Budgetary Review and Recommendation Report of the Portfolio Committee on communications, dated 3 November 2015.

The Portfolio Committee on Communications (the Committee), having considered the performance and submission to National Treasury for the medium term period of Government Communication and Information System (GCIS) and the following entities: South African Broadcasting Corporation (SABC), Independent Communications Authority of South Africa (ICASA), Media Development and Diversity Agency (MDDA), Brand South Africa (BSA) and Film and Publications Board (FPB), reports as follows:

1. Introduction

In terms of Chapter 4 of the Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution) gives a mandate to Portfolio Committees to legislate, conduct oversight over the Executive and also facilitate public participation.

1.1 Purpose of the report

The Money Bills Procedures and Related Matters Amendment Act (Act 9 of 2009) sets out the process that allows Parliament to make recommendations to the Minister of Finance as well as the cabinet Minister responsible for the vote to ensure the effectiveness and efficiency of the use of resources to ensure optimal service delivery.

According to Section 5 of the Money Bills Amendment Procedure and Related Matters Act, the National Assembly, through its Committees, must annually assess the performance of each national Department. The Committee must submit an annual Budgetary Review and Recommendation Report (BRRR) for the Department as it falls under its oversight responsibilities, for tabling in the National Assembly. This process happens every October of each year where the Committee assesses service delivery performance given available resources; evaluate the effective and efficient use and forward allocation of resources; and may make recommendations on the forward use of resources.

The BRRR also sources documents from the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process. The Standing Committee on Appropriations (SCOA) should consider these when it is considering and reporting on the MTBPS to the National Assembly.

1.2 Role and mandate of the Committee:

- Consider legislation referred to it;
- Exercise oversight over the Department and it entities;
- Consider International Agreements referred to it;
- Consider Budget Vote of the two Departments;
- Facilitate public participation process; and
- Consider all matters referred to it in terms of legislation, the Rules of Parliament and resolutions of the House.

2. Organisational environment

The year under review was marked by historic milestones both for the department and for the country. Following the general elections in May 2014, President Jacob Zuma announced the establishment of a new Ministry of Communications. Proclamation 43 of 2014 gave effect to the establishment of the new Department of Communications. The new Department will be established or formed out of the old GCIS, certain functions of the old Department of Communications; BSA; FPB; ICASA; MDDA and SABC with effect from the 1 April 2015.

From June 2014, the Ministry of Communications was capacitated with relevant positions, including advisors to the Minister of Communications. A moratorium was implemented for the former GCIS vacant and funded positions, to allow for the transition to be completed. A Special Administrative Advisor was appointed in August 2014 to spearhead the reconfiguration and to ensure there was a budget structure and a high level corporate strategy for the new Ministry of Communications.

In November 2014, once the new Department of Communications structure was approved, the President issued a directive for GCIS to be re-established as a schedule 1 national Department from 1 April 2015, reporting to the Minister of Communications. The GCIS would continue to provide the Cabinet, cluster and communications support it had provided to The Presidency and government at large, prior to its de-establishment.

The Committee will therefore be reporting on GCIS (herein referred to as the Department) as the Department of Communications was only established on 1 April 2015 and therefore has no Annual Report for the year under review because of its new found status.

3. Methodology

For the period under review, the Committee, in exercising its oversight role, interacted with (i) the Department of Communications; (ii) GCIS; (iii) ICASA; (iv) SABC; and (v) BSA on 21 April 2015. And further interacted with (i) FPB; and (ii) MDDA on 22 April 2015 respectively for briefings on their Medium Term Strategic Plans (MTSPs) for 2015/16 – 2019/20 and Annual Performance Plans (APPs) for 2015/16.

Furthermore the Committee met with (i) GCIS; (ii) ICASA; (iii) SABC; (iv) FPB; (v) BSA; and (vi) MDDA for briefings on the 2014/15 Annual Report on 20 and 21 October 2015, respectively. The Auditor General of South Africa (AGSA) also presented the audit outcomes of GCIS, ICASA, SABC, FPB, BSA and MDDA for 2014/15 financial year. The Committee also considered the 2015 State-of-the-Nation Address (SoNA), National Development Plan (NDP), Standing Committee on Appropriations (SCOA) report, Committee meetings and oversight reports and the 2014/15 Estimates of National Expenditure (ENE).

3.1 Outcomes of the report

This report is aligned to broader government policy framework, New Growth Path (NGP), NDP and the governing party’s priorities (job creation, poverty alleviation, combating crime and corruption, rural development, education and health). It reviews the initiatives taken by the Department to ensure that the priorities of the plan are realised. Furthermore, the report reviews the recommendations made in the previous year’s BRRR to ascertain whether they have been acted upon. It also looks at the recommendations made by the Committee regarding the 2013/14 budget vote report. The report then assesses the financial as well as service delivery performance to ascertain whether the budget allocated to the Department was spent as envisaged in the Annual Performance Plan (APP). Finally, it summarises the observations made by the Committee after considering all necessary documents, presentations and oversight visits before making recommendations aimed at improving service delivery

4. Mandate and legislative framework

The Department was formally established in terms of section 239 of the Constitution of the Republic of South Africa of 1996 as a strategic unit in the Presidency in terms of section 7 of the Public Service Act, 1994 (Act 103 of 1994). The Department is mandated to coordinate, guide and advise on government communications, including liaison, development communication and marketing. Its goal is to achieve integrated, coordinated and clear communication between government and South African citizens to enable public involvement in the country’s transformation.

The work of the Department is further informed by:

- The Constitution of the Republic of South Africa of 1996;
- The Public Finance Management Act (PFMA) of 1999, as amended;
- International bilateral and multilateral agreements;
- National Treasury’s Framework for Strategic Plans and APPs; and
- The Medium Term Strategic Framework (MTSF) 2009 – 2011.

4.1 Descriptions and core functions

The Department:

(i) provides professional services;

(ii) sets and influences adherence to standards for an effective government communication system;

(iii) drives coherent government messaging; and

(iv) proactively communicates with the public about government policies, plans programmes and achievements.

4.2 Key strategic objectives

The Department had the following strategic objectives for the 2014/15 financial year:

- Provide a responsive, cost-effective, compliant and business-focused organisation.
- Professionalise the communication system, build a reliable knowledge base and enhance communication products;
- Maintain and strengthen a well-functioning communication system that proactively informs and engages the public; and
- Provide efficient and effective communication services.

4.3 Technical quality analysis

The Department's annual report is within the prescribed format and most of the targets are clearly set, thus making it possible to determine whether they have been achieved or not. However, there are a few that are somewhat vague and therefore determining achievement is subjective to the Department's own interpretation. This issue is addressed in the recommendations section of this document and consistent across all entities. A directive is directed towards the Minister of Communications to implement a strategy to streamline reporting processes of the department and its entities.

5. Strategic outcome-oriented goals

The Department has one strategic outcome-oriented goal in support of government's outcomes 12 and 14, which is to ensure coherent, responsive and cost-effective communications services for all government programmes.

Outcome	Output	Performance Indicators
Outcome 12 B: An empowered, fair and inclusive citizenship	Sub-output 11: Access to information	Number of development communication activations aligned to the NCS.
		Number of marketing events for Thusong Programme held.
		Number of electronic My District Today newsletters published.
		Daily news updates on key government programmes and activities.

The Department achieved five key indicators identified for the realisation of outcome 12. During the 2014/15 financial year, 2 984 outreach campaigns were implemented. They included development communication projects and Thusong marketing events reaching over 53 million people. These campaigns focussed on key government programmes and were implemented using various communications mediums such as mall and taxi activations, community radio, door to door, print media, dialogues and seminars. A total of 18.7 million *Vukúzenzele* newspaper were produced in all official languages and 4 950 Braille copies were distributed. The Department produced 47 copies of the weekly electronic newsletter *My District Today,* which shares information and provides updates on government's delivery on its Programme of Action (PoA).

Outcome	Output	Performance Indicators
Outcome 14: Nation-building and social cohesion	Output 2: Citizen participation	Number of community and stakeholders liaison visits undertaken.
		Reports on the number of Izimbizo events held.
		Post-Cabinet media briefings and / or statements issued after ordinary Cabinet meeting.
		Percentage of requests for radio products and services responded to.
		Daily posts on one of GCIS social media accounts implemented.

The Department's district and provincial offices conducted 2 506 community and stakeholder liaison visits. These visits have intensified platforms and opportunities where the public can access government information and have been implemented through community and stakeholder engagements, face-to-face activities; local communication environment assessment visits often linked to responses to community protests and dissatisfaction, and community media events. Political principals interacted with communities through 326 public participation events (Izimbizo). Some 652 requests for radio products and services were received and responded to. Of these 445 were for audio recordings, 127 for phone-in programmes and live link-ups, and 80 for radio productions (adverts).

6. Overview of financial performance

The Department was allocated R413. 069 million for the 2014/15 financial year. The departmental budget baseline allocation was increased with R12 million to R425.069 million during the adjusted ENE. The increase was as a result of the National Macro Organisation of the State (NMOS) process by establishing a Ministry and Deputy Ministry in accordance with the Presidential Proclamation of a new Cabinet structure after 2014 general elections. The Department requested MinComBud to allocate R45.5 million during the adjustments budget to fund the new activities as a result of the NMOS process. The additional R12 million covered compensation of employees.

Of the allocated budget of R425.069 million, the Department spent R424.631 million, resulting in overall under spending of R437 323. In addition to the adjusted baseline allocation, the Department applied reprioritization to avail operational funds for the Ministry and Deputy Ministry. Although the department realised an overall underspending, Programme 1: Administration overspent with R710 195 as a result of insufficient funds to cover all its operational expenditure due to the NMOS process.

Although savings were used within Programme 1 (Administration), funds were also shifted before and after the adjustments budget from other programmes to Programme 1. As a result of the restriction of Section 43 of the Public Finance Management Act (PFMA) of 1999 whereby the maximum utilisation of savings per main division to defray excess expenditure in other main divisions is limited to 8 per cent not all unspent funds in Programme 2 (Content Processing and Dissemination) could be shifted to cover the over expenditure in Programme 1.

The Department is committed to adhere to sound financial management as stipulated in the PFMA of 1999 and Treasury Regulations. To ensure that the Department maintains sound financial governance that is client focused and responsive to the overall operating environment, the financial policies are reviewed annually to ensure that they still comply with the PFMA of 1999 and Treasury Regulations. The new policies are uploaded on the SharePoint Portal to enable the Department staff members to access them. In between, financial circulars are issued to staff from time to time as guided by National Treasury and Department of Public Service and Administration (DPSA) prescripts.

Of the R747 000 revenue generated during the 2014/15 financial year, R381 000 was as a result of the sale of the Department's products such as photos, videos and other communication material (R103 000), parking fee (R145 000) and commission on insurance and garnishee deductions (R133 000). Over the collection of revenue from sales of goods and services other than capital assets amount to R58 000 more recovered than projected due to higher than anticipated parking fees and commission. Revenue collected in respect of interest amount to R105 000 of which R73 000 was generated in the departmental bank account and R32 0000 due to interest-bearing debt. A further R261 000 was generated in respect of financial transactions in assets and liabilities by recovering debt of previous financial years.

In accordance with a contractual agreement with the service provider it was projected that the Public Sector Manager (PSM) magazine would generate income of R7.8 million from 1 July 2012 to 30 June 2014 when the contract expired through the selling of advertising space. Since the period that revenue became due to GCIS until 31 March 2015, the service provider paid only R205 000 (R185 000 in 2012/13 and R20 000 in 2013/14) that was deposited in to the NRF. The Department had interacted with both National Treasury and the service provider to recover the outstanding balance. The matter is under investigation and advice has been sought from National Treasury.

6.1 Non-financial performance per programme

As at October 2014 the Department had four programmes: (i) Administration; (ii) Content Processing and Dissemination (iii) Intergovernmental Coordination and Stakeholder Management; and (iv) Communication Service Agency. The report indicates that the Department achieved only 58 out of its 67 set targets, which translates into 86.5 percent. This reflects a decline compared to the 2013/14 financial years where it achieved 94 per cent of its set targets, which was 63 out of 67 set targets. Furthermore, in the year under review, seven of their targets were over achieved. This also indicates a decline from 2014/15 where the Department over-achieved on nine of its set targets.

6.1.1 Programme 1: Administration

The purpose of programme 1 is to provide overall management and support for the department.

This programme has got six sub-programmes located under it. In the 2014/15 financial year, the programme focused on improving processes and systems to facilitate effective planning and performance monitoring within the organisation. This was attained largely by compiling and submitting all departmental reports and plans timeously and as per set targets. This also included staff performance agreements (94 per cent) and tabling the APP before parliament. It also implemented the Risk-Management Strategy and Policy, Business Continuity Management (BCM) Policy and Plan, and the Fraud- Prevention and Corruption Policy and Strategy. The Department also maintained its vacancy rate below the set target of 10 per cent.

6.1.2 Programme 2: Content Processing and Dissemination

The purpose of the programme is to professionalise the communication system, build a reliable knowledge base and enhance communication products.

This programme has got three sub-programmes and is tasked with publishing and disseminating information to the public through various publications. According to the mid-term report all targets are being met, in particular with regards to the Vukuzenzele newspaper and its braille version, magazines, newsletters, media articles, workshops, year books and regular social media updates. In the year under review, a total of 18.7 million copies of the newspaper in all official languages and 4 950 Braille copies were distributed. All the 11 editions produced were published on the GCIS website. Furthermore, 11 editions (totalling 151 991 copies) of PSM magazine were produced during the period under review.

6.1.3 Programme 3: Intergovernmental Coordination and Stakeholder Management

The purpose of programme 3 is to maintain and strengthen a well-functioning communication system that proactively informs and engages the public.

This programme has got three sub-programmes and is tasked mainly with strengthening stakeholder relations both internally and externally. Therefore some of its achievements includes Post-Cabinet media briefings and/or statements, and engagements between government communicators and senior journalists. This programme exceeded a number of its targets, in particular with the number of marketing events held, the number of electronic newspapers published, the number of community and stakeholder liaison visits and engagements, and local community radio activations that reached over 47 million listeners.

6.1.4 Programme 4: Communication Service Agency

The purpose of programme 4 is to provide cost-effective media bulk-buying services for government

This programme has got two sub-programmes and through it a number of media campaigns were set as targets and they were met. Requests for radio products, video products, photographic products and graphic designs were all responded to. This programme achieved a 100 per cent target rate. Indeed this programme proved to be cost-effective and saved the department a total of R24 636 398.98.

7. Virements / Rollovers

No rollovers were requested from the 2013/14 to the 2014/15 financial year.

Main Division	Original Budget (R'000)	Veriment (R'000)	Additional Allocation (R'000)	Adjested ENE (R'000)
Administration	141,388	386	12,000	153,765
Content Processing and Dissemination	99,928	[5,120]		94,808
Intergovernmental Coordination and Stakeholder Management	121,654	[189]		121,465
Communication Service Agency	50,099	4,941		55,04
TOTAL	**413,069**		**12,000**	**425,069**

The increase in Programme 1 was necessitated by a directive between National Treasury and DPSA to fund the Public Service Sector Education and Training (PSETA) for training of learners. The decrease in Programme 2 was due to funds required in Programme 4 in respect of the distribution of the South Africa Yearbook (SAYB) and Pocket Guide to South Africa, and expenditure related to the Presidential Inauguration after the 2014 general elections. Funds in Programme 3 was shifted to Programme 1 to fund the training of learners at PSETA.

The net result of virement between the economic classification of expenditure and the additional allocation received from National Treasury was as follows:

- An increase of R12 million in Compensation of Employees to fund the effect of the new Cabinet structured that was announced by the President in May 2014 and the proclamation in July 2014;
- A decrease of R45 000 in Compensation of Employees to Transfers and Subsidies to cover leave gratification of staff; and
- A decrease of R1 321 000 in Goods and Services of which R548 000 is shifted to Transfers and Subsidies to fund payment of the SABC TV licences and R773 000 to Payments of Capital Assets (Machinery and Equipment) to purchase capital equipment.

8. GCIS AGSA report

DEPARTMENT	2010/11	2011/12	2012/13	2013/14	2014/15

DEPARTMENT	2010/11	2011/12	2012/13	2013/14	2014/15
GCIS	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings

For the past 4 financial years, i.e. 2010/11 to 2013/14, the Department had received an audit of financially unqualified with findings, though such findings were limited especially in the reporting period (leadership and internal control). In this 2014/15 financial year, the Department has yet again attained an audit of financially unqualified with findings. Again this was partly in relation to issues of leadership, internal control, irregular expenditure incurred in contravention of key legislation and expenditure that should not have been incurred/incurred in vain that could have been avoided, and no value for money received.

9. Public entities reporting to the Department of Communications

Government recognizes State-Owned Companies (SOCs) as strategic instruments of industrial policy. This, among other things, means that SOCs' key programmes must be integrated into the broader industrial policy and economic cluster programme of government, both in terms of funding and policy support. SOCs are to reflect in their mandates the socio-political objectives of government. To do so, they will need to create a delicate balance between SOCs' strategic purposes and SOCs' commercial viability.

Thus SOCs need to reach towards the twin goals of attaining the country's socio-economic developmental goals and maximising operational efficiency and financial sustainability.

9.1 SABC

The SABC contributes to nation building through elements of social cohesion, and providing broadcasts in the 11 official languages of the country. The SABC also informs, educates and entertains the country, through educational programming for children and youth and providing independent news bulletins. Furthermore, the utility must commit itself to the strategic role of advancing government's policy objectives as outlined in the NDP, the Industrial Policy Action Plan (IPAP) and the NGP.

SABC is a Schedule 2 entity in terms of the PFMA of 1999, as amended. It was established through an Act of Parliament in 1936, which replaced the previous state-controlled African Broadcasting Corporation, formed in 1927 and included the South West African Broadcasting Corporation, which later became Namibia Broadcasting Corporation. The Broadcasting Act No. 4 of 199 as amended by way of section 7, established the Incorporation of the SABC as a successor of the 1927 Corporation. This meant that the affairs of the SABC would be run in accordance with the Companies Act of 1973 as repealed by the Companies Act No. 71 of 2008, as amended.

The business of the SABC is further defined by the Broadcasting Act into two distinct services, the Public Broadcasting Services (PBS) and Public Commercial Services (PCS), which are to be administered separately. The SABC is unable to account for each group of services (PBS 15 radios stations and tow TV channels; PCS three radio stations and two TV channels) in compliance with IRFS due to the unitary model that governs its operations.

Both PBS and PCS services are required to adhere to the SABC Charter and the letter of the Public Broadcasting Service Mandate, as further defined through license conditions accorded to each radio station and television channel.

The SABC is governed by its board of directors. The board is accountable in terms of the Public Finance Management Act. The board is responsible for the strategic direction of the company and monitoring the company's progress against the business strategy. The Chief Executive (CE) and the Executive Management Committee (EXCO) are accountable to the board and are responsible for putting the board's decisions into effect. In addition, the CE and EXCO also oversee the company's day-to-day operations

9.1.1 SABC financial performance

In accordance to its strategic goal for financial healt (Ensuring a financially sustainable organisation through revenue growth and cost containment) the SABC, with respect to the strategic objective to 'grow revenue;' of the 5 performance targets, the entity achieved 2, while 3 were not achieved. The targets not met were: total SABC revenue earned per annum (actual: R7.4 billion, target: R8 billion); commercial revenue targets (actual: R6.2 billion, target: R6.4 billion); and television license revenue targets (actual: R913 million, target: R1 billion). Targets met were the content exploitation to increase revenue and the value of funding contracts for SABC's benefit signed per annum

The strategic objective: manage and contain expenditure had two performance targets and 1 of the two were met. Total costs per annum were targeted at R7.9 billion, but costs exceeded this at R8.1 billion. However, as the variation was within 1 per cent, the second performance target was met

Revenue amounted to R7.4 billion an increase of 6.4 per cent from the R6.9 billion received in the previous financial year. The majority of revenue comes from advertising, which saw a 7.3 per cent increase from R5.3 billion in 2013/14 to R5.7 billion in 2014/15. During the year the entity received R913 million from license fees and R203 million from government grants.

Total revenue, including other income, increased by 4 per cent or R313 million from R7.2 billion in 2013/14 to R7.5 billion in 2014/15. Expenses increased from R6.5 billion in 2013/14 to R7.8 billion in 2014/15, an increase of R1.3 billion or 19.7 per cent. The operating profit before finance costs and tax fell from R385.7 million in 2013/14 to a loss of R600.7 million, a change of 255.7 per cent. The entity made a loss for the year amounting to R394.7 million, from a profit of R348.4 million in the previous financial year.

The total comprehensive loss for the 2015 financial year is R401 million from a profit of R559 million in the previous financial year. The difference was mainly attributed to the increase in expenses, where expenditure increased by R1.28 billion. The increase in expenditure is attributable to substantial investments in programme, film and sports rights, broadcast costs, and employee costs.

Total assets decreased by 8.4 per cent from R5.4 billion in 2013/14 to R4.9 billion in 2014/15, the decrease is mostly attributable to the decrease in cash and cash equivalents. Cash and cash equivalents decreased by 28.6 per cent from R1.4 billion in 2013/14 to R1 billion in 2014/15.

Total liabilities decreased by 1.6 per cent from R3 billion in 2013/14 to R2.9 billion in 2014/15.The decrease is mostly attributable to the repayment of the government guaranteed loan over this period and the settlement of finance leases and instalment sale agreements for property, plant and equipment. This has improved the SABC's position to cover its current liabilities with readily available cash.

9.1.2 SABC AGSA report

The SABC received a qualified audit opinion from the AGSA. The following was stipulated by the auditor for the qualified opinion.

9.1.2.1 Licence fee revenue and related receivable

The entity did not record revenue on an accrual basis, as required by the accounting standard but rather on a cash basis. In addition, the entity made use of agents to collect a significant amount of cash for television licenses without obtaining any assurance report from an independent auditor to confirm the correctness of the amount paid over to the SABC by the respective agents. Due to the lack of adequate systems in place to maintain records of television licence fees on an accrual basis, the auditor was unable to obtain sufficient appropriate evidence for the required accrual adjustment.

Thus the auditor was unable to determine whether any adjustment to the television licence fee revenue was necessary.

Consequently, the auditor was unable to determine the impact that the required adjustment would have on the loss of the current period as well as the retained earnings for the prior period.

9.1.2.2 Deferred tax, Tax payable and Income Tax

Due to the uncertainty of the unpaid television license fees, the auditor was unable to obtain sufficient appropriate audit evidence to ascertain the accuracy of the amount included as gross income in the tax computation in respect of the unpaid television license fees. In addition, the entity's tax computation includes a deduction claimed in respect of the unpaid television licence fee on the basis that the total amount is doubtful as to its recoverability. The amount of this deduction could not be confirmed by supporting evidence. Therefore, the auditor was unable to establish whether adjustments to the amount claimed as a doubtful debt deduction in the tax computation are necessary. The auditor could then not determine whether further adjustments to income tax, tax payable and deferred tax were necessary.

9.1.2.3 Irregular, fruitless and wasteful expenditure

The opening balance of irregular expenditure was understated by a projected R272 million. The entity incurred expenditure in contravention of the supply chain management (SCM) requirements for both the current and prior years that were not included in irregular expenditure note. The understatement amounted to R6.9 million and R2 million for the current and prior years respectively.

The entity incurred expenditure in vain, which could have been avoided had strong internal controls been in place in the prior year, that were not included in the fruitless and wasteful expenditure opening balance. This resulted in fruitless and wasteful expenditure opening balance being understated by R514 088.

In addition, supporting documents to the value of R23.9 million to test compliance against supply chain management regulations were not provided for audit purposes. This was due to the entity not having adequate systems to confirm the amount of irregular, fruitless and wasteful expenditure. Consequently, the auditor could not determine whether any further adjustments to irregular, fruitless and wasteful expenditure was necessary.

9.1.2.4 Emphasis of matters

Significant uncertainties: The entity was a defendant in a number of lawsuits, the outcome of these matters could not be determined and no proper provision for any liability that may result was made in the financial statements.

Restatement of corresponding figures: The corresponding figures for the year ended 31 March 2014 and the opening balances as at 1 April 2013 were restated as a result of errors discovered during the period ended 31 March 2015.

Allowance and impairment of trade receivables: Material losses to the amount of R94.9 million were incurred as a result of write-off of potentially irrecoverable trade debtors.

9.1.2.5 Additional Matters

Predetermined objectives: The Auditor found the reliability of the predetermined objectives of Goal 1, Goal 2, and Goal 3 inadequate. While the usefulness of the reported performance information for Goal 2 was not adequate.

9.1.2.6 Compliance with legislation

Strategic planning and performance management: Effective, efficient and transparent systems of internal control with respect to the process of performance monitoring, measurement, review and reporting in relation to performance information and management was not in place.

Annual financial statements, performance report and annual report: The financial statements submitted for auditing were not prepared in accordance with the International Financial Reporting Standards (IFRS) or supported by full and proper records.

Procurement management: Contracts and quotation were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order, as required by Preferential Procurement Regulations.

Expenditure management: The accounting authority did not take effective steps to prevent irregular expenditure, fruitless and wasteful expenditure. The accounting records for expenditure was not complete and accurate.

Asset management: Proper control systems to safeguard and maintain assets were not adequately implemented.

Revenue management: Effective and appropriate steps were not taken to collect all money due. The accounting records for revenue were not complete and accurate.

Consequence management: Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps were taken in all instances against officials who incurred and/or permitted irregular, fruitless and wasteful expenditure.

Other: The SABC did not consist of separate operation entities, namely a public service and commercial service division, and did not have adequate accounting and administrative systems in place to ensure that the corporation functioned in separate entities, as required section 9 of the Broadcasting Act, 1999.

9.2.1.7 Internal Control

Leadership:

- Management did not ensure that proper policies and procedures are put in place to account for television licence revenue on the accrual basis.
- The SABC did not have a formal documented policy and standard operating procedures governing predetermined objectives and it's relating activities for majority of the financial year.
- Management did not adequately review the annual financial statements and the annual performance report against compliance with the relevant reporting framework before submitting for auditing. Material matters were noted that required amendments.
- Management has not ensure proper record keeping systems and processes are put in place for keeping and retrieving information to support financial and non-financial performance.
- Management has not ensured that adequate processes are put in place for managing the consequences of incurring irregular, fruitless and wasteful expenditure by officials.

Financial and performance management:

- Management did not ensure that daily and monthly controls put in in place are executed; monitored and reviewed to ensure financial and non-financial information reported is accurate, valid and complete.
- Reviewing and monitoring compliance with applicable laws and regulations were not effective, this was mainly due to the lack of formally established policies and procedures to detect and prevent non-compliance. In addition to this controls to prevent non-compliance from occurring is also inadequate.

9.1.2.8 Governance

The audit committee did not adequately review the annual financial statements and the annual performance report against compliance with the relevant reporting framework before submitting them for auditing. Material matters were noted that required amendment on the AFS submitted for audit. This was due to the lack of in-depth understanding of the financial frameworks by the members that attended the audit committee when the AFS was submitted for review.

The entity received a qualified opinion in the previous financial year, based on the same reasons although the number of reasons for the qualified opinion has reduced. The entity had the same issues with its predetermined objectives in the previous financial year. The issues concerning compliance with legislation and internal control was repeated in the current financial statements compared to the previous financial year.

Despite the above, the AGSA has noted positive improvement at the SABC in relation to the audit opinion which was a disclaimer during 2012/13 financial years. The entity received a qualified opinion in the previous financial year, based on the same reasons although the number of reasons for the qualified opinion has reduced.

9.2 ICASA

ICASA was established by the ICASA Act of 2000, as amended, to regulate the South African communications, broadcasting and postal services sectors. The regulator's mandate is defined in the Electronic Communications Act (ECA) of 2005 as licensing and regulating electronic communication and broadcasting services, an in the Postal Services Act (1998) as regulating the postal services sector. Enabling legislation also empowers the regulator to monitor licensee compliance with licence terms and conditions, develop regulations for the three sectors, plan and manage the radio frequency spectrum, and protect consumers in relation to these services.

The Independent Communications Authority of South Africa (ICASA), is established pursuant to Chapter Nine of the Constitution of the Republic of South Africa It is a quasi-judicial body because it licenses, monitor licensee compliance with licence terms and conditions regulates, adjudicates and issues sanctions. ICASA is a licensing body, a regulator and a quasi-judicial body because it licenses, regulates, adjudicates and issues sanctions. ICASA is also an organ of state bound by the Bill of Rights.

9.2.1 Overall programme performance

According to ICASA, South Africa still lags behind significantly in LTE (4G) and digital migration. These needed to be addressed in this financial and subsequent years if South Africa is to meet its broadband targets envisaged in SA Connect.

ICASA's mandate is to further the interests of the citizens of South Africa in relation to telecommunications, broadcasting and postal services, and to promote competition in the Information and Communication Technologies (ICT) sector. For 2014/15, this was embodied in the five (5) strategic outcome-oriented goals, supported by nine (9) strategic objectives (SO) and their key outputs and targets.

9.2.1.1Achievement of Predetermined Targets

In terms of predetermined objectives presented for 2014/15 in the APP, 6 out of the total 21 strategic targets were achieved during the financial year. Although the remaining 15 were not fully achieved, the Authority made significant progress towards the achievement of these targets.

9.2.1.2 Programme 1: Governance and Administration

The programme's performance outcomes for 2014/15 financial year are as follows:

- Introduce latest technical architecture and key systems to reduce potential failures and security risks and leverage information technology performance benefits;
- Implement a new Spectrum Management System to improve efficiency in the licensing and allocation of spectrum;

- Implement a Customer Relationship Management (CRM) System to facilitate speedy and efficient complaints handling. This will allow the public to log their complaints on the ICASA website and also allows service providers to view and manage complaints addressed for their attention; and
- Implement a Human Resources Management (HRM) System to manage the internal resources including skills development and performance management. The above systems will be phased in over a two-year period with full integration across all systems.

Of the 6 planned targets under this programme, only 1 target was achieved. Five (5) or 84 per cent of the targets were not achieved.

9.2.1.3 Programme 2: Licencing and Compliance

The objective and performance outcomes during the 2014/15 were:

- The licensing of additional individual free-to-air television broadcasting service on a national and regional basis;
- Development of regulations governing ownership requirements for licensees so as to meet the minimum level of Historically Disadvantaged Individuals (HDIs) ownership and
- Enforcement of compliance with all regulations by all licensees

Of the 6 planned targets under this programme, only 2 targets were achieved. 75 per cent of the targets were not achieved.

9.2.1.4 Programme 3: Engineering and Technology

The objective and performance outcomes during the 2014/2015 were:

- Develop and implement a plan for the licensing of all IMT radio frequency spectrum to facilitate access to broadband services by all citizens by 2020;
- One or more national radio frequency spectrum licences making use of 2.6GHz and 800MHz granted to keen investors;
- Implement the radio frequency migration plan;
- Develop infrastructure-sharing regulations to support development of broadband and reduce cost of infrastructure for operators; and
- Introduce frameworks for using spectrum-efficient technologies such as ‘spectrum white spaces’ and for cognitive radio to promote efficient use of the spectrum resource.

Of total of 1 planned target under this programme, zero or neither of the planned target was achieved, leaving the Authority with 100 per cent failure to delivery services.

9.2.1.5 Programme 4: Markets and Competition

The objective and performance outcomes during the 2014-2015 were:

- Report on the necessity for pro-competitive regulation in the provision of subscription broadcasting television services;
- Position Paper on factors that determine the cost of digital terrestrial signal transmission in South Africa;
- Gazetted final Wholesale Voice Call Termination Regulations;
- Position Paper on transparency of retail tariff transparency and accuracy of consumer metering and billing records for voice and data services;
- Draft internal report on the costs and benefits of open access regulation of copper, fibre and wireless access networks;
- Gazetted Findings document on Local Content for Broadcasting;
- Gazetted final toll-free framework; and
- Draft recommendations report on universal service to postal services, including the roll-out of street addresses, postal infrastructure sharing and expansion of postal services submitted to ICASA Council for approval.

Of the 3 planned targets under this programme, nothing was achieved.

9.2.1.6 Programme 5: Consumer Affairs

In the year under review, Consumer Affairs was tasked with promoting Consumer Rights through complaints handling and resolution mechanisms, consumer advocacy programme that educate and raise awareness, highlight the rights of persons with disabilities, monitor the Quality of Service (QoS)provided by network operators and survey the Quality of Experience, and finally develop or review consumer protection regulations.

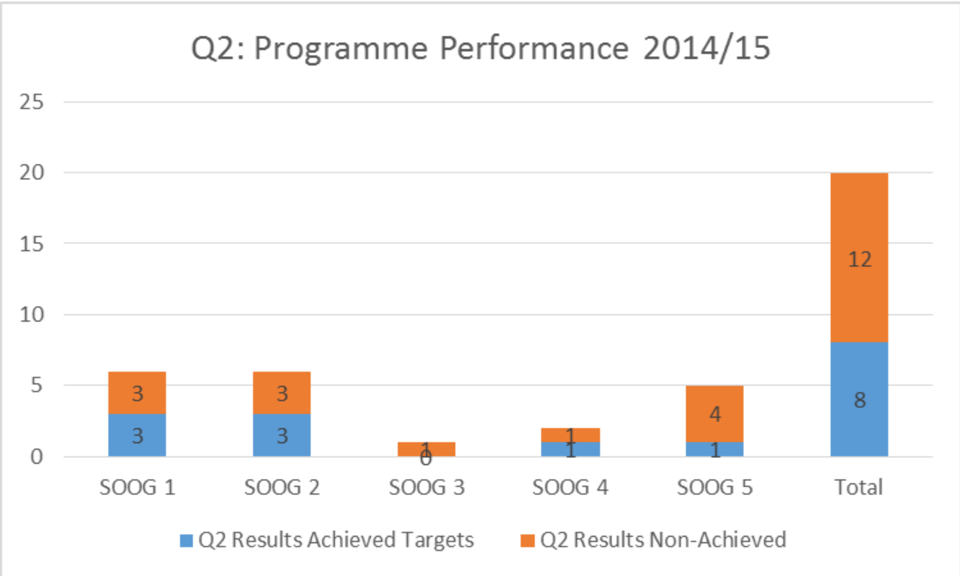
Of the five planned targets under this programme, only three targets were achieved. Two or 45 per cent of the targets were not achieved.

9.2.2 Analysis of programmer performance for quarter 1 – 3 of 2014/15

The trend over last three quarters of the financial year indicates a massive failure by ICASA to deliver which impacts largely on the ICT sector not only for SOCs and private sector but it is an indictment for the citizens whom all the regulations are to protect their interest as well as for them to received ICT services of high quality at affordable and reasonable price in line with the Constitution and the various laws governing the sector. It is interesting to that a negative service delivery trend exists where money is spent but little service is rendered to the people of South Africa whose taxes finances ICASA.

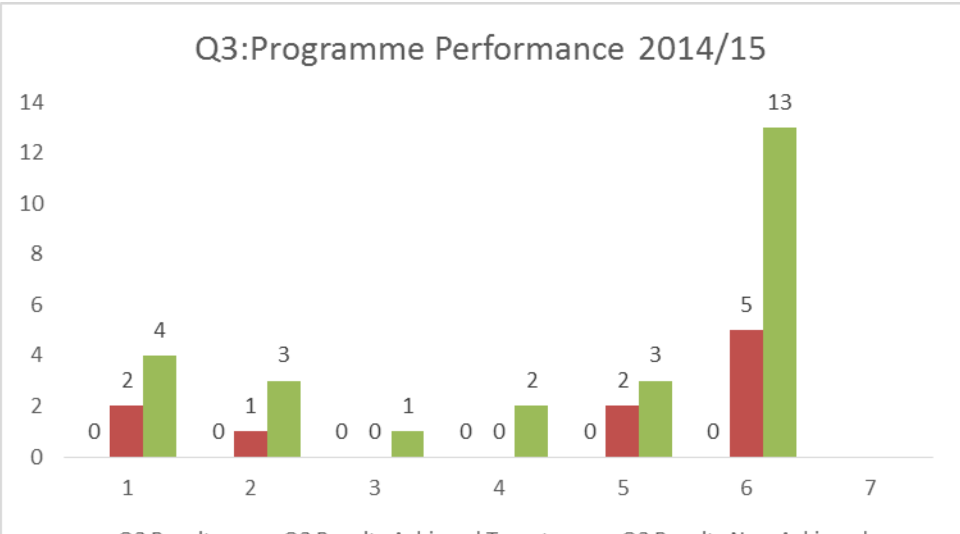
During the 2014/15 financial year, in the second quarter, there were a total of 20 targets, however, eight only of those targets set for the quarter were achieved which means the service delivery performance outcome of the quarter was just short of 12 targets for the quarter as depicted in a bar graph below.

During the 2014/15 financial year, in the third quarter, there were a total of 20 targets, however, only five of those targets were achieved which means the service delivery performance outcome of the quarter was just short of 15 targets for the quarter as depicted in a bar graph below.



Du however, only of
tho ormance
out

During the 2014/15 financial year, in the third quarter, there were a total of 20 targets, however, five only of those targets set for the quarter were achieved which means the service delivery performance outcome of the quarter was just short of 15 targets 75 per cent for the quarter as depicted in a bar graph below



9.2.3 Key Achievements/Milestone for the 2014/15

The Authority has delivered on a number of priorities which are listed as follows:

9.2.3.1 Promotion of Competition-*Cost to communicate*

Gazetted final Regulations on the Wholesale Voice Call Termination market.

9.2.3.2 Promote the Digital Agenda

- Developed an implementation plan based on the migration plan;
- Approved the International Mobile Telecommunications (IMT) Roadmap (IMT) 2014;
- Developed and published a roadmap (2015) for ALL IMT spectrum with radio frequency spectrum assignment plans, including for bands where there is large-scale occupancy of the specific band by legacy systems and equipment;
- Published the amended Radio Frequency Spectrum Regulations; and
- Published the Radio Frequency Spectrum Fee Regulations.

9.2.3.3 Modernise ICASA

Council approved the Authority's revised structure in October 2014, to ensure that the Authority is appropriately structured to deliver on its mandate, and initiated a move towards a more integrated way of operating cross functionally. The following milestones were reached regarding the completion of the re-alignment project:

- 356 approved positions were re-designed and job evaluated;
- Salary scales were revised to be in-line with the labour market;
- Divisional Focus Groups were held with all employees pertaining to the anticipated change;
- All employees were assessed for job match and developmental purposes; and
- 298 employees were migrated from the old structure into the newly-approved structure by 31 March 2015.

9.2.4 Expenditure of the Budget

The total budgeted expenditure for the year ended 31 March 2015 was R461 719 000. The actual total expenditure incurred was R374 516 594 and represented spending level of 81.1 per cent. In the previous year (2013-2014) the spending level was at 88 per cent. The decrease in the year under review could mainly be attributed to the normal projects execution.

In addition, Budgeted cost of employment represented the major portion of the total expenditure allocation at 60.6 per cent to the baseline allocation whilst the actual portion was 54.1 per cent. The significant savings of over R47 million was due to key management and staff positions not been filled pending finalization of the organization realignment process.

In total from a budget of R352 384 586 was spent on both staff salaries and goods and services.

9.2.5 The Impact of Technical amendments on the Performance of ICASA

The ICASA Amendment Act No. 2 of 2014, introduced the following significant changes for the Authority:

- It expanded the Authority's mandate to include electronic transactions as regulated in terms of the Electronic Communications and Transactions Act No. 25 of 2002 (in terms of section 4(3)(o) of the ICASA Act as amended); and
- It entrenches transparency in the decision-making processes of the Authority by requiring that Council decisions be published on the Authority's website within 30 days of the conclusion of any such meeting (in terms of section 11A(3) of the ICASA Act as amended).

The Electronic Communications Amendment Act No. 1 of 2014. The aforementioned Amendment Act introduced the following significant changes for the Authority**:**

- Introduced a requirement for the approval of change of control of individual ECS, ECNS and broadcasting service licences as well as and RFS licences (in terms of section 13(1) and 31(2A) of the EC Act as amended);
- Provided statutory confirmation that spectrum sharing / trading is permissible subject to ICASA approval (in terms of section 31(3)(c) of the EC Act as amended);
- It exempted community broadcasting service licensees from the obligation to make contributions to the Universal Service and Access Agency (in terms section 89(1) of the EC Act as amended); and
- It expanded the scope of e-rate beneficiaries expanded to include all schools and health facilities (in terms of section 73 of the EC Act as amended). It sought to align the BBBEE rules as set out in the EC Act with those set out in terms of the BBBEE Act and ICT Sector Code (in terms of definition of broad-based black economic empowerment as contained in section 1 of the EC Act as amended, read with sections 2(h), 9(2)(b) and 13(3)(a) of the EC Act as amended).

9.2.6 Non-Achieved Targets for 2014/15

The year under review seen six Councillors either resigning or their terms coming to an end. This has left the ICASA with three Councillors.

9.2.6.1 Spectrum monitoring

It must be noted that the Authority continued to experience challenges with the acquisition of the spectrum management software due to lack of local suppliers. Hence a decision was taken to expand the sourcing of the software to overseas suppliers. It is expected to be fully procured in 2015/16.[1]

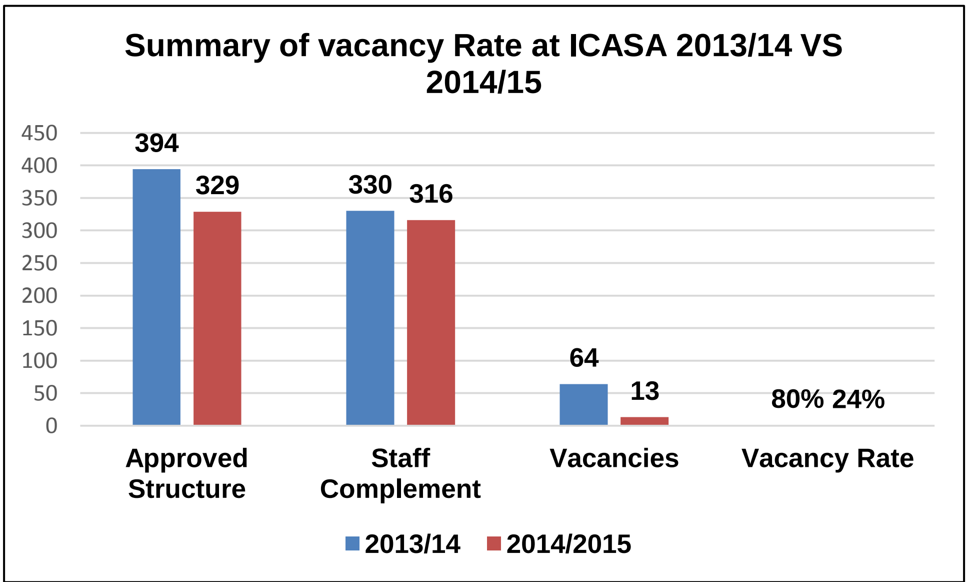
The Authority will undertake the following activities to address areas of under-performance:

- Ensure that strategic objectives in the Annual Performance Plan are adequately defined;
- Align the operational objectives to the strategic objectives;
- Develop a clear understanding of constraints that might inhibit the achievement of the target and develop contingency plans to ensure achievement of targets;
- Continuously monitor under-performance against target;
- Comply with the project life cycle to ensure adequate conception and completion of projects; and
- Implement performance management link to staff development plans and align them with the departmental strategic goals.

9.2.7 Performance Rewards or Bonuses

According to ICASA, at the time of printing this Annual Report, performance rewards processes was not yet finalised, however, General Manager: Markets and Competition and the Chief Financial Officer (CFO) are the two Senior Managers that have been confirmed recipients of performance bonuses.

9.2.8 Human Resources at ICASA



9.2.9 Complaints before the CCC carried over from the 2013/2014 financial period

At the close of the 2013/2014 financial period the CCC was seized with One Hundred and Sixty Seven (167) complaints. Eighteen (18) were adjudicated and resolved during the period and at the time of writing this report, the Committee is inundated with One Hundred and Forty Nine (149) complaints which are tabled below:

Broadcasting	Postal	Telecommunications
2	6	141

9.2.9 ICASA AGSA report

9.2.9.1 AGSA findings

Impairment of NRF Receivables: As disclosed in note 5 to the financial statements, bad debts amounting to R93 405 969 (2014: R114 715 129) were written off as a result of ICASA not being able to recover long outstanding debts from licensees due to regulatory disputes.

Unspent conditional grants: As disclosed in note 15 to the financial statements, ICASA has materially underspent on the conditional grant to the amount of R85 858 047 (2014: R93 309 102).

Usefulness of reported performance information: Adequate and reliable corroborating evidence could not be provided for the reasons provided for variances as disclosed in the annual performance report as follows:

- SOOG 1: Promote competition – 80 per cent of variances reported could not be supported by reliable corroborating evidence to access the reliability of the reported performance information;
- SOOG 2: Promote the digital agenda – 75 per cent of variances reported could not be supported by reliable corroborative evidence to access the reliability of the reported performance information;
- SOOG 3: Promote efficient use of spectrum resources – 100 per cent of variances reported could not be supported by reliable corroborative evidence to access the reliability of the reported performance information; and
- SOOG 4: Protect consumers – 67 per cent of variances reported could not be supported by reliable corroborative evidence to access the reliability of the reported performance information.

Procurement and contract management: Quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services (SARS) to be in order as required by Treasury Regulations 16A9.1 (d) and the Preferential Procurement Regulations; and

Contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

Expenditure management: The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

9.2.9.2 Internal control

Leadership: The accounting officer did not exercise oversight responsibilities regarding the reliability of the performance reporting and related internal controls; the accounting officer did not ensure that proper oversight exists over the compliance with laws and regulations relating to the supply chain environment. This is evident in the non-compliance identified that had led to irregular expenditure; and the accounting officer did not ensure that sufficient number of staff members have been appointed in the SCM units.

Financial and performance management: the constitutional institution did not have a proper record management system to maintain information that supported the reported performance in the annual performance report. This included information that related to the collection, collation, verification, storing and reporting of actual performance information; The institution did not adequately review and monitor compliance with applicable laws and regulations relating procurement and contract management; the institution did not adequately review and monitor compliance with applicable laws and regulations relating to irregular, fruitless and wasteful expenditure.

Investigations: the Hawks are currently investigating the charges of procurement irregularities and the suspension of the former supply chain manager. An independent consulting firm performed an investigation at the request of the constitutional institution. The one investigation was initiated based on an allegation of possible irregularities in the supply chain management unit which covers the period 1 April 2011 to 31 March 2013.

The investigation concluded on 15 July 2014 and resulted in disciplinary proceedings (whilst suspended) against the said employees who all later resigned from the employ of the institution. No criminal proceedings were instituted against the implicated employees who resigned.

9.3 MDDA

The MDDA was set up in terms of the MDDA Act of 2002 to enable historically disadvantaged communities and individuals to gain access to the media. The mandate of the MDDA is to create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans; redress the exclusion and marginalisation of disadvantaged communities and people from access to the media and the media industry; and promote media development and diversity by providing support primarily to community and small commercial media projects. The overall objective of the MDDA is to ensure that all citizens can access information in a language of their choice, and to transform media access, ownership and control patterns in South Africa.

The MDDA contributes to media development by providing support, in the first instance, to community media, and secondly to small commercial media through, and amongst other things include:

- Providing direct financial support to community media projects;
- Providing or facilitating indirect support, including access to low-interest loans, discounts and subsidies;
- Building capacity, including training in journalistic, management, strategic, business and financial skills;
- Supporting networking amongst community media practitioners at local, national, regional and international levels; and
- Commissioning media research to assess needs, and funding research projects that address issues relating to media development and diversity

During 2013/14 financial year the MDDA achieved a momentous milestone of ten years in existence since its establishment during 2003. However the Agency only formally commenced operations in January 2004, a year after its formation, with the first recipients of the MDDA funding being Free State News and Big News. To put differently the Agency celebrated ten financial years of operational life in 2012/13. It has grown substantially and boasts the support of 499 media projects cumulatively, with approximately R241 million in capital.[2] The entity has over the years, provided grant funding, capacity building, advocacy programmes, conducted research and provided technical support to a wide range of media. The MDDA financial and non-financial support include handholding, mentorship and coaching.

[2] MDDA Annual Report (2012/13)

The funding for the MDDA has grown over the years but remains inadequate, given the need and demand for the services and support of the Agency. The Agency has grown from a budget of R11 million in 2004/5 to R57 million in 2012/13; from supporting 74 projects in 2004/5 to 499 projects in 2012/13.

9.3.1 Alignment of the MDDA policy framework to national priorities

The delivery imperatives of the MDDA Act (2002), the national development plan and national communication strategy framework have resulted in a review of the Media Development and Diversity Agency's programmes. The agency will over the MTEF period focus on providing technical, non-financial and financial support to diverse media platforms and intensify its efforts to support the increased participation of communities in ownership and control of community and small commercial media. In so doing, the agency will contribute to outcome 14 of government's 2014-2019 medium term strategic framework (nation building and social cohesion). Flowing from this, the agency will seek to provide technical, non-financial and financial support to diverse media platforms over the medium term, and increase the participation of communities in the ownership and control of community and small commercial media.

The agency's key focus over the medium term will be on: promoting ownership of, control of and access to information and content production by communities; enhancing ownership, participation and control of print and digital media by independent media entrepreneurs; creating and enhancing a body of knowledge of the media landscape; and building capacity for a diverse media industry. The agency will also focus over the MTEF period on ensuring the sustainability of existing small commercial projects through building capacity and maintaining the funding level for the community media projects.

9.3.2 Key achievements and performance of the MDDA: 2014/15

During 2014/15 the MDDA achieve an unqualified audit outcome on its financial statements amid the challenges emanating from unsettled developments. These include among others the instability of executive leadership which renders the entity less effective in achieving the targeted objectives. The most critical positions of the CEO, CFO, COO, Project Director and Risk manager were all vacant in 2014/15.

This instability at top management might just have contributed to the overall achievement of 84 out of 149 performance indicators translating to 56 per cent. This leaves a huge room for improvement. In terms of budget expenditure for the year under review the MDDA experienced a 3 per cent decrease from R57 million to R56 million.

9.3.3 Programme performance

The section below presents a programme approach in analysing the performance information on the indicators aimed at achieving the set targets aligned with the strategic objectives and the mandate of the MDDA in the year under review. The focus will be specifically on the indicators and targets that have not been met for various reasons to be probed herein.

9.3.3.1 Programme A: Small Commercial Media

The purpose of the programme is to provide technical, non-financial and financial support to diverse media platforms owned and controlled by independent publishers.

On the rand amount of grant and seed funding allocated indicator the target of R5.9 million in 2014/15 was not met with an actual of R1 million and a variance of R4.9 million.

The performance indicator on percentage increase on development, testing and piloting of the online advertising bookings was not achieved due to the cancellation of the tender process meant to deliver on this target.

The percentage funds disbursed for the funded projects was partially achieved with only 58 per cent and a variance of 42 per cent. The reason provided in the annual report is that the grantees failed to comply with the grant funding conditions and reporting time frames.

9.3.3.2 Programme B: Research, Training & Development

The purpose of the programme is to create and enhance a body of knowledge regarding the media landscape and build capacity for a diverse media industry

The rand amount of research grant disbursed targeted R1.5 million only achieved R0.3 Million with R1.2 million variance and the reasons for this variance need further elaboration as this hampers service delivery on media transformation in the country.

Again targeted 60 beneficiaries for Grantee orientation workshops only reached 49 people. This amounts to 22 per cent variance due to less number of projects approved by the board.

Performance indicator on percentage completion of the research projects had a 75 per cent variance on its 100 per cent target.

Performance indicator addressing functionality and operation of the online booking system was not achieved due to cancelation of the tender.

9.3.3.3 Programme C: Human Resource and Corporate services

Percentage reduction in staff turnover had a variance of 39 per cent on its targeted 100 per cent and this has been attributed to instability in the entity as contracts for leadership positions were not renewed.

Percentage of filled vacancies within agreed turnaround times was partially met with 55 percentage variance which has been attributed to the resignation of human resource manager resulting to only 6 out of 13 appointments made.

On Information technology as an enabler for effective functioning of administration, performance indicator specifically on upgraded server room infrastructure have not been achieved due to mentioned budget constraints.

9.3.4 Human Resource Management

In 2014/15 the MDDA had a total staff complement of 19 out of 32 approved and funded posts. This amounts to 31.6 vacancy rate which is way above the permissible threshold of 10 per cent as provided for in the Public Service Administration regulations.

9.3.5 MDDA AGSA report

In 2014/15, AGSA having considered the financial statements of MDDA was satisfied with internal audit controls and indicated that 56 per cent of predetermined objectives have been met. The audit outcome of unqualified financial statements has been granted to the MDDA with emphasis on few specific matters. These include:

(i) Limited internal control deficiencies and the insufficient monitoring controls from the leadership, which are supposed to be in place to ensure compliance with relevant laws and regulations; and
(ii) The submitted financial statements were not prepared in accordance with the prescribed financial reporting framework as required by section 55 (1) (b) of the PFMA.

9.4 FPB

On 15 July 2014, President Zuma made a proclamation that the FPB be transferred from the Department of Home Affairs to the newly created Department of Communications. This necessitated that the FPB align their strategy with that of the Department of Communications, which has presented the FPB with more opportunities than risks. The FPB now sees itself in the ideal portfolio to actively advocate for seamless and integrated content classification with other regulators that deal with content that the FPB is prohibited from classifying.

The FPB derives its mandate from the Film and Publications Board Act (Act 65 of 1996), as amended in 2004 and 2009. The Act is the enabling legislative framework and thus outlines the key functions, powers and duties as conferred to the Board. Through the above mentioned legislation, the FPB is mandated to regulate the creation, production, possession and distribution of films, games and certain publications in order to:

- Provide consumer advice that will enable adults to make informed viewing, reading and gaming choices – both for themselves and for children in their care;
- Protect children from exposure to disturbing and harmful materials and form premature exposure to adult experiences; and
- Make punishable the use of children in pornography or exposure thereto.

The board provides leadership and strategic oversight, and oversees the internal control environment sustaining value to the company's shareholder and stakeholders. The board ensures adherence to principles of good governance and accountability as espoused in King III[3] and its board charter.

During the year, the board held six meetings with the following board committees taking place: audit and risk; chairpersons; finance; human resources and remuneration; operations and IT and appeals tribunal.

The environment in which the FPB operates has changed since the initial legislation was enacted in 1996. Amendments in 2004 and 2009 have tried to adjust its operations and accommodate for the impact of the internet as a distribution channel for film, photo and written content. Even the Minister of Communications states in her introduction of the FPB's Strategic Plan for 2015/16, "this proliferation of digital content presents a challenge not only to the FPB, but to society as a whole."

During the 2014/15 financial year the FPB has developed the Draft Online Regulation Policy, submitted the Films and Publications Amendment Bill to Cabinet for approval and trained a total of 40 classifiers, among other achievements.

The FPB received an unqualified audit opinion from the AGSA, while recording a surplus of R5.6 million, R172 640 more than the previous year.

Lastly, the FPB continued to post a profit of R5.6 million. A total of 56 key performance areas were identified that were aligned to the above strategic outcomes, of which the FPB achieved 43 of the targets. A total of 13 or 23 per cent of the targets were not achieved. And 76.8 per cent of its performance targets for the 2014/15 financial year were achieved. The programmes aligned to achieving the performance outcomes are discussed below.

9.4.1 Industry compliance

The programme Industry Compliance is responsible for the first strategic outcome. The programme had 14 indicators for the year under review. The programme achieved 13 indicators, while 3 was not achieved. Of the targets not achieved, the conduction of OSS industry audits, the development and implementation of the labelling system, and the amendment of the Films and Publications Act was not finalised.

9.4.2 Public awareness and education

The programme Public Awareness and Education is responsible for the second strategic outcomes. The programme had 5 indicators of which one was not achieved. The indicator not met related to the quarterly evaluation report of the outreach and public education plan.

9.4.3 Organisational capacity and capability

[3] King III is a corporate governance standard to be implemented by all businesses to ensure standardised corporate governance practices in South Africa.

The programme Organisational Capacity and Capability is responsible for the third strategic outcomes. The programme had 29 indicators of which 24 indicators were met. The five indictors not met relate to the following: Implementation of the call centre system to ensure efficient service delivery; ensure fully functional integrated client support administration systems; de-centralise administration of distributor licences to regional offices for Western Cape and KwaZulu-Natal; implementation of approved queries management and Client Engagement Framework; and to implement IT initiatives geared towards improvement of IT value and performance.

9.4.4 Online and Mobile Content Regulation

The programme Online and Mobile Content Regulation is responsible for the fourth strategic outcome. The programme had four indicators of which it only achieved one. The one target achieved related to the implementation of online and telephonic tools for addressing cyber safety of children. The indicators not achieved relates to the following: Implement online regulation strategy; renew membership and maintain relations with international bodies for regulation and classification of digital content; train 150 educators on cyber safety.

9.4.5 Partnerships and collaboration

The programme Partnerships and Collaboration is responsible for the fifth strategic outcome. The programme had 4 indicators of which 3 indictors were achieved. The indicator not achieved related to the hosting of 4 Africa/SADC engagements on cyber safety and FPB mandate related issues.

9.4.6 Human Capital

As at 31 March 2015, the FPB had a total workforce of 79 employees. The company has a demographic of 95 per cent black (including African, Coloured and Indian) and 5 per cent white. During the 2014/15 financial year, the FBP had a turnover rate of 19 per cent, with 37 per cent leaving due to the expiry of their contracts and 32 per cent due to resignation.

Employee costs amounted to R42 million compared to R36 million in the previous financial year, an increase of 15.7 per cent.

The FPB had 16 misconduct and disciplinary hearings held during the year under review, of this total, 5 cases lead to the employees being dismissed.

The FPB spent a total of R633 167 (406 training days) in employee skills training and development. A further R330 878 was invested in employee part-time educational assistance where 15 staff members benefited.

Executive management remuneration increased from R4.5 million in 2013/14 to R5.5 million in 2014/15, an increase of 21.3 per cent. The remuneration of the non-executive members of the Council increased from R880 149 to R1 million, an increase of 18.2 per cent.

9.4.7 FPB financial performance

Total revenue decreased to R86.8 million in 2014/15 from R87.1 million in 2013/14, representing a 0.3 per cent decrease in revenue. The decrease in revenue is driven by the decrease in the government grant, which decreased from R82.7 million in 2013/14 to R78.9 million in 2014/15, a decrease of 4.6 per cent. The entity received other revenue from regulation fees, which increased by 44.7 per cent to R6.3 million, other revenue increased from R39 023 to R1.1 million in 2014/15, and interest received amounting to R434 004.

Total expenses decreased by 0.5 per cent from R81.7 million in 2013/14 to R81.2 million in 2014/15. Total expenses consist of personnel, administrative, depreciation and amortisation expenses, and finance costs.

The entity therefore has a surplus of R5.6 million compared to R5.4 million in the previous financial year, an increase of 3.2 per cent. The entity has an accumulated surplus of R4.9 million in 2014/15 compared to a deficit of R672 365 in the previous financial year.

The entity's total assets increased by 50.6 per cent, mainly due to an increase in current assets, cash and cash equivalents and receivables, from R9.6 million in 2013/14 to R14.5 million in 2014/15. Total liabilities decreased by 7.2 per cent from R10.3 million in 2013/14 to R9.5 million in 2014/15, mainly due to a decrease in non-current finance lease obligations. The entity's total assets exceed its liabilities by R4.9 million compared to a deficit of R672 365 in the previous financial year.

Fruitless and Wasteful Expenditure amounting to R16 347 was incurred, mainly on traffic fines and interest on the Telkom account, during the 2014/15 financial year. The funds have since been recovered from the responsible employees. This is an improvement on the R56 124 spent on fruitless and wasteful expenditure in the previous financial year.

Irregular expenditure amounting to R6.5 million was incurred, R3.4 million incurred in the 2014/15 financial year due to irregular requests for quotations, while R3.1 million related to irregular appointment of service providers in the 2013/14 financial year. An amount of R1 million irregular expenditure arose out of the irregular award of an ICT tender to an IT company, which fell in the 2012/13 financial year. Irregular expenditure of R60 000 was incurred during the 2012/13 financial year. An amount of R560 000 has been recovered to date across all irregular expenditure, however, an amount of R7.8 million is still outstanding.

9.4.8 FPB AGSA report

The AG found that FPB's has an unqualified audit with no emphasis of matter. This is a slight improvement on the 2013/14 financial year, where the entity also received an unqualified opinion by with emphasis of matters.

Additional matters: although the auditor did not raise any matters with regards to the entity's predetermined objectives, the following matters were highlighted:

9.4.8.1 Compliance with legislation

Annual financial statements and annual report: The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 55(1)(b) of the Public Finance Management Act. Material misstatements identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management: The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 5(1)(b)(ii) of the Public Finance Management Act.

9.4.8.2 Internal Control

Financial and performance management: Inadequate review and monitoring processes implemented to prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information and compliance with applicable legislation were not adequately and timeously monitored.

9.5 BSA

BSA was established as a trust in 2002 and gazetted as a schedule 3A public entity in accordance with the PFMA of 1999 in 2006. Its purpose is to develop and implement a proactive and coordinated international marketing and communications strategy for South Africa, to contribute to job creation and poverty reduction, and to attract inward investment, trade and tourism.

In a broad sense BSA endeavours to develop and continuously maintain comprehensive information and insights in existing databases and business profiles on what South Africa can offer to the international markets. In a more direct way as stipulated in its current strategic plan 2015 - 2020 the entity seek to:[4]

- act as South Africa's official marketing agency;

[4] Brand South Africa strategic plan 2015 - 2020

- create and disseminate messages that effectively tell the South African story and positively promote the country;
- Assist various government and private sector entities in aligning their communication strategies with the brand message of the country; and
- Ensure that key projects, events and news about South Africa get an adequate coverage.

The budget appropriation for 2014/15 have been spent on the following programmes with a specific target on the associated outcomes listed below:[5] Programme 1: Administration; Programme 2: Brand marketing & reputation management; and Programme 3: Stakeholder relationships.

These programmes are intended to deliver the following six outcomes:

(i) Develop and manage the organisational capabilities the entity needs both locally and globally;
(ii) Create and orchestrate messages that positively tell the South African story, with emphasis on the NDP;
(iii) Develop and maintain a comprehensive, current and accessible database of insights and information about South Africa;
(iv) Monitor local and global issues and events to identify opportunities for action;
(v) Provide insights, information to government about factors influencing perceptions and decisions of key audiences; and
(vi) Develop and maintain partnerships and relationships with targeted stakeholders to leverage our reach and impact.

9.5.1 Programme performance of BSA

In order to understand and monitor the overall performance of the nation brand and how these shape international perceptions of South Africa and its global reputation, BSA commissions, and subscribes to several research instruments, as well as conducts research within South Africa. The intention is to monitor and evaluate the performance of the nation brand, update its business strategy, and inform its stakeholders and partners on South Africa's reputation and competitiveness.

9.5.2 Human Resource Report

In the year under review BSA embarked on the implementation of an organisational development process following the approval of the new organisational structure by the Board.[6] This structure increased the quantitative capacity of staff compliment from 43 to 57 personnel and was officially implemented from October 2014.

9.5.3 BSA AGSA report

From the various reports of the internal auditors, the audit report on the financial statements and the management report of AGSA, the annual report noted that no matters were reported indicating material deficiencies in the system of internal control or any deviations thereof. However the BSA has achieved a clean audit report for 2014/15 financial year and must be lauded for that.

9.5.3.1 Financial and performance management:

Management did not have a proper system in place to monitor compliance with BSA's supply chain management policy and applicable laws and regulations, hence tenders were advertised in less than 21 days.

10. Summary of previous key financial and non-financial performance recommendations of the Committee

10.1 2014 BRRR recommendations

[5] Brand South Africa strategic plan 2015 - 2020 p. 24

[6] Brand South Africa Annual Report 2014/15 pg. 64

Having assessed the performance of the Department of Communications in 2013/14, the Committee recommended that the Minister should:

(i) Ensure that the Department and all entities respond to the previous BRRR Reports;
(ii) Ensure that the Department and its entities conduct and or conclude the skills audit;
(iii) Ensure that all Senior Management Service (SMS) and all staff members have signed Performance Agreements; are assessed quarterly before payment of bonuses;
(iv) After alignment of functions and structure of the new Department, there must be a plan presented to the Committee illustrating consequences for non-performance at all levels;
(v) ensure that the Department and its entities have existing Disaster Recovery Plans;
(vi) Ensure that the Department and all entities have measurable targets;
(vii) Ensure that the Department expedites the implementation of a government communicators qualification;
(viii) Provide status report of SABC Public Protector Report;
(ix) Provide status report on SABC Digital Terrestrial Television (DTT) State of Readiness;
(x) Provide status report on communications strategy and platform for the previously disadvantaged persons especially those who have challenges in reading and writing
(xi) Provide status report on ICASA consumer advisory panel;
(xii) Provide status report on issues of people with disabilities in terms of all programmes of the Department and its entities;
(xiii) Provide status report on AGSA recommendations the Department and its entities;
(xiv) Provide status report on community broadcasting services;
(xv) Provide status report on transformation of the print media;
(xvi) Provide status report on the contribution framework by print media towards the MDDA
(xvii) Provide status report on the Charter of the advertising industry;
(xviii) Expedite the process to fill funded vacancies, including compliance people with disabilities;
(xix) Ensure implementation of 30 per cent of government advertising expenditure to community media;
(xx) Provide status report about the online advertising booking system to benefit community media;
(xxi) Provide status report on BSA and social cohesion (domestic marketing);
(xxii) Prepare and coordinate a workshop by BSA to address the Committee on its mandate and activities;
(xxiii) Ensure the Department and its entities report on steps taken to adhere to the PFMA, Treasury regulations, Public Service regulations and Companies Act by the Department and its entities;
(xxiv) Regularise the expenditure patterns of BSA;
(xxv) Ensure that the Department adheres to shareholder oversight of its entities and non-executive members of the entities; and
(xxvi) Ensure that people appointed to boards and council reporting to the Department are thoroughly vetted in order to ensure that they meet the qualification criteria for the respective positions and that they are fit to hold positions of appointment as non-executive members.

10.1.1 Responses by Minister

Some of the recommendations annotated above were responded to by the Minister in the course of interactions between the Department (and its entities) and the Committee over the financial year. It is expected that through the BRRR report, the Minister shall endeavour to consolidate her responses and table to the Committee a comprehensive and inclusive response to all recommendations made by the Committee.

10.2 2015/16 Committee budget report

Although the Committee was satisfied with the Department's Medium Term Strategic Plans for 2015/16 – 20119/20 and APPs for 2015/16, it recommend that the Minister should:

(i) engage the Committee about the review process to ensure the public broadcasting mandate of the SABC is not compromised;
(ii) report back to the Committee on progress made in signing of Memorandum of Incorporation between the Department and all its entities as well as the Shareholder's Compact between SABC and the Department;

(iii) provide quarterly updates on the status of the vacancy rate and progress made in filling critical posts at the (i) DoC, (ii) MDDA, (iii) GCIS, (iv) FPB, (v) SABC, (vi) BSA, and (vii) ICASA;
(iv) provide the Committee with a report containing timelines about the structured plan for areas where broadcasting infrastructure will be deployed by MDDA;
(v) provide a comprehensive report on all training activities of the entities as well as of the Department;
(vi) provide a report on progress made regarding the Digital Broadcasting Migration (BDM) beyond the June 2015 switch-on date;
(vii) provide the Committee with quarterly progress reports on implementation of the DTT programme;
(viii) engage the Minister of Finance for funding of the NCS;
(ix) report back to the Committee on matters relating to ICASA and the regulation of Radio Frequency Spectrum (RFS);
(x) develop a balanced governing structure for BSA;
(xi) ensure that entities reporting to the Department comply with Parliamentary policies and processes in terms of timeous submission of documents/reports to Parliament;
(xii) intensify the oversight function (by developing monitoring mechanisms) of the Department to the entities as the rightful shareholder of government and present plan to the Committee;
(xiii) create a forum for entities to standardise and share best practice relating to financial management;
(xiv) present to the Committee penalty measures to be taken for non-performance of entities;
(xv) present to the Committee about the Communications Task (ComTask) Report as well as the recommendations emanating from the ComTask Report and how the Department plans to implement them;
(xvi) ensure that there is skills retention at the MDDA;
(xvii) oversee establishment of a strategy that will assist BSA to operate locally, continentally and internationally;
(xviii) ensure that ICASA is capacitate enough in order to enable it to do proper monitoring and evaluation;
(xix) ensure that the FPB staff that is tasked with evaluating sensitive video materials and tracking piracy is working in a safe and secure environment;
(xx) ensure that there is enough assistance in re-establishing and stabilisation of the GCIS since a large capacity of resources have been absorbed into the new Department of Communications; and
(xxi) provide clarity on the role of the Companies Act versus the Broadcasting Act in relation to the management of the SABC by the Shareholder.

10.2.1 Responses by the Minister

Some of the recommendations annotated above were responded to by the Minister in the course of interactions between the Department and the Committee over the financial year. It is expected that through the BRRR report, the Minister shall endeavour to consolidate her responses and table to the Committee a comprehensive and inclusive response to all recommendations made by the Committee.

11. Other service delivery findings

11.1 Oversight visits

First oversight visit of the Committee: Phase One: Independent Communications Authority of South Africa (ICASA) and Media Development and Diversity Agency (MDDA) – 25 to 26November 2014; Phase Two: the Department of Communications (the Department), Film Publications Board (FPB) and Brand South Africa (BSA), 3 to 5 February 2015; and Phase Three: South African Broadcasting Corporation (SABC), Community Radio Broadcasters, Free-To-Air Broadcasters and Pay-TV Broadcasters – 21 to 23 July 2015.

The entire first oversight of 5th Parliament Committee was designed such that it is divided into three-phases. While the third phase of the oversight visit enabled the Committee to extend the oversight function to the broader broadcasting sector players, it focused primarily on the SABC because it concluded the last phase of the Committee oversight plan, which was specifically designed to assess the Department and all its entities. It is important to note that the SABC was deliberately excluded for the first and second phases of oversight for 5th Parliament because of (i) its strategic importance as a public broadcaster and its role in the Digital Terrestrial Television (DTT) rollout; (ii) the nature and size of the institution; and (iii) the need for the Committee to pay particular attention to its challenges given the recent history relating to the Auditor-General of South Africa (AGSA) findings.

Furthermore, the programme of Parliament in terms of scheduling of the oversight programme did not provide adequate time for the Committee to can interrogate the Department and all its six (6) entities in a short period of time. Lastly and more importantly, at the start of 5th Parliament the SABC drew the attention of the general public as well as government because of governance challenges; the Committee therefore resolved to commence its first oversight work by developing a strategy to implement the oversight programme in three (3) phases.

In summary, the overall first oversight visits (divided into three phases) of the Committee was designed to serve a multitude of purposes but in the main, it served to familiarise the Committee with the Department and its entities to gain first-hand experience in the daily proceedings of the Department and its entities as well as to introduce key oversight monitoring tools that will assist the Committee to develop a composite programme over the five year term.

As the first oversight exercise for 5th Parliament Committee, it aimed to (i) formally introduce Members of Parliament to the Department and its entities; (ii) gain familiarity with and better understand the area of expertise of the Department and entities reporting to it; (iii) continue the work of oversight and evaluate status on progress made to 4th Parliament's recommendations by the Department and its entities; (iv) assess and evaluate the Department and its entities in relation to competency in delivering on their mandates; (v) evaluate implementation of AGSA recommendations; (vi) evaluate management at both at executive and non-executive levels; (vii) engage and evaluate staff conditions and morale in alignment to labour practices of the country; and (viii) where relevant, evaluate tools of operation as service delivery tools.

11.2 STANDING COMMITTEE ON APPROPRIATIONS (SCOA)

The Department did not appear before SCOA

11.3 STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA)

The Department did not appear before SCOPA.

12. Committee observations and recommendations

12.1 Observations

12.1.1 ICASA observations

In regards to ICASA, the Committee noted:

- (i) with concern the high number of none-achieved targets;
- (ii) the misalignment that while the money was spent targets were not achieved, therefore this is unwarranted;
- (iii) the under spending of allocated budget;
- (iv) that bonuses were paid despite the none-achievement of predetermined targets;
- (v) with concern the high number of vacant posts at the regulator; and
- (vi) the challenges faced by Community media sector.

12.1.2 GCIS observations

In regards to GCIS, the Committee: (i) notes and appreciates the recurring press conferences aimed at communicating Cabinet briefings; and (ii) notes with concern the high number of vacant posts.

12.1.3 FPB observations

In regards to FPB, the Committee: (i) noted the wide interest and participation by the public in general during the public hearings of the Draft Online Regulation Policy; (ii) welcomes the positive performance of the Board as this translate to stability in service delivery; and (iii) commends the improvement of the FPB in responding to AGSA's recommendations.

12.1.4 MDDA observations

In regards to the MDDA, the Committee noted:

(i) with concern the regress on compliance matters;
(ii) with concern the use of consultants when the MDDA can use internal resources; and
(iii) that the high vacancy rate was unacceptable; the filling of senior posts must be expedited.

12.1.5 SABC observations

In regards to the SABC, the Committee noted:

(i) the disjuncture between the two arms of the SABC as well as the legislative bottlenecks associated with this challenge;
(ii) the inconsistency in the manner in which predetermined targets are measured;
(iii) the absence of the role of SABC in auditing the agency appointed to oversee collection of TV licence fees;
(iv) that there is lack of adequate financial controls as well as compliance with relevant legislation at the SABC;
(v) with concern that while there is significant improvement in terms of reduction of irregular expenditure, the SABC still had a sum of R413 793 000 in irregular expenditure during the 2014/15 financial years; and
(vi) with concern the 2 per cent government allocation to the SABC.

The Committee commends the SABC for the reduction of matters of concern as raised by AGSA because this is a reflection of an organization on a turn-around strategy albeit the qualified opinion.

12.1.6 BSA observations

In regards to BSA, the Committee noted:

(i) with concern the tenders as reported by the AGSA that were issued within a short period of time;
(ii) with concern the surge in fruitless and wasteful expenditure; and
(iii) with concern that only 20 per cent of senior management staff are female.

The Committee further acknowledged that the Board of BSA is inflated and is unpaid for their contribution at BSA.

Lastly on BSA, the Committee commends the positive recruitment process but notes with concern that people living with disabilities are not catered for.

12.2 Recommendations

The Committee recommends to the Minister that she should:

(i) report to the Committee on streamlining of reporting on performance of the Department and its entities (Quarterly and Annual Reports);
(ii) report to the Committee on her processes to ensure that the Department and its entities align targets and mechanisms to measure progress for achieving these targets;
(iii) report to the Committee on measures put in place by the Department to ensure that all entities fulfil their mandate;
(iv) present to the Committee concrete plans to ensure the Department and its entities respond expeditiously to the recommendations of the AGSA;
(v) propose a business model to ensure that the public broadcaster secure adequate funding from government above the current 2 per cent;
(vi) present to the Committee mechanisms to circumvent underspending by the Department and its entities;
(vii) review mechanisms of pay out of bonuses while targets are not met and while there is prevalent underspending;
(viii) monitor and report back to the committee on systems developed to ensure the tender processes of the Department and its entities adhere to government procurement policies;
(ix) report to the Committee on steps developed towards ensuring consequence management and the reduction of use of consultants by the Department and all its entities; and
(x) report to the Committee on transparency issues relating to sharing of information between the Department and its entities.

12.2.1 ICASA

In relation to ICASA, the Minister should provide a detailed report on:

(i) analysis and findings of exit interviews conducted and exit reports for outgoing Councillors as a means to prevent future resignations;
(ii) plans to address consequences for poor performance at the regulator;
(iii) consultants contracted to ICASA including the time frames;
(iv) processes to resolving complaints;
(v) ICASA's involvement in support of people living with disabilities;
(vi) progress made to fill critical and vacant posts; and
(vii) the support to be provided towards resolving challenges faced by community media.

Furthermore, the Minister should ensure that there is adherence on the moratorium put in place for funding of new community media projects.

12.2.2 GCIS

In relation to GCIS, the Minister should provide a detailed report on:

(i) analysis of the impact of Izimbizo including the mechanisms with which the communities can be updated on queries they have submitted;
(ii) progress made to fill critical and vacant posts;
(iii) plans to address consequences for poor performance at GCIS;
(iv) consultants contracted to GCIS including the time frames; and
(v) a provincial break-down of the Press Conferences related to Cabinet briefings.

12.2.3 FPB

In relation to FPB, the Minister should provide a detailed report on:

(i) the plans for tighter financial control at the FPB;
(ii) plans to address consequences for poor performance at the FPB;
(iii) consultants contracted to FPB including the time frames; and
(iv) the solutions to regulating online content efficiently and effectively.

More importantly, the Minister should expeditiously finalise the amendments to the FPB Act.

12.2.4 MDDA

In relation to the MDDA, the Minister should provide a detailed report on:

(i) progress made to ensure compliance to the recommendations of AGSA;
(ii) progress made to fill critical and vacant posts;
(iii) plans to address consequences for poor performance at the MDDA; and
(iv) the strategy to minimize the use of consultants at the MDDA.

12.2.5 SABC

In relation to the SABC, the Minister should provide a detailed report on:

(i) the TV licence collection process, current statistics as well as the concession scheme aimed at supporting indigent families;
(ii) the value chain associated with royalties derived from the DSTV channel and partnership;
(iii) all external service providers and the scope of work contracted for;
(iv) the status of performance agreements and remuneration of management including bonus structure;
(v) plans to address consequences for poor performance at the SABC; and
(vi) alternative revenue-generating strategies to make SABC more profitable.

12.2.6 BSA

In relation to BSA, the Minister should provide a detailed report on:

(i) matters relating to recruitment of more females at senior management;
(ii) broader integration of people living with disabilities;
(iii) strategies to conscientise and ensure that South Africans become patriotic;
(iv) the impact of Visa Regulations on the brand;
(v) progress made to minimize fruitless and wasteful expenditure;
(vi) plans to address consequences for poor performance at the BSA;
(vii) consultants contracted to BSA including the time frames; and
(viii) progress made to reduce Board members and strategies to remunerate them.

13. Conclusion

The Department should be commended for fulfilling its mandate and the crucial role it played to ensure the nation remained united in the advent of the passing of the late former State President. In the advent of the Proclamation, the new Department will be expected to expand its programmes and consolidate the communication system of government in order to guarantee the delivery of government's National Development Plan. Continuity should become central to ensuring the new Department improves on the transformation agenda embarked upon over the decades and accelerated especially during the 4^{th} Parliament term.

14. Appreciation

The Committee would like to show appreciation and thank the new Minister, Ms Faith Muthambi, and her Deputy Minister, Mrs Stella Ndabeni-Abrahams, and looks forward to a working relationship and the task that lies ahead to continue to implement the agenda of government.

The Committee also wishes to thank its committee support staff, namely the Committee Secretary, Mr Thembinkosi Ngoma; the Research Unit; the Content Advisor, Mr Mbombo Maleka; and the Committee Assistant, Mr Edward Vos, for their professional support, commitment and dedication to the work.

Lastly the Chairperson wishes to thank all the Members of the Committee, current and previous, for their active participation during parliamentary engagements and deliberations and their constructive recommendations as reflected in this report.

Report to be considered.