2009/10 R'000	2008/09 R'000
Public corporations		27,391	27,391
Total		**27,391**	**27,391**
Analysis of Balance			
Opening balance		27,391	27,391
Closing balance		**27,391**	**27,391**

18 Voted Funds to be Surrendered to the Revenue Fund

	Note	2009/10 R'000	2008/09 R'000
Opening balance		2,898	12,705
Transfer from statement of financial performance		168,582	2,898
Paid during the year		(2,898)	(12,705)
Closing balance		**168,582**	**2,898**

The increase is mainly due to savings of the following transfer payments:

- Sentech 2010 FIFA World Cup R96 million;

- SABC: Programme Production R20 million;

- Telkom SA Ltd R20 million; and

- Underspending of R8,8 million on compensation of employees, R18,2 million on goods and services due to vacant positions not filled and projects that are still in progress and an underspending of R2,5 million on capital expenditure.

	Note	2009/10 R'000	2008/09 R'000
19 Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		7,465	385
Transfer from Statement of Financial Performance		1,344,790	3,520,122
Paid during the year		(1,224,647)	(3,513,042)
Closing balance		**127,608**	**7,465**

The increase in mainly due to revenue of R128 million paid into the departments account on 31 March 2010 by ICASA which could not be transferred to the National Revenue Fund (NRF) on or before 31 March 2010. The amount has since been paid to NRF.

	Note	2009/10 R'000	2008/09 R'000
20 Direct Exchequer receipts to be surrendered to the Revenue Fund			
Opening balance		-	-
Transfer from Statement of Financial Performance		4,481,173	-
Paid during the year		(4,481,173)	-
Closing balance		**-**	**-**

Special dividends paid by Telkom SA Limited at a dividend rate of 1 900 cents and 260 cents per share respectively and R8.9 million paid by ICASA pertaining to inter-company loan balances.

	Note	2009/10 R'000	2008/09 R'000
21 Payables - current			
Clearing accounts	21.1	20	-
Other payables	21.2	1,108	1
Total		**1,128**	**1**

	Note	2009/10 R'000	2008/09 R'000
21.1 Clearing accounts	21		
Clearing amounts		20	-
		20	**-**

	Note	2009/10 R'000	2008/09 R'000
21.2 Other payables	21		
Salary deductions		399	-
SARS		709	-
Total		**1,108**	**1**

The increase in mainly due to: Universal Service Fund contributions of R0,709 thousand rand paid into the Departments account on 31 March 2010 by ICASA which could not be transferred to the South African Revenue Services on or before 31 March 2010; and R0,399 thousand rand in respect of outstanding third party payments to the GEPF and SARS. The amounts have since been paid to SARS and GEPF.

	Note	2009/10 R'000	2008/09 R'000
22	**Net cash flow available from operating activities**		
Net surplus/(deficit) as per Statement of Financial Performance		5,994,545	3,523,020
Add back non cash/cash movements not deemed operating activities		(6,167,133)	(4,882,016)
(Increase)/decrease in receivables – current		(3,903)	(1,084)
(Increase)/decrease in prepayments and advances		(2)	(1,140)
(Increase)/decrease in other current assets		29	-
Increase/(decrease) in payables – current		1,127	(19)
Proceeds from sale of capital assets		-	(297)
Proceeds from sale of investments		(4,947,030)	(1,366,514)
Expenditure on capital assets		10,191	12,785
Surrenders to Revenue Fund		(1,227,545)	(3,525,747)
Net cash flow generated by operating activities		**(172,588)**	**(1,358,996)**
23	**Reconciliation of cash and cash equivalents for cash flow purposes**		
Consolidated Paymaster General account		164,314	2,198
Cash on hand		40	25
Cash with commercial banks (Local)		128,320	7,385
Total		**292,674**	**9,608**
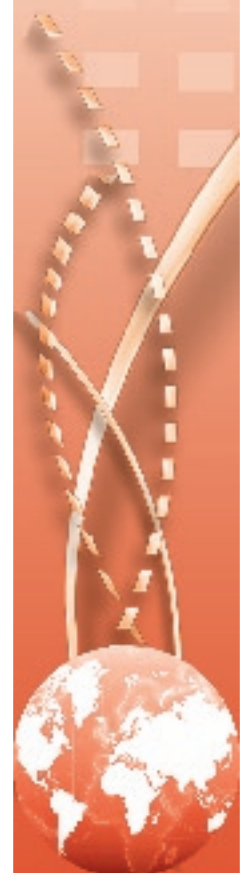
Vote 24: Communications
Disclosure Notes to the Annual Financial Statements
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			2009/10	2008/09
		Note	R'000	R'000
24	**Contingent liabilities**			
	Liable to	**Nature**		
	Motor vehicle guarantees	Employees	Annex 3A	-	39
	Housing loan guarantees	Employees	Annex 3A	364	480
	Other guarantees		Annex 3A	1,108,447	138,438
	Claims against the department		Annex 3B	376,996	384,029
	Other departments (interdepartmental unconfirmed balances)		Annex 5	691	2,807
	Total			**1,486,498**	**525,793**

Other guarantees: The increase is due to a R1 billion rand loan to SABC.

			2009/10 R'000	2008/09 R'000
25	**Commitments**			
	Current expenditure			
	Approved and contracted		30,098	29,885
	Approved but not yet contracted		7,681	12
			37,779	29,897
	Capital Expenditure			
	Approved and contracted		563	5,678
			563	5,678
	Total Commitments		**38,342**	**35,575**

		30 days	30+ days	Total	Total
26	**Accruals**				
	Listed by economic classification				
	Goods and services	5,052	3,047	8,099	21,383
	Transfers and subsidies	-	-	-	2
	Machinery and equipment	423	545	968	372
	Other	-	-	-	2
	Total	**5,475**	**3,592**	**9,067**	**21,759**

	2009/10 R'000	2008/09 R'000
Listed by programme level		
Administration	5,839	1,711
ICT International Affairs and Trade	103	14,100
ICT Policy Development	918	1,650
ICT Enterprise Development	224	61
ICT Infrastructure Development	1,472	650
Presidential National Commission	511	3,587
Total	**9,067**	**21,759**

	Note	2009/10 R'000	2008/09 R'000
Confirmed balances with departments	*Annex 5*	1,855	17
Confirmed balances with other government entities	*Annex 5*	-	63
Total		**1,855**	**80**

27 Employee benefits

	2009/10 R'000	2008/09 R'000
Leave entitlement	3,391	2,363
Service bonus (Thirteenth cheque)	2,994	2,593
Performance awards	3,054	2,705
Capped leave commitments	2,000	1,840
Other	-	2
Total	**11,439**	**9,503**

28 Lease commitments

28.1 Operating leases expenditure

2009/10	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	2,333	2,333
Later than 1 year and not later than 5 years	-	-	3,513	3,513
Total lease commitments	**-**	**-**	**5,846**	**5,846**

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	1,641	1,641
Later than 1 year and not later than 5 years	-	-	1,872	1,872
Total lease commitments	**-**	**-**	**3,513**	**3,513**
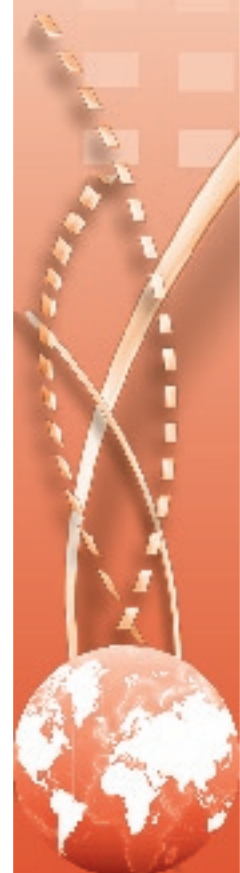
28.2 Finance leases expenditure**

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	280	280
Total present value of lease liabilities	**-**	**-**	**280**	**280**

** This note excludes leases relating to public private partnerships as they are separately disclosed to note no. 32

	Note	2009/10 R'000	2008/09 R'000
29 Receivables for departmental revenue			
Sales of goods and services other than capital assets		19,826	-
		19,826	-

The increase is mainly due to revenue collected by ICASA at 31 March 2010 but not yet paid over to the departments account.

29.1 Analysis of receivables for departmental revenue

	Note	2009/10 R'000	2008/09 R'000
Opening balance		-	-
Add: Amounts recognised		19,826	-
Closing balance		19,826	-

30 Irregular expenditure

30.1 Reconciliation of irregular expenditure

	Note	2009/10 R'000	2008/09 R'000
Opening balance		4,966	6,297
Add: Irregular expenditure - relating to prior year		15,701	-
Add: Irregular expenditure - relating to current year		8,501	5,111
Less: Amounts condoned		(1,042)	(6,442)
Less: Amounts not recoverable (not condoned)		(15)	-
Irregular expenditure awaiting condonation		**28,111**	**4,966**
Analysis of awaiting condonation per age classification			
Current year		23,323	4,543
Prior years		4,788	423
Total		**28,111**	**4,966**

		2009/10
		R'000
30.2	**Details of irregular expenditure – prior and current year**	
	Incident / **Disciplinary steps taken/criminal proceedings**	
	Current year	
	Procurement procedures not followed / In process	1,106
	Draft FCB / In process	446
	Intelligence Edge / In process	2,427
	Distinctive Choice / In process	4,522
	Prior year	
	Distinctive Choice / In process	15,304
	Uniglobe / In process	397
		24,202
30.3	**Details of irregular expenditure condoned**	
	Incident / **Condoned by (condoning authority)**	
	Procurement procedures not followed / Departmental Bid Adjudication Committee	1,042
		1,042
30.4	**Details of irregular expenditure not recoverable (not condoned)**	
	Incident / **Not condoned by (condoning authority)**	
	Procurement procedures not followed / Departmental Bid Adjudication Committee	15
		15

Reasons submitted to the Departmental Bid Adjudication Committee were not convincing and requested a warning letter to be issued to the transgressor for not adhering to internal procurement procedures.
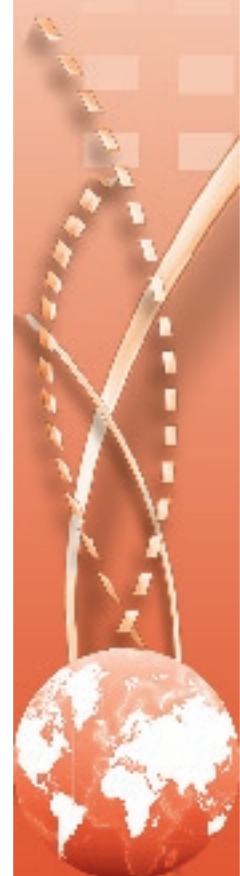
	Note	2009/10 R'000	2008/09 R'000
31	**Fruitless and wasteful expenditure**		
31.1	**Reconciliation of fruitless and wasteful expenditure**		
Opening balance		3	-
Fruitless and wasteful expenditure – relating to current year		54	3
Less: Amounts condoned		(3)	-
Less: Amounts transferred to receivables for recovery		(3)	-
Fruitless and wasteful expenditure awaiting condonement		51	3
Analysis of awaiting condonement per economic classification			
Current		51	3
Total		51	3

	2009/10 R'000
31.2	**Analysis of Current Year's Fruitless and wasteful expenditure**

Incident	Disciplinary steps taken/criminal proceedings	
Interest Telkom	In process	30
Cancellation fee air ticket	Condoned and written off	1
Duplicate payment for same service	In process	21
Visa fees	Condoned and written off	2
Total		54

See also note 11 to the notes to the financial statements

		Note	2009/10 R'000	2008/09 R'000
32	Related party relationships			

Investment entities:

Telkom SA Limited

South African Post Office Limited

Vodacom Group Limited

Sentech

See also Annexure 2 and Management report in this regard.

		No. of Individuals	2009/10 R'000	2008/09 R'000
33	Key management personnel			
	Political office bearers	*4*	3,047	2,940
	Officials:			
	Level 15 to 16	*15*	9,481	7,077
	Level 14	*7*	4,713	3,886
	Family members of key management personnel	-	-	277
	Total		**17,241**	**14,180**
34	**Provisions**			
	Potential irrecoverable debts			
	Private enterprises		1,469	-
	Other debtors		393	489
	Total		**1,862**	**489**
	Provisions			
	Impairment of investments		662,522	-
	Total		**664,384**	**489**

35 Moveable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	**51,448**	**-**	**6,369**	**785**	**57,032**
Transport assets	2,462	-	-	-	2,462
Computer equipment	29,400	-	1,525	711	30,214
Furniture and office equipment	7,057	-	726	65	7,718
Other machinery and equipment	12,529	-	4,118	9	16,638
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**51,448**	**-**	**6,369**	**785**	**57,032**

35.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	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
MACHINERY AND EQUIPMENT	**6,369**	**-**	**-**	**-**	**6,369**
Computer equipment	1,525	-	-	-	1,525
Furniture and office equipment	726	-	-	-	726
Other machinery and equipment	4,118	-	-	-	4,118
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	**6,369**	**-**	**-**	**-**	**6,369**

35.2   Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals		Cash received Actual
	R'000	R'000	R'000		R'000
MACHINERY AND EQUIPMENT	-	785	785		-
Computer equipment	-	711	711		-
Furniture and office equipment	-	65	65		-
Other machinery and equipment	-	9	9		-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	785	785		-

35.3   Movement for 2008/09

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	50,340	6,659	5,551	51,448
Transport assets	3,253	-	791	2,462
Computer equipment	29,167	4,449	4,216	29,400
Furniture and office equipment	6,178	1,216	337	7,057
Other machinery and equipment	11,742	994	207	12,529
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	50,340	6,659	5,551	51,448

35.4   Minor assets

MINOR ASSETS OF THE DEPARTMENT FOR 31 MARCH 2010

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor Assets	50	-	12,316	-	12,366
TOTAL	50	-	12,316	-	12,366
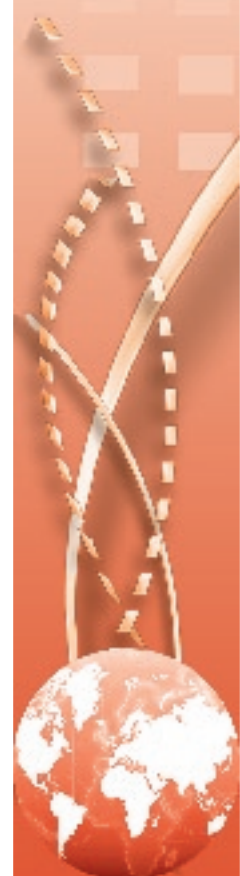
	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	200	-	200
Number of minor assets	-	-	5,490	-	5,490
TOTAL	**-**	**-**	**5,690**	**-**	**5,690**

35.5   MINOR ASSETS OF THE DEPARTMENT FOR 31 MARCH 2009

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets	-	-	11,934	-	11,934
TOTAL	**-**	**-**	**11,934**	**-**	**11,934**
Number of minor assets	-	-	5,627	-	5,627
	-	**-**	**5,627**	**-**	**5,627**

36   Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	6,831	-	3,822	-	10,653
TOTAL INTANGIBLE CAPITAL ASSETS	**6,831**	**-**	**3,822**	**-**	**10,653**

36.1   Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

|	Cash	Non-cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year	Total
	R'000	R'000	R'000	R'000	R'000
Computer software	3,822	-	-	-	3,822
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	**3,822**	**-**	**-**	**-**	**3,822**

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	705	6,126	-	6,831
TOTAL	**705**	**6,126**	**-**	**6,831**

37 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

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

37.1 Movement for 2008/09

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**18**	**-**	**-**	**18**
Non-residential buildings	18	-	-	18
TOTAL TANGIBLE CAPITAL ASSETS	**18**	**-**	**-**	**18**
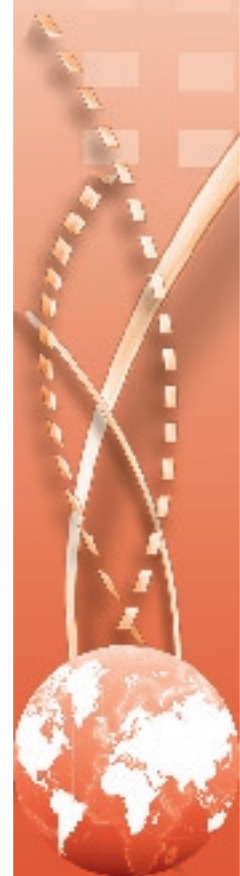
Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2008/2009
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Cape Town	-	-	-	-	1	-	-	-	-	-
Tshwane	-	-	-	-	4	-	-	-	-	6
	-	-	-	-	5		-	-		6

Vehicle licenses.

Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION					TRANSFER		2008/09
	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
Universal Service and Access Agency of South Africa	33,495	-	-	33,495	33,495	100%		30,208
Universal Service Fund	36,427	-	-	36,427	36,427	100%		34,581
Independent Communications Authority of South Africa	269,607	-	-	269,607	269,607	100%		247,272
National Electronic Media Institute of SA	29,059	-	-	29,059	29,059	100%		25,303
.ZA Domain Name Authority	1,500	-	-	1,500	1,500	100%		1,500
ISETT SETA (Skills development levy)	118	-	-	118	118	100%		113
	370,206	-	-	370,206	370,206			338,977
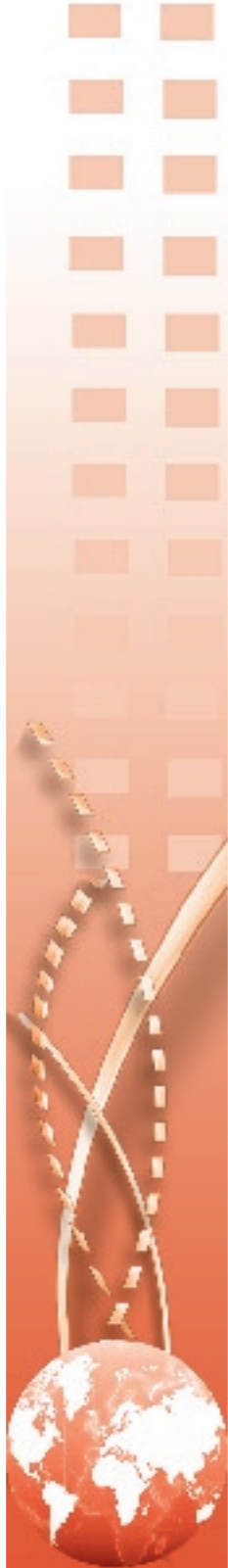
Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2008/09
	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
Public Corporations									
Transfers									
SABC: Public Broadcaster	429,885	-	-	429,885	429,885	100%	-	429,885	217,866
SABC: Channel Africa	36,694	-	-	36,694	36,694	100%	-	36,694	34,834
SABC: Programme Production	25,000	-	-	25,000	5,000	20%	-	5,000	13,904
SABC: Community Radio Stations	12,783	-	-	12,783	12,783	100%	-	12,783	2,280
Sentech Digitisation	260,019	-	-	260,019	260,019	100%	260,000	-	150,000
Sentech 2010 FIFA World Cup	100,000	-	-	100,000	4,000	4%	4,000	-	200,000
Telkom SA Ltd	370,000	-	-	370,000	350,000	95%	350,000	-	600,000
Meraka Institute	7,000	-	-	7,000	7,000	100%	-	7,000	6,000
Subsidies									
SA Post Office	383,092	-	-	383,092	383,092	100%	-	383,092	371,600
Total	**1,624,473**	**-**	**-**	**1,624,473**	**1,488,473**		**614,019**	**874,484**	**1,596,484**

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Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 1C (Continued)

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2008/09
	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
Private Enterprises									
Transfers									
Alexander Forbes	-	-	-	-	125	-	-	125	
TOTAL	**1,624,473**		-	**1,624,473**	**1,488,598**		**614,019**	**874,579**	**1,596,484**
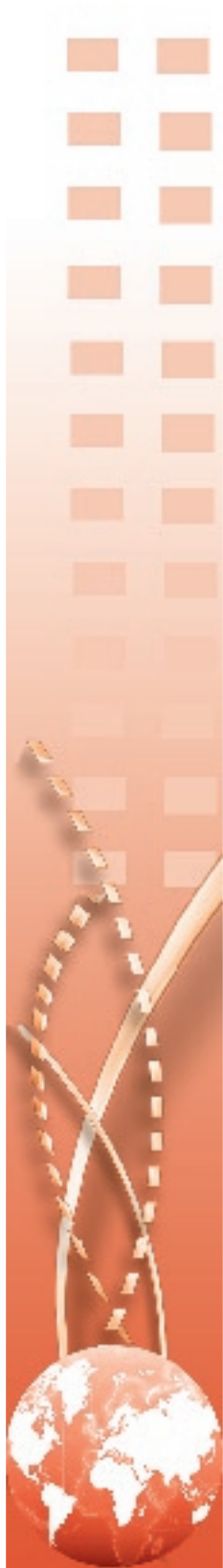
Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Nepad	3,000	-	-	3,000	-	-	2,500
Total	**3,000**	**-**	**-**	**3,000**	**-**		**2,500**

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for the year ended 31 March 2010

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Employee benefits - cash res	-	-	-	-	80		23
Total	**-**	**-**	**-**	**-**	**80**		**23**
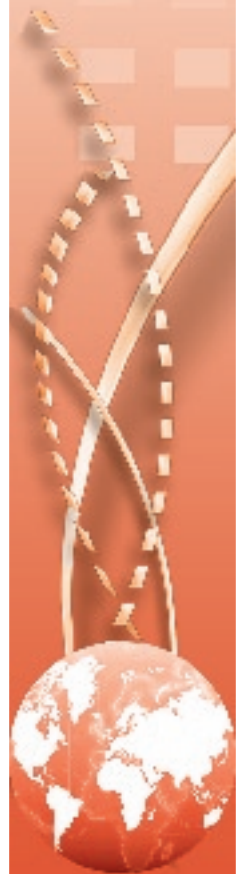
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for the year ended 31 March 2010

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT. DONATION OR SPONSORSHIP	2009/10 R'000	2008/09 R'000
Received in cash			
Vodacom SA	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	95	-
MTN	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	1,000	-
Multichoice	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	1,200	-
Sentech	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	45	-
TOTAL		**2,340**	**-**

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Annexure to the Annual Financial Statements
for the year ended 31 March 2010

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2009/10 R'000	2008/09 R'000
Paid in cash		
Gift by the Minister	-	7
Sponsorship to Kemilings International for Spectrum and Planning workshop 21 to 25 August 2008	-	100
Sponsorship to Somafco X Trust for the voting and deepening democracy initiatives	-	100
Sponsorship to NEMISA for the National Digital Repository Training	-	100
Gifts for women's day - Upington	-	24
Gifts for Foreign delegates	-	2
Gifts for the departments women employees for woman's day 14 August 2008	-	10
Donation in support of 16 days of activism	-	5
Donation to Gauteng Youth Chamber of Commerce to support the SMME Opportunities Expo	100	
Donation to Rhodes University for the Media Clusters Research Project	100	
Donation to Construction Industry Development for excellence awards to Women in Construction	30	
Donation to Cape Town University for fees related to post graduate programme in cyber forensics	78	
Donation to the National House of Traditional Leaders to purchase ICT equipment	100	
Gifts to heads of delegations visited in Korea (International study tour)	3	
Gifts for Ministers counterparts in Geneva	3	
Gifts for the World Telecommunication hosted in South Africa	154	
Donation to the shelter for battered women	2	
Donation of multi-media centres to 10 designated schools	97	
Subtotal	**667**	**348**
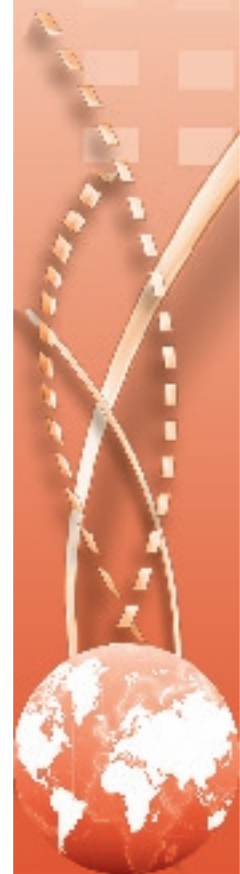
Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 1G (Continued)

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2009/10 R'000	2008/09 R'000
Made in kind		
Computers donated at the Leadership and ICT Seminar		98
Outdated computer equipment with no book value donated to Shembe Primary School	-	
Various redundant furniture items with no book value donated to Sekwati Primary School	-	
Various redundant furniture items with no book value donated to Allanridge Combined School	-	
Various redundant furniture items with no book value donated to Bingweni Secondary School	-	
Various redundant furniture items and outdated computer equipment with no book value donated to Moutse Primary School	-	
Outdated computer equipment and with no book value donated to Malebo Secondary School	-	
Outdated computer equipment and with no book value donated to Mathethe Primary School	-	
Subtotal	**-**	**98**
Remissions, refunds and payments made as an act of grace		
Condolence donations in respect of officials who passed away	56	25
Subtotal	**56**	**25**
TOTAL	**723**	**471**

Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 2

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2010

(Only Public and Private Entities)

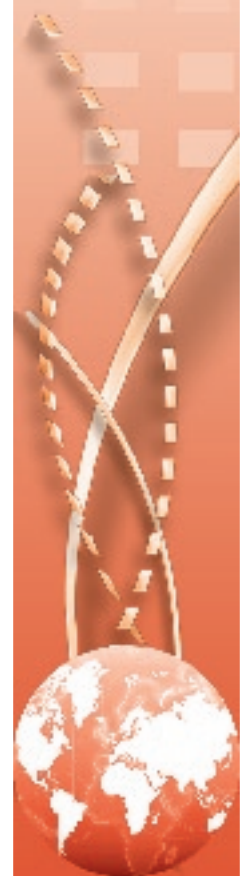| Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 09/10	% Held 08/09	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
				2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	
National/Public Entity												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	3,797	6,734	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	15,520	(962)	No
Telkom SA Limited	2	39.8%	39,8%	207,038,058	207,038,058	10	10	-	-	37,585,000	4,496,000	No
South African Post Office Ltd	2	100%	100%	200,939,821	200,939,821	1	1	-	-	296,591	362,903	No
Independent Communications Authority of South Africa	1	100%	100%	-	-	-	-	-	-	(5,902)	5,580	No
South African Broadcasting Corporation	2	100%	100%	-	-	-	-	-	-	(492,473)	(790,089)	No

Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 2 (Continued)

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2010

(Only Public and Private Entities)

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 09/10	% Held 08/09	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
				2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	(4,472)	(2,870)	No
Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	-	-	93,949	(23,810)	No
Vodacom Group Limited	2	13.90%	-	207,038,059	-	59	-	-	-	4,200,000	6,192,000	No
Total				**615,016,936**	**407,978,877**	**71**	**12**	**-**	**-**	**41,692,010**	**10,245,486**	

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.

Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010- LOCAL

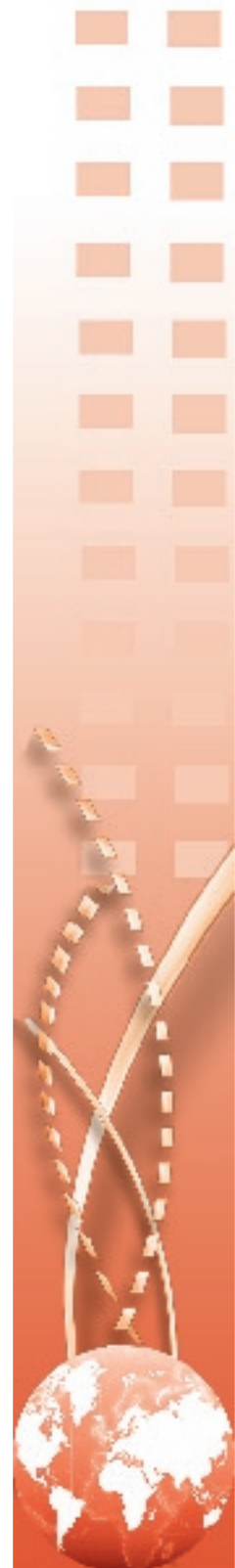| GUARANTOR INSTITUTION	Guarantee in respect of	original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	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
	Motor vehicles								
Stannic		374	39	-	39	-	-	-	-
	Subtotal	374	39	-	39	-	-	-	-
	Housing								
ABSA		121	121	-	24	-	97	-	-
African Bank Limited		9	9	-	-	-	9	-	-
First National Bank		60	60	-	25	-	35	-	-
Nedcor Bank		105	105	-	67	-	38	-	-
Standard Bank		185	185	-	-	-	185	-	-
	Subtotal	480	480	-	116	-	364	-	-
	TOTAL	**854**	**519**	**-**	**155**	**-**	**364**	**-**	**-**
	Other								
Nedcor Bank	SABC	1,000,000	-	1,000,000	-	-	1,000,000	-	-
	TOTAL	**1,000,000**	**-**	**1,000,000**	**-**	**-**	**1,000,000**	**-**	**-**
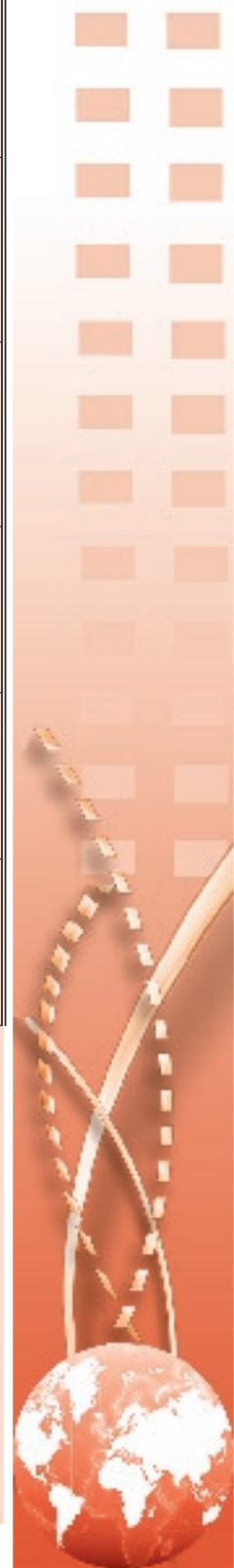
Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 3A (Continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010- FOREIGN

GUARANTOR INSTITUTION	Guarantee in respect of	original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	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
	Other								
Telkom SA Ltd	Natexis Banque	67,914	42,323	-		(9,169)	33,154	2	-
	Natexis Banque	171,295	96,110	-		(20,821)	75,289	2	-
	Subtotal	239,209	138,433	-		(29,990)	108,443	4	-
	Total	**239,209**	**138,433**	**-**		**(29,990)**	**108,443**	**4**	**-**

Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2010

Nature of liability	Opening balance 1 April 2009	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2010
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Possible legal claim	-	26	-	-	26
Possible legal claim	-	400	-	-	400
Possible legal claim	-	500	-	-	500
Possible legal claim	-	70	-	-	70
Possible legal claim	375,500	-	-	-	375,500
Possible legal claim	500	-	500	-	-
Possible legal claim	7,007	-	7,007	-	-
Possible legal claim	500	-	500	-	-
Possible legal claim	500	-	-	-	500
Possible legal claim	22	-	22	-	-
Subtotal	**384,029**	**996**	**8,029**	**-**	**376,996**
TOTAL	**384,029**	**996**	**8,029**	**-**	**376,996**

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Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 4

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
National Treasury	-	-	-	33	-	33
Home Affairs	-	-	5	-	5	-
Agriculture, Forestry and Fisheries	18	-	-	-	18	-
Total	**18**	**-**	**5**	**33**	**23**	**33**

Vote 24: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
South African Social Security Agency	-	-	14	-	14	-
International Relations and Cooperation	-	-	677	2,623	677	2,623
Justice and Constitutional Development	1,840	-	-	-	1,840	-
Public Transport, Roads and Works	-	-	-	184	-	184
Labour	-	17	-	-	-	17
Trade and Industry	15	-	-	-	15	-
Subtotal	**1,855**	**17**	**691**	**2,807**	**2,546**	**2,824**
Total	**1,855**	**17**	**691**	**2,807**	**2,546**	**2,824**
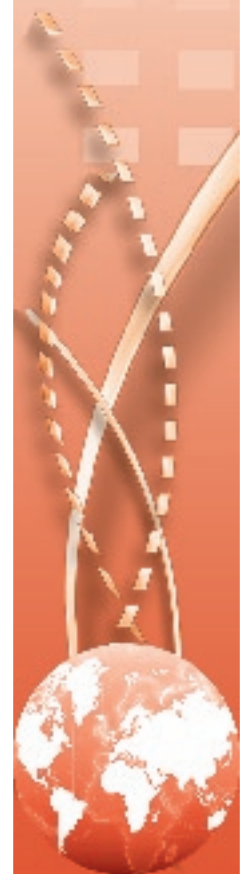
Vote 24: Communications

Annexure to the Annual Financial Statements

**for the year ended 31 March 2010**

ANNEXURE 5 (Continued)

INTER-GOVERNMENT PAYABLES

| GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
OTHER GOVERNMENT ENTITY						
Current						
Public Administration Leadership and Management Academy	-	63	-	-	-	63
Subtotal	-	**63**	-	-	-	**63**
Total	-	**63**	-	-	-	**63**

Vote 24 - COMMUNICATIONS

Annexures to the Annual Financial Statements

for the year ended 31 March 2010

ANNEXURE 6

INVENTORY	Note	Quantity	2009/10 R'000
Inventory			
Opening balance		12,648	1,185
Add/(Less): Adjustments to prior year balances		-	-
Add: Additions/Purchases - Cash		43,592	2,904
Add: Additions - Non-cash		-	-
(Less): Disposals		-	-
(Less): Issues		(40,708)	(3,065)
Add/(Less): Adjustments		-	10
Closing balance		**15,532**	**1,034**
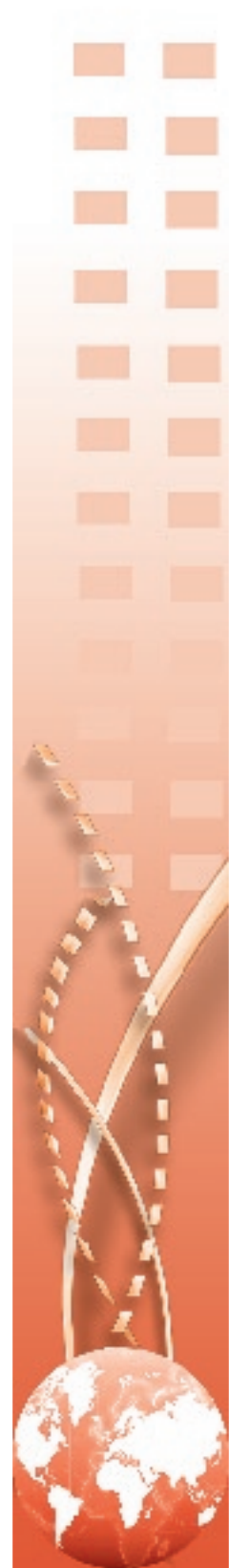
ACRONYMS AND ABBREVIATIONS
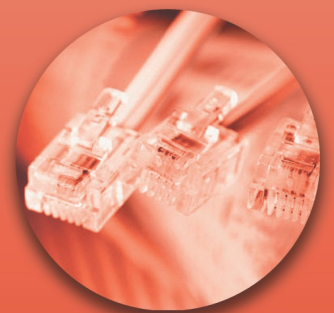
ACRONYMS AND ABBREVIATIONS

ATU	African Telecommunications Union
AU	African Union
BC	Broad Casting
BDM	Broadcasting Digital Migration
BEE	Black Economic Empowerment
BBBEE	Broad Based Black Economic Empowerment
BPO	Business Process Outsourcing
BS	Broadcasting Services
CEDAW	Convention on the Elimination of all Forms of Discriminations Against Women
CIDB	Construction Industrial Development Board
CIT	Communications and Information Technologies
COGTA	Department of Cooperative Governance and Traditional Affairs
CRS	Community Radio Station
CSIRT	Computer Security Incident Response Team
CSTD	Commission for Science and Technology Development
CRASA	Communication Regulatory Authority of Southern Africa
DEVCOMM	Development Committee
DoC	Department of Communications
DoSD	Department of Social Development
DPLG	Department of Provincial and Local Government
DPW	Department of Public Works
DST	Department of Science and Trade
DTI	Department of Trade and Industry
DTT	Digital Terrestrial Television
ECA	Electronic Communications Act
ECNS	Electronic Communications Network Services
ECS	Electronic Communications Services
ECT	Electronic Communications and Transactions Act
EDMS	Electronic Document Management System
EE	Employment Equity
EECF	Employment Equity Consultative Forum
EIA	Environmental Impact Assessment
ENE	Estimates of National Expenditure
E-OPMS	Electronic Organisational Performance Monitoring System
ETOES	Extra Territorial Offices of Exchange
EU	European Union
EWHP	Employee Wellness and Health Professions
FCC	FIFA Confederation Cup
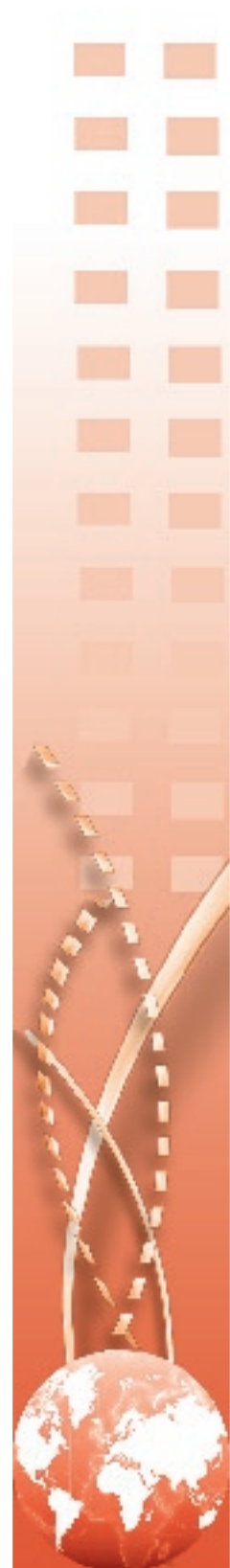
FET		Further Education and Training
FIFA		Federation of International Football Association
FIRST		Forum for Response Security Teams
FOCAC		Forum on China African Cooperation
FOSAD		Forum of South African Directors General
FOSS		Free and Open Source Software
GCEO		Group Chief Executive Officer
GDYC		Gender, Disability, Youth and Children
GHz		Giga Hertz
GoSS		Government of South Sudan
HBS		Host Broadcast Service
HR		Human Resource
IBA		Independent Broadcasting Act
IBC		International Broadcasting Centre
IBSA		India, Brazil and South Africa
ICASA		Independent Communications Authority of South Africa
ICDL		International Computer Driver's Licence
ICT		Information Communications and Technology
IDP		Integrated Development Plan
IDT		Independent Development Trust
IGRF		Intergovernmental Relations Forum
ISAD		Information Society and Development
ISPA		Internet Service Providers Association
ISSA		Institute for Software and Satellite Applications
IT		Information Technology
ITCD		Information Technology Chief Directorate
ITCC		South Africa-Korea Information and Communication Technologies Cooperation Centre (ITCC) Collaboration
IT&T		Information and Telecommunications
ITU		International Telecommunication Union
JCPS		Justice Crime Prevention Security
JOINTS		Joint Operational and Intelligence Structures
KAT		Karoo Telescope Array
KM		Knowledge Management
KHZ		Kilohertz
KPI		Key Performance Indicator
LLU		Local Loop Unbundling
LOC		Local Organising Committee
LRIC		Long Run Incremental Cost
MEC		Members of the Executive Council
MHz		Mega Hertz

M&E	Monitoring and Evaluation	
MSP	Master Systems Plan	
MTEF	Medium Term Expenditure Framework	
MTR	Mobile Termination Rate	
NATJOINTS	National Joint Operational and Intelligence Structure	
NICOC	National Intelligence Coordinating Committee	
NCOP	National Council of Provinces	
NDR	National Digital Repository	
NEMISA	National Electronic Media Institute of South Africa	
NEPAD	New Partnership for Africa's Development	
NPS	Nairobi Postal Strategy	
NRF	National Revenue Fund	
NYDA	National Youth Development Agency	
ODA	Official Development Assistance	
OECD	Organisations for Economic Co-operation and Development	
OHS	Occupational Health and Safety	
PALAMA	Public Administration Leadership and Management Academy	
PAPU	Pan African Postal Union	
PGDS	Provincial Growth Development Strategy	
PFMA	Public Finance Management Act	
PIAC	Presidential International Advisory Council	
PM	Project Management	
PNC	Presidential National Commission	
POA	Programme of Action	
POP	Point of Presence	
PPP	Public Private Partnerships	
PVA	Public Viewing Areas	
PSB	Public Service Broadcasting	
SAAA	South African Accreditation Authority	
SABC	South African Broadcasting Corporation	
SABS	South African Bureau of Standards	
SADC	Southern African Development Community	
SAFIRA	South African- Finland Partnership	
SAPO	South African Post Office	
SAPOA	South African Postal Operators Association	
SAPRA	Southern Africa Postal Regulator's Association	
SASSA	South African Social Security Agency	
SATFA	South African Table of Frequency Allocation	
SATNAC	South African Telecommunication Networks and Applications Conference	
SCM	Supply Chain Management	
SITA	State Information Technology Agency	
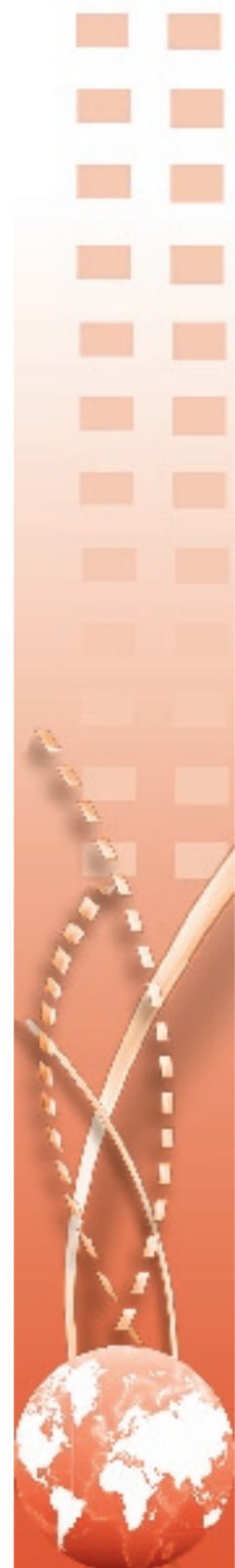
SG	Strategic Goals
SKA	Square Kilometer Array
SMME	Small Medium Micro Enterprise
SO	Strategic Objective
SOEs	State Owned Enterprises
SOS	Scheme for Ownership Support
StatsSA	Statistics South Africa
STB	Set Top Box
TCRs	Telkom Carrier Rooms
TDCA	Trade Development and Cooperation Agreement
TELRIC	Total Element Long Run Incremental Cost
TISI	The Information Society Institute
TOC	Technical Operations Centre
TSAG	Telecommunication Standardization Advisory Group
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNECA	United Nations Economic Commission for Africa
UNGIS	United Nations Group for the Information Society
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Access Fund
USAL	Under-Serviced Area License
UWC	University of Western Cape
VandA	Video Adaption Equipment
VPN	Virtual Private Network
WPD	World Post Day
WRC	World Radio Conference
WSA	World Summit Awards
WSIS	World Summit on Information Society
WTDC	World Telecommunications Development Conference
WTSA	World Telecommunications Standardisation Assembly
.za DNA	.za Domain Name Authority

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