

Vote 32

Telecommunications and Postal Services

Budget summary

R million	2017/18				2018/19	2019/20
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	194.2	186.7	–	7.6	206.3	219.2
International Affairs and Trade	47.8	21.9	25.5	0.4	50.2	53.2
Policy, Research and Capacity Development	90.4	89.8	–	0.6	95.2	101.7
ICT Enterprise Development and Oversight	251.1	33.8	216.1	1.3	265.2	280.5
ICT Infrastructure Support	1 030.7	463.4	565.1	2.2	1 110.7	1 174.1
Total expenditure estimates	1 614.2	795.5	806.7	12.0	1 727.5	1 828.8

Executive authority Minister of Telecommunications and Postal Services
Accounting officer Director General of Telecommunications and Postal Services
Website address www.doc.gov.za

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, personnel, entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, and expenditure information at the level of site service delivery, where appropriate.

Vote purpose

Develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans.

Mandate

The Department of Telecommunications and Postal Services is mandated to develop ICT policies and to ensure the development of robust, reliable, secure and affordable ICT infrastructure. This contributes to the development of an inclusive information society in which information and ICT tools are key drivers of accelerated and sustained shared economic growth and societal development. The Electronic Communications Act (2005) allows the Minister of Telecommunications and Postal Services to draft policies to fulfil South Africa's obligations under bilateral, multilateral, and international treaties and conventions; set guidelines for the determination of certain licence fees by the Independent Communications Authority of South Africa; and promote universal service and electronic communications services in underserved areas. The act also allows the minister to promote the participation of small businesses in the ICT sector, and oversee and strengthen the capacity of state-owned enterprises. The department also contributes to building an ICT skills base in the country to ensure equitable prosperity and global competitiveness.

In addition to the Electronic Communications Act (2005), the department's mandate is derived from the following legislation:

- the Electronic Communications and Transactions Act (2002)
- the Sentech Act (1996)
- the Postal Services Act (1998)
- the South Africa Post Office SOC Ltd Act (2011)
- the South African Postbank Limited Act (2010)
- the State Information Technology Agency Act (1998)
- the Broadband Infracore Act (2007).

Selected performance indicators

Table 32.1 Performance indicators by programme and related outcome

Indicator	Programme	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of ICT position papers developed for international engagements per year	International Affairs and Trade	Outcome 6: An efficient, competitive and responsive economic infrastructure network	3	5	5	5	4	4	4
Number of identified government institutions connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		-1	-1	0	1 293	2 700	1 718	1 717
Number of identified schools connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		-1	-1	0	1 507	887	2 048	2 048

1. No historical data available.

Expenditure analysis

The National Development Plan (NDP) envisages that by 2030, the ICT sector will underpin the development of a dynamic and connected information society, and a vibrant knowledge economy that is inclusive and prosperous. Drawing from this vision, the Department of Telecommunications and Postal Services contributes to outcome 6 (an efficient, competitive and responsive economic infrastructure network) of government's 2014-2019 medium-term strategic framework by ensuring that ICT infrastructure and services are accessible, affordable, robust, reliable and secure. Over the medium term, the department will expand and modernise ICT infrastructure by implementing the South Africa Connect broadband policy, coordinating the migration to digital broadcasting, and implementing the legislative framework stemming from the 2016 National Integrated ICT Policy White Paper.

The department oversees state-owned companies within its portfolio to ensure that they grow sustainably, fulfil their mandates and are aligned with broader government objectives. An estimated 41 per cent of the department's total budget will be transferred to these entities over the medium term to cater for operational expenditure and specific projects such as digital migration. Spending in the *Public Entity Oversight* subprogramme in the *ICT Enterprise Development and Oversight* programme is expected to amount to R757 million over the medium term. A once-off sum of R650 million in 2016/17 for the recapitalisation of the South African Post Office resulted in spending in this programme increasing to R886.6 million in that year.

The department will focus on completing a review of its organisational structure over the medium term, in line with its revised mandate, strategic goals and objectives. This review will take into account Cabinet-approved reductions in the budget for compensation of employees over the period.

Connecting South Africa

The department's broadband policy places emphasis on ensuring connectivity in underserved areas, prioritising schools, health facilities and other government institutions. A key focus of the department over the medium term will be on project managing and coordinating the implementation of the first phase of South Africa Connect broadband policy by rolling out broadband services to an estimated 6 135 government institutions and 4 983 schools. An amount of R1.9 billion is allocated for this in the *ICT Infrastructure Support* programme over the medium term on account of the increased budget for consultants and agency support.

Coordinating digital migration

South Africa was given until June 2015 to meet the International Telecommunications Union's deadline to switch off analogue transmitters as part of the broadcasting digital migration project. However, the project has been delayed following a court ruling that declared part of the digital migration policy unlawful and invalid, and effectively placed the manufacture of digital terrestrial television set-top boxes on hold. As a result of the delay, Sentech will continue to maintain both the analogue and digital platforms until the issue is resolved. An amount of R193 million has been reprioritised in 2017/18 from the allocation for subsidies for set-top boxes to Sentech to cover dual illumination costs. The South African Post Office is set to receive R240 million in 2017/18 for the distribution of approximately 1.8 million set-top boxes, including registering households qualifying for the subsidy. An amount of R176.4 million is allocated to Sentech for expenditure related to the migration of digital

signals over the medium term. Spending on these activities is expected to amount to R1.3 billion over the medium term in the *Digital Terrestrial Television* subprogramme in the *Infrastructure Support* programme.

Implementing ICT policy

Following Cabinet's approval of the 2016 White Paper National Integrated ICT Policy, the department will focus on the ongoing legislative processes to implement the recommendations of the white paper. The department will also facilitate and coordinate the implementation of the national e-strategy to realise the e-services programme. Finalising a national e-strategy will plan for the digital transformation of South Africa to achieve the ideals of the NDP by prioritising sectoral electronic services such as e-health, e-agriculture and e-education. To give effect to these activities, spending in the *Policy, Research and Capacity Development* programme is expected to amount to R287.2 million over the medium term.

Expenditure trends

Table 32.2 Vote expenditure trends by programme and economic classification

Programmes														
1. Administration														
2. International Affairs and Trade														
3. Policy, Research and Capacity Development														
4. ICT Enterprise Development and Oversight														
5. ICT Infrastructure Support														
Programme	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Revised estimate	Average: Outcome/Annual budget (%)	Average: Outcome/Adjusted appropriation (%)
R million	2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17	
Programme 1	216.1	216.1	201.2	216.4	230.4	225.3	173.7	180.3	221.9	193.3	207.9	205.8	106.8%	102.3%
Programme 2	33.3	33.3	38.5	36.8	36.8	42.5	43.4	43.4	41.5	44.7	45.7	45.5	106.2%	105.6%
Programme 3	84.4	89.4	88.3	98.0	121.0	72.9	105.6	105.6	74.0	95.6	88.8	86.8	83.9%	79.5%
Programme 4	708.1	761.1	176.5	719.2	742.4	247.6	447.9	447.9	489.0	891.8	886.6	886.1	65.0%	63.4%
Programme 5	1 002.0	1 272.2	1 196.9	523.0	1 106.0	979.8	642.8	628.0	473.8	1 191.9	1 188.5	920.6	106.3%	85.1%
Total	2 043.9	2 372.1	1 701.5	1 593.4	2 236.7	1 568.1	1 413.3	1 405.3	1 300.1	2 417.4	2 417.4	2 144.8	89.9%	79.6%
Change to 2016 Budget estimate														
Economic classification														
Current payments	484.8	760.0	744.9	503.4	524.7	398.9	679.7	671.6	412.1	708.3	698.6	426.1	83.4%	74.7%
Compensation of employees	195.0	195.0	158.5	204.6	204.6	175.5	191.8	198.5	181.7	213.7	213.7	209.1	90.0%	89.3%
Goods and services	289.8	565.0	586.4	298.8	320.1	223.4	487.9	473.1	230.4	494.6	484.9	216.9	80.0%	68.2%
Transfers and subsidies	1 554.0	1 607.0	953.5	1 084.5	1 704.5	1 158.5	728.6	728.6	882.0	1 054.1	1 054.1	1 054.1	91.6%	79.5%
Departmental agencies and accounts	773.4	788.4	395.9	771.4	1 322.4	945.4	597.4	597.4	532.6	790.8	790.8	790.8	-	-
Foreign governments and international organisations	16.2	16.2	21.0	16.2	16.2	23.7	22.2	22.2	24.6	23.4	23.4	23.4	119.0%	119.0%
Public corporations and private enterprises	764.4	802.4	535.4	297.0	366.0	188.8	109.0	109.0	324.1	240.0	240.0	240.0	91.3%	84.9%
Non-profit institutions	-	-	0.4	-	-	0.1	-	-	-	-	-	-	-	-
Households	-	-	0.9	-	-	0.4	-	-	0.7	-	-	-	-	-
Payments for capital assets	5.2	5.2	2.5	5.5	7.5	10.3	5.1	5.1	5.5	5.0	14.6	14.6	159.1%	101.7%
Machinery and equipment	5.2	5.2	2.4	5.5	5.5	10.1	5.1	5.1	3.4	4.6	7.7	7.7	116.6%	101.0%
Software and other intangible assets	-	-	0.1	-	2.0	0.2	-	-	2.1	0.4	6.9	6.9	2 308.0%	103.7%
Payments for financial assets	-	-	0.6	-	-	0.4	-	-	0.4	650.0	650.0	650.0	100.2%	100.2%
Total	2 043.9	2 372.1	1 701.5	1 593.4	2 236.7	1 568.1	1 413.3	1 405.3	1 300.1	2 417.4	2 417.4	2 144.8	89.9%	79.6%

Expenditure estimates

Table 32.3 Vote expenditure estimates by programme and economic classification

Programmes										
1. Administration										
2. International Affairs and Trade										
3. Policy, Research and Capacity Development										
4. ICT Enterprise Development and Oversight										
5. ICT Infrastructure Support										
Programme	Revised estimate	Average growth rate (%)	Average Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average Expenditure/ Total (%)		
R million	2016/17	2013/14 - 2016/17		2017/18	2018/19	2019/20	2016/17 - 2019/20			
Programme 1	205.8	-1.6%	12.7%	194.2	206.3	219.2	2.1%	11.3%		
Programme 2	45.5	11.0%	2.5%	47.8	50.2	53.2	5.3%	2.7%		
Programme 3	86.8	-1.0%	4.8%	90.4	95.2	101.7	5.4%	5.1%		
Programme 4	886.1	5.2%	26.8%	251.1	265.2	280.5	-31.8%	23.0%		
Programme 5	920.6	-10.2%	53.2%	1 030.7	1 110.7	1 174.1	8.4%	57.9%		
Total	2 144.8	-3.3%	100.0%	1 614.2	1 727.5	1 828.8	-5.2%	100.0%		
Change to 2016 Budget estimate				(22.1)	(23.6)	(24.9)				
Economic classification										
Current payments	426.1	-17.5%	29.5%	795.5	1 114.8	1 182.1	40.5%	48.1%		
Compensation of employees	209.1	2.4%	10.8%	214.7	224.3	241.4	4.9%	12.2%		
Goods and services	216.9	-27.3%	18.7%	580.8	890.5	940.7	63.1%	35.9%		
Transfers and subsidies	1 054.1	-13.1%	60.3%	806.7	603.5	637.2	-15.4%	42.4%		
Departmental agencies and accounts	790.8	0.1%	39.7%	295.2	516.5	545.4	-11.6%	29.4%		
Foreign governments and international organisations	23.4	13.1%	1.4%	25.5	27.0	28.4	6.7%	1.4%		
Public corporations and private enterprises	240.0	-33.1%	19.2%	486.0	60.0	63.4	-35.8%	11.6%		
Payments for capital assets	14.6	41.5%	0.5%	12.0	9.3	9.6	-13.2%	0.6%		
Machinery and equipment	7.7	14.3%	0.4%	10.6	8.4	8.5	3.2%	0.5%		
Software and other intangible assets	6.9	-	0.1%	1.4	0.9	1.1	-46.1%	0.1%		
Payments for financial assets	650.0	-	9.7%	-	-	-	-100.0%	8.9%		
Total	2 144.8	-3.3%	100.0%	1 614.2	1 727.5	1 828.8	-5.2%	100.0%		

Goods and services expenditure trends and estimates

Table 32.4 Vote goods and services expenditure trends and estimates

	Audited outcome				Adjusted appropriation	Average growth rate (%)	Average Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average Expenditure/ Total (%)
	2013/14	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
R thousand												
Administrative fees	2 089	1 492	1 627	2 094	0.1%	0.5%	1 346	1 478	1 620	-8.2%	0.2%	
Advertising	49 614	1 468	3 198	2 594	-62.6%	3.7%	2 368	4 268	3 948	15.0%	0.5%	
Minor assets	444	266	479	2 779	84.3%	0.3%	1 269	1 427	1 147	-25.5%	0.2%	
Audit costs: External	10 458	14 591	28 067	5 335	-20.1%	3.8%	3 857	3 625	3 906	-9.9%	0.6%	
Bursaries: Employees	382	636	513	845	30.3%	0.2%	2 276	2 488	2 477	43.1%	0.3%	
Catering: Departmental activities	3 423	1 120	1 969	2 084	-15.2%	0.6%	1 626	1 507	2 047	-0.6%	0.3%	
Communication	5 349	5 190	5 182	6 158	4.8%	1.4%	5 566	6 254	6 776	3.2%	0.9%	
Computer services	3 416	9 466	5 117	2 525	-9.6%	1.3%	15 587	10 127	10 045	58.5%	1.3%	
Consultants: Business and advisory services	410 057	49 055	75 146	21 784	-62.4%	36.5%	435 956	736 800	749 465	225.2%	67.1%	
Infrastructure and planning services	-	-	-	128	-	-	-	-	-	-100.0%	-	
Legal services	2 071	8 603	6 155	2 998	13.1%	1.3%	4 100	5 855	6 429	29.0%	0.7%	
Contractors	3 987	2 336	2 060	4 017	0.3%	0.8%	1 764	2 057	2 572	-13.8%	0.4%	
Agency and support/outsourced services	125	23 233	144	317 037	1263.7%	22.3%	6 114	7 363	35 832	-51.7%	12.6%	
Entertainment	371	297	494	500	10.5%	0.1%	326	297	355	-10.8%	0.1%	
Fleet services (including government motor transport)	1 948	1 471	999	777	-26.4%	0.3%	661	528	568	-9.9%	0.1%	
Inventory: Clothing material and accessories	17	119	-	-	-100.0%	-	-	-	-	-	-	
Inventory: Fuel, oil and gas	4	5	-	20	71.0%	-	21	-	-	-100.0%	-	
Inventory: Materials and supplies	60	10	12	25	-25.3%	-	27	44	31	7.4%	-	
Inventory: Medical supplies	3	-	-	27	108.0%	-	-	-	-	-100.0%	-	
Inventory: Other supplies	2	-	-	234	389.1%	-	23	-	2	-79.6%	-	
Consumable supplies	119	136	208	203	19.5%	-	204	245	231	4.4%	-	
Consumables: Stationery, printing and office supplies	4 538	5 534	5 186	6 160	10.7%	1.4%	6 603	7 531	7 388	6.2%	1.0%	
Operating leases	38 031	46 395	43 180	44 119	5.1%	11.3%	36 352	39 976	41 830	-1.8%	5.6%	
Rental and hiring	2 098	740	1 364	510	-37.6%	0.3%	655	576	583	4.6%	0.1%	
Property payments	9 813	11 703	10 152	10 725	3.0%	2.8%	13 733	13 538	14 342	10.2%	1.8%	
Transport provided: Departmental activity	-	-	-	590	-	-	140	-	-	-100.0%	-	
Travel and subsistence	28 566	27 910	33 140	25 342	-3.9%	7.5%	23 758	21 889	28 696	4.2%	3.4%	
Training and development	2 185	6 840	2 433	15 708	93.0%	1.8%	9 261	10 424	12 683	-6.9%	1.7%	
Operating payments	1 349	2 399	1 325	4 580	50.3%	0.6%	995	2 907	3 171	-11.5%	0.4%	
Venues and facilities	5 850	2 402	2 277	5 035	-4.9%	1.0%	6 248	9 271	4 512	-3.6%	0.9%	
Total	586 369	223 417	230 427	484 933	-6.1%	100.0%	580 836	890 475	940 656	24.7%	100.0%	

Transfers and subsidies expenditure trends and estimates

Table 32.5 Vote transfers and subsidies trends and estimates

R thousand	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2013/14	2014/15	2015/16		2016/17	2013/14 - 2016/17	2017/18	2018/19	2019/20	2016/17 - 2019/20	Average: Expenditure/ Total (%)
Provinces and municipalities											
Provincial agencies and funds											
Current	-	-	13	-	-	-	-	-	-	-	-
Provincial and local governments	-	-	13	-	-	-	-	-	-	-	-
Municipal agencies and funds											
Current	9	9	-	-	-100.0%	-	-	-	-	-	-
Provinces and municipalities	9	9	-	-	-100.0%	-	-	-	-	-	-
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	395 886	945 422	532 574	790 785	25.9%	65.8%	295 181	516 496	545 420	-11.6%	69.3%
Information Systems, Electronics and Telecommunication Technologies Education and Training Authority	-	1 199	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	4	-	4	-	-100.0%	-	-	-	-	-	-
National Electronic Media Institute of South Africa	50 746	37 859	36 601	77 200	15.0%	5.0%	85 785	90 761	95 844	7.5%	11.3%
Universal Service and Access Agency of South Africa	60 090	65 376	262 429	69 045	4.7%	11.3%	75 684	80 074	84 558	7.0%	10.0%
Universal Service and Access Fund	45 046	49 988	52 380	55 156	7.0%	5.0%	54 614	57 781	61 017	3.4%	7.4%
Universal Service and Access Fund: Broadcasting digital migration	240 000	791 000	181 160	589 384	34.9%	44.5%	79 098	287 880	304 001	-19.8%	40.6%
Foreign governments and international organisations											
Current	20 968	23 724	24 629	23 363	3.7%	2.3%	25 532	26 954	28 408	6.7%	3.4%
Households	66	-	-	-	-100.0%	-	-	-	-	-	-
Universal Postal Union	4 667	5 314	5 446	4 979	2.2%	0.5%	5 228	5 531	5 841	5.5%	0.7%
International Telecommunications Union	14 212	16 204	16 545	15 535	3.0%	1.5%	16 312	17 258	18 224	5.5%	2.2%
African Telecommunications Union	853	927	940	1 039	6.8%	0.1%	1 091	1 154	1 219	5.5%	0.1%
Pan-African Postal Union	754	861	1 071	955	8.2%	0.1%	1 003	1 061	1 120	5.5%	0.1%
Organisation for Economic Cooperation and Development	416	-	185	459	3.3%	-	482	510	539	5.5%	0.1%
Commonwealth Telecommunications Organisation	-	418	442	396	-	-	416	440	465	5.5%	0.1%
Dona Foundation	-	-	-	-	-	-	1 000	1 000	1 000	-	0.1%
Public corporations and private enterprises											
Other transfers to public corporations											
Current	-	50 014	115 104	240 000	-	10.0%	240 000	-	-	-100.0%	15.5%
Public corporations and private enterprises	-	14	12	-	-	-	-	-	-	-	-
South African Post Office	-	50 000	115 092	-	-	4.1%	-	-	-	-	-
South African Post Office: Broadcasting digital migration	-	-	-	240 000	-	5.9%	240 000	-	-	-100.0%	15.5%
Capital	535 304	138 807	209 000	-	-100.0%	21.8%	246 000	60 000	63 360	-	11.9%
Household	-	2	-	-	-	-	-	-	-	-	-
Sentech	423 304	69 805	-	-	-100.0%	12.2%	-	-	-	-	-
Sentech: African Nations Championship	6 000	-	-	-	-100.0%	0.1%	-	-	-	-	-
Sentech: Dual illumination costs relating to the digital migration project	106 000	69 000	209 000	-	-100.0%	9.5%	193 000	-	-	-	6.2%
Sentech: Migration of digital signals	-	-	-	-	-	-	53 000	60 000	63 360	-	5.7%
Public corporations and private enterprises											
Other transfers to private enterprises											
Current	47	13	-	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises	47	13	-	-	-100.0%	-	-	-	-	-	-
Non-profit institutions											
Current	399	110	-	-	-100.0%	-	-	-	-	-	-
Non-profit institution	399	110	-	-	-100.0%	-	-	-	-	-	-
Households											
Social benefits											
Current	793	-	438	-	-100.0%	-	-	-	-	-	-
Households	793	-	438	-	-100.0%	-	-	-	-	-	-
Households											
Other transfers to households											
Current	139	421	291	-	-100.0%	-	-	-	-	-	-
Employee ex-gratia payment	44	-	-	-	-100.0%	-	-	-	-	-	-
Households	95	421	291	-	-100.0%	-	-	-	-	-	-
Total	953 545	1 158 520	882 049	1 054 148	3.4%	100.0%	806 713	603 450	637 188	-15.4%	100.0%

Personnel information

Table 32.6 Vote personnel numbers and cost by salary level and programme¹

Number of posts estimated for 31 March 2017		Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)				
		2015/16			2016/17			2017/18		2018/19		2019/20				2016/17 - 2019/20			
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost				Number	Cost	Unit cost
Telecommunications and Postal Services																			
Salary level	316	1	278	181.7	0.7	311	209.1	0.7	296	214.7	0.7	284	224.3	0.8	285	241.4	0.8	-2.9%	100.0%
1 – 6	24	–	25	6.3	0.3	24	6.2	0.3	23	5.9	0.3	23	6.4	0.3	23	6.9	0.3	-1.4%	7.9%
7 – 10	109	–	104	40.8	0.4	109	42.8	0.4	101	40.7	0.4	93	40.4	0.4	94	43.8	0.5	-4.8%	33.8%
11 – 12	64	–	58	41.4	0.7	64	45.3	0.7	58	44.6	0.8	54	44.9	0.8	54	48.6	0.9	-5.5%	19.6%
13 – 16	104	1	86	87.4	1.0	105	110.0	1.0	105	118.2	1.1	105	127.0	1.2	105	136.2	1.3	–	35.7%
Other	15	–	5	5.8	1.2	9	4.9	0.5	9	5.2	0.6	9	5.6	0.6	9	5.9	0.7	–	3.1%
Programme	316	1	278	181.7	0.7	311	209.1	0.7	296	214.7	0.7	284	224.3	0.8	285	241.4	0.8	-2.9%	100.0%
Programme 1	151	1	141	86.2	0.6	150	94.2	0.6	138	93.4	0.7	134	98.6	0.7	135	106.2	0.8	-3.5%	47.4%
Programme 2	20	–	15	10.6	0.7	19	13.8	0.7	19	14.5	0.8	18	15.1	0.8	18	16.2	0.9	-1.8%	6.3%
Programme 3	80	–	76	49.4	0.7	80	53.7	0.7	78	56.2	0.7	75	58.8	0.8	75	63.2	0.8	-2.1%	26.2%
Programme 4	37	–	25	17.8	0.7	34	25.6	0.8	33	27.2	0.8	31	28.0	0.9	31	30.1	1.0	-3.0%	11.0%
Programme 5	28	–	21	17.7	0.8	28	21.8	0.8	28	23.4	0.8	26	23.9	0.9	26	25.7	1.0	-2.4%	9.2%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Departmental receipts

Table 32.7 Departmental receipts by economic classification

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Average: Receipt item/ Total (%)	Medium-term receipts estimate			Average growth rate (%)	Average: Receipt item/ Total (%)
	2013/14	2014/15	2015/16					2016/17	2013/14 - 2016/17	2017/18		
R thousand												
Departmental receipts	1 710 048	1 670 224	26 804 435	559 537	559 537	-31.1%	100.0%	508 090	508 100	508 098	-3.2%	100.0%
Sales of goods and services produced by department	123	57	52	37	37	-33.0%	–	47	49	49	9.8%	–
Sales by market establishments	65	–	–	–	–	-100.0%	–	–	–	–	–	–
of which:												
Market establishment: Non-residential buildings	65	–	–	–	–	-100.0%	–	–	–	–	–	–
Administrative fees	8	6	5	3	3	-27.9%	–	7	7	7	32.6%	–
of which:												
Cryptography fees	8	6	5	3	3	-27.9%	–	7	7	7	32.6%	–
Other sales	50	51	47	34	34	-12.1%	–	40	42	42	7.3%	–
of which:												
Commission on insurance	50	51	47	34	34	-12.1%	–	40	42	42	7.3%	–
Transfers received	–	728	–	–	–	–	–	–	–	–	–	–
Interest, dividends and rent on land	1 708 937	1 667 734	1 335 925	559 240	559 240	-31.1%	17.1%	507 384	507 385	507 383	-3.2%	99.9%
Interest	807	1 013	446	183	183	-39.0%	–	121	122	120	-13.1%	–
Dividends	1 708 130	1 666 721	1 335 479	559 057	559 057	-31.1%	17.1%	507 263	507 263	507 263	-3.2%	99.9%
of which:												
Vodacom shares	1 708 130	1 666 721	828 216	32	32	-97.3%	13.7%	–	–	–	-100.0%	–
Telkom shares	–	–	507 263	559 025	559 025	–	3.5%	507 263	507 263	507 263	-3.2%	99.9%
Sales of capital assets	–	–	–	100	100	–	–	–	–	–	-100.0%	–
Transactions in financial assets and liabilities	988	1 705	25 468 458	160	160	-45.5%	82.8%	659	666	666	60.9%	0.1%
Total	1 710 048	1 670 224	26 804 435	559 537	559 537	-31.1%	100.0%	508 090	508 100	508 098	-3.2%	100.0%

Programme 1: Administration

Programme purpose

Provide strategic leadership, management and support services to the department.

Expenditure trends and estimates

Table 32.8 Administration expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2013/14 - 2016/17	2017/18		
R million											
Ministry	3.7	4.1	4.2	4.4	5.9%	1.9%	4.2	4.4	5.2	5.9%	2.2%
Departmental Management	35.3	65.8	73.3	45.8	9.1%	25.7%	37.3	39.2	42.0	-2.9%	19.8%
Internal Audit	3.8	5.7	5.2	8.1	28.5%	2.7%	5.3	5.7	6.0	-9.5%	3.0%
Corporate Services	89.1	70.2	62.6	69.2	-8.1%	34.0%	66.8	71.8	77.1	3.7%	34.4%
Financial Management	63.3	73.6	70.4	70.8	3.8%	32.5%	70.5	74.6	77.6	3.1%	35.5%
Office Accommodation	6.0	6.0	6.1	9.6	16.8%	3.2%	10.1	10.7	11.3	5.5%	5.0%
Total	201.2	225.3	221.9	207.9	1.1%	100.0%	194.2	206.3	219.2	1.8%	100.0%
Change to 2016 Budget estimate				14.6			(11.4)	(10.9)	(12.2)		
Economic classification											
Current payments	199.0	214.3	217.2	196.6	-0.4%	96.6%	186.7	199.1	212.1	2.6%	96.0%
Compensation of employees	64.0	85.4	86.2	96.4	14.6%	38.8%	93.4	98.6	106.2	3.3%	47.7%
Goods and services ¹	135.1	129.0	131.0	100.3	-9.5%	57.8%	93.3	100.5	105.9	1.8%	48.3%
of which:											
Computer services	0.7	9.5	5.0	1.6	34.5%	2.0%	8.4	6.9	6.6	60.3%	2.8%
Legal services	2.1	8.6	6.2	2.2	1.5%	2.2%	4.1	5.9	6.4	43.7%	2.2%
Consumables: Stationery, printing and office supplies	2.8	3.8	4.2	4.3	14.9%	1.8%	4.4	5.1	5.4	8.0%	2.3%
Operating leases	36.8	45.4	42.4	41.2	3.8%	19.4%	35.2	39.0	40.7	-0.4%	18.9%
Property payments	9.5	11.7	10.1	10.7	4.1%	4.9%	12.6	12.3	13.0	6.6%	5.9%
Travel and subsistence	13.2	16.9	16.9	10.9	-6.4%	6.8%	8.5	9.9	11.2	1.1%	4.9%
Transfers and subsidies ¹	0.4	1.7	0.3	-	-100.0%	0.3%	-	-	-	-	-
Departmental agencies and accounts	-	1.2	-	-	-100.0%	0.1%	-	-	-	-	-
Non-profit institutions	0.3	0.1	-	-	-100.0%	-	-	-	-	-	-
Households	0.1	0.3	0.2	-	-100.0%	0.1%	-	-	-	-	-
Payments for capital assets	1.2	8.9	3.9	11.3	108.8%	3.0%	7.6	7.2	7.1	-14.4%	4.0%
Machinery and equipment	1.2	8.7	1.9	4.4	55.4%	1.9%	7.2	6.8	6.6	14.7%	3.0%
Software and other intangible assets	0.1	0.2	2.1	6.9	357.6%	1.1%	0.4	0.5	0.5	-59.0%	1.0%
Payments for financial assets	0.6	0.4	0.4	-	-100.0%	0.2%	-	-	-	-	-
Total	201.2	225.3	221.9	207.9	1.1%	100.0%	194.2	206.3	219.2	1.8%	100.0%
Proportion of total programme expenditure to vote expenditure	11.8%	14.4%	17.1%	8.6%	-	-	12.0%	11.9%	12.0%	-	-

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Programme 2: International Affairs and Trade

Programme purpose

Ensure alignment between South Africa's international activities and agreement in the field of ICT and South Africa's foreign policy.

Objective

- Advance South Africa's national ICT interests in regional and international forums to attain partnerships for economic growth and development by:
 - developing a country position on the establishment of the Brazil-Russia-India-China-South Africa group of countries institute for future networks by March 2018
 - developing a country position for the Southern African Development Community focused on the reduction of the cost to communicate for affordable, reliable, accessible and secure ICT infrastructure by March 2018
 - developing a country position for the World Telecommunication Development Conference focused on the development of the internet and digital economy by March 2018
 - developing a country position for the Universal Postal Union focused on postal reform, by March 2018
 - securing two partnerships for the digital economy towards ICT enterprise development, and small, medium and micro enterprise growth and innovation by March 2018.

Subprogrammes

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations.
- *ICT Trade/Partnership* develops and advances the country's interests in international trade forums through participation in the World Trade Organisation's ICT-related initiatives, and other international trade agreements such as the South Africa-European Union trade agreement, and bilateral agreements with counterpart countries.

Expenditure trends and estimates

Table 32.9 International Affairs and Trade expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
R million					2013/14 - 2016/17					2016/17 - 2019/20	
International Affairs	11.5	13.1	10.5	14.5	7.9%	29.5%	14.5	17.1	18.3	8.1%	32.7%
ICT Trade/Partnership	27.0	29.4	31.0	31.2	4.9%	70.5%	33.3	33.1	34.9	3.9%	67.3%
Total	38.5	42.5	41.5	45.7	5.8%	100.0%	47.8	50.2	53.2	5.2%	100.0%
Change to 2016 Budget estimate				0.9			1.0	0.7	0.6		
Economic classification											
Current payments	17.3	18.7	16.5	21.6	7.6%	44.1%	21.9	22.9	24.4	4.2%	46.2%
Compensation of employees	10.3	12.6	10.6	13.9	10.7%	28.2%	14.5	15.1	16.2	5.0%	30.3%
Goods and services ¹	7.0	6.2	5.9	7.6	2.8%	15.9%	7.4	7.9	8.3	2.7%	15.8%
of which:											
Administrative fees	0.3	0.2	0.1	0.1	-25.9%	0.4%	0.4	0.3	0.3	39.8%	0.5%
Communication	0.4	0.4	0.3	0.8	28.8%	1.1%	0.5	0.9	1.0	7.0%	1.6%
Travel and subsistence	4.9	3.8	5.0	2.5	-19.5%	9.6%	3.8	2.6	2.8	3.4%	6.0%
Training and development	0.1	0.2	-	0.1	-3.1%	0.2%	0.3	0.3	0.3	49.0%	0.5%
Operating payments	-	0.1	-	1.6	832.4%	1.0%	-	1.8	1.9	5.6%	2.7%
Venues and facilities	0.6	0.2	0.2	0.4	-12.5%	0.9%	0.8	0.5	0.2	-21.3%	1.0%
Transfers and subsidies¹	20.9	23.8	24.7	23.4	3.8%	55.1%	25.5	27.0	28.4	6.7%	53.0%
Foreign governments and international organisations	20.9	23.7	24.6	23.4	3.8%	55.1%	25.5	27.0	28.4	6.7%	53.0%
Payments for capital assets	0.3	-	0.4	0.7	28.9%	0.8%	0.4	0.3	0.4	-19.5%	0.9%
Machinery and equipment	0.3	-	0.4	0.7	28.9%	0.8%	0.4	0.3	0.4	-19.5%	0.9%
Total	38.5	42.5	41.5	45.7	5.8%	100.0%	47.8	50.2	53.2	5.2%	100.0%
Proportion of total programme expenditure to vote expenditure	2.3%	2.7%	3.2%	1.9%	-	-	3.0%	2.9%	2.9%	-	-
Details of selected transfers and subsidies											
Foreign governments and international organisations											
Current	20.9	23.7	24.6	23.4	3.8%	55.1%	25.5	27.0	28.4	6.7%	53.0%
Universal Postal Union	4.7	5.3	5.4	5.0	2.2%	12.1%	5.2	5.5	5.8	5.5%	11.0%
International Telecommunications Union	14.2	16.2	16.5	15.5	3.0%	37.2%	16.3	17.3	18.2	5.5%	34.2%
African Telecommunications Union	0.9	0.9	0.9	1.0	6.8%	2.2%	1.1	1.2	1.2	5.5%	2.3%
Pan-African Postal Union	0.8	0.9	1.1	1.0	8.2%	2.2%	1.0	1.1	1.1	5.5%	2.1%
Organisation for Economic Cooperation and Development	0.4	-	0.2	0.5	3.3%	0.6%	0.5	0.5	0.5	5.5%	1.0%
Commonwealth Telecommunications Organisation	-	0.4	0.4	0.4	-	0.7%	0.4	0.4	0.5	5.5%	0.9%
Dona Foundation	-	-	-	-	-	-	1.0	1.0	1.0	-	1.5%

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Programme 3: Policy, Research and Capacity Development

Programme purpose

Develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for accelerated and shared economic growth. Develop strategies that increase the adoption and use of ICT by the majority of the South African population to bridge the digital divide.

Objectives

- Develop and implement ICT Policy and legislation aimed at improving access to and the affordability of ICT by:
 - developing, amending and implementing draft ICT legislation in line with the 2016 White Paper on National Integrated ICT Policy by March 2020
 - implementing, monitoring and reviewing the cost to communicate programme implementation plan by March 2020.
- Develop a national e-strategy that will give priority to e-government services by:
 - establishing a national e-skills council by March 2019
 - establishing the rapid deployment coordinating committee by March 2019
 - launching the national ICT forum by March 2018
 - facilitating, monitoring and reviewing the implementation of the national e-strategy by March 2020
 - facilitating, monitoring and evaluating the implementation of the integrated e-services programme by March 2020.

Subprogrammes

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the telecommunications, postal and IT sectors, to ensure broad-based economic development within the ICT sector.
- *Economic and Market Analysis* conducts economic analyses of the telecommunications, postal and IT sectors to determine trends and make growth projections. This subprogramme also undertakes market research to explore areas that require policy intervention, and is responsible for the reduction of the cost to communicate.
- *Research* is responsible for understanding the ICT landscape and delivering a national ICT strategy.
- *Information Society Development* supports the effective and efficient functioning of the information society; and the development of institutional mechanisms such as the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors general for information society and development, and the intergovernmental relations forum technical committee.
- *Capacity Development* provides direction for the advancement of e-skills graduates and society in general to function effectively in the emerging information society.

Expenditure trends and estimates

Table 32.10 Policy, Research and Capacity Development expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
R million											
ICT Policy Development	21.8	15.0	14.4	15.5	-10.8%	20.6%	15.3	16.3	17.3	3.7%	17.1%
Economic and Market Analysis	8.3	6.2	4.4	4.9	-16.4%	7.3%	5.4	5.7	6.1	7.9%	5.9%
Research	6.0	4.0	4.2	6.9	4.7%	6.5%	8.4	8.9	9.4	11.1%	8.9%
Information Society Development	43.3	35.1	41.4	51.7	6.0%	52.9%	53.4	55.5	58.6	4.3%	58.3%
Capacity Development	8.8	12.6	9.6	9.9	4.0%	12.6%	8.0	8.8	10.2	1.1%	9.8%
Total	88.3	72.9	74.0	88.8	0.2%	100.0%	90.4	95.2	101.7	4.6%	100.0%
Change to 2016 Budget estimate				(6.8)			(3.6)	(1.2)	(1.2)		
Economic classification											
Current payments	86.8	72.2	73.4	88.1	0.5%	99.0%	89.8	94.6	100.9	4.6%	99.3%
Compensation of employees	52.1	45.3	49.4	55.7	2.3%	62.5%	56.2	58.8	63.2	4.3%	62.2%
Goods and services ¹	34.7	26.9	24.0	32.4	-2.3%	36.4%	33.5	35.9	37.7	5.2%	37.1%
of which:											
Communication	1.5	1.3	1.3	1.7	2.7%	1.8%	2.3	2.2	2.4	13.8%	2.3%
Consultants: Business and advisory services	20.3	13.2	10.1	5.4	-35.6%	15.1%	13.3	17.0	17.1	46.7%	14.0%

Table 32.10 Policy, Research and Capacity Development expenditure trends and estimates by subprogramme and economic classification

R million	Audited outcome			Adjusted appropriation 2016/17	Average growth rate (%) 2013/14 - 2016/17	Average: Expenditure/Total (%)	Medium-term expenditure estimate			Average growth rate (%) 2016/17 - 2019/20	Average: Expenditure/Total (%)
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20		
Agency and support/outsourced services	–	–	–	0.1	40.2%	0.1%	1.8	2.0	1.5	129.6%	1.5%
Consumables: Stationery, printing and office supplies	1.0	1.0	0.6	0.7	-13.0%	1.0%	1.3	1.5	1.0	13.8%	1.2%
Travel and subsistence	6.0	3.6	6.2	5.8	-1.0%	6.7%	4.7	2.3	5.1	-4.6%	4.8%
Training and development	0.7	3.6	1.3	11.9	158.3%	5.4%	6.8	7.4	7.4	-14.7%	8.9%
Transfers and subsidies¹	1.0	–	0.3	–	-100.0%	0.4%	–	–	–	–	–
Foreign governments and international organisations	0.1	–	–	–	-100.0%	–	–	–	–	–	–
Non-profit institutions	0.1	–	–	–	-100.0%	–	–	–	–	–	–
Households	0.8	–	0.3	–	-100.0%	0.4%	–	–	–	–	–
Payments for capital assets	0.4	0.6	0.3	0.7	14.0%	0.6%	0.6	0.6	0.7	3.7%	0.7%
Machinery and equipment	0.4	0.6	0.3	0.7	14.0%	0.6%	0.6	0.6	0.7	3.7%	0.7%
Total	88.3	72.9	74.0	88.8	0.2%	100.0%	90.4	95.2	101.7	4.6%	100.0%
Proportion of total programme expenditure to vote expenditure	5.2%	4.6%	5.7%	3.7%	–	–	5.6%	5.5%	5.6%	–	–

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Programme 4: ICT Enterprise Development and Oversight

Programme purpose

Oversee and manage government's shareholding interest in the ICT public entities and state-owned companies. Facilitate growth and development of small, medium and micro enterprises in the ICT sector.

Objective

- Improve the performance of state-owned companies through proactive and stringent oversight by:
 - facilitating the establishment of the ICT sector regulator by March 2020
 - facilitating the establishment of the digital development fund by March 2020
 - implementing the recommendations of the state-owned companies rationalisation report by March 2020
 - facilitating the licensing of Postbank by March 2018
 - developing the iNesi Bill by March 2018
 - monitoring and evaluating performance and compliance of state-owned companies against strategic plans and relevant prescripts, and developing quarterly state-owned company reports on an ongoing basis.

Subprogrammes

- *Public Entity Oversight* provides oversight on state-owned enterprises by managing government's shareholder interests in public enterprises. This includes facilitating enterprises' corporate plans and ensuring that planning cycles are aligned with and comply with guidelines.
- *Small, Medium and Micro Enterprise Development* facilitates the growth and development of ICT small, medium and micro enterprises. This subprogramme hosts an e-commerce platform and will produce content that covers the agriculture, tourism, arts and craft sectors.
- *ICT Support* administers and manages the transfers to the .za domain and hosts the 112 emergency call centre programme.

Expenditure trends and estimates

Table 32.11 ICT Enterprise Development and Oversight expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation 2016/17	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2013/14	2014/15	2015/16		2013/14 - 2016/17	Average Expenditure/ Total (%)	2017/18	2018/19	2019/20	2016/17 - 2019/20	Average Expenditure/ Total (%)
R million											
Public Entity Oversight	163.0	239.5	480.1	873.0	74.9%	97.6%	238.6	251.9	266.5	-32.7%	96.8%
Small, Medium and Micro Enterprise Development	7.1	2.1	2.5	5.8	-6.8%	1.0%	4.8	5.1	5.3	-2.4%	1.2%
ICT Support	6.4	6.0	6.3	7.8	7.1%	1.5%	7.7	8.2	8.7	3.5%	1.9%
Total	176.5	247.6	489.0	886.6	71.3%	100.0%	251.1	265.2	280.5	-31.9%	100.0%
Change to 2016 Budget estimate				(5.2)			(9.1)	(14.4)	(15.4)		
Economic classification											
Current payments	20.6	43.8	21.9	34.1	18.3%	6.7%	33.8	35.9	38.5	4.1%	8.4%
Compensation of employees	9.5	16.9	17.8	26.1	40.1%	3.9%	27.2	28.0	30.1	4.9%	6.6%
Goods and services ¹	11.1	26.9	4.0	8.0	-10.3%	2.8%	6.6	7.9	8.4	1.5%	1.8%
of which:											
Bursaries: Employees	–	–	0.1	–	-100.0%	–	0.4	0.4	0.3	–	0.1%
Communication	0.3	0.3	0.4	0.4	12.6%	0.1%	0.6	0.6	0.7	15.8%	0.1%
Consultants: Business and advisory services	1.9	1.0	0.8	2.3	6.3%	0.3%	2.1	2.5	2.8	8.1%	0.6%
Consumables: Stationery, printing and office supplies	0.3	0.3	0.2	0.5	18.8%	0.1%	0.3	0.3	0.3	-14.6%	0.1%
Travel and subsistence	1.3	1.5	1.5	2.5	24.6%	0.4%	1.8	1.9	1.8	-9.9%	0.5%
Training and development	0.1	0.1	–	0.4	76.6%	–	0.7	0.8	0.9	34.3%	0.2%
Transfers and subsidies¹	155.9	203.2	466.6	201.4	8.9%	57.1%	216.1	228.6	241.4	6.2%	52.7%
Departmental agencies and accounts	155.9	153.2	351.4	201.4	8.9%	47.9%	216.1	228.6	241.4	6.2%	52.7%
Public corporations and private enterprises	–	50.0	115.1	–	–	9.2%	–	–	–	–	–
Households	–	–	0.1	–	-100.0%	–	–	–	–	–	–
Payments for capital assets	0.1	0.6	0.4	1.1	154.3%	0.1%	1.3	0.6	0.7	-16.7%	0.2%
Machinery and equipment	0.1	0.6	0.4	1.1	154.3%	0.1%	1.3	0.6	0.7	-16.7%	0.2%
Payments for financial assets	–	–	0.0	650.0	–	36.1%	–	–	–	-100.0%	38.6%
Total	176.5	247.6	489.0	886.6	71.3%	100.0%	251.1	265.2	280.5	-31.9%	100.0%
Proportion of total programme expenditure to vote expenditure	10.4%	15.8%	37.6%	36.7%	–	–	15.6%	15.3%	15.3%	–	–
Details of selected transfers and subsidies											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	155.9	153.2	351.4	201.4	8.9%	47.9%	216.1	228.6	241.4	6.2%	52.7%
National Electronic Media Institute of South Africa	50.7	37.9	36.6	77.2	15.0%	11.2%	85.8	90.8	95.8	7.5%	20.8%
Universal Service and Access Agency of South Africa	60.1	65.4	262.4	69.0	4.7%	25.4%	75.7	80.1	84.6	7.0%	18.4%
Universal Service and Access Fund	45.0	50.0	52.4	55.2	7.0%	11.3%	54.6	57.8	61.0	3.4%	13.6%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	–	50.0	115.1	–	–	9.2%	–	–	–	–	–
South African Post Office	–	50.0	115.1	–	–	9.2%	–	–	–	–	–

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Programme 5: ICT Infrastructure Support

Programme purpose

Promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

Objective

- Coordinate broadband connectivity through contributing to the achievement of 100 per cent population coverage by:
 - managing the rollout of phase 1 of the broadband connectivity implementation plan towards connecting 2 700 identified sites by March 2018

- establishing a cybersecurity hub by March 2020.

Subprogrammes

- *Broadband* is responsible for developing and facilitating the implementation of the broadband policy, strategy and implementation plan, and ensuring that goals for broadband are achieved.
- *Digital Terrestrial Television* is responsible for supporting the conversion from analogue to digital television transmission technology, with the ultimate goal of releasing valuable frequency spectrum for next generation mobile broadband and other applications.

Expenditure trends and estimates

Table 32.12 ICT Infrastructure Support expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2013/14	2014/15	2015/16		2016/17	2013/14 - 2016/17	2017/18	2018/19	2019/20	2016/17 - 2019/20	
R million											
Broadband	415.7	50.0	83.5	359.1	-4.8%	23.7%	465.6	762.8	806.8	31.0%	53.2%
Digital Terrestrial Television	781.2	929.8	390.2	829.4	2.0%	76.3%	565.1	347.9	367.4	-23.8%	46.8%
Total	1 196.9	979.8	473.8	1 188.5	-0.2%	100.0%	1 030.7	1 110.7	1 174.1	-0.4%	100.0%
Change to 2016 Budget estimate				(3.5)			1.0	2.2	3.3		
Economic classification											
Current payments	421.1	49.8	83.1	358.2	-5.3%	23.8%	463.4	762.2	806.1	31.0%	53.1%
Compensation of employees	22.7	15.4	17.7	21.6	-1.5%	2.0%	23.4	23.9	25.7	5.9%	2.1%
Goods and services ¹	398.5	34.5	65.4	336.6	-5.5%	21.7%	440.1	738.3	780.4	32.4%	51.0%
of which:											
Computer services	2.7	–	0.1	0.9	-31.6%	0.1%	7.2	3.0	3.4	58.9%	0.3%
Consultants: Business and advisory services	384.6	31.2	59.9	9.3	-71.1%	12.6%	416.9	714.0	728.0	328.4%	41.5%
Agency and support/outourced services	–	–	–	316.6	–	8.2%	4.3	5.1	34.0	-52.5%	8.0%
Property payments	–	–	–	–	-100.0%	–	1.1	1.2	1.4	–	0.1%
Travel and subsistence	3.2	2.1	3.7	3.6	4.6%	0.3%	4.9	5.2	7.8	29.0%	0.5%
Venues and facilities	4.5	0.1	–	0.8	-43.3%	0.1%	2.2	5.8	1.4	18.6%	0.2%
Transfers and subsidies¹	775.3	929.8	390.2	829.4	2.3%	76.2%	565.1	347.9	367.4	-23.8%	46.8%
Departmental agencies and accounts	240.0	791.0	181.2	589.4	34.9%	46.9%	79.1	287.9	304.0	-19.8%	28.0%
Public corporations and private enterprises	535.3	138.8	209.0	240.0	-23.5%	29.3%	486.0	60.0	63.4	-35.8%	18.9%
Payments for capital assets	0.4	0.1	0.5	0.9	25.8%	–	2.2	0.6	0.7	-5.2%	0.1%
Machinery and equipment	0.4	0.1	0.5	0.9	25.8%	–	1.2	0.1	0.1	-47.8%	0.1%
Software and other intangible assets	–	–	–	–	–	–	1.0	0.5	0.6	–	–
Total	1 196.9	979.8	473.8	1 188.5	-0.2%	100.0%	1 030.7	1 110.7	1 174.1	-0.4%	100.0%
Proportion of total programme expenditure to vote expenditure	70.3%	62.5%	36.4%	49.2%	–	–	63.9%	64.3%	64.2%	–	–
Details of selected transfers and subsidies											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	240.0	791.0	181.2	589.4	34.9%	46.9%	79.1	287.9	304.0	-19.8%	28.0%
Universal Service and Access Fund: Broadcasting digital migration	240.0	791.0	181.2	589.4	34.9%	46.9%	79.1	287.9	304.0	-19.8%	28.0%

Table 32.12 ICT Infrastructure Support expenditure trends and estimates by subprogramme and economic classification

R million	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2013/14 - 2016/17	2017/18		
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	-	-	-	240.0	-	6.3%	240.0	-	-	-100.0%	10.7%
South African Post Office: Broadcasting digital migration	-	-	-	240.0	-	6.3%	240.0	-	-	-100.0%	10.7%
Capital	535.3	138.8	209.0	-	-100.0%	23.0%	246.0	60.0	63.4	-	8.2%
Sentech	423.3	69.8	-	-	-100.0%	12.8%	-	-	-	-	-
Sentech: African Nations Championship	6.0	-	-	-	-100.0%	0.2%	-	-	-	-	-
Sentech: Dual illumination costs relating to the digital migration project	106.0	69.0	209.0	-	-100.0%	10.0%	193.0	-	-	-	4.3%
Sentech: Migration of digital signals	-	-	-	-	-	-	53.0	60.0	63.4	-	3.9%

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Entities¹

South African Post Office

Mandate

The South African Post Office is listed as a schedule 2 public entity in the Public Finance Management Act (1999), and is a government business enterprise required to provide postal and related services to the public. It derives its mandate from the South African Post Office SOC Ltd Act (2011) and the South African Postbank Limited Act (2010). The Postal Services Act (1998) grants it an exclusive mandate to conduct postal services; and makes provision for the regulation of postal services and operational functions, including universal service obligations and the financial services activities of Postbank.

Selected performance indicators

Table 32.13 South African Post Office performance indicators by programme/objective/activity and related outcome

Indicator	Programme/objective/activity	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total number of points of presence	Mail, retail and e-business	Outcome 6: An efficient, competitive and responsive economic infrastructure network	2 486	2 448	2 368	2 357	2 357	2 357	2 357
Number of new addresses per year as part of the address expansion programme per year	Mail, retail and e-business	Outcome 11: Create a better South Africa and contribute to a better Africa and a better world	1 195 690	500 109	500 000	500 000	500 000	500 000	500 000

Expenditure analysis

To meet the demands of government's social mandate to provide postal services to areas that were historically neglected, the South African Post Office will continue to focus on providing universal access to postal and related services. The entity will also implement a turnaround strategy and revenue growth plan to improve productivity and return to consistent delivery standards to restore customer confidence.

Over the medium term the organisation will increase the number of addresses to allow for wider access to postal and financial services in the underserved areas. The organisation expects to roll out 1.5 million community addresses over the medium term to enable both new communities and existing communities without street or postal addresses to receive mail and to have a verifiable address. It also plans to maintain the 2 357 points of presence per annum (which include post offices, mobile units and retail postal agencies). Spending on these activities is allocated to the mail, retail and e-business programme, which is projected to spend R5.8 billion by 2019/20.

¹ This section has been compiled with the latest available information from the entities concerned.

The post office will finalise the process of converting Postbank into an independent commercial company to meet South African Reserve Bank requirements to operate as a bank by 2017/18. The process entails obtaining a license to operate and registering Postbank with the Companies and Intellectual Property Commission as a state-owned company. Expenditure in the programme for Postbank is expected to increase over the medium term from R383.5 million in 2016/17 to R616.5 million in 2019/20, at an average annual rate of 17.1 per cent, with the main cost drivers being compensation of employees, interest, depreciation and information technology costs.

The post office is tasked with managing the distribution of subsidised set-top boxes and antennae to 5 million qualifying households for the broadcasting digital migration project and will receive R240 million over the medium term for this purpose. It will also distribute subsidies to 5 million qualifying households.

Over the medium term, the South African Post Office will continue to implement the turnaround strategy and revenue growth plan. The plan calls for growth in and the diversification of revenue streams in financial services for underserved areas and e-commerce. The post office will also reduce its funded establishment from 21 798 in 2016/17 to 19 632 posts over the medium term as part of the turnaround plan. The reduction in personnel is not anticipated to affect the organisation's performance. Expenditure over the medium term is projected to increase by 3.8 per cent from R8 billion in 2016/17 to R8.9 billion in 2019/20. The main cost drivers in operating expenditure are compensation of employees (which comprises 47.8 per cent of total expenditure over the medium term) and to a lesser extent, transport and property costs. Property costs are expected to decrease as contracts are terminated and renegotiated as the network of branches is rebalanced over the next three years.

The organisation generates its revenue from the provision of postal services, courier services, as well as from interest income and financial transaction fees. Revenue growth over the medium term is forecasted at 18.3 per cent due to increased revenue opportunities in the government sector and the unreserved market, expanding services such as the renewal of motor vehicle licenses and reacquisition of clients that were lost during the period of the strike in 2014/15. The most substantial growth in revenues is expected to come from logistics and parcels because of reforms to improve operations; and the wider range of services offered at the Courier Freight Group, a wholly owned subsidiary of the post office. The projected surplus for the 2017/18 is R514 million and will be used to fund operations and capital investments.

Programmes/objectives/activities

Table 32.14 South African Post Office expenditure trends and estimates by programme/objective/activity

R million	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
					2013/14 - 2016/17					2016/17 - 2019/20	
Administration	1 691.7	2 080.5	1 565.4	2 528.1	14.3%	28.3%	2 013.8	2 403.5	2 469.8	-0.8%	28.3%
Logistics	659.2	427.2	262.6	327.0	-20.8%	6.2%	41.2	43.6	46.1	-47.9%	1.4%
Postbank	148.8	180.3	169.6	383.5	37.1%	3.1%	557.0	619.1	616.5	17.1%	6.5%
Mail, retail and e-business	4 086.5	4 259.8	4 020.1	4 746.1	5.1%	62.4%	5 021.3	5 614.3	5 802.0	6.9%	63.7%
Total	6 586.2	6 947.9	6 017.7	7 984.7	6.6%	100.0%	7 633.2	8 680.5	8 934.5	3.8%	100.0%

Statements of historical financial performance and position

Table 32.15 South African Post Office statements of historical financial performance and position

R million	Budget		Audited outcome		Budget		Audited outcome		Average: Outcome/ Budget (%)
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17	
Revenue									
Non-tax revenue	6 389.0	6 033.5	6 859.1	5 391.1	6 720.0	4 838.1	5 830.2	6 596.8	88.6%
Sale of goods and services other than capital assets	5 823.9	5 784.1	6 324.0	5 123.8	5 618.6	4 730.8	5 590.3	6 397.5	94.3%
of which:									
Sales by market establishment	5 823.9	5 784.1	6 324.0	5 123.8	5 618.6	4 730.8	5 590.3	6 397.5	94.3%
Postal services and courier services	4 960.5	4 784.0	5 314.9	4 022.5	4 475.7	3 589.7	4 389.0	4 751.0	89.6%
Financial services (retail and Postbank)	863.4	646.0	712.3	666.3	656.6	651.1	686.1	1 131.3	106.0%
Postbank interest revenue	-	354.1	296.7	435.0	486.3	490.0	515.2	515.2	138.2%
Other non-tax revenue	565.1	249.5	535.1	267.3	1 101.4	107.3	239.9	199.3	33.7%
Transfers received	205.0	-	-	135.3	64.9	64.9	240.0	240.0	86.3%
Total revenue	6 594.0	6 179.5	6 859.1	5 526.4	6 800.0	4 902.9	6 070.2	6 836.8	89.1%

Table 32.15 South African Post Office statements of historical financial performance and position

Statement of financial performance									
R million	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate	Revised estimate	Average: Outcome/Budget (%)
	2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17
Expenses									
Current expenses	6 599.4	6 585.3	7 222.0	6 388.9	6 902.5	6 017.6	6 211.4	7 984.7	100.2%
Compensation of employees	3 496.9	3 537.4	4 045.6	3 634.1	4 152.8	3 476.2	3 305.2	3 914.2	97.1%
Goods and services	2 849.7	2 804.9	2 905.3	2 528.0	2 505.9	2 209.6	2 502.8	3 561.2	103.2%
Depreciation	175.9	166.9	199.1	148.9	151.8	165.2	162.1	204.5	99.5%
Interest, dividends and rent on land	76.9	76.1	71.9	77.9	92.0	166.7	241.3	304.8	129.7%
Total expenses	6 599.4	6 586.2	7 222.3	6 947.9	6 902.5	6 017.7	6 211.4	7 984.7	102.2%
Surplus/(Deficit)	(5.0)	(407.0)	(363.0)	(1 421.0)	(102.0)	(1 115.0)	(141.0)	(1 148.0)	
Statement of financial position									
Carrying value of assets	1 366.4	1 466.9	1 345.9	1 419.8	2 050.1	1 240.2	1 412.3	1 962.6	98.6%
<i>of which:</i>									
Acquisition of assets	(176.4)	(192.4)	(263.8)	(121.9)	(530.2)	(45.8)	(204.4)	(900.0)	107.3%
Investments	5 788.3	4 327.1	5 580.8	4 521.8	4 589.3	5 509.8	5 363.3	5 502.4	93.1%
Inventory	66.7	77.4	48.8	67.8	69.8	54.8	61.2	74.8	111.4%
Receivables and prepayments	805.3	574.5	584.4	372.1	522.3	426.3	505.2	574.6	80.6%
Cash and cash equivalents	2 214.5	4 050.1	2 876.8	3 413.9	4 342.0	2 885.0	3 708.4	2 790.9	100.0%
Taxation	266.5	800.7	379.9	-	735.9	-	-	-	57.9%
Total assets	10 507.7	11 296.6	10 816.6	9 795.6	12 309.5	10 116.1	11 050.5	10 905.2	94.2%
Accumulated surplus/(deficit)	1 544.0	1 589.2	937.2	53.4	(1.2)	(1 079.0)	(1 027.8)	(2 274.5)	-117.8%
Capital and reserves	951.6	746.5	1 450.9	758.7	1 806.6	937.0	1 584.7	1 578.1	69.4%
Capital reserve fund	-	85.3	-	-	-	-	-	-	-
Borrowings	-	350.4	-	78.7	1 200.0	1 229.4	1 520.0	3 850.2	202.5%
Finance lease	43.2	4.0	80.6	3.7	4.5	6.1	3.2	-	10.6%
Deferred income	333.9	284.8	340.9	269.0	346.6	258.6	268.3	266.1	83.6%
Trade and other payables	6 410.8	6 284.6	6 812.3	7 030.8	7 264.9	7 190.8	7 120.6	5 825.2	95.4%
Taxation	18.5	244.3	0.9	-	-	-	-	-	1 258.2%
Provisions	1 205.7	1 707.4	1 193.8	1 601.1	1 688.2	1 573.1	1 581.4	1 660.1	115.4%
Total equity and liabilities	10 507.7	11 296.6	10 816.6	9 795.6	12 309.5	10 116.1	11 050.5	10 905.2	-

Statements of estimates of financial performance and position

Table 32.16 South African Post Office statements of estimates of financial performance and position

Statement of financial performance									
R million	Revised estimate	Average growth rate (%)	Average: Expenditure/Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/Total (%)	
	2016/17	2013/14 - 2016/17		2017/18	2018/19	2019/20	2016/17 - 2019/20		
Revenue									
Non-tax revenue	6 596.8	3.0%	97.6%	7 907.3	11 011.8	11 324.0	19.7%	98.4%	
Sale of goods and services other than capital assets	6 397.5	3.4%	94.1%	7 603.7	10 688.9	10 992.5	19.8%	95.3%	
<i>of which:</i>									
Sales by market establishment	6 397.5	3.4%	94.1%	7 603.7	10 688.9	10 992.5	19.8%	95.3%	
Postal services and courier services	4 751.0	-0.2%	73.2%	5 302.1	6 820.3	6 970.0	19.8%	49.0%	
Financial services (retail and Postbank)	1 131.3	20.5%	13.1%	1 621.0	3 097.1	3 152.3	19.8%	49.0%	
Postbank interest revenue	515.2	13.3%	7.8%	680.6	771.5	870.2	19.8%	49.0%	
Other non-tax revenue	199.3	-7.2%	3.5%	303.7	322.9	331.4	18.5%	3.1%	
Transfers received	240.0	-	1.8%	240.0	-	-	-100.0%	1.6%	
Total revenue	6 836.8	3.4%	100.0%	8 147.3	11 011.8	11 324.0	18.3%	100.0%	
Expenses									
Current expenses	7 984.7	6.6%	98.0%	7 633.2	8 680.5	8 934.5	3.8%	126.3%	
Compensation of employees	3 914.2	3.4%	53.2%	3 738.9	3 995.9	4 230.3	2.6%	47.8%	
Goods and services	3 561.2	8.3%	40.1%	3 259.8	3 918.9	3 875.4	2.9%	44.0%	
Depreciation	204.5	7.0%	2.5%	152.0	245.0	267.2	9.3%	2.6%	
Interest, dividends and rent on land	304.8	58.8%	2.2%	482.5	520.8	561.5	22.6%	5.6%	
Total expenses	7 984.7	6.6%	100.0%	7 633.2	8 680.5	8 934.5	3.8%	100.0%	
Surplus/(Deficit)	(1 148.0)	-	-	514.0	2 331.0	2 389.0	-227.7%	-	
Statement of financial position									
Carrying value of assets	1 962.6	10.2%	14.4%	1 525.9	1 798.5	1 982.4	0.3%	13.7%	
<i>of which:</i>									
Acquisition of assets	(900.0)	67.2%	-2.9%	(513.1)	(610.4)	(593.6)	-13.0%	-5.1%	
Investments	5 502.4	8.3%	47.3%	5 877.0	6 220.9	6 697.8	6.8%	45.4%	
Inventory	74.8	-1.1%	0.7%	61.6	65.2	69.2	-2.6%	0.5%	
Receivables and prepayments	574.6	0.0%	4.6%	621.5	841.0	864.7	14.6%	5.3%	
Cash and cash equivalents	2 790.9	-11.7%	31.2%	3 928.9	5 838.5	7 105.3	36.5%	35.1%	
Total assets	10 905.2	-1.2%	100.0%	12 014.9	14 764.1	16 719.4	15.3%	100.0%	

Table 32.16 South African Post Office statements of estimates of financial performance and position

	Revised estimate	Average growth rate (%)	Average: Expenditure/Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/Total (%)
				2017/18	2018/19	2019/20		
R million	2016/17	2013/14 - 2016/17		2017/18	2018/19	2019/20	2016/17 - 2019/20	
Accumulated surplus/(deficit)	(2 274.5)	-212.7%	–	(1 704.0)	627.3	3 016.8	-209.9%	-3.2%
Capital and reserves	1 578.1	28.3%	–	1 580.0	1 573.7	1 568.1	-0.2%	11.9%
Borrowings	3 850.2	122.3%	–	3 700.0	3 700.0	2 700.0	-11.2%	26.8%
Finance lease	–	-100.0%	–	6.9	7.3	7.8	–	0.0%
Deferred income	266.1	-2.2%	–	296.1	319.8	345.4	9.1%	2.3%
Trade and other payables	5 825.2	-2.5%	–	6 339.0	6 605.7	7 007.4	6.4%	48.2%
Provisions	1 660.1	-0.9%	–	1 796.9	1 930.3	2 074.0	7.7%	13.9%
Total equity and liabilities	10 905.2	-1.2%	–	12 014.9	14 764.1	16 719.4	15.3%	100.0%

Personnel information

Table 32.17 South African Post Office personnel numbers and cost by salary level

Number of posts estimated for 31 March 2017			Number and cost ¹ of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts on approved establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)			
			2015/16		2016/17		2017/18		2018/19		2019/20								
South African Post Office			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost		
Salary level	21 798	21 798	20 781	3 476.2	0.2	21 798	3 914.2	0.2	19 632	3 738.9	0.2	19 632	3 995.9	0.2	19 632	4 230.3	0.2	2.6%	100.0%
1 – 6	13 532	13 532	12 900	1 444.5	0.1	13 532	1 633.1	0.1	12 183	1 557.3	0.1	12 183	1 670.8	0.1	12 183	1 769.8	0.1	2.7%	62.1%
7 – 10	8 253	8 253	7 868	2 004.3	0.3	8 253	2 252.2	0.3	7 436	2 150.9	0.3	7 436	2 292.6	0.3	7 436	2 426.0	0.3	2.5%	37.9%
13 – 16	5	5	5	9.2	1.8	5	9.7	1.9	5	10.3	2.1	5	10.9	2.2	5	11.6	2.3	6.0%	0.0%
17 – 22	8	8	8	18.1	2.3	8	19.2	2.4	8	20.4	2.5	8	21.6	2.7	8	22.9	2.9	6.0%	0.0%

1. Rand million.

State Information Technology Agency

Mandate

The State Information Technology Agency is governed by the State Information Technology Agency Act (1998) and is listed as a schedule 3A public entity. The act mandates the agency to consolidate and coordinate government's IT resources to achieve cost savings through economies of scale, increased delivery capabilities and enhanced interoperability of systems. It also separates the agency's services into mandatory services, which are services that it must provide, and non-mandatory services, which are services that it may provide. Mandatory services include the provision and maintenance of transversal information systems and data processing or associated services for the transversal systems.

Selected performance indicators

Table 32.18 State Information Technology Agency performance indicators by programme/objective/activity and related outcome

Indicator	Programme/objective/activity	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of e-government services implemented per year	Business operations	Outcome 6: An efficient, competitive and responsive economic infrastructure network	–1	75	24	75	75	75	75
Percentage of projects timeously, successfully and satisfactorily delivered within budget	Business operations		–1	80% (583/728)	85% (809/955)	90%	85%	90%	95%
Bandwidth capacity maintained at below 75% per year	Business operations		–1	75%	75%	75%	75%	75%	75%

1. No historical data available.

Expenditure analysis

The State Information Technology Agency contributes to outcome 6 (an efficient, competitive and responsive economic infrastructure network) of government's 2014-2019 medium-term strategic framework by ensuring the expansion, modernisation, access and affordability of the country's ICT infrastructure. The agency's focus over the medium term will be on collaborating with the Department of Telecommunications and Postal Services in the implementation of phase 1 of the South Africa Connect programme, which intends to provide broadband connectivity to 6 135 government institutions and 4 983 for schools across eight district municipalities.

Furthermore, the agency will by 2019/20 implement 75 e-services, which provide access to government services online. It will also work with National Treasury in driving supply chain reforms by rolling out g-commerce components to 33 per cent of government departments. The agency will also upgrade and invest in ICT infrastructure through the consolidation and modernisation programme. To plan for this, a business case is expected to be approved and the tender awarded by 2017/18 for implementation. These activities are in the business operations programme, increasing at an average annual rate of 5.6 per cent.

The agency intends to spend R1.5 billion on its capital expenditure plan to upgrade its internal ICT infrastructure and build internal capacity. In addition, the projected surpluses of R845 million over the medium term will be used for business re-engineering. The total compensation budget is projected to decrease to R2.1 billion in 2019/20 from R2.2 billion in 2016/17, at an average annual rate of 2.3 per cent. The agency has 3 280 staff members in 2016/17 which will be reduced to 3 257 in 2019/20 because of natural attrition and vacant posts that will not be filled.

Programmes/objectives/activities

Table 32.19 State Information Technology Agency expenditure trends and estimates by programme/objective/activity

R million	Audited outcome			Revised estimate 2016/17	Average growth rate (%) 2013/14 - 2016/17	Average Expenditure/Total (%) 2016/17	Medium-term expenditure estimate			Average growth rate (%) 2016/17 - 2019/20	Average Expenditure/Total (%) 2016/17 - 2019/20
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20		
Administration	981.8	1 323.7	1 132.5	1 155.5	5.6%	20.5%	1 186.4	1 257.5	1 257.5	2.9%	17.8%
Business operations	3 849.4	4 145.8	4 710.3	5 173.1	10.4%	79.5%	5 423.3	5 748.7	6 092.7	5.6%	82.2%
Total	4 831.2	5 469.5	5 842.8	6 328.6	9.4%	100.0%	6 609.7	7 006.3	7 350.2	5.1%	100.0%

Statements of historical financial performance and position

Table 32.20 State Information Technology Agency statements of historical financial performance and position

Statement of financial performance									
R million	Budget		Audited outcome		Budget		Audited outcome		Average: Outcome/Budget (%) 2013/14 - 2016/17
	2013/14	2014/15	2014/15	2015/16	2015/16	2016/17	2016/17		
Revenue									
Non-tax revenue	5 716.6	4 876.6	5 267.8	5 574.3	5 676.9	5 685.5	5 868.2	6 464.0	100.3%
Sale of goods and services other than capital assets	5 635.0	4 692.0	5 182.5	5 539.9	5 592.3	5 458.6	5 795.5	6 395.4	99.5%
of which:									
Sales by market establishment	5 635.0	4 692.0	5 182.5	5 539.9	5 592.3	5 458.6	5 795.5	6 395.4	99.5%
Other non-tax revenue	81.6	184.6	85.3	34.5	84.5	226.9	72.7	68.5	158.7%
Total revenue	5 716.6	4 876.6	5 267.8	5 574.3	5 676.9	5 685.5	5 868.2	6 464.0	100.3%
Expenses									
Current expenses	5 515.9	4 809.3	4 987.1	5 391.0	6 127.4	5 792.1	6 257.9	6 290.7	97.4%
Compensation of employees	1 670.6	1 354.7	1 463.1	1 983.2	2 354.6	1 743.8	2 212.7	2 245.5	95.1%
Goods and services	3 714.8	3 408.1	3 262.5	3 146.2	3 532.6	3 836.4	3 780.6	3 780.6	99.2%
Depreciation	130.5	23.2	261.5	261.5	240.2	167.8	264.6	264.6	80.0%
Interest, dividends and rent on land	-	23.3	-	-	-	44.0	-	-	-
Total expenses	5 572.1	4 831.2	5 065.6	5 469.5	6 165.1	5 842.8	6 299.5	6 328.6	97.3%
Surplus/(Deficit)	144.0	45.0	202.0	105.0	(488.0)	(157.0)	(431.0)	135.0	
Statement of financial position									
Carrying value of assets	2 559.0	721.3	2 954.0	905.7	1 583.0	1 171.2	1 456.1	1 950.6	55.5%
of which:									
Acquisition of assets	(1 793.0)	(356.0)	(1 538.0)	(254.4)	(1 151.0)	(511.4)	(600.0)	(496.2)	31.8%
Investments	-	-	-	-	-	13.7	-	-	-
Inventory	60.0	-	-	-	-	-	-	-	-
Receivables and prepayments	667.5	1 164.2	873.8	1 163.3	973.1	1 067.3	1 069.7	804.1	117.2%
Cash and cash equivalents	153.5	1 630.2	165.6	1 539.4	875.1	1 152.5	843.1	1 117.7	267.0%
Taxation	50.0	180.9	50.0	117.4	115.0	387.5	40.0	202.7	348.4%
Total assets	3 490.1	3 696.5	4 043.5	3 725.8	3 546.2	3 792.2	3 408.9	4 075.1	105.5%
Accumulated surplus/(deficit)	1 723.4	1 959.3	2 030.9	2 103.6	2 200.5	1 946.3	2 068.9	2 287.4	103.4%
Capital and reserves	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3	100.0%
Trade and other payables	948.8	1 000.6	1 045.3	867.5	569.8	1 095.9	552.1	1 009.4	127.5%
Taxation	42.6	-	179.3	-	-	-	-	-	-
Provisions	148.0	109.3	160.6	127.4	148.7	122.6	160.5	150.9	82.6%
Total equity and liabilities	3 490.1	3 696.5	4 043.5	3 725.8	3 546.2	3 792.2	3 408.9	4 075.1	105.5%

Statements of estimates of financial performance and position

Table 32.21 State Information Technology Agency statements of estimates of financial performance and position

Statement of financial performance		Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2016/17				2013/14 - 2016/17	2017/18	2018/19		
R million									
Revenue									
Non-tax revenue	6 464.0	9.8%	100.0%	6 851.7	7 262.7	7 697.6	6.0%	100.0%	
Sale of goods and services other than capital assets	6 395.4	10.9%	97.6%	6 779.2	7 185.9	7 617.1	6.0%	98.9%	
of which:									
Sales by market establishment	6 395.4	10.9%	97.6%	6 779.2	7 185.9	7 617.1	6.0%	98.9%	
Other non-tax revenue	68.5	-28.1%	2.4%	72.5	76.7	80.6	5.5%	1.1%	
Total revenue	6 464.0	9.8%	100.0%	6 851.7	7 262.7	7 697.6	6.0%	100.0%	
Expenses									
Current expenses	6 290.7	9.4%	99.2%	6 541.9	6 934.5	7 274.4	5.0%	117.4%	
Compensation of employees	2 245.5	18.3%	32.4%	2 070.5	2 030.5	2 095.8	-2.3%	31.1%	
Goods and services	3 780.6	3.5%	63.4%	4 180.9	4 584.9	4 841.6	8.6%	63.6%	
Depreciation	264.6	125.1%	3.1%	290.5	319.1	337.0	8.4%	4.4%	
Total expenses	6 328.6	9.4%	100.0%	6 609.7	7 006.3	7 350.2	5.1%	100.0%	
Surplus/(Deficit)	135.0	-	-	242.0	256.0	347.0	37.0%	-	
Statement of financial position									
Carrying value of assets	1 950.6	39.3%	30.6%	2 168.4	2 242.9	2 355.0	6.5%	47.6%	
of which:									
Acquisition of assets	(496.2)	11.7%	-10.5%	(545.7)	(442.3)	(500.0)	0.3%	-10.9%	
Receivables and prepayments	804.1	-11.6%	27.6%	911.9	962.5	947.7	5.6%	19.8%	
Cash and cash equivalents	1 117.7	-11.8%	35.8%	1 214.4	1 484.2	1 558.4	11.7%	29.2%	
Taxation	202.7	3.9%	5.8%	141.6	129.2	135.6	-12.5%	3.4%	
Total assets	4 075.1	3.3%	100.0%	4 436.2	4 818.8	4 996.7	7.0%	100.0%	
Accumulated surplus/(deficit)	2 287.4	5.3%	54.2%	2 606.1	2 879.6	3 059.3	10.2%	59.0%	
Capital and reserves	627.3	-0.0%	16.4%	627.3	627.3	627.3	0.0%	13.8%	
Trade and other payables	1 009.4	0.3%	26.0%	1 043.2	1 090.8	1 132.8	3.9%	23.4%	
Taxation	-	-	-	-	52.3	-	-	0.3%	
Provisions	150.9	11.4%	3.3%	159.6	168.9	177.3	5.5%	3.6%	
Total equity and liabilities	4 075.1	3.3%	100.0%	4 436.2	4 818.8	4 996.7	7.0%	100.0%	

Personnel information

Table 32.22 State Information Technology Agency personnel numbers and cost by salary level

Number of posts estimated for 31 March 2017		Number and cost ¹ of personnel posts filled / planned for on funded establishment										Number								
Number of funded posts	Number of posts on approved establishment	Actual		Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)						
		2015/16	Unit cost	2016/17		2017/18		2018/19		2019/20		2016/17 - 2019/20								
State Information Technology Agency		3 280	3 280	3 350	1 743.8	0.5	3 280	2 245.5	0.7	3 257	2 070.5	0.6	3 257	2 030.5	0.6	3 257	2 095.8	0.6	-2.3%	100.0%
Salary level																				
1 - 6	322	322	322	41.7	0.1	322	54.6	0.2	317	50.4	0.2	317	49.4	0.2	317	51.0	0.2	-2.3%	9.8%	
7 - 10	1 933	1 933	2 008	710.6	0.4	1 933	910.7	0.5	1 915	839.7	0.4	1 915	823.5	0.4	1 915	850.0	0.4	-2.3%	58.8%	
11 - 12	749	749	744	663.1	0.9	749	849.6	1.1	749	783.4	1.0	749	768.2	1.0	749	792.9	1.1	-2.3%	23.0%	
13 - 16	269	269	269	310.6	1.2	269	407.2	1.5	269	375.5	1.4	269	368.2	1.4	269	380.1	1.4	-2.3%	8.2%	
17 - 22	7	7	7	17.9	2.6	7	23.4	3.3	7	21.6	3.1	7	21.2	3.0	7	21.8	3.1	-2.3%	0.2%	

1. Rand million.

Other entities

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Electronic Media Institute of South Africa** was established as a non-profit institute for education in terms of the Companies Act (1973) and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The institute's ongoing activities include offering national certificates and short courses in the areas of television production, animation and radio production. The institute's programmes are structured to enhance the market readiness of students in a wide range of broadcasting disciplines. The institute's total budget for 2017/18 is R91 million.
- **Sentech** was established as a state-owned enterprise to provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa, and is listed as a schedule 3B public entity in

terms of the Public Finance Management Act (1999). In 2002, the company's mandate was expanded to provide an international voice gateway and common carrier multimedia services in accordance with government's imperative to liberalise the telecommunications sector. The company's total budget for 2017/18 is R1.3 billion.

- The **Universal Service and Access Agency of South Africa** was established in terms of section 80 of the Electronic Communications Act (2005) as a statutory body and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). Its sole mandate is to promote universal service and access to electronic communications services, electronic communications network services and broadcasting services. The agency's total budget for 2017/18 is R75.7 million.
- The **Universal Service and Access Fund** was established in terms of section 89(1) of the Electronic Communications Act (2005). The fund's sole mandate is to make payments for subsidies towards the provision of ICT equipment and services as well as the construction and extension of electronic communication and broadcasting networks for needy persons in underserved areas. The fund is managed by the Universal Service and Access Agency of South Africa and is financed by contributions from all telecommunications licensees except community broadcasting service licensees. The fund's total budget for 2017/18 is R133.7 million.

Additional table: Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2016/17	Medium-term expenditure estimate		
				2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
Departmental infrastructure										
Large projects (total project cost of at least R250 million but less than R1 billion over the project life cycle)										
South Africa Connect: Phase 1 of digital development plan	Connection of schools and government institutions to broadband	Construction	6 565.0	384.9	-	-	450.3	411.9	703.6	724.5
Infrastructure transfers to other spheres, agencies and departments										
Mega projects (total project cost of at least R1 billion over the project life cycle)										
Sentech: Digitisation of terrestrial television network	Efficient use of spectrum; achievement of broadcast digital dividend; achievement of multiple channel possibilities and generation of new content	Design	1 534.9	423.3	-	-	-	-	-	-
Large projects (total project cost of at least R250 million but less than R1 billion over the project life cycle)										
Sentech: Migration of digital signals	Efficient use of spectrum; achievement of broadcast digital dividend; achievement of multiple channel possibilities and generation of new content	Design	113.0	-	-	-	-	53.0	60.0	-
Small projects (total project cost of less than R250 million over the project life cycle)										
South Africa Connect: Phase 1 of digital development plan	Efficient use of spectrum; achievement of broadcast digital dividend; achievement of multiple channel possibilities and generation of new content	Various	138.0	76.0	-	-	-	-	-	-
Total			8 350.9	884.2	-	-	450.3	464.9	763.6	724.5