



ANNUAL REPORT 2019/2020

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SECTION A

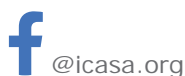
GENERAL INFORMATION



SECTION A | General Information

Organisational Information

Legal form of entity:	A Chapter Nine (9) institution
Nature of business and principal activities:	ICASA is the regulator for the South African communications, broadcasting and postal services sector. ICASA was established by an Act, the Independent Communications Authority of South Africa Act of 2000, as amended.
Registered name:	Independent Communications Authority of South Africa
Business address:	Blocks B and C 350 Witch-Hazel Avenue Eco-Point Office Park Eco-Park, Centurion
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Website address:	www.icasa.org.za
External auditors:	Auditor-General of South Africa
Bankers:	Nedbank First National Bank Investec Private Bank
Attorneys:	Fasken Mkhabela Huntley Gildenhuys Malatji Kunene Ramapala Mashiane Moodley Monama HM Chaane Makhubela Motsoeneng Bill Verveen Cheadle Thompson & Haysom Thokan
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List of Abbreviations and Acronyms

ADR	Alternate Dispute Resolution
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
AREDC	Audit, Risk, Ethics and Disclosures Committee
ASMS	Advanced Spectrum Management System
ATU	African Telecommunications Union
B-BBEE	Broad-Based Black Economic Empowerment
CAP	Consumer Advisory Panel
CAPEX	Capital Expenditure
CCC	Complaints and Compliance Committee
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CRASA	Communications Regulators' Association of Southern Africa
CRM	Customer Relationship Management
CTO	Commonwealth Telecommunications Organisation
DCDT	Department of Communications and Digital Technologies
DSB	Digital Sound Broadcasting
DTT	Digital Terrestrial Television
DTPS	Department of Telecommunications and Postal Services
ECA	The Electronic Communications Act
ECNS	Electronic Communications Network Service
ECS	Electronic Communications Service
FM	Frequency Modulation
FTA	Free To Air
FY	Financial Year
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Products
GHz	Gigahertz
GRAP	Generally Recognised Accounting Practice
GSM	Global System for Mobile Communications
HDI	Historically Disadvantaged Individual
HRM	Human Resource Management
HSDPA	High-Speed Downlink Packet Access
ICT	Information and Communications Technology
IEC	International Electrotechnical Commission
IIA	Institute of Internal Auditors
IMT	International Mobile Telephony
IIC	International Institute of Communications
ISDN	Integrated System Digital Network
IT	Information Technology

List of Abbreviations and Acronyms

ITA	Invitation To Apply
ITR	International Telecommunications Regulation
ITRC	Information Technology Review Committee
ITU	International Telecommunications Union
LTE	Long-Term Evolution
MHz	Megahertz
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
Opex	Operational Expenditure
OTT	Over The Top
PA	Political Advertisement
PAJA	Promotion of Administrative Justice Act
PAPU	Pan African Postal Union
PBS	Public Broadcasting Service
PEB	Party Election Broadcast
PFMA	Public Finance Management Act
PPCC	Parliamentary Portfolio Committee on Communications
QoE	Quality of Experience
QoS	Quality of Service
REMCO	Human Resources and Remunerations Committee
RF	Radio Frequency
RFID	Radio Frequency Identification
RFSAP	Radio Frequency Spectrum Assignment Plan
RIA	Regulatory Impact Assessment
RRB	Radio Regulations Board
SAPO	South African Post Office
SABC	South African Broadcasting Corporation
SABPP	South African Board for People Practices
SADC	Southern African Development Community
SATRA	South African Telecommunications Regulatory Authority
SKA	Square Kilometre Array
SLA	Service Level Agreement
SMP	Significant Market Power
SOOGs	Strategic Outcomes-Oriented Goals
UPU	Universal Postal Union
USAO	Universal Service and Access Obligations
WRC	World Radio Conference
WWRF	Wireless World Research Forum

It is indeed an honour for me to return to ICASA as the fifth Chairperson of the Authority after having served a full four-year term as a Councillor, fifteen (15) months of which I was the acting Chairperson covering the full year in review.

I perceive and consider this as a vote of confidence by the government and the people of South Africa to give a youthful leader of my calibre and stature the opportunity and responsibility to lead ICASA, an entity that regulates a multi-million rand ICT industry and to ensure that the public interest mandate is indeed achieved.

Obviously, I am and never was alone in this but flanked and supported by a very capable team of Councillors who possess a wealth of expertise, skills and business acumen to ensure that we achieve the mandate bestowed upon us by the ICASA Act – that of regulating without fear or favour; and of course in the public interest.

This has been a year of real changes and we have been working hard and with speed to ensure delivery on our plans. It was just unfortunate that the country was hit by the coronavirus pandemic (COVID-19) just as we were about to complete the financial year, thereby slowing us down from our plans but we survived nonetheless. It gives me absolute pleasure to present the ICASA 2019/20 annual report.



The digital economy

The ICT sector remains the backbone of the economy with ICASA being the key enabler in advancing economic growth within South Africa through evidence-based regulations and promoting as well as advancing competition in the sector. We have, indeed, geared ourselves up to building an inclusive digital society.

The impact of the coronavirus pandemic has also made us realise that the Fourth Industrial Revolution is, indeed, here and we have to relook at how we conduct our business of regulating the space and the benefits of our stakeholders, in particular, consumers of electronic communications, broadcasting and postal services.

The impact of the pandemic has also brought into sharp relief the importance of communications networks and digital platforms for the functioning of the economy and interaction between individuals.

The large-scale paradigm shift to remote working that has happened in many countries around the world, including South Africa, would not have been possible a few years ago. It has drawn attention to the role that communications and digital markets play in modern economies and how they have evolved from being complementary to our way of living and doing business to being central.

Policy Direction on spectrum licensing

We are grateful to the Minister of Communications and Digital Technology for issuing the Policy Direction on the licensing of high-demand spectrum, or what is also referred to as International Mobile Telecommunications (IMT).

In terms of the Policy Directions, the Authority was further directed to, among others, issue an ITA, accept and consider applications for an individual electronic communications network service (I-ECNS) licence, and to urgently consider the licensing of a radio frequency spectrum licence for a Wireless Open Access Network (WOAN).

This has paved a way towards ensuring that South Africans have access to a wide range of communications services at affordable prices, promoting choice for consumers and business, stimulating competition and, of course, attracting investment into the ICT sector.

In line with our processes and in ensuring administrative justice to the licensing process, we published the Information Memorandum (IM) that outlined our plans in this regard. The Authority considered and analysed all representations received in response to the IM. The key considerations emanating from the representations into the IM include the following:

- a) the development of various empowerment obligations to be imposed on the successful bidders in the auction process, including a requirement to support Mobile Virtual Network Operators (MVNO's);
- b) the requirement for successful bidders to support the WOAN through procurement of a minimum 30% national capacity;
- c) the imposition of empowerment obligations on the WOAN to ensure that it is a credible empowerment tool that will assist the Authority to achieve the sector's transformation agenda; and
- d) the structuring and framing of the lots in a manner that balances the objective to promote effective competition, facilitate new entrants and raise revenue for the fiscus.

We continue to view the WOAN as a pro-transformation gesture that seeks to address the imbalances of the past and give an opportunity to new entrants in the telecommunications space that has, for many years, been dominated by a handful of entities with less or no competition, resulting in consumers bearing the brunt of high communication costs.

In order to deal with this lack of competition in the telecommunications sector, the WOAN will further include the diversity of ownership to ensure meaningful participation of all entities involved, including the small, medium and macro enterprises.

The Authority remains committed to its plans of releasing spectrum that will see different sectors of the society benefitting, and participating meaningfully in the digital economy.

This, we are doing, in order to ensure business development, promote investment, stimulate economic growth, and indeed promote good quality broadband services, as well as enable licensees to lower the cost of communications in South Africa – something that has been contentious in recent years.

We will be starting an auction process for IMT spectrum in the 20/21FY and it has been proven that it is the best method of issuing the radio frequency spectrum internationally.

This is one of the most critical and potentially contentious regulatory processes ever undertaken by ICASA with immeasurable economic value for the country.

The delicate nature of the licensing process requires that the Authority exercise added caution to ensure full compliance with all administrative and procedural fairness requirements. It is also of significance that the ultimate outcome of the process receives the buy-in

and support from all interested stakeholders. We appeal to stakeholders to ensure cooperation and assist us in making informed decisions that are of great benefit to everyone. We thank all licensees and stakeholders for supporting us and taking part in our processes as we gear ourselves towards auctioning the much-needed spectrum.

Mobile broadband services

The Authority has made great strides in addressing the high costs of communications in South Africa. This relates more particularly to mobile data services. The release of high-demand spectrum is key to expanding broadband services, especially 5G, in South Africa's most industrialised economy, where the high cost of telecommunications is a barrier to doing business.

It is worth noting that data costs have actually come down over the years following an outcry by civil society and our continued interventions. However, mobile operators still argue that costs could drop further and significantly once ICASA auctions the much-needed spectrum.

We are currently conducting a mobile services market inquiry and have since received comments and representations on our Discussion Document from licensees and tower companies. The next process will be to conduct public hearings that will be followed by the findings document. Depending on the findings, we may publish the draft and final regulations following consultation with all relevant stakeholders.

Broadcasting services

The Authority commenced a pre-registration process in respect of applications for Class Community Sound Broadcasting Service Licences and Radio Frequency Spectrum for purposes of providing community sound broadcasting services in November 2019.

The pre-registration process follows, among others, the lifting of the moratorium in respect of applications for both class community sound broadcasting service licences and radio frequency spectrum licenses for purposes of providing a community sound broadcasting services and the finalisation of the Community Broadcasting Services Regulations. The pre-registration notice contained a list of all available frequencies in each district and local municipality that are due for licensing. This is premised on the fact that ICASA supports and holds in high regard, the critical role that the community broadcasting sector plays in promoting social cohesion, fostering diversity and uplifting or empowering our multicultural communities. This was an important milestone for the Authority and the communities at large, especially after a number of community radio stations were shut down due to their broadcasting without valid broadcasting service licences. While ICASA appreciates and supports

the critical role that the community radio sector plays in imparting knowledge to its constituencies, promoting social cohesion, fostering diversity and uplifting or empowering our communities. The Authority could neither promote nor allow illegal broadcasting and/or illegal use of the radio frequency spectrum.

It is for this reason that the closing down of any of those community radio stations or any other licensees becomes a step that is taken as a last resort, mainly after repeated instances of non-compliance and repeated attempts on the side of the Authority to get the licensees to remedy the situation. ICASA has also published the Findings Document on Digital Sound Broadcasting (DSB) Services. The objective of licensing DSB services is to provide additional radio channels or pop-up channels under the DSB licensing framework. Furthermore, the introduction of DSB services is intended to bring about innovation and promote competition within the radio broadcast space.

Notably, the DSB service will not replace the current FM/AM broadcasting technology but rather supplementary; meaning that consumers will still be able to tune into their favourite radio stations using their analogue radio receivers.

We anticipate that the licensing in the DSB framework will be informed by the capacity available on the multiplexer. The Authority will be developing the draft DSB Regulations for the introduction of digital radio broadcasting services for public comments in due course.

The Authority may also consider the DSB Policy Directive that was published by the Minister of the Department of Communications and Digital Technologies (DCDT). DSB services will be complementary to the current analogue FM/AM services as contemplated in the DSB Policy Directive from DCDT.

The licensing approach for DSB will be determined by the outcomes of the final regulations, which are yet to undergo a public consultation process. However, in its consideration, the Authority catered for the three tiers of broadcasting (public, commercial and community) as provided for in the current licensing framework, which is technology neutral.

Postal services

The postal and courier services remain essential for the country's economic and social development, even though they represent traditional means of communications, even in today's information society, where new communication technologies keep emerging; and the developments relating to the paradigm shift brought about by the 4IR. ICASA will continue to review postal services regulations and align them with

new developments. It will also bring awareness to the role of the post in the everyday lives of people and businesses, as well as its contribution to global social and economic development. Through identification and review of legislative gaps on the postal sector, there is an emphasis for the postal sector, in particular the South African Post Office, to ensure that postal outlets offer connectivity through Internet services.

Consumer protection

The Authority is mandated to promote consumer rights as well as ensure universal service and access within the ICT sector. The Authority continues to protect consumers of postal, broadcasting and telecommunication services from unfair retail practices through public education and awareness campaigns and a complaints handling system.

The needs of persons with disabilities in the provision of ICT services are a special priority as we review the Code of Conduct in that regard. It is really concerning that the Authority still receives complaints relating to incorrect billing, poor network coverage and lack of accountability by the network providers. It means consumers continue to bear the brunt of unfair business practices.

Our regulations are very clear on complaints-handling and network operators must also come to the party and put the interests of consumers forward as opposed to commercial interests because without consumers, there is no business.

Over 90% of these complaints have been resolved and we further urge network providers and licensees to conduct their businesses in a fair and appropriate manner and ensure their quick resolution of complaints when they are lodged with them.

the ICASA Code on Persons with Disabilities, which sets out basic standards for broadcasting service licensees, electronic communications service and electronic communications network service licensees and postal services with regard to the provision of services and products for the disabilities sector are currently under review.

The Code applies to all licensees who are licensed in terms of Chapter 3 of the Electronic Communications Act (ECA), and stipulates that such licensees must report to ICASA on an annual basis on the progress of implementation of the regulations. It is our intention to ensure universal access to communications services for all and we cannot leave the disability sector behind.

As we review the regulations, we continue to urge licensees and civil society organisation to fully participate in our processes so that we are able to make informed decisions that are indeed in the public interest.

Conclusion

ICASA is an administrative body where consultation is key and provided for in the legislation. Our decisions are based and must consider stakeholders' views. It is, therefore, disheartening that those that participate in our processes are mainly licensees, particularly in the telecommunications and broadcasting sectors. I would be pleased to see more civil society organisations, community-based organisations, interest groups, non-government organisations, non-profit organisations and communities at large, participate in our regulation-making processes. This will help us in our deliberations, debates and decision-making as Council to have a holistic view of matters from different perspectives. I urge all these stakeholders to take a stand and respond to calls for written submissions whenever we engage in a regulatory process.

Finally, I would like to thank the Minister of Communications and Digital Technologies, Ms Stella Ndabeni-Abrahams, for her continued support and guidance throughout the financial year. Special gratitude goes to all Councillors who engage in rigorous debates to ensure that the interests of South Africans are indeed put forward. Thanks must also go to the CEO and his management team for their intellectual guidance and continued support of Council; and most importantly our internal stakeholders (staff) for doing the actual ground work. Without them, Council would not operate and we owe this year's achievement and overall performance to them. *Ka nnete, kgetse ya tsie e kgonwa ka go tshwaraganelwa* – working together, we can do more and, of course, move South Africa forward.

Condolences

Special tribute to former Councillor Botlennyana Mokhele, who passed away in September 2020. She dedicated her entire adult life to the communications sector, and championed vital regulatory interventions during her tenure as a member of Council from 2016-2020. These include but not limited to the Subscription Broadcasting Services Regulations and the Review of the End User and Subscriber Services Charter Regulations, which brought much-needed relief to consumers around data expiry and consumer education enforcements. May the soul of this finest daughter of Sharpeville rest in eternal peace.

Ke leboga go menagane!!!



Dr Keabetswe Modimoeng
Chairperson

The 2019/20FY marks the end of our five- (5) year strategic planning cycle, which started at the beginning of the 2015/16FY. It is therefore critical to reflect on our performance and achievements against the five-year strategic plan. We are proud of the fact that the organisation has seen a cumulative increase in performance from a baseline of 29% performance in 2014/15FY to an impressive 86.8% in the 2019/20FY.

This was achieved notwithstanding significant reductions in the organisation's budgetary allocations over the same period, the imposition of a moratorium of filling of vacancies as well as other resource constraints.

I am, therefore, pleased once more to present the performance information of the Authority, which outlines our overall performance and achievements for the 2019/2020FY.

Facilitating investment for sustainable socio-economic development

A critical achievement in the year under review was the commencement of the process for the licensing of high-demand spectrum and the wireless open access network ("WOAN") following the publication of the Policy on High Demand Spectrum and Policy Direction on the Licensing of a Wireless Open Access Network (the Policy Direction) by the Minister of Communications and Digital Technologies on 26 July 2019.

The licensing process commenced with the Authority's publication of the Information Memorandum for the RFS in the bands: IMT700, IMT800, IMT2300, IMT2600 and IMT3500 on 1 November 2019 ("the IM").

The purpose of the IM was to provide an outline of the Authority's approach on the licensing of the spectrum for both the industry and the WOAN. In excess of fifty (50) representations were received on the IM by the closing date of 31 January 2020. The process is ongoing and will be completed in the 2020/21FY.

The release and/or licensing of IMT spectrum remains necessary to promote investment in the broadband infrastructure in order to fuel the digital economy, encourage the transformation of the ICT sector and enable the delivery of high-quality data services at affordable prices.

Furthermore, as part of its mandate to foster social cohesion and advance pluralism in the broadcasting sector, the Authority issued an invitation to pre-register for the licensing of community sound broadcasting services on 12 November 2019. The issuing of the invitation to pre-register marked the commencement of the process to license community sound broadcasting



services following the lifting of the moratorium, which has been in place since 2015. The Authority will conclude this licensing process in the 2020/21FY.

Facilitating universal access to communication services

One of the critical mandates of ICASA is the market and economic regulation of all the sub-sectors in terms of the empowering legislation.

The reduction of the cost to communicate (particularly data costs) remains a matter of significant public interest. During the year under review, the Authority published a Discussion Document on Inquiry into the Mobile Broadband Services Market. The discussion document, which is informed by information and data received from licensees, sets out the Authority's preliminary views on the definition of relevant mobile broadband services markets and the effectiveness of competition within these relevant markets. It further identifies licensees that may have significant market power in the identified markets; and proposed pro-competitive remedies to address competition concerns.

The process to promulgate regulations in this regard will be completed in the 2020/21FY. It should be noted that this inquiry follows the conclusion of the Priority Markets Study and the amendments to the End-User and Subscriber Service Charter Regulations during the 2018/19FY.

The Authority produced South Africa's State of ICT Sector Report for the period ending 30 September 2019. The Report was released on 31 March 2020. The report indicates that South Africa's ICT sector remained resilient even during the period of economic stagnation, with the overall sector's revenue showing an increase of 4%,

from R229 billion in 2018 to R238 billion in 2019 (the telecoms sector makes up the majority of the revenue gains). According to the report, mobile subscriptions and internet penetration and other related services continue to grow while South Africa's fibre network and data centre markets are expanding rapidly.

Promoting social integration, inclusivity and nation building

In line with our plans to release the much-needed radio frequency spectrum, the Authority was able to publish the revised IMT Roadmap as well as four (4) Radio Frequency Spectrum Assignment Plans for various spectrum bands.

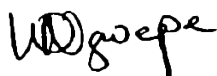
A key part of the Authority's consumer protection mandate is the promotion of interests of consumers with regards to access to a variety of good quality of electronic communications services. To this end, the Authority undertook quality of service monitoring/measurements across all the nine (9) provinces. In this regard, we managed to conclude and publish six (6) Quality of Service (QoS) reports for voice telephony and two (2) QoS reports for data services during the year in review.

Our regional footprint now reaches all the nine (9) provinces and these regional offices are mainly responsible for enforcement and resolution of interference cases that inhibit communications service across the country. In the year in review, I am proud to announce that up to 98% of reported interference cases were cleared across the country. In addition, our regional offices provide communications support for all

Conclusion

It is commendable that the performance of the organisation has stabilised over the five-year strategic planning period. I wish to thank the Council of the Authority for its guidance and leadership, the Executive Management team for driving the performance required to achieve the objectives met and Team ICASA for a job well done. Sincere gratitude to both policymakers and legislature for the policy coordination and oversight in the execution of the organisation's 2015/16FY to 2019/20 strategic plan. I would also like to extend my appreciation to our licensees and other industry players for their collaboration, which has translated into stability, growth and sustainability in the telecommunications, broadcasting and postal services sector.

As we commence the first financial year of the new strategic planning period (spanning the 2020/21FY to 2024/2025FY), we are aware of the mammoth challenge that lies ahead. Notwithstanding the extremely challenging external environment and resource constraints, we are determined to maintain and exceed the performance record set in the previous performance period in the execution of our mandate – informed by the Authority's stated impact statement of ensuring "access for all South Africans to a variety of safe, affordable and reliable communications services for inclusive economic growth".



Wellington A Ngwepe
CEO

NatJoints events to ensure seamless and interference-free communications and we were able to execute 100% of the NatJoints instructions received.

As part of our enforcement mandate, the regional offices had to enforce the closure of over 20 community radio stations across the country for non-compliance as they did not possess the required broadcasting licences to operate as community radio stations. In terms of section 7 of the Electronic Communications Act No. 36 of 2005 (the ECA), it is unlawful for any person to provide (or operate) a broadcasting service without a licence.

Inspiring consumer and general stakeholder confidence

The Compliance and Consumer Affairs Division is charged with the responsibility of ensuring that consumers are protected from unfair business practices and that consumer complaints are timeously resolved. The Division also provides administrative support to the Consumer Advisory Panel, a panel established in terms of section 71 of the ECA to advise Council on consumer-related matters.

The Authority continues – without fail – to ensure that all political parties are treated fairly and equitably in respect of the broadcasting coverage for elections. As regards the execution of its compliance monitoring mandate and of primary significance in the year under review, the Authority released the final report on the broadcasters' coverage of the 2019 National Elections in terms of the National and Provincial Party Election Broadcasts and Political Advertisements Amendment Regulations, 2019.

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of our knowledge and belief, we confirm the following:

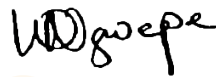
All information and amounts disclosed in the annual report are consistent with the annual financial statements as audited by the Auditor-General. The annual report is complete, accurate and free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury. The Annual Financial Statements (Section F) have been prepared in accordance with the standards applicable to ICASA.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information. The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of ICASA for the financial year, that ended on 31 March 2020.



Dr Keabetswe Modimoeng
Chairperson



Willington A Ngwepe
CEO

Our vision

An inclusive digital society.

Our mission

To ensure that all South Africans have access to a wide range of high-quality communication services at affordable prices.

Our values

Values are the essence from which companies extract inspiration when crafting strategies. These are concepts that are entrenched in the fabric of every organisation and by which they are judged. All ICASA's regulatory activities are centred on five core values, which are innovation, collaboration, accountability, results-driven and stakeholder-centric.



ICASA or 'the Authority' falls under Schedule 1 of the Public Finance Management Act No. 1 of 1999 (PFMA). ICASA's mandate is set out in the Independent Communications Authority of South Africa Act, Act No. 13 of 2000, (ICASA Act), Electronic Communications Act, Act No. 35 of 2005, as amended (the EC Act), the Postal Services Act No. 24 of 1998 (the Postal Services Act) and the Broadcasting Act, Act No. 4 of 1999 (the Broadcasting Act), for the regulation of electronic communications, broadcasting and the postal services in the public interest. The legislation empowers ICASA to grant licences, monitor compliance with licence terms and conditions, develop regulations, plan and manage the radio frequency spectrum and protect consumers.

The Constitution of the Republic of South Africa

- The Constitution of the Republic of South Africa (RSA) mandates Parliament to establish an independent regulatory institution to regulate broadcasting in the public interest and to ensure fairness and a diversity of views broadly representing South African society (S 192).

The Independent Communications Authority of South Africa Act No. 13 of 2000, as amended

The Act establishes ICASA as an institution and provides that it must:

- Perform its functions through Council as contemplated in Section 5.
- Be independent and be subject only to the Constitution and the law.
- Be impartial and perform its functions without fear or favour.
- Act in a manner that is consistent with the obligations of the Republic under any applicable international agreement, according to Section 231 of the Constitution.
- Conclude concurrent jurisdiction agreements with any regulator in respect of areas of regulatory overlaps.

The Broadcasting Act No. 4 of 1999

- The Act clarifies the powers of the Minister and ICASA, respectively, and provides for the regulation of broadcasting activities in the public interest.

The Electronic Communications Act, No. 36 of 2005, as amended

- The ECA provides the legal framework for convergence of the telecommunications, broadcasting and information technology services. More importantly, it also sets out ICASA's detailed powers for regulation of the electronic communications and broadcasting sectors.
- ICASA has concurrent regulatory oversight/jurisdiction with the Competition Commission on competition matters in terms of Chapter 10 of the ECA read with 4B(8)(b) of the ICASA Act.

The Postal Services Act, No. 124 of 1998

The Postal Services Act requires the Authority to license and monitor SAPO in relation to minimum service standards and the fulfilment of universal service obligations, including the roll out of street addresses and the provision of retail postal services in underserved areas.

The Promotion of Administration Justice Act, No. 3 of 2000

PAJA gives effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action, as contemplated in Section 33 of the Constitution.

Department of Communications

The DoC policy framework is embedded within and aligned to broader government priorities and policy, as promulgated. The Authority believes its strategic objectives will contribute directly to the DoC's outcomes, relating specifically to Outcome 12 and Outcome 14.

Outcome 12: providing an efficient, effective and development-oriented public service

Outcome 12 contemplates that information technology is an important tool for advancing service delivery. It can be used to make services more accessible, reduce the cost of accessing services, streamline administrative processes and improve turnaround times, thus strengthening administrative accountability and responsiveness.

It is the aim of government to identify those areas of IT that have the greatest potential to improve access to services.


Outcome 14: providing a diverse, socially cohesive society with a common national identity

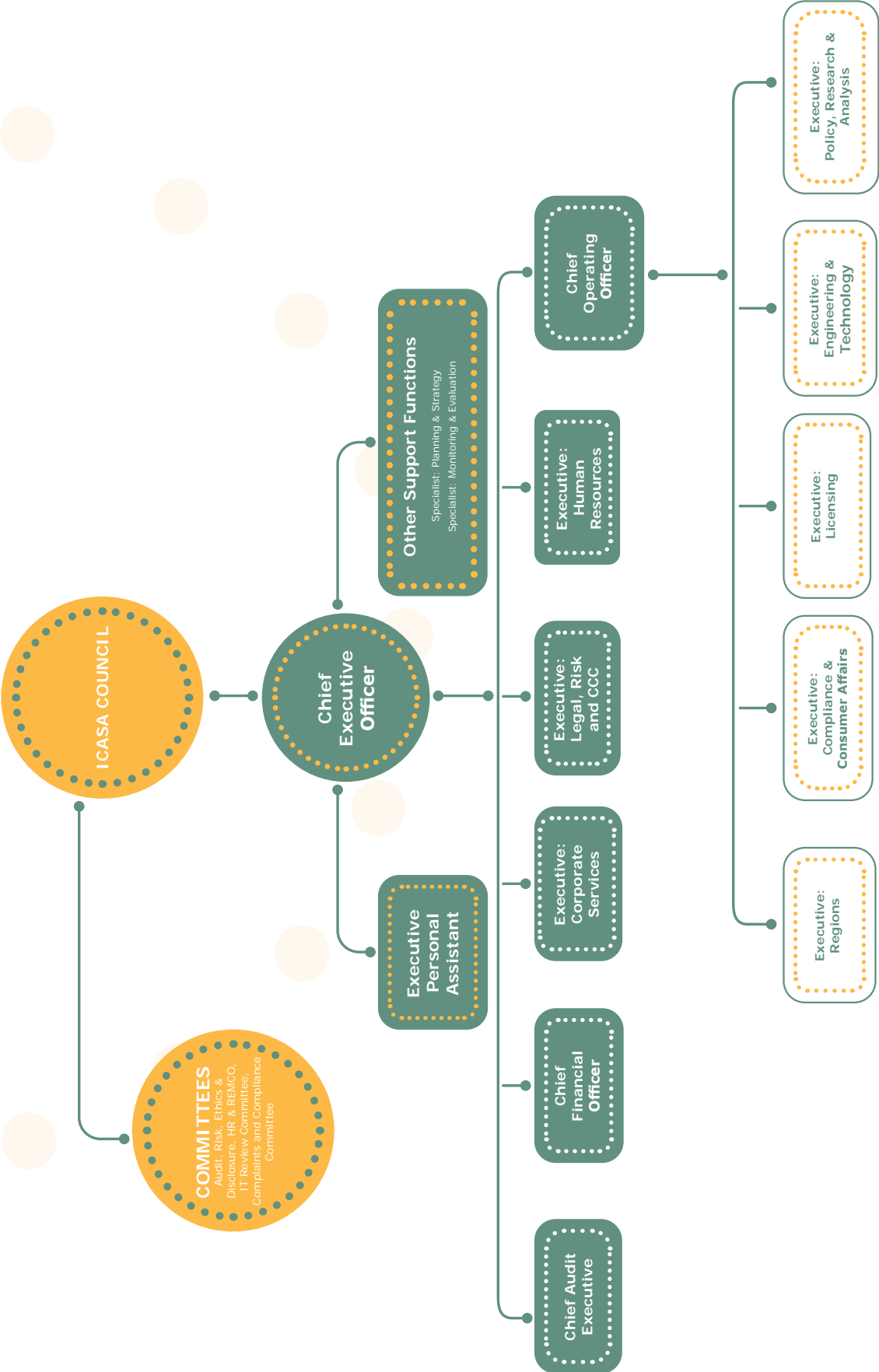
Outcome 14 contemplates that sharing of common space across race and class will be enabled through instituting community dialogues. This will be promoted by the narrative that facilitates healing, social cohesion, nation building, dialogue and trust. This will require that the use of currently marginalised languages be increased. Furthermore, the broadcast media, especially the national broadcaster, will be encouraged to air

programmes that popularise narratives and visions of a non-sexist, non-racial, equal and democratic South Africa. The Authority will promote social cohesion through the licensing of regional and local broadcast media and the promotion of the broadcast of local content.

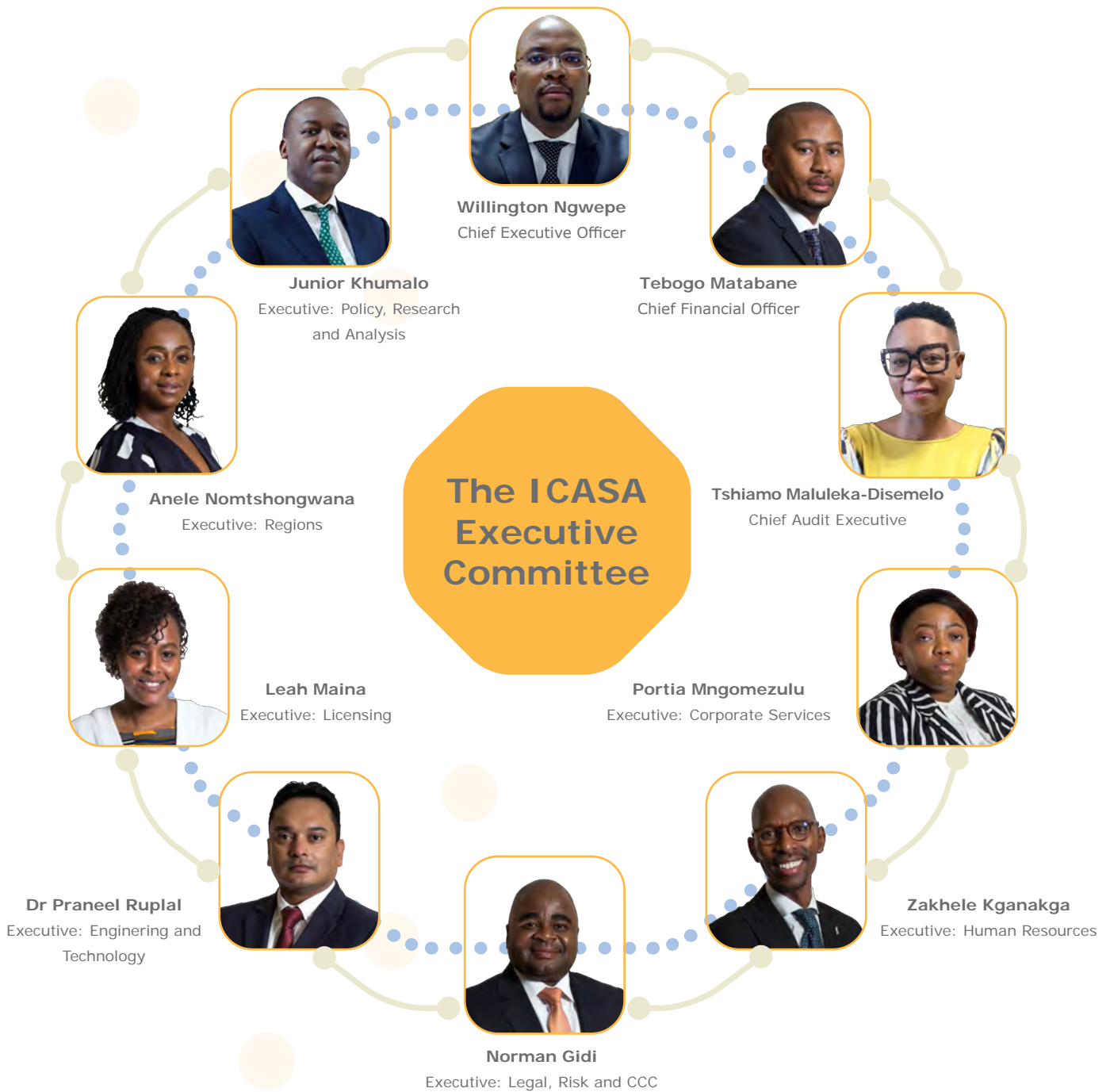
The Department of Telecommunications and Postal Services policy framework

The Department of Telecommunications and Postal Services (DTPS) policy framework is embedded within and aligned to broader government priorities and policy, as promulgated. The Authority's strategic objectives contribute to the DTPS outcomes, relating specifically to Outcome 6, namely an efficient, competitive and responsive economic infrastructure network.









SECTION B

PERFORMANCE INFORMATION



SECTION B | Performance Information

Overall Performance

Strategic Outcome-Oriented Goals

The Authority's Strategic Outcomes-Oriented Goals (SOOGs) were drawn from the Estimates of National Expenditure (ENE) publication when the Strategic Plan 2015/16 – 2019/20FY was developed and they remained the long-term strategic direction under which the Annual Performance Plan 2019/20 was developed and implemented:

SOOG 1:

To facilitate investment in broadband infrastructure and license broadband spectrum for sustainable socio-economic development;

SOOG 2:

To promote competition and facilitate universal access to communication services at an affordable cost;

SOOG 3:

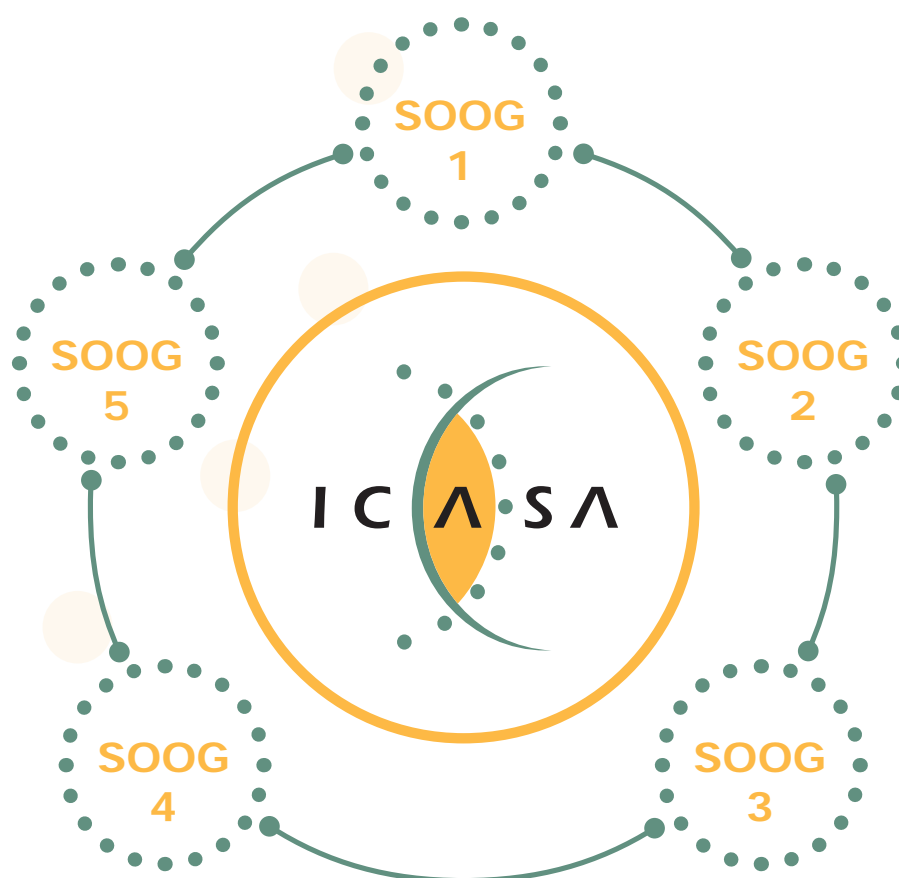
To promote social integration, inclusivity and nation building;

SOOG 4:

To establish and position ICASA as a credible and independent regulator that inspires the confidence of consumers and other stakeholders; and,

SOOG 5:

To enhance ICASA's capacity to fulfil its mandate through improved organisational efficiency.



Overview of the Service Delivery Environment for 2019/20

Financial year 2019/20 marks the end of the Medium-Term Strategic Framework 2015-2019 in terms of the government's medium-term planning cycle. The Authority began the year in an ICT sector environment whose contribution to the national GDP stood at three percent (3%) when measured against 2017 prices. The telecommunications subsector accounted for nearly two-thirds of the contribution at one point nine percent (1.9%).

Total revenue from broadcasting, telecommunications and postal subsectors stood at just above R187 billion. The three sub-sectors' total employment figures, in terms of direct jobs, stood at fifty-thousand (50 000) jobs. The investment spent by electronic communications licensees on infrastructure stood at R28 billion when measured against 2016 prices.

Based on South Africa's *General Household Survey (GHS) for 2014-2016*, consumers of communications services had varying degrees of access to a number of services. According to the survey, three point five percent (3.5%) of households did not have access to either a fixed-line or mobile phone. Conversely, the proportion of households with access to or who use only cellphones increased from eighty five point five percent (85.5%) in 2015 to eighty nine point five percent (89.5%) in 2018. The figure shows an increase in penetration by mobile phones at the expense of fixed line phones. Internet access anywhere (workplace, home, place of study and Internet café) sat at 59.3%.

A number of factors were impacting the performance environment in diverse ways, as indicated by the PESTLE analysis below formulated as part of the Annual Performance Plan for the year under review.

Table 1: PESTLE Analysis

	Factor	How ICASA will address it (or mitigate its impact where necessary)
Political	<ul style="list-style-type: none"> The merger of the Ministries of Communications and Telecommunications and Postal Services may have implications for ICASA. Rationalisation of the entities under the Department of Communications and DTPS. 	<ul style="list-style-type: none"> ICASA should embrace the merger in the context of convergence. A careful look at our current resources, skills, commitments and refinement of our mandates and organisational redesign as guided by the rationalisation process must be undertaken.
Economic	<ul style="list-style-type: none"> Regulatory uncertainty leading to investment. Low Economic growth rate/economic regression (VAT increase, fuel price fluctuations, affordability concerns, licensees battling to meet their obligations) and trade wars (USA & China) will have an adverse impact on the country's economy. Ineffective funding model. 	<ul style="list-style-type: none"> Develop regulations (and take regulatory decisions) that will: <ul style="list-style-type: none"> • Improve investor confidence. • Incentivise investment in ICTs. • Implement measures to reduce regulatory burden where appropriate. • Reduce barriers to market entry. • Continue advocating for an alternative funding model.

	Factor	How ICASA will address it (or mitigate its impact where necessary)
Social	Social inequalities leading to digital divide.	<ul style="list-style-type: none"> • Implement measures to promote/ facilitate universal service and access. • Reduce costs to communicate (continue to address concerns relating to data costs). • Facilitate and promote innovative approaches for provision of free data at community centres and institutions of learning. • Promulgate regulations on provision of services to people with disabilities.
	Concerns over high rates and charges levied by service providers for data services.	<ul style="list-style-type: none"> • Complete the data services market review (process in terms of chapter 10 of the ECA). • Implement transparency rules and obligations to protect consumers. • Bench-mark study on data costs to inform any regulatory intervention. • Collaborate with the Competition Commission's (as regards Market Inquiry into Data Services and other initiatives).
	Increased citizen activism and participation; Low consumer awareness.	<ul style="list-style-type: none"> • Increase targeted consumer education. • Promote digital literacy. • Implementation of CAP Regulations. • Increased collaboration with the National Consumer Commission.
	Cultural and language barriers to accessing ICT.	<ul style="list-style-type: none"> • Promote community radio stations. • Enforce local content regulations.
Technological	4th Industrial Revolution will impact on market structure (slow pace or regulation in the face of changing technology); Lagging technological advances.	<ul style="list-style-type: none"> • Strengthen research and development capabilities. • Continue engagement at ITU and other international bodies.
	Emergence of 5G.	<ul style="list-style-type: none"> • Licensing of additional broadband spectrum. • Promote opportunistic and dynamic spectrum management. • Prioritise regulatory frameworks required for deployment of 5G technologies.
	No regulations currently address net neutrality.	Research study on network neutrality to inform policy recommendations to the Minister on how to address net neutrality.
	Impact of OTT.	Research study on OTTs and their implications for SA's ICT sector.

	Factor	How ICASA will address it (or mitigate its impact where necessary)
Legal	Highly litigious environment.	<ul style="list-style-type: none"> • Compliance with legislation and regulatory requirements. • Transparent regulatory processes.
	Electronic Communications Amendment Bill and new Broadcasting Policy.	<ul style="list-style-type: none"> • Clarity of mandate in respect of all regulatory interventions undertaken. • Proactively review implications of bill and policy and put measures in place to implement.
	POPIA and PAIA.	<ul style="list-style-type: none"> • Actively participate in the legislative and policy making processes. • Implement compliance measures for protection of information and or data.
	Non-alignment between various legislation in respect of ICASA's mandate (especially about cybersecurity and empowerment).	<ul style="list-style-type: none"> • Seek harmonisation of the relevant legislation.
Environmental		<ul style="list-style-type: none"> • Lobby against dumping. • Research and development in regulating industry for a Green Economy. • Adherence to King IV requirement of organisation regarding the triple context of Economy, Society and Environment in Integrated Reporting.

As the regulator of the ICT sector, the Authority sets a regulatory tone for the sector, which opens it to influence and expectations from a myriad of stakeholders nationally and internationally. In the main, at a national level, government's influence on the strategic direction of the Authority is premised on the alignment of the Authority's strategic direction with the government's sustained policy and change agendas.

In line with applicable statutory prescripts, the government also continued to expect transparency, accountability and good corporate governance from the Authority. Consumers of communication services expected a regulatory regime that responds to their needs. Internationally, the Authority was expected to lead South Africa's participation in international regulatory forums and standards-setting bodies. There was also an expectation of cooperation with other regulatory authorities, particularly in the Africa region.

Overview of organisational environment for 2019/20

An analysis of the Authority's internal environment revealed a number of strengths, weaknesses, opportunities and threats that needed to be considered in formulating the Annual Performance Plan (APP) for the year under review as reflected in Table 2 below.

Table 2: SWOT Analysis

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • An operating model premised on Council Committees (cross-pollination of ideas and skills). • Independence of the regulator. • Clear constitutional and legislative mandates underpinned by the enabling legislation. • Qualified, skilled and experienced staff. • Effective stakeholder engagement (for example, MoUs and affiliations with international organisations). 	<ul style="list-style-type: none"> • Close the digital divide. • Leverage membership of regional and international platforms. • Decentralisation of services (through regional offices) with enhanced capacity to service consumers. • Exercise and leverage on constitutional and legislative independence. • Automation of processes and integration of internal systems. • Facilitate infrastructure deployment. • Enhance corporate image. • Collaborate with knowledge producers such as universities and research institutes entities such as SAMSA. • Consolidated reporting lines (merger of Ministry of DoC with DTSP). • Introduction of new services.
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Outdated, inefficient and manual operating systems. • Unclear succession planning, poor retention strategies, delays in filling posts. • Lack of streamlined processes and protracted timeframes in decision-making. • Not leveraging adequately on Regional footprint. • Lack of effective tools of trade (outdated QoS equipment, laptops). • Lack of knowledge management (e.g., records management). • Lack of ethics (breach of confidentiality). 	<ul style="list-style-type: none"> • Rapid technological advancements (and ICASA's inability to keep up with technological trends). • Uncertain policy environment. • Loss of critical human resources skills to industry. • Lack of/poor communication (internal and external). • Budget cuts and suboptimal funding provisions. • SA is the transit/destination for grey/obsolete equipment. • Litigations against ICASA's decisions.

Employees expected the Authority to up its ante in terms of adequate resourcing for them to execute their work efficiently and effectively, respecting workers' rights, creating an ergonomic environment for productivity and implementing best practice HRM policies.

The Authority also began the year with an organisational structure based on the 2014/15 restructuring. The Authority staff headcount stood at three hundred and sixty-two (362) employees, with an intake of eighteen (18) graduates in its Graduate Development Programme. The vacancy rate was at 3.1%, which was a reduction of 6.9% from the 2018/19FY's 10% figure.

Key developments and legislative changes

The key policy development during the 2019-20FY was the promulgation of the Policy on High Demand Spectrum and Policy Direction on the Licensing of a Wireless Open Access Network ("2019 Policy Direction"), which was published on 26 July 2019. The 2019 Policy Direction seeks to achieve the following:

- Encourage service-based competition in the ict sector through the licensing of an individual electronic communications network service licensee for the purposes of providing Wireless Open Access Network ("WOAN").
- Enable effective participation by new entrants in the ict sector.
- Develop and promote SMMEs.
- Promote empowerment of historically disadvantaged individuals.
- Maximise efficient use of radio frequency spectrum (including technical considerations such as carrier aggregation).
- Encourage investment, including strategic infrastructure investment, with predictability and innovation in the communications sector.
- Encourage and promote universal broadband coverage, with focus in rural and underserved areas.

The 2019 Policy Direction directs the Authority to assign high-demand spectrum to the WOAN and the 'remaining' high-demand spectrum to other electronic communications network service licensees. It identifies the WOAN as "an important policy instrument to lower barriers to entry for smaller players, improve the ownership of the ICT sector by historically disadvantaged individuals and to promote service-based competition".

More importantly, the 2019 Policy Direction states that to the extent that there are differences between it and the National Integrated ICT White Paper, 2016 on the assignment of high demand spectrum, the 2019 Policy Direction shall prevail.

Programme Performance

The work of the Authority was organised under six programmes to achieve several strategic objectives aligned to its SOOGs:

- Programme 1: Administration**
- Programme 2: Licensing**
- Programme 3: Policy, Research and Analysis**
- Programme 4: Engineering and Technology**
- Programme 5: Regions**
- Programme 6: Compliance and Consumer Affairs**

Annual Performance

The Programmes aimed to achieve either singular or multiple strategic objectives in the execution of their work activities. In absolute numbers, the Authority set thirty-eight (38) targets for the 2019/20FY. Thirty-three (33) of the targets were achieved and five (5) were not achieved. The thirty-three (33) targets achieved constitute eighty-six-point-eight percent (86.8%) annual achievement as summarily outlined in Figure 1 below.

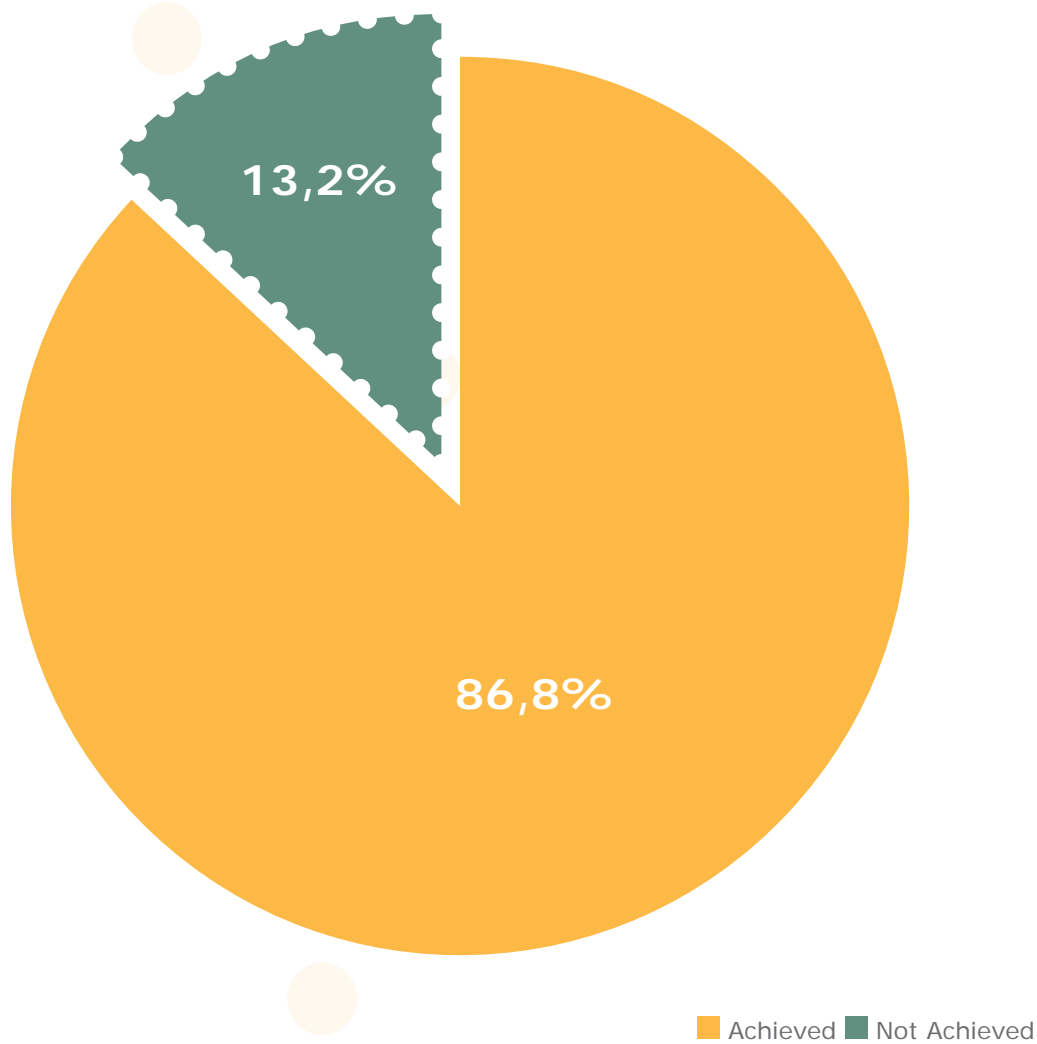


Figure 1: 2019/20FY Annual Performance

Table 3 below presents the breakdown of performance by each Programme. Only two Programmes did not meet all their annual targets. Reasons for their partial performance are articulated in the latter sections of the report.

Table 3: Annual Performance by Programme

Programme	Achieved	Not achieved	Planned	Percentage
Programme 1: Administration				
Corporate Services	2	0	2	100%
Finance	1	0	1	100%
Human Resources	1	1	2	50%
Internal Audit	1	0	1	100%
Legal, Risk & CCC	4	0	4	100%
Programme 2: Licensing				
Licensing	7	0	7	100%
Programme 3: Policy, Research and Analysis				
Policy, Research and Analysis	6	4	10	60%
Programme 4: Engineering & Technology				
Engineering & Technology	6	0	6	100%
Programme 5: Regions				
Regions	2	0	2	100%
Programme 6: Compliance and Consumer Affairs				
Compliance and Consumer Affairs	3	0	3	100%
Overall performance	33	5	38	86.8%

Programme 1: Administration

Administration is made up of five sub-programmes, namely: Corporate Services, Finance, Human Resources, Internal Audit, Legal Risk and Complaints & Compliance Committee.

Purpose: The Programme provides coordinated strategic leadership, management and support to the Authority to deliver on its mandate.

Strategic objectives: To improve organisational performance by 20 percentage points by 2019/20, through different interventions in the Corporate Services, Finance, Human Resources, Internal Audit and the Legal, Risk & Complaints and Compliance Committee Sub-programmes.

Sub-programme: Corporate Services

The purpose of the sub-programme is to provide corporate support services to the Authority through communications, information technology and facilities, security and administration of high quality.

Strategic objectives

Strategic Objective	Improve organisational performance
Objective Statement	To improve organisational performance from 29% by 20 percentage points 2019/20
Baseline	74,5%

Sub-strategic objective	Audited/Actual Performance				Actual Performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Increase ICASA's satisfaction rating		20%	30%	40% satisfaction rating	72%
Increase ICASA's affiliations to international fora	3	5	6	Annual membership to 6 international fora	6

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Percentage of satisfied stakeholders		20% satisfaction rating	30% satisfaction rating	40% satisfaction rating	60%	72%	+12%	Increased visibility of the ICASA brand. Increased rate of service provided to ICASA by stakeholders.
Number of affiliations to international fora	Annual membership to 3 international fora	Annual membership to 5 international fora	Annual membership to 6 international fora	Annual membership to 6 international fora	6	6	0	

In the year under review, the sub-programme assessed the stakeholders' satisfaction rating with the Authority (and services offered) and the satisfaction rate was found to have increased from forty percent (40%) to seventy-two percent (72%).

The sub-programme also managed to maintain the affiliation of the Authority with six (6) international bodies namely:

- ITU
- CRASA
- ATU
- IIC
- WWRF
- OECD

Sub-programme: Finance

The purpose of the programme is to provide efficient and effective support services to the Authority from a finance perspective through implementation of sound financial management and ensuring compliance with all applicable legislation and policies.

Strategic objectives

Strategic Objective	Improve organisational performance
Objective Statement	To improve organisational performance from 29% by 20 percentage points 2019/20
Baseline	74,5%

Sub-strategic objective	Audited/actual performance				Actual performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Improve the organisation's audit opinion	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Audit opinion	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	No variance	

The sub-programme managed to ensure that the Authority sustained an unqualified audit opinion, which was achieved during the second quarter of the year under review.

Sub-programme: Human Resources

The purpose of the sub-programme is to ensure that the Authority can plan for required human resources, recruit the right talent in the right positions at the right time, continuously develop the talent to maintain the required levels of competence and create a conducive environment that enables employee engagement and a high-performance culture.

Strategic objectives

Strategic Objective	Improve organisational performance
Objective Statement	To improve organisational performance from 29% by 20 percentage points 2019/20
Baseline	74,5%

Sub-strategic objective	Audited/Actual Performance				Actual Performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Reduce staff vacancies	10.3%	9%	7%	2.5%	3.7%
Review of organisational structure				Final organisational structure approved by the Council	

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Percentage of staff vacancies	10.3%	Reduction of vacancy rate to 9%	Reduction of vacancy rate to 7%	2.5%	7%	3.7%	3.3%	Given the current moratorium on recruitment, the HR division was still able to fill vacancies that were identified as critical positions for ICASA, which were approved by the CEO for recruitment and this led to the overachievement in terms of the number of vacancies filled within the Authority.
Approved Organisational Structure					Implementation of approved structure phase 3		Implementation of approved structure phase 3	Funding for job evaluation and grading was cut from the 2019/20FY budget, therefore, unable to evaluate jobs.

The sub-programme managed to reduce staff vacancy rate from 7% to 3.7%. The sub-programme could not implement phase three (3) of the approved organisational structure following the cutting of funding by National Treasury. The funding was earmarked for job evaluation and grading.

Sub-programme: Internal Audit

The purpose of the sub-programme is to provide assurance to management by evaluating the adequacy and effectiveness of risk management, internal controls and governance processes. The sub-programme reports through the AREDC to Council of the Authority.

Strategic objectives

Strategic Objective	Improve organisational performance
Objective Statement	To improve organisational performance from 29% by 20 percentage points 2019/20
Baseline	74,5%

Sub-strategic objective	Audited/Actual Performance				Actual Performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Conduct combined assurance	0	3	4	4	4

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Number of combined assurance reports	0	3	4	4	4	5	1	Efficient use of resources

The sub-programme produced five (5) combined assurance reports and overachieved on its target of four (4) combined assurance reports. The combined assurance reports assessed the Authority's effort on enhancement of internal controls, stemming of resources wastage, implementation of remedial actions as required to improve on the internal control environment.

Sub-programme: Legal, Risk and Complaints and Compliance Committee

The Legal, Risk and Complaints and Compliance Committee (CCC) primary role is to safeguard the Authority's interests and to ensure that all its actions and decisions are legally compliant with the Constitution, enabling legislation and other applicable laws. It is also to promote good governance through ensuring overall, effective risk management, including fraud risk management, regulatory compliance and business continuity to support the Authority to fulfil its legislative mandate and achieve its strategic objectives. The programme also supports the CCC in discharging its mandate as prescribed in terms of the Electronic Communications Act No. 36 of 2005 (the ECA) and the Independent Communications Authority of South Africa Act No. 13 of 2000 (the ICASA Act).

Strategic objectives

Strategic Objective	Improve organisational performance
Objective Statement	To improve organisational performance from 29% by 20 percentage points 2019/20
Baseline	74,5%

Sub-strategic objective	Audited/actual performance				Actual performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Improve risk maturity level of the organisation	Level 1	Level 1	Level 2	Level 2	Level 3
Improve compliance maturity level of the organisation			Level 1	Level 2	Level 2
Assess cases for adjudication by the Complaints and Compliance Committee (CCC) in accordance with the CCC handbook		60%	65%	100%	100%
Provide advice to Council Committees within SLA turnaround times		60%	70%	100%	85%

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Risk maturity level of the organisation	Level 1	Level 2	Level 2	Level 2	Level 2	Level 3	Level 1	Temporary human resources allocated.
Compliance maturity level of the organisation			Level 1	Level 2	Level 2	Level 2		
Percentage of cases assessed for adjudication by CCC in accordance with the CCC handbook		60%	82%	100%	80%	100%	20%	Increased capacity - The CCC business unit was provided with three assessors on a contract basis.
Percentage of advice provided to Council Committees within SLA turnaround times		60%	88%	100%	80%	85%	5%	Increased capacity - the Regulatory & Legislative Drafting business unit was provided with an additional specialist on a contract basis.

The Authority's risk level was assessed as Level 3 during 2019/20FY, which constituted an overachievement on the targeted Level 2. The Authority's compliance maturity level was assessed as Level 2 during 2019/20FY. The sub-programme assisted the Authority to maintain Level 2 compliance maturity level it attained in 2018/19FY.

The Authority adjudicates different types of cases that are brought to its CCC on a regular basis. The cases must be assessed before they are tabled at CCC. The sub-programme successfully assessed hundred percent (100%) of the cases that were referred to it for assessment and eighty-five percent (85%) of requests for legal advice by Council were successfully executed within the Service Level Agreement timelines.

Programme 2: Licensing

The purpose of the Programme is to issue, renew, amend and transfer broadcasting service licences, electronic communications service licences, electronic communications network service licences, postal service licences and spectrum licences; authorise use of numbering and other scarce resources; grant equipment type approval; authorise channels as well as licence exemptions for the purposes of socio-economic development and promotion of competition.

Strategic objectives

Strategic objective 1.1	Access to broadband spectrum
Objective statement	Increase access to broadband spectrum from 566MHz to 958MHz by 2019/20
Baseline	566MHz
Strategic objective 3.1	Foster creation of common national identity
Objective statement	To foster the creation of common national identity through necessary regulatory frameworks for ICT platforms by 2019/20
Baseline	Five (5) licences
Strategic objective 5.2	Improve organisational performance
Objective statement	To improve organisational performance from 29% by 20 percentage points by 2019/20
Baseline	74.5%



Sub-strategic objective	Audited/actual performance				Actual performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
To complete licensing processes for broadband (IMT) spectrum		25% (publication of the invitation to apply (ITA) for the first phase of International Mobile Telecommunications (IMT) licensing process)	50% (decision of the Council on the first phase of IMT licensing process)	75% (publication of a notice on the second phase of IMT licensing process)	100% (decision of Council on the second phase of IMT licensing process)
Percentage of the process for the licensing of Individual Electronic Communications Network Services					25% (publication of the notice on the process for the licensing an Individual Electronic Communications Network Services)
To complete licensing process for digital community television broadcasting services on MUX 1					25% (publication of the ITA for licensing of digital community television broadcasting services on MUX 1)
Percentage of the process to develop Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups completed		25% (Published Discussion Document on Equity Ownership by Historically Disadvantaged Groups)	50% (Public Hearings on representations submitted in response to the Discussion Document on Equity Ownership by Historically Disadvantaged Groups)	100% (Publication of position paper on Equity Ownership by Historically Disadvantaged Groups)	50% (Publication of Draft regulations on Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups)
Percentage of the process to review the Standard Terms and Conditions Regulations for Class Licences Completed					50% (publication of Draft amendment regulations on Standard Terms and Conditions for Class Licences)
Percentage of the process to review Processes and Procedures Regulations for Class Licences Completed					50% (publication of Draft amendment regulations on Processes and Procedures for Class Licences)
Complete process for the development of a conformity assessment framework for equipment authorisations		Regulatory Position Paper on the Equipment Type Approval Exemption		50% (stakeholder consultation on conformity assessment framework for equipment authorisations)	100% (conformity assessment framework for equipment authorisations developed)



Performance indicators

Key Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance (-/+)	Reason for Variance
Percentage of the process for licensing of broadband (IMT) spectrum completed		25% (publication of the invitation to apply (ITA) for the first phase of International Mobile Telecommunications "IMT" Licensing Process)	50% (decision of the Council on the first phase of IMT Licensing Process)	75% (publication of a notice on the second phase of IMT licensing process)	100% (decision of Council on the second phase of IMT licensing process)	100% (decision of Council on the second phase of IMT licensing process)		
Percentage of the process for the licensing of Individual Electronic Communications Network Services					25% (publication of the notice on the licensing of an Individual Electronic Communications Network Services)	25% (publication of the notice on the process for the licensing of an Individual Electronic Communications Network Services)		
Percentage of the process for licensing of digital community television broadcasting services on MUX 1 completed					25% (Publication of the ITA for licensing of digital community television broadcasting services on MUX 1)	25% (publication of the ITA for licensing of digital community television broadcasting services on MUX 1)		
Percentage of the process to develop Regulations on Limitation of Ownership and Control, and Equity Ownership by Historically Disadvantaged Groups completed				100% (Publication of position paper on Equity Ownership by Historically Disadvantaged Groups)	50% (Publication of Draft regulations on Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups)	50% (publication of Draft regulations on Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups)		
Percentage of the process to review the Standard Terms and Conditions Regulations for Class Licences completed					50% (Publication of Draft regulations on Standard Terms and Conditions for Class Licences)	50% (publication of Draft Regulations on Standard Terms and Conditions for Class Licences)		
Percentage of the process to review Processes and Procedures Regulations for Class Licences completed					50% (Publication of Draft amendment regulations on Processes and Procedures for Class Licences)	50% (Publication of Draft amendment regulations on Processes and Procedures for Class Licences)		
Percentage of the process to develop a conformity assessment framework for equipment authorisations completed				50% (stakeholder consultation on conformity assessment framework for equipment authorisations)	100% (conformity assessment framework for equipment authorisations developed)	100% (conformity assessment framework for equipment authorisations developed)		

The Programme began a process to license broadband IMT spectrum at the beginning of the MTSF 2015-2020, in order to ensure access to radio frequency spectrum to facilitate universal provision of broadband services. The process was planned to be executed in two phases. Phase one, which constituted fifty-percent (50%) of the entire process was completed in 2017/18FY with a Council decision to continue with the second phase of the process. The 2018/19FY marked the beginning of the execution of the second phase (50%) of the process and the year under review saw its successful completion.

Furthermore, the Programme planned to complete twenty-five percent (25%) of a process for the licensing of Individual Electronic Communications Network Services. This was achieved through the publication of a notice on the process for the licensing of an Individual Electronic Communications Network Services for the year under review.

The Programme also began a process to license digital community television broadcasting services on the MUX 1 during the MTSF 2015-2020 period. The licensing process commenced during the period under review, with publication of an Invitation To Apply for licensing of digital community television broadcasting services on MUX 1.

The Programme also started a process to develop Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups during the 2016/17FY. In the 2018/19FY, a position paper on Equity Ownership by Historically Disadvantaged Groups was published, which set the foundation for the development of draft regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups, which were published for public comment at the end of the year under review.

Both processes (licensing of MUX 1 and Regulations on Historically Disadvantaged Groups) seek to facilitate transformation in the ICT sector and foster the creation of a common national identity through necessary regulatory frameworks for ICT platforms.

In the 2016/17FY, the Programme began a process for the development of a conformity assessment framework for equipment authorisations, which has been completed during the year under review. This project, together with the review of the Processes and Procedures Regulations and the Standard Terms and Conditions Regulations are aimed at creating a regulatory framework that improves organisational performance. Their impact will be assessed during performance of an end-term review that is planned for the 2020/21FY.



Programme 3: Policy, Research and Analysis

The purpose of the Programme is to conduct research and policy analysis into all the regulatory sectors in line with the mandate of the Authority.

Strategic objectives

Strategic objective 2.1	Promote competition and reduce cost of communication
Objective statement	To promote competition and reduce cost of electronic communications, electronic communications networks, postal and broadcasting services by 2019/20
Baseline	Insert baseline
Strategic objective 3.1	Foster creation of a common national identity
Objective statement	To develop necessary regulatory frameworks for Community Broadcasting, National Elections Broadcasting and National Sporting Events Broadcasting by 2019/20
Baseline	4
Strategic objective 4.1	Protect the rights of consumers
Objective statement	To protect the rights of consumers through tariff analysis, cybersecurity studies, policy changes analysis by 2019/20
Baseline	1
Strategic objective 4.3	Protect the rights of consumers
Objective statement	To protect the rights of consumers through influencing of policy and legislation through advocacy initiatives by 2020
Baseline	1
Strategic objective 4.4	Protect the rights of consumers
Objective statement	To protect the rights of consumers through conducting of impact assessment studies by 2019/20
Baseline	1

Sub-strategic objective	Audited/Actual Performance				Actual Performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Develop a position paper on subscription broadcasting				0	0
Conduct a market review in terms of section 67(4) of the ECA			1	0	0
Conduct a study on SAPO annual tariff increase	1	1	1	1	100%
Review of the Unreserved Postal Services Regulations				1	100%
Produce a report on the review of the SAPO Price Cap Regulations					100%
Review on the broadcasting of national sporting events regulations				1	0
Produce a Findings Document on Must Carry Obligations					0
Develop a Position Paper on the Role of the Authority on Cybersecurity				1	100%
Influence policy and legislation through advocacy		1	1	4	1
Conduct impact assessment studies			1	1	100%

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Percentage Position Paper on subscription broadcasting completed				0	100%	0	-100%	Council decided that public hearings must be held before the publication of the final findings document. However, the public hearings could not be held during the month of March as contemplated as government declared a national lockdown as a result of the COVID-19 pandemic.
Percentage of market reviews in terms of section 67(4) of the ECA			1	1	100%	0	-100%	(1) Delays in submission of data (by licensees and other respondents) on the questionnaire (2) Revised timeliness for submission of data in respect of the questionnaire and discussion document (3) Public hearings on the discussion document postponed due to COVID-19.
Percentage of analysis reports on SAPO annual tariff increase produced	1	1	1	1	100%	100%		
Percentage of the review of unreserved Postal Services regulations completed				1	100%	100%		
Percentage of the report on the review of the SAPO Price Cap Regulations completed			1	0	100%	100%		
Percentage of the review of broadcasting of national sporting events regulations completed			1	1	100%	0	-100%	There were delays in scheduling of engagements with the two Ministers for consultation purposes as required in terms of Section 60(1) of the ECA. The Authority only received written submission from the Department of Sport on 3 April 2020.
Percentage of the finding documents on Must Carry Obligations completed	3	3	2		100%	0	-100%	Stakeholders requested an extension to the due date for submission to the discussion document on the review of Must Carry regulations. The request for extension was granted to 31 March 2020.
Percentage of position paper on the role of Authority on cybersecurity produced					100%	100%		
Number of inputs made on policy changes submitted		1	1		1	1		
Percentage of impact assessment studies conducted			1		100%	100%		

The Programme completed the following projects for the period under review:

- An analysis report on the South African Post Office's annual tariff increase.
- A review of regulations on unreserved postal services.
- A report on the review of the SAPO price cap regulations.
- A position paper on cybersecurity.

Input was given on the analysis of the final findings and recommendations on the data services market inquiry by the Competition Commission and an Impact Assessment Report on the End-User and Subscriber Service Charter Regulations was also completed.

A number of projects were not completed as planned. The Programme did not complete a Position Paper on subscription broadcasting. In line with requests from interested parties, among others, the Council resolved that public hearings be held before the publication of the Findings Document. However, due to the declared state of disaster and the national lockdown as a result of the COVID-19 pandemic, the public hearings could not be held. Additionally, the Findings Document on market review in terms of Section 67(4) of the ECA was not completed as the declaration of the state of disaster affected the following activities:

- (1) Submission of data on the questionnaire by respondents.
- (2) Submission of data in respect of the questionnaire and discussion document.
- (3) Public hearings on the Discussion Document.

Final regulations on the review of broadcasting of national sporting events regulations was also not achieved due to delays in engaging with the Minister of Sport, Arts and Culture and the Minister of Communications and Digital Technologies, who were not available to meet with the Authority. The requirement for the Authority to consult with the Ministers prior to promulgating regulations on the broadcasting of national sporting events is prescribed in terms of Section 60(1) of the ECA. The Authority only received the written submission from the Department of Sport, Arts and Culture on 3 April 2020 after the end of the 2019/20FY.

Finally, the Discussion Document in respect of an inquiry into the effectiveness of the Must-Carry Regulations was not completed due to requests for extension of deadline for submissions. The new deadline was 31 March 2020, which was the end of the financial year.

Programme 4: Engineering and Technology

The purpose of the Programme is to develop, coordinate and manage the regulatory framework for the management of radio frequency spectrum, the development of equipment technical standards and to represent ICASA at international regulatory forums.

Strategic objectives

Strategic objective 1.1	Access to broadband spectrum
Objective statement	To increase access to broadband spectrum from 566MHz to 958MHz by 2019/20
Baseline	566MHz
Strategic objective	A regulatory framework for the use of dynamic and opportunistic spectrum
Objective statement	To develop regulatory frameworks for the use of dynamic and opportunistic spectrum by 2019/20
Baseline	Research reports on dynamic and opportunistic spectrum (2015/2016 and 2016/2017)
Strategic objective	Promote competition and reduce cost of communication
Objective statement	To regulate for effective competition and compliance in the broadcasting, electronic communications and postal services by 2019/20
Baseline	National Radio Frequency Plans (2017)
Strategic objective	Protect the rights of consumers
Objective statement	To promote the delivery of quality services to consumers and other stakeholders by 2019/20
Baseline	Quality of Service report for four Provinces monitored (2016/17)

Sub-strategic objective	Audited/actual performance				Actual performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Revision of the Frequency Migration Plan	Frequency Migration Plan 2013	The Council approved National Radio Frequency Plan 2017	50%	100%	100%
Revision of the International Mobile Telecommunications (IMT) roadmap	IMT Roadmap 2014 and Radio Frequency Spectrum Assignment Plans 2015	Council approved National Radio Frequency Plan 2017	30%	100%	100%
Radio Frequency Spectrum Assignment Plans (RFSAPs) produced	9	0	4	5	4
Reports with recommendations on South Africa's readiness for 5G produced		Approved Council submission on the 5G concept and motivation for a South African Forum	Report on establishment of South African 5G Forum	1	1
Regulatory frameworks on the use of TV Whitespace spectrum developed and implemented	0	1 draft TV Whitespace regulations	1 set of TV Whitespace regulations	1	1
Documents on regulatory aspects of digital sound broadcasting for introducing the latter in South Africa produced	National Radio Frequency Plan 2013	National Radio Frequency Plan 2017	The Discussion Document on Digital Sound Broadcasting was concluded in the 2017/18FY and published on 29 March 2018	The Findings Document and Position Paper on the use of Digital Sound Broadcasting in South Africa was concluded in the 2018/19FY and published on 29 March 2019	1

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Percentage Frequency Migration Plan revised	Frequency Migration plan 2013	National Radio Frequency plan 2017	50%	100%	100%	100%		
Percentage of International Mobile Telecommunication (IMT) roadmap revised	IMT Roadmap 2014 and Radio Frequency Spectrum Assignment Plans 2015	National Radio Frequency plan 2017	30%	100%	100%	100%		
Number of Radio Frequency Spectrum Assignment Plans (RFSAPs) produced		National Radio Frequency plan 2017	4	5	4	4		
Number of reports produced with recommendations on South Africa's readiness for 5G			1	1	1	1		
Number of regulatory frameworks on the use of TV Whitespace spectrum produced	0	Draft TV white space regulations	1 set of TV Whitespace regulations	1	1	1		
Number of documents on the use of digital sound broadcasting produced		National Radio Frequency Plan 2013	the Findings Document and Position Paper on the use of digital sound broadcasting	the Findings Document and Position Paper on the use of digital sound broadcasting	Develop Draft Regulations on the use of digital sound broadcasting	Develop Draft Regulations on the use of digital sound broadcasting		

The Programme executed all six (6) projects as planned in the year under review. It successfully completed a draft report on the implementation of the frequency migration plan. It also successfully completed the draft report on the implementation of the revised IMT roadmap. In addition, four (4) Radio Frequency Assignment Plans were produced for the following bands:

- 2500 to 2690 MHz
- 3400 to 3600 MHz
- 156.4785 to 156.5625 MHz
- 470 to 694 MHz.

The report on recommendations pertaining to South Africa's readiness for 5G was also completed, as was the framework to be used to qualify secondary geo-location spectrum database operators. Finally, the draft digital sound broadcasting services regulations were also approved by Council.

Programme 5: Regions

The purpose of the Programme is to enable unimpeded national provision of electronic communications, broadcasting and postal services through compliance monitoring and enforcement.

Strategic objectives

Strategic objective 4.1	Protect the rights of consumers
Objective statement	To promote the delivery of quality services to consumers and other stakeholders by 2019/2020
Baseline	Consumer protection regulations
Strategic objective 5.2	Improve organisational performance
Objective statement	To improve organisational performance from 29% by 20 percentage points by 2019/20
Baseline	74.5%

Sub-strategic objective	Audited/Actual Performance				Actual Performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Resolve radio frequency interference cases	100%	99.26%	94%	99%	98.1%
NATJOINTS instructions executed	100% execution of relevant NATJOINTS instructions received	100% execution of relevant NATJOINTS instructions received	4	9	14

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2018/19	Actual achievement 2018/19	Variance (-/+)	Reason for variance
Percentage of reported radio frequency interference cases resolved or mitigated	100%	99.265%	99%	99%	96%	98.1%	2.1%	
Number of NATJOINTS instructions executed	100% execution of relevant NATJOINTS instructions received	100% execution of relevant NATJOINTS instructions received	6	9	4	14	10	

The Programme exceeded its target by resolving ninety-eight-point one percent (98.1%) of radio interference cases against its year target of ninety-six percent (96%). Four (4) NATJOINTS instructions were planned for the year under review and fourteen (14) were received and were all executed successfully, marking another overachievement against the set target.

Programme 6: Compliance and Consumer Affairs

The purpose of the Programme is to ensure compliance by licensees, with licence terms and conditions, the requirements of the enabling legislation and underlying regulations and to protect the interest of consumers in the ICT sector.

Strategic objectives

Strategic objective 4.1	Protect the rights of consumers
Objective statement	To promote the delivery of quality services to consumers and other stakeholders by 2019/20
Baseline	CAP Regulations and 80% complaints resolved
Strategic objective 4.2	Protect the rights of consumers
Objective statement	To protect the rights of consumers through regulation of licensees' compliance in the broadcasting, electronic communications and postal services by 2019/20
Baseline	101 (50 broadcast, 50 electronic communications, 1 postal)

Sub-strategic objective	Audited/Actual Performance				Actual Performance 2019/20
	2015/16	2016/17	2017/18	2018/19	
Consumer Advisory Panel Report			1 CAP established	1	1
Resolve consumer complaints	91%	92%	85%	94%	96%
Monitor compliance of broadcasters' coverage of 2019 national elections		1 (in respect of coverage of 2016 municipal elections)			1

Performance indicators

Key performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Variance (-/+)	Reason for variance
Number of Consumer Advisory Panel (CAP) annual reports considered		0	1 CAP Panel established and operational	1	1	1		
Percentage of consumer complaints resolved	91%	92%	93% of consumer complaints resolved	94%	85%	96%	11%	Compliance by licensees
Number of compliance reports for broadcasters' coverage of 2019 National Elections					1	1		

The Programme planned three (3) projects for the period under review. One of the Programme's key outputs is to coordinate activities of ICASA's Consumer Advisory Panel (the Panel), which is a sub-structure of Council, established in terms of Section 71 of the ICASA Act. The appointment of Panel members began in 2018/19FY. The Programme facilitated the constitution of the Panel and supported it throughout its three- (3) year term to execute its duties. This resulted in the first advisory being produced by the Panel and submitted to Council. The Panel produced its second advisory by the end of the year under review. A new Panel was subsequently appointed on 1 April 2020.

Part of the work of the Programme is to resolve consumer complaints. The Programme resolved ninety-six percent (96%) of consumer complaints it received against a target of eighty-five percent (85%). The Programme also deals with the regulation of broadcasting licensees' coverage of elections. In the period under review, the Programme successfully monitored broadcasting licensees' coverage of the 2019 national elections.

SECTION C

Councillor Botlenyana Mokhele
1972-2020

GOVERNANCE



SECTION C | Governance

Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the PFMA and run in tandem with the principles contained in the King Report on Corporate Governance.

The Accounting Authority

The Council of ICASA acts as the Accounting Authority and is accountable to Parliament. The Council provides leadership and is responsible for monitoring the implementation by management of its decisions and strategies. The Council ensures that ICASA adheres to good governance practices and that it complies with all relevant legislation and underlying statutes.

Regulatory role

- Licensing of electronic communications
- Licensing of broadcasting services
- Licensing of postal services
- Development of regulations for all regulated sectors

Governance role

- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the Minister and Parliament, as well as other stakeholders along corporate governance principles;
- Provide effective leadership on an ethical foundation;
- Ensure that ICASA is, and is seen as, a responsible organisation by having regard to not only the financial and regulatory aspects of ICASA, but also the impact ICASA's operations have on the environment and the society within which it operates;
- Ensure that ethics are effectively managed within ICASA;
- Ensure that ICASA has an independent and effective Audit, Risk, Ethics and Disclosures Committee;
- Responsible for the governance of risk;
- Responsible for information technology governance;
- Ensure that ICASA complies with applicable laws and considers adherence to non-binding rules and standards;
- Ensure that there is an effective risk-based internal audit;
- Appreciate that stakeholders' perceptions affect ICASA's reputation;
- Ensure the integrity of ICASA's integrated report;
- Act in the best interests of ICASA by ensuring that individual Councillors adhere to legal standards of conduct;
- Ensure that ICASA Council and Councillors take independent advice in connection with their duties following an agreed procedure;
- Disclose real or perceived conflicts to Council and deal with them accordingly;
- Appoint and evaluate the performance of the CEO;
- Ensure that disputes, including labour disputes, are resolved effectively, efficiently and expeditiously;
- Monitor management in implementing Council decisions and strategy; and
- Develop ICASA's strategy and vision.

Council Charter

As recommended in the King Code of Good Governance, the Council endorses the principles recommended in the code. Council applies these principles where appropriate and applicable, on the condition that the King Code is not in contravention with constitutional and legislative mandates. The Council has an approved Council Charter that sets out policies to guide Council, management and staff to effectively discharge their duties.

The Council Charter outlines:

- The demarcation of roles, responsibilities and powers of the Chairperson.
- Powers delegated to various committees of the Authority.
- Matters reserved for final decision-making by Council.
- Roles and procedures of meetings of Council and its committees.

ICASA Councillors are appointed through a public parliamentary process outlined in the ICASA Act. The term of office of the Chairperson is five (5) years and that of Councillors is four (4) years.

Composition of Council

Name	Date appointed	Qualifications	No. of Council meetings attended
Dr Keabetswe Modimoeng (Acting Chairperson)	04/04/2016	<ul style="list-style-type: none"> - PhD (Management Sciences) - MBA - Certificate in Applied Project Management (Cum Laude) 	26
Nomonde Gongxeka-Seopa	01/02/2018	<ul style="list-style-type: none"> - National Diploma in Public Relations Management - MA in ICT Policy and Regulation - Diploma in Journalism - Management Advancement Programme - Certificate in Broadcasting Policy and Regulatory Trends - Certificate in Telecommunications Policy and Regulation 	24
Palesa Kadi	26/09/2017	<ul style="list-style-type: none"> - MA in Visual and Heritage Studies - BA (Honours) in Political Studies and Comparative Economic Systems - BA in Political Studies - Advanced Post graduate Diploma in Public and Development Sector Monitoring and Evaluation - Certificate in Scenario Planning 	19
Paris Mashile	04/04/2016	<ul style="list-style-type: none"> - MSc in Physics - MSc in Electrical Engineering - BSc (Honours) in Physics and Electronics Engineering - Member of the Institute of Electrical and Electronics Engineers (IEEE) 	25
Botlennyana Mokhele	04/04/2016	<ul style="list-style-type: none"> - MA in Public Policy - BA (Honours) in Counselling Psychology postgraduate - Diploma in Information Policy Postgraduate Diploma in Telecommunication Studies - Advanced Project Management Diploma 	20
Adv Dimakatso Qocha	21/09/2017	<ul style="list-style-type: none"> - LLB degree - Postgraduate Diploma in Interpretation and Drafting of Contracts - Admitted Advocate in 2006 - Certificate in Telecommunications Policy, Regulation and Management - Certificate in Broadcasting Policy, Regulation and Management 	26
Thembeke Semane	01/02/2018	<ul style="list-style-type: none"> - Post graduate Diploma in Business Administration - BCom: Accounting - Certified Associate of the Institute of Bankers 	21
Peter Zimri	04/04/2016	<ul style="list-style-type: none"> - MA in ICT Policy and Regulation - Holds various electronic-engineering qualifications and credits in telecommunications and broadcasting-related programmes from Wits, the University of Pretoria, the United States Telecommunication Training Institute, Telkom SA, Rohde & Schwarz and Oracle SA 	21

Details of Council-led regulatory projects

Division	Project	Project summary
Policy, Research & Analysis	Production of a position paper on subscription broadcasting	The aim of this inquiry is to determine whether there are competition issues in the subscription broadcasting services market and where possible, propose remedial actions to address such issues. The Authority produced a draft findings document and Council made a decision that public hearings must be held before the publication of the final Findings Document.
	Market review in terms of section 67(4) of the ECA	Market review in terms of section 67(4) of the ECA is being carried out for the Mobile Broadband Services Markets. The Authority published a discussion document to be used in consultations with stakeholders. However, public hearings were postponed due to the declaration of the State of Disaster.
	Production of a position paper on unreserved postal services	The Authority reviewed the regulations on unreserved postal services.
	Production of a report on SAPO price cap regulations	The project is aimed at reviewing the SAPO price cap regulations. The Authority produced a findings document as a step to review the regulations.
	Production of a findings document on must carry obligations	The must carry regulations are aimed at increasing the reach of the public broadcaster's channels through subscription broadcasting platforms.
	Review of the broadcasting of national sporting events regulations	The project entails the research on how other countries regulate sports broadcasting rights.
	Production of a position paper on cybersecurity	The project aims to promote interventions for the protection of the public from cybercrime and harmful cyber-related practices, such as phishing, hacking, cyber-warfare, undesirable content, etc.
Engineering & Technology	Revision of Frequency Migration Plan	The radio frequency migration plan acts as the basis for implementing the changes in the National Radio Frequency Plan, which represents an update of the 2013 migration plan. The migration plan has been produced it will be implemented.
	Revision of the IMT roadmap	The IMT roadmap has been revised to include all spectrum that will be made available for the provision of IMT services through the implementation of the frequency migration plan, taking into consideration the following: The revised National Radio Frequency Plan, the revised Frequency Migration Plan and ITU recommendations. The revised IMT Roadmap will be implemented.
	Production of the RFSAPs	The RFSAP provides information on the requirements attached to the use of a frequency band in line with the allocation and other information in the NRFP. This information includes technical characteristics of radio systems, frequency channeling, coordination and details on required migration of existing users of the band and the expected method of assignment.
	Recommendations on South Africa's readiness for 5G	The report on 5G will be used as a reference document for assisting ICASA to formulate positions and make decisions in preparing itself for the successful introduction, rollout and long-term sustainability of 5G technologies in South Africa. The positions to be taken are on matters including spectrum and standards for 5G (IMT 2020).
	Production of regulatory frameworks on the use of TVWS spectrum	The purpose of the project is to develop regulations on the use of TVWS that will contribute to broadband access in rural areas. This includes the commissioning of a reference geolocation spectrum database system for the implementation of the regulations. The framework to be used to qualify secondary geolocation spectrum database providers was produced.
	Develop Draft Regulations on the use of Digital Sound Broadcasting	ICASA will develop the draft regulations on the use of Digital Sound Broadcasting services in South Africa. This process will determine the implementation of Digital Sound Broadcasting services in South Africa; and to regulate the manner in which the implementation of DSB services can improve spectrum efficiency and management.

Division	Project	Project summary
Licensing	Licensing of broadband spectrum	<p>This is a multi-year project which aims to license IMT spectrum. An information memorandum detailing the Authority's proposed approach was published for public comment in the 2019/20FY and will be followed by an invitation to apply to be published in the 2020/21FY.</p> <p>The Licensing process is scheduled to be completed in the 2020/21FY.</p>
	Licensing of an Individual Electronic Communications Network Service	<p>This is a multi-year project through which the Authority seeks to licence an Individual Electronic Communications Network Service Licence and Radio Frequency Spectrum Licence for the purpose of providing Wireless Open Access Network Services.</p> <p>A notice outlining the licensing process to be followed in this regard was published in March 2020 and will be followed by an invitation to apply to be published in the 2020/21FY.</p> <p>The Licensing process is scheduled to be completed in the 2021/22FY.</p>
	Development of Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups	<p>This multi-year project is aimed at developing a framework to govern issues of control and equity ownership by Historically Disadvantaged Groups in Licensees.</p> <p>The process was initiated by the publication of a draft Regulation for public comment in the 2019/20FY and is scheduled to be concluded in the 2020/21FY through the publication of the final regulations.</p>
	Amendment of the Standard Terms and Conditions Regulations for Class Licences	<p>This project is aimed at amending the Standard Terms and Conditions Regulations that are applicable to Class Licences to take into account any changes in the legislative and regulatory environment since their promulgation in 2016.</p> <p>The process was initiated by the publication of a draft Regulation for public comment in the 2019/20FY and is scheduled to be concluded in the 2020/21FY through the publication of the final regulations.</p>
	Amendment of the Processes and Procedure Regulations for Class Licences	<p>This project is aimed at amending the Processes and Procedure Regulations that are applicable to Class Licences to take into account any changes in the legislative and regulatory environment since their promulgation in 2016.</p> <p>The process was initiated by the publication of a draft regulation for public comment in the 2019/20FY and is scheduled to be concluded in the 2020/21FY through the publication of the final regulations.</p>
	Licensing of Digital Community Television Broadcasting services on MUX 1	<p>This is a multi-year project through which the Authority seeks to licence Digital Community Television Broadcasting services on MUX 1.</p> <p>The Invitation to Apply for Pre-registration was published in the 2019/20FY and the licensing process is scheduled to be completed in the 2021/22FY.</p>
	Development of a Conformity Assessment Framework For Equipment Authorisations	<p>This is a multi-year project to review the Authority's Type Approval Framework and develop a robust conformity assessment framework that conforms to all applicable national and international standards.</p> <p>The Draft Conformity Assessment Framework was published in the 2018/19FY and the project was concluded by the publication of the final conformity assessment framework in the 2019/20FY.</p>

Council Governance Committees

The Council of ICASA has established the following committees to support the Authority in attending to all governance-related matters effectively:

- Audit, Risk, Ethics and Disclosures Committee (AREDC)
- Information Technology Review Committee (ITRC)
- Human resources and Remuneration Committee (HR&REMCO)

Audit, Risk, Ethics and Disclosures Committee (AREDC) Report

We are pleased to present the Audit, Risk, Ethics and Disclosures Committee (AREDC) Report for the financial year ended 31 March 2020, as required by the Public Finance and Management Act 1 of 1999 (PFMA) as amended.

AREDC is an independent statutory committee appointed by the Authority's Council. The duties of the Committee have been discharged in line with the approved terms of reference.

AREDC's Composition and meetings' Attendance

AREDC consists of five (5) members made up of three (3) independent Non-Executive members and two (2) Councilors.

The Committee meets at least four times per year, as specified in its terms of reference (Charter). The following officials are standing invitees to the committee meetings:

- Chief Executive Officer.
- Chief Financial Officer.
- Chief Audit Executive.
- Executive: Legal, Complaints and Compliance Committee (CCC).
- The Risk and Compliance Specialist.
- Monitoring and Evaluation Specialist.
- Senior Manager - Project Management Office.
- The Auditor-General.

During the 2019/2020 financial year, twelve (12) meetings were held. Apologies were tendered for meetings not attended. The meeting's attendance details are depicted here below:

Members' details, appointment dates and meetings' attendance				
Members		Ms J Nkosi	Mr K Maja	Mr Z Myeza
Appointment date		01 December 2018	01 December 2018	01 December 2018
Meeting dates	Nature of the meeting	AREDC Members' Attendance		
25-Apr-2019	Ordinary	√	√	X
24-May-2019	Special	√	√	√
29-May-2019	Consideration of draft Annual Financial Statements	√	√	√
19-Jul-2019	Special	√	√	√
24-Jul-2019	Ordinary	√	√	√
18-Oct-2019	Ordinary	√	√	√
28-Nov-2019	Special	√	√	√
22-Jan-2020	Ordinary	√	√	√
24-Feb-2020	Special	√	√	√
28-Apr-2020	Ordinary	√	√	√
12-Jun-2020	Special	√	√	√
29-Jun-2020	Ordinary	√	√	√

√ - denotes attendance

X – denotes non-attendance

Corporate Governance

The committee acknowledges management interventions in introducing proactive measures for monitoring employee and leadership's ethical conduct.

The committee concurs with the Auditor-General on the urgency to enhance the implementation of consequence management. This is not disregarding demonstrated actions implemented by the Council and Accounting Officer.

The inadequate or delayed implementation of consequence management is concerning, same may attract the issuance of certificate of debts against the individual Council members and the Chief Executive Officer should the Auditor-General apply the provisions of the amended Public Audit Act.

Management provided assurance that no fraud incidents and same were investigated.

Financial Management

Improvement has been noted on the quality of the financial statements submitted to the Auditor-General for audit. This was due to the introduction of in year quality assurance process on the quarterly financial statements.

The Authority's financial health (cash management) remains a concern, given that, employee costs amount to 89.8% of the allocated budget, upgrading of the outdated IT systems, attendance of training and filling of the vacant posts were delayed.

Long-outstanding debt relating to services rendered to South African National Defence Force (SANDF) adversely impacts the management of revenue. Management has been urged to finalise engagements with the National Treasury and SANDF.

Compliance Management

Assurance has been provided on monitoring compliance with applicable Laws and Regulations. The compliance maturity level was maintained at level 2.

A concern was raised on non-compliance with Public Finance Management Act and Treasury Regulations, in that, irregular, fruitless and wasteful expenditure was incurred. Despite interventions such as an organisation wide training and updating of the SCM policy, the Auditor-General raised findings that could have been avoided.

Management efforts are acknowledged for the introduction of pro-active assurance reviews on certain bids to curb and prevent the further incurrence thereof. The specific efforts have yielded positive results leading to a R19 000 000 worth of prevented irregular expenditure.

Audit of Pre-determined Objectives

The organisation's annual performance of 86.8%, has been audited and validated by the Auditor-General. The achievement level is applauded given the challenges and peculiarities presented by the pandemic and noting that officials were working from home.

Risk Management

Management efforts to proactively address COVID-19 challenges through the Crisis Management Committee are acknowledged. This initiative aims to inform and forewarn staff members of the preventative measures in the management of the pandemic.

The Audit, Risk, Ethics and Disclosures Committee noted the efforts in embedding risk management into the organisational culture. The risk management maturity was improved to level 3. The Audit, Risk, Ethics and Disclosures Committee has continued to monitor the implementation of risk management action plans on a quarterly basis.

It is our view that the Risk and Compliance Management Unit should be adequately capacitated to proactively assist with the management and monitoring of emerging risks, the reporting line should administratively be directly to the Chief Executive Officer.

The Audit, Risk, Ethics and Disclosures Committee is satisfied that the actual management of risks is receiving attention and has noted areas of improvement.

Effectiveness Of Internal Controls

Internal Audit provides proactive and reactive reasonable assurance to the committee on the adequacy and effectiveness of internal controls. Our attention was drawn to its effort to prevent the incurrence of irregular expenditure which yielded positive results leading to a R19 000 000 worth of prevented irregular expenditure.

The audit reviews highlighted that significant improvement is required in the following areas:

- Supply Chain Management (Contract management);
- Management assurance on SCM compliance;
- Timely development of an audit action plan and monitoring thereof and
- Financial health risk indicators.

In-Year Management Quartely Reporting

The committee has consistently reviewed the financial, non-financial management and reporting practices. Significant improvement is required in the financial environment, due to high staff turnover and lack of capacity.

The committee is concerned with the emerging going concern risk raised by Auditor-General, this may be mitigated by an implementation of the proposed funding model.

The committee acknowledges the annual stakeholder engagement that is currently in progress.

Internal Audit

The committee is satisfied that Internal Audit properly discharged its functions and responsibilities during the year under review.

Internal Audit is commended for gearing up to the provisions of the newly amended Public Audit Act, in providing proactive reviews that prevented potential irregular expenditure amounting to R19 000 000. The alignment of the disclosed irregular, fruitless and wasteful expenditure to the National Treasury Framework is acknowledged.

Reviews were concluded on performance management, governance, general controls and security. Furthermore, value adding consulting engagements were also completed.

External Audit

We acknowledge management efforts in the establishment of the Audit Steering Committee that continuously ensures the seamless statutory audit process.

The Committee has through Internal Audit reviewed the implementation of the Audit Action Plan for the 2018/2019FY. It is our conclusion that a high risk of repeat findings exists as the financial control environment has not improved.

Having considered the Auditor-General's Management and Audit Reports, the Committee concurs with the Auditor-General on the urgency to implement effective consequence management.

The Committee applauds the team in efficiently conducting the audit during this challenging time.

Combined Assurance

Collaborative efforts amongst various assurance providers are acknowledged with a noted area of improvement.

Internal Audit is urged to hone its methodology and approach to minimise duplicated efforts with the Auditor-General and create efficiencies.

To strengthen management assurance, the committee has resolved to elevate and closely monitor compliance reporting for all procurement by supply chain management until stability is attained within the Unit.



Ms JA Nkosi (CIA, CISA)

Chairperson

Audit, Risk, Ethics and Disclosures Committee

Report by the Information Technology Review Committee

Purpose of the Committee

The ITRC is one of the governance committees of ICASA and has certain responsibilities delegated to it by Council as opposed to being a statutory committee with statutory duties. This Committee functions in collaboration and in conjunction with the AREDC. The overall purpose of the Committee is to assist Council in discharging its responsibilities relating to information technology governance and to ensure that this is done within a compliance and exemplary business ethical framework.

Structure of the Committee

The Committee comprises two (2) external members namely:

- The Chairperson of the ITRC, Ms Yolisa Skwintshi
- Member, Mr Faizal Docrat

The aforementioned members are appointed for a two- (2) year term effective 1 July 2018 to 30 June 2020. The below-mentioned are invitees who attend the meetings of the Committee and have a standing invitation and are not voting members:

- Chief Executive Officer;
- Executive: Corporate Services;
- Chief Financial Officer;
- Chief Audit Executive;
- Two (2) Councilors nominated by Council; and
- Senior Manager: Information Technology.

Composition of the Committee:

Member	Commencement of term	Expiry of term	No. of meetings attended
Paris Mashile		30 June 2020	1
Faizal Docrat	1 July 2018	30 June 2020	5
Yolisa Skwintshi	1 July 2018	30 June 2020	5

The Committee does invite other ICASA executives as and when the need arises, to ensure that the it receives the necessary support needed to execute its duties.

Authority

The Committee is authorised by Council to:

- Investigate any activities within its terms of reference;
- Seek external legal or other independent professional advice, subject to Council's approval;
- Secure the attendance of outsiders with the relevant experience and expertise where necessary at ICASA's expense, subject to adherence to ICASA's procurement policies and procedures;
- Seek any information it requires to discharge its functions from any employee, the Chairperson of other Council Committees, any of the Councilors, Senior Management, Secretariat or assurance providers, and all these parties are required to co-operate with any request for information made by the Committee, and;
- Unless otherwise specified herein, the Committee shall mainly make recommendations to Council for approval and should not assume management responsibilities.

The Chairperson of the Committee (in their absence, any member of the Committee), upon request by Council, shall be present when ICASA presents its Annual Report to Parliament as well as in any presentation on how the ITRC has fulfilled its duties.

Responsibilities and functions

The responsibilities of ITRC include:

- Review and recommendation of the IT strategy and ensuring the integration and alignment of the strategy with ICASA's strategic and business processes.
- Promotion of ethical IT governance culture, awareness and a common IT language.
- Ensuring that an internal control framework is adopted and implemented.
- Ensuring that ICASA has the requisite IT policies to maximise effective use of resources.
- Ensuring that there is effective infrastructure and facilities to support the delivery of ICASA's mandate within the approved budget.
- Ensuring that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of ICASA through the use of IT.
- Ensuring that there are adequate business resilience arrangements in place for IT disaster recovery to support business continuity.
- Ensuring that ICASA complies with IT-related rules, codes and standards.
- Ensuring protection of intellectual property contained in ICASA's information systems.
- Advising Council on changes in technology and other external factors.
- Ensuring that there are systems in place for management of information including information security, information management and information privacy.
- Ensuring that an Information Security Management System is developed and implemented. This must include a comprehensive cyber–security defence plan.
- Ensuring value delivery on IT and return on investment from significant IT projects.
- Reviewing and recommending key IT investments and architecture in line with ICASA's strategy and divisional requirements.
- Reporting to the Audit and Risk Committee (ARC) on matters that may affect ICASA's information technology systems governance and the role that this plays in providing assurance of IT internal controls pertaining to risk and financial systems.

Work conducted by the committee to date

- Review of the ICASA IT strategy and provided recommendations.
- Reviewed, identified gaps and made recommendation to the IT resource compliment, functions and structure.
- IT resource skills assessment and hiring of crucial vacancies to improve departmental performance.
- Monitoring and tracking of major projects, with specific recommendation to improve processes.

Review of Disaster Recovery (DR) Policy and Plan.

- Reviewed the Draft ICASA's Risk Appetite Framework and made recommendations.
- Review and update of IT Governance Framework.
- Alignment of IT policies to the IT Governance Framework.
- Review of IT Application Landscape in order to identify applications that are not in use and/or duplicate in order to terminate their contracts and save costs.
- Reviewed of Risk and Compliance Plan and made recommendations.
- Made suggestions to improve the posture and processes between Internal Audit, Risk Management and IT.

Achievements

- ITRC contributed to the delivery and implementation of the ASMS Project by ensuring that: -
 - Budgets are consistently reviewed
 - Penalties are applied where non-delivery is experienced from the vendor
 - Ensured that ICASA retained the IP and source code of the application from the vendor and is continuously updated when changes thereto occur. This will ensure that ICASA is able to contract another vendor or continue to internally develop any further changes to the application without reliance on the vendor.
- Progress in the closure of audit findings. In July 2018 IT had 31 overdue and unresolved audit findings. Currently, there are 15 unresolved audit findings. The majority of the 15 unresolved findings are risk-related and fall within the tolerable risk-rating category, compared to its previous rating.
- Alignment of IT function and roles as some were incorrectly positioned in other departments, i.e., there was an IT function that was under Human Resources.
- Introduction and review of IT risk report/register in order to track and report on IT risks and mitigation implementation plans.
- Ensured rerating of IT risks by both Internal Audit and Risk Management where significant mitigating activity had taken place for specified audit weaknesses.
- Improved the IT governance, compliance and risk posture through validation of compliance to statutory, regulatory and best practice IT governance frameworks.
- Reviewing and recommendation of IT policies for approval by Council.
- Reviewing and recommendation of the terms of reference.

Conclusion

I wish to thank the members of the ITRC for their contribution and dedication to work as a team to successfully achieve the objectives of the outgoing Committee. I would like to extend special gratitude to Mr Wellington Ngwepe, the Chief Executive Officer, and Mr Paris Mashile, Council Representative, for their support in ensuring that all ITRC recommendations were successfully executed in order to improve the performance of ICASA's IT department. The outgoing Committee is satisfied that it has fulfilled its mandate in all material aspects and had provided oversight and guidance to the Information Technology department and management.



Ms Yolisa Skwintshi
Chairperson
Information Technology Review Committee

Report by the Human Resources and Remuneration Committee

Purpose of the Committee

The Human Resources and Remuneration Committee (HR & Remco) is one of the governance committees with certain responsibilities delegated to it by Council which are amongst others, human resource strategy and policies, the employment and termination agreements for members of the executive team, succession plans, the review of recognition and rewards strategy and policies.

Composition of the Committee

The Committee comprises of four (4) external members who are appointed for a three (3) year term effective from 01 December 2018 to 31 November 2021:

- The Chairperson: Charles Mohalaba.
- Ntsoaki Mngomezulu.
- Gaba Moleko.
- Mxolisi Msomi.

The below officials have a standing invitation to attend the meetings of the Committee and are not voting members:

- CEO.
- CFO.
- Executive: Human Resources.
- Two (2) Councilors nominated by Council.
- Secretariat.

The committee does invite other ICASA executives as and when it is necessary to ensure that the committee receives the necessary support to execute its duties.

The Committee is authorised by Council to:

- Investigate any activities within its terms of reference.
- Seek external legal or other independent professional advice, subject to Council's approval.
- Secure the attendance of outsiders with the relevant experience and expertise where necessary, at ICASA's expense, subject to adherence to ICASA's procurement policies and procedures.
- Seek any information it requires to discharge its functions from any employee, the Chairperson of other Council Committees, any of the Councilors, Senior Management, Secretariat or assurance providers, and all these parties are required to co-operate with any request for information made by the Committee.
- Unless otherwise specified herein, the Committee shall mainly make recommendations to Council for approval and should not assume management responsibilities.

The Chairperson of the Committee (or in his/her absence, any member of the Committee), upon request by Council, shall be present when ICASA presents its annual report to Parliament, as well as in any presentation on how the committee has fulfilled its duties.

Responsibilities and Functions

- Annual review of ICASA's reward philosophy, reward strategy and policies.
- Review proposals for the payment of performance bonuses to employees.
- Annual review of the basis of calculation of employees' remuneration.
- Review the performance contracts of executives.
- Review the CEO's annual performance goals and objectives to ensure alignment with ICASA strategic plan.
- Review employment and termination agreements for members of the executive team including the CEO.

- Provide advice regarding the annual assessment of executives considering the approved goals and objectives.
- Periodically review and annually recommend to Council, Management's succession plans including the appropriateness of the organisational structure.
- In fulfilling its responsibility for succession plans for senior employees, the Committee shall:
 1. Review functions of senior employees.
 2. Review and discuss qualifications of proposed candidates named in the succession plans.
 3. Provide guidance to Management regarding succession plans.
- Review proposed changes to Human Resource policies.
- Review reports on the climate and employee morale within ICASA.
- Review ICASA's human resources strategy and controls.
- Review the Human Resources Division's delivery on the strategy and business plan.
- Annually consider the status of in-house pension funds, provident funds, medical aid, deferred compensation and other similar schemes.
- Review of related party transactions and disclosure of interest, if any.
- Monitor and review ICASA's compliance with good corporate governance with regard to Human Resources and Remuneration matters.
- Oversee the preparation of the remuneration report and recommend it to Council for inclusion in the integrated report, and determine whether the report is accurate, complete and transparent.
- Ensure that remuneration report is included in ICASA's annual report.
- Deal with any other matter referred to the Committee by Council.

Activities conducted by the Committee to date

The meeting attendance details are depicted below

Members		Charles Mohalaba	Ntsoaki Mngomezulu	Gaba Moleko	Mxolisi Msomi
Appointment date		01 December 2018	01 December 2018	01 December 2018	01 December 2018
Meeting date	Nature of the meeting	HR & REMCO members' Attendance			
08 March 2019	Ordinary	√	√	√	√
17 October 2019	Ordinary	√	√	√	√
27 November 2019	Ordinary	√	√	√	√
16 January 2020	Ordinary	√	√	√	√

Work conducted by the Committee to date:

- The Committee considered ICASA's Cost of Living Adjustment to determine the acceptable percentage to be allocated to the employees for the financial period 2019/20. The proposed percentage was 5.5%. The 5.5% Cost of Living Adjustments (COLA) was approved by Council on 26 March 2019.
- The Committee noted with concern that during the consideration of the percentage to be offered to employees, albeit informed by a benchmarking exercise, there was no labour union in place as employees resigned en masse from the previous union.
- The Committee considered the vacancy rate and raised a concern with regards to the moratorium imposed by the Minister of Communications on recruitment, and the impact that it will have in the organisation's execution of its mandate and targets for the year.
- The Committee recommended a Placement/Migration Framework; the Organisational Structure and the Qualifications and Work Experience Framework for approval by Council.
- The Committee convened to advise ICASA on the Retirement Fund Investment Strategy presented by Alexander Forbes. The Committee also considered the Human Resources Operational Report and raised a concern with regards to persons with disabilities on the Employment Equity statistics and inquired about the suitability of ICASA's buildings for persons with disabilities.
- The Committee deliberated on the merit increases and recommended that the proposed merit increases as

outlined in the Remuneration and Performance Management Policy for the 2019/20FY be paid to qualifying employees, subject to the Internal Audit's analysis of the performance moderation process.

- The Committee convened to consider the HR Operational Report and other several reports including the Risk Management Report, Employment Equity Act Compliance Management Report, Employment Equity Plan Review, and made recommendations to Council

Concerns noted by the Committee

The recognition agreement between NEHAWU and ICASA had not been signed at the time that the 5.5% COLA was implemented in June 2019. The trade union did not agree with this decision as it had proposed a 9% increase. The union indicated that it will be declaring a dispute at the Commission for Conciliation, Mediation and Arbitration (CCMA) pertaining to the implementation of the COLA, which was never followed through by the union. The Recognition Agreement was to be finalised in November 2019.

Mr Charles Mohalaba
Chairperson
Human Resources and Remunerations committee

Internal Controls

Risk management overview

The PFMA requires Accounting Officers to have effective, efficient and transparent systems of financial and risk management and internal control. ICASA adopted an enterprise-wide risk management approach to the management of risks. The enterprise risk management (ERM) methodology is followed across all divisional areas and considers all root causes as well as all potential impacts (financial, operational, stakeholder, legal/compliance, etc.) that the risk may trigger.

Council approved the Risk and Opportunity Management Policy that will assist ICASA to, inter alia, make informed decisions, which will enhance the achievement of the organisation's aims, objectives and priorities. The Risk and Compliance Management Committee (RCMC) held quarterly meetings as a means of providing an oversight role and ensuring efficient and effective management of ICASA's risk management activities.

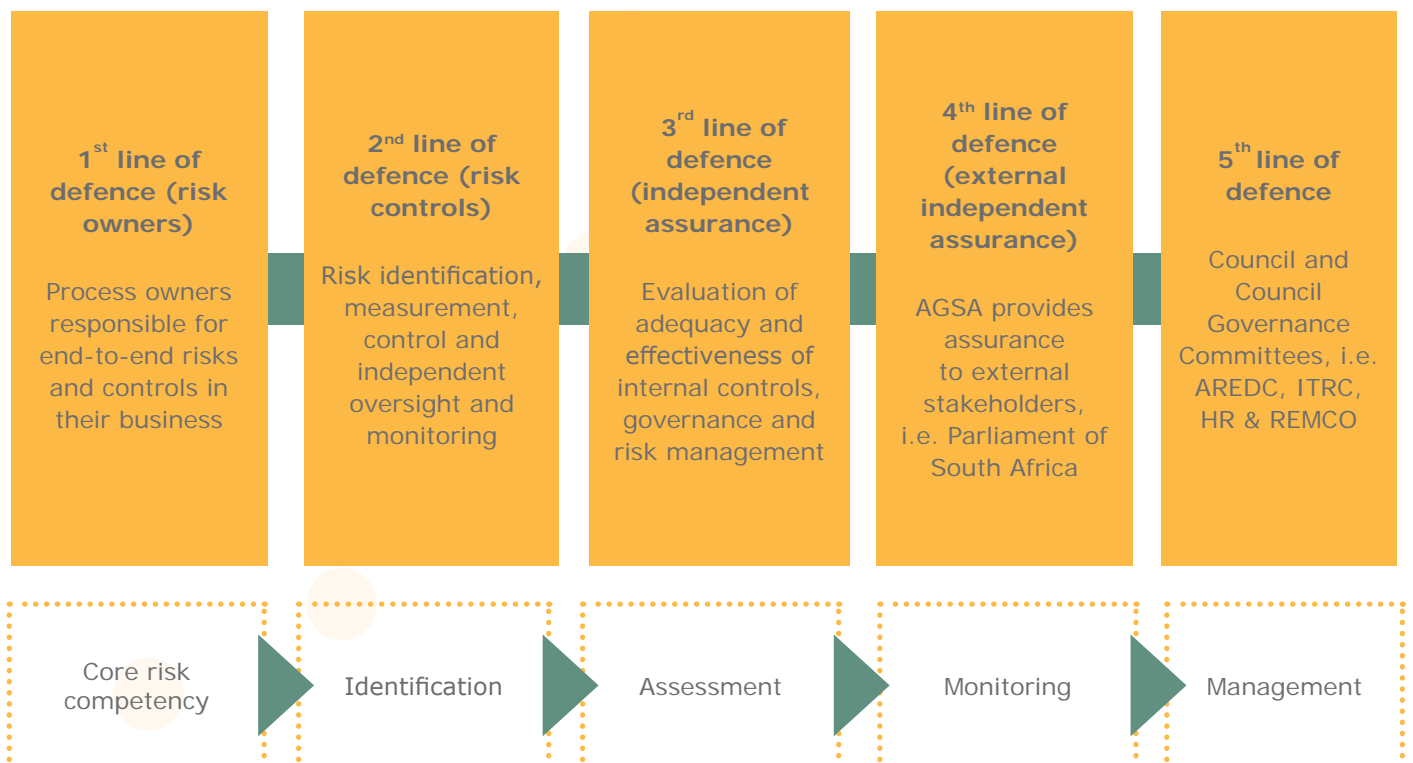
Risk champions for the business units continue to monitor and report on risks facing the business using the automated risk management system. All the risks identified through workshops with management and staff were captured and reviewed on a quarterly basis. The risk registers are updated with the emerging risks with high to medium risks reported at RCMC, AREDC and Council for action.

A Risk Key Performance Area continues to form part of all managers' performance contracts so as to ensure effective risk management within the organisation.

The Authority has implemented risk action plans and improved the organisation's risk maturity from Level 2 to Level 3.

ICASA applies five (5) lines of defence model as its operating model to govern risk across all divisions and departments as depicted in the diagram below.

BUSINESS PERFORMANCE AND RISK MANAGEMENT FRAMEWORK



Identifying and understanding the organisation's material risks is critical in the development and delivery of ICASA's strategy. In line with best-practice corporate reporting, ICASA's integrated Annual Report includes a comprehensive assessment of the principal risks facing the business as well as matters that both stakeholders and ICASA's Council believe have a material bearing on the success of the business in both short- and long-term. The risks identified through the risk assessment process were numerous and wide-ranging. The mitigation plans were analysed and prioritised by senior management, and reviewed and approved by Council.

ICASA recognises that risk is inherent in all its business activities. The Authority's risks can have safety, financial, operational or reputational impact. Understanding that the risks and developing appropriate responses are critical to the organisation's future success, the Authority is committed to an effective, robust system of risk identification and an effective response to such risks in order to support the achievement of our objectives.

The Authority takes a holistic risk management approach and all risk management activities are aligned to corporate goals, objectives and priorities with the aim of protecting and enhancing the reputation of the Authority.

Council identified thirteen (13) strategic risks that could hinder the achievements of ICASA's strategic goals and performance targets for the 2019/20FY.

The Authority has revised the Risk and Opportunity Policy to enhance Enterprise-wide Risk Management. The Risk Appetite Framework was developed as the instrument to better align overall strategy, capital allocation and risk.

The table below provides the risk mitigation measures implemented during the current Financial Year in respect of ICASA strategic risks.

No.	Strategic objectives (SO)	Risk and risk description	Mitigation
1.	SO 5.1: Build a strong corporate image SO 5.2: Improve organisational performance	Inability to achieve ICASA mandate due to dependency on the National Treasury funding model Root cause: - ICASA is funded through appropriations from Parliament (National Treasury).	Mitigation - Draft submission on the proposed funding model recommended for Council's consideration by the Audit, Risk, Ethics and Disclosure Committee.
2.	SO 5.1: Build a strong corporate image	Non-compliance with financial regulations (such as PFMA, Treasury Regulations, etc.) Root causes: - Inadequate skills in SCM functions. - Non-adherence to legislative prescripts and policies. - Lack of consequence management.	Mitigation - SCM manager was appointed during the year to address issues of non-compliance in the SCM department. The discussions on consequence management and the register on consequence management are being considered by CEO.
3.	SO 5.1: Build a strong corporate image	Litigation by stakeholders Root cause: - Non-compliance with the Constitution, enabling legislation and other applicable laws and stakeholders dissatisfied with ICASA decisions.	Mitigation - Regular review of internal policies by management. Legal advice is provided on regular basis.
4.	SO 4.3: Influence policy and legislation through advocacy	Policy uncertainty Root cause: - Differences in the interpretation of mandate.	Mitigation - Continuous engagement with ministry and departments on key matters impacting ICASA and execution of mandate.
5.	SO 2.1: Promote competition and reduce cost of communication SO3.1: To foster the creation of a common national identity SO 4.3: To protect the rights of consumers	Dissatisfied consumers Root causes: - Consumer concerns over high data prices. - Delays in promulgation of price regulation in data market. - Lack of adequate enforcement of current regulatory and interventions on consumer protection in relation to pricing transparency.	Mitigation - Publication of discussion document on Mobile Services Market Review for public comment - Publication of Biannual tariff report.
6.	SO5.1: Build a strong corporate image SO 5.2: Improve organisational performance	Inability to deliver on ICASA mandatory requirements Root cause: - Non-alignment of financial planning from APP strategic objectives. Inability to monitor plans.	Mitigation - Regular reviews of performance and mid quarter monitoring performed during the year.

No.	Strategic objectives (SO)	Risk and risk description	Mitigation
7.	SO 3.1: To foster the creation of a common national identity SO 4.3: To influence policy and legislation SO 5.1: To build a strong corporate image	ICASA not executing its mandate independently Root cause: - Pressure from external parties with vested private interest in the sector. Political influences and contract term of top management (including the Council) expiring – personal interest for employment.	Mitigation - Conflict of interest forms completed at meetings. - Financial disclosure by all employees and Council.
8	SO 5.1: To build a strong corporate image	Negative perception of ICASA Root causes: - Lack of awareness on protection of information. - Disgruntled employees. - Non-effective use of current IT and information security systems/configurations.	Mitigation - IT Security Policy approved during the year. - Workshops for rights management conducted.
9.	SO 5.1: To build a strong corporate image	The risk of fraud and corruption Root cause: - Personal enrichment and poor professional ethics.	Mitigation - Fraud assessments conducted with all divisions. - Newsletters distributed to all staff members for awareness on fraud-related information.
10.	SO 2.1 Promote competition and reduce cost of communication SO 3.1: To foster the creation of a common national identity	Regulatory barriers Root causes: - Inflexible legislative framework for opening the market (that is, issuing of an I-ECNS requires a policy direction by the Minister). - Regulations are outdated and not in line with ECA and technological trends.	Mitigation - Notice in respect of the IECNS project published in government gazette. - A draft invitation to apply for the I-ECNS licence. - The regulation register was developed and regular follow-up to ensure reviews of the regulations is done.
11	SO 5.1: To build a strong corporate image	Inability to adequately protect the Meerkat (SKA Precursor) radio telescopes Root cause: - Inadequate research conducted. Wrong analysis provided and also inadequate resources to monitor spectrum emissions around the SKA core site.	Mitigation - The establishment of the four (4) fixed sites is 75% complete. The remaining 25% will be completed in the 2020/21FY.
12	SO 5.1: To build a strong corporate image	Failure to ensure business continuity Root cause: - Lack of adequate business continuity plans and inadequate training.	Mitigation - Business Continuity Plan updated during the year and DR policy updated and distributed to all staff members.
13	SO 5.1: To build a strong corporate image	Human exposure to electromagnetic radiation Root cause: - Lack of regulatory standards and inadequate communication with relevant sectors.	Mitigation - The updated official list of regulated standards was published in the government gazette.

Risk appetite

Risk appetite is defined in terms of ICASA's Risk Management Framework as the degree of risk, on a broad-based level, that the Authority is willing to accept in pursuit of its goals. ICASA looks at risk appetite from the context of severity of the consequences should the risk materialise, any relevant internal or external factors influencing the risk and the status of management actions to mitigate or control the risk. A scale is used to assist in determining the limit of appetite for each risk, recognising that risk appetite will change over time.

If risk exceeds the appetite, it will threaten the achievement of objectives and may require a change of strategy. Risks approaching the limit of ICASA's risk appetite require management actions to be accelerated or enhanced to ensure the risks remain within appetite levels. For high, cautionary and medium risks, internal audit evaluates controls adequacy and effectiveness. Council approved the risk appetite statement for implementation and monitoring during the year. Monitoring of the risk appetite will be enhanced in the next Financial Year.

Fraud awareness

The Authority's Fraud and Corruption Prevention Policy aims to create a culture of zero-tolerance to fraud and provides guidelines on prevention, detection and investigation of incidents of corruption/fraud. The Fraud and Corruption Prevention Policy and strategy were reviewed and approved by Council during the year. ICASA's independent external hotline service (Whistle Blower fraud hotline) continues to guarantee employees, suppliers, consultants and members of the public their anonymity when reporting any incidents of fraud. Workshops and awareness newsletters encouraging safe and effective whistleblowing were conducted with ICASA employees and internal newsletters issued, respectively.

Code of ethics

ICASA subscribes to and promotes good ethical conduct in line with good governance principles as set out in the Code of Ethical Conduct and Disclosure of Interest. The Code outlines the minimum ethical standards of behaviour expected from Councillors, the CEO and employees of ICASA, which include honesty, fair dealing, integrity, good morals and ethical values in their conduct.

All Councillors, the CEO and employees are required to disclose any financial or business interest on annual basis or when the conflict of interest arises. The Code also sets stringent standards relating to the acceptance of gifts from third parties and declarations of potential conflict of interests. Declarations of interests are signed at every Council, governance, bid committee and executive management meetings. In instances where potential conflict is declared, members will recuse themselves from deliberations on the matters. Compliance with the Code enhances professionalism and maintains public confidence in the Authority as an independent public body.

Council approved the reviewed Code of Ethical Conduct and Disclosure of Interest during the year.

The Whistle Blower fraud hotline can be used by employees, stakeholders and members of the public to report suspected unethical conduct. Workshops and newsletters encouraging effective whistleblowing were presented and distributed throughout the year to employees.

Compliance

Compliance with laws and regulations applicable to ICASA operations is critical as non-compliance may have potentially serious consequences. During the year, reports were submitted to Audit, Risk, Ethics Disclosures Committee and Council on ICASA's compliance with relevant legislations and regulations and proposed actions. Council approved the Authority's Compliance Universe for the year and Annual Compliance Management Plan for the implementation during the year to assist in ensuring that activities are performed in line with the Plan.

Legislations and policies identified as high risks were prioritised by management and included in the Annual Compliance Management Plan for further monitoring purposes. Policy and regulation registers were developed to ensure that relevant updates were done as and when necessary.

Health, safety and environmental issues

ICASA is committed to providing and maintaining a safe and healthy working environment for all its employees, stakeholders and interested parties. ICASA strives to comply with the Occupational Health and Safety (OHS) Act No. 85 of 1993 as amended and the Disaster Management Act: Regulations relating to COVID-19. To ensure compliance of OHS statutory requirements and Disaster Management Regulations and guidelines, ICASA has put in place the following measures:

- An approved Occupational Health and Safety Policy.
- Crisis Management Committee.
- Occupational Health and Safety Committee.
- An OHS Policy Statement, which is displayed at our offices as required by the OHS Act.
- First aiders and fire marshals were appointed as per the OHS Act.
- Approved annual OHS plan of activities.
- Training and awareness in all aspects of safety, health and environment (SHE) to assist the Authority to fulfil its statutory and common-law duties of care.

Occupational Health & Safety Committee (OHS)

The purpose of the Committee is to monitor and implement OHS-related business decisions and oversee compliance with the OHS Policy and the Act. Some of the operational activities undertaken by the Committee in the 2020/21FY include:

- Conducting emergency evacuation drills at Head Office and Regional Offices.
- Conducting an exercise, preparing employees, contractors, stakeholders and/or interested parties in the event of a real life-threatening situation arising.
- Investigating and reporting various OHS incidents in the Head Office and Regional offices.
- Providing competent and professional advice on a range of safety, health and environmental issues occurring within ICASA.
- Providing Personal Protective Equipment (PPE) to employees whose work requires it.

As an ongoing process of maintaining and improving OHS awareness Corporate Services: Security Unit issued internal news bulletins to staff members pertaining to safety at work. OHS awareness workshops were conducted at Head Office and Regional Offices. Inspections were conducted and SHE checklists were submitted monthly to ensure statutory OHS compliance at the Head Office and Regional Offices. OHS monthly and quarterly reports were submitted to EXCO and the Council for noting.



The Year In Review



The Year In Review





SECTION D

HUMAN RESOURCES MANAGEMENT

SECTION D | Human Resource Management

Introduction

The Human Resources Division (HR) is the Authority's custodian of human capital. The function ensures that ICASA delivers on its mandate and achieves its strategic goals through the best use of all its employees' knowledge, skills and abilities. In all its programmes and endeavours, the division strives to be a strategic partner to other divisions within the Authority to help other divisions with change efforts, to guard and protect employees' interests while simultaneously ensuring harmony between all parties and providing quality service to employees.

The function's long-term vision is to work in partnership with other divisions and line managers to create an environment in which employees thrive and can deliver superior and sustained organisational performance. This higher employee performance will, in turn, ensure that the Authority fulfils its mandate to the public and other stakeholders.

Under the year in review, the division identified four (4) strategic priorities:

1. To maintain a desirable vacancy rate of 7%.
2. To review the current HR strategy.
3. To develop an organisational development (OD) strategy.
4. To maintain compliance with SETA by implementing the Workplace Skills Plan.

The rationale for maintaining the vacancy rate is to ensure that the Authority does not lose the current crop of suitable talent that will enable it to fulfil its mandate. The sustained vacancy rate will lead to a high level of organisational performance and, thereby, maintain a consistent and reliable regulatory service delivery.

Strategic intent

The Human Resources Division is a vital function within the Authority and, as a result, needs to have an up-to-date strategy outlining how the division plans to support the organisation to achieve its business objectives. The HR strategy outlines the division's priorities, a fit-for-purpose operating model, and how it intends to execute its plans and use its allocated resources to achieve its expected deliverables.

The Organisational Development (OD) strategy outlines planned change processes to continually improve the Authority's effectiveness and efficiency by using diagnostic data, designing and implementing appropriate solutions and interventions to enable the Authority to optimise its purpose.

The Workplace Skills Plan (WSP) is a requirement of Media, Information and Communication Technologies (MICT) Seta, to which the Authority subscribes. Compliance with the Seta requirements enables the Authority to provide occupationally directed learning activities to enhance knowledge, practical skills and work experience of individuals and teams based on current and future occupational requirements, thereby driving optimal organisational performance.

In addition to the strategic priorities for the 2019/20FY outlined above, HR has the following perpetual objectives: an efficient method of workforce management; effective performance management; employee health, safety and social well-being; and, commitment to the Employment Equity Act (Act No. 55 of 1998).

Workforce plan

In ensuring efficient workforce management, the Authority uses a systematic approach to identify and analyse organisational workforce needs culminating in a workforce plan. The resulting workforce plan provides the Authority with an ability to pursue and achieve its strategic and operational goals. The workforce plan sets out the actions necessary to have the right people in the right place at the right time.

The planning process requires the fulfilment of the following sub-objectives:

1. To design a strategic workforce plan that meets the Authority's needs in consultation with line managers, considering workforce and labour market trends.
2. To align the workforce planning cycle with the Authority's strategic planning and budget cycle.
3. To ensure appropriate budget or cost modelling for the successful implementation of the workforce plan.
4. To provide an adequate supply of qualified staff by sourcing and developing a future supply of the right skills to meet the Authority's needs.

Performance management

The Authority follows a planned process to direct, develop, support, and improve individual and team performance, thereby allowing ICASA to obtain sustained excellence in achieving organisational goals. The Authority implements the planned procedure through comprehensive performance management within the organisation.

Performance management involves the following sub-objectives:

1. To cascade the Authority's performance goals to teams' and individual deliverables and thereafter measure progress against the agreed objectives.
2. To develop a performance culture by establishing a relevant performance management system, process and methodology tailored to the needs, size and complexity of ICASA.
3. To motivate employees to deliver on their objectives through incentives and use consequence management to address poor performance.
4. To embed fairness and ethical practices in the performance management process that is aligned with the organisational culture and enhance the attainment of sustainable performance targets.

Employee Value Proposition

In its effort to enable optimal employee performance, the Authority ensures a safe, healthy and socially conducive working environment through the following sub-objectives:

1. Allow employees to manage their physical, mental, spiritual, financial and social well-being.
2. Manage employee wellness issues that can harm employees' ability to deliver on the Authority's objectives.
3. Promote a safe and healthy working environment that encourages high productivity and to preserve employee health and well-being.
4. Enhance Employment Value Proposition (EVP) by fostering a culture of individual health and wellness.

Employment equity

To fulfil its mandate, ICASA acknowledges the value that employees from diverse backgrounds bring and add to the Authority, and as such is fully committed to the aim of the Employment Equity Act (Act No. 55 of 1998) (EEA).

Thus, the Authority demonstrates its commitment to EEA by taking active steps to promote equity in the workplace by:

1. Aligning transformation interventions with ICASA's business strategy.
2. Enabling a fair representation of the workforce by attracting, developing and retaining employees from designated groups.
3. Implementing working diversity management initiatives to establish and maintain an inclusive culture conducive to transformation.
4. Making reasonable accommodation for employees from the designated groups.

Human Resource Statistics

Employee cost

Programme	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	% variance
	Employee costs	Employee costs	No. of employees	No. of employees	Average employee cost	Average employee cost	
Basic	303,000,183	304,743,306	364	359	832,418	848,867	0.57%
Training	6,623,203	3,682,415	235	253	28,184	14,555	-79.86%
Grand Total	309,623,386	308,425,555	364	359	850,614	859,125	-0.39%

Staff costs decreased by 0.39% from R309 623 386 in 2018/19 to R308 425 555 in 2019/20FY. The Authority achieved this by reducing the training budget because of the National Treasury's directive to implement austerity measures in all government institutions. However, despite the reduction of the training budget, employees were able to attend high-priority courses in each division.

Staff complement

Criteria	2018/19	2019/20	% variance	Movement
Approved posts	356	356	0.0%	0
Number of employees in approved structure	323	323	0.0%	0
Total number of employees	364	359	-1.4%	-5
Vacancies	9	13	44.4%	4
Vacancies (vacancy rate percentage)	2.53%	3.7%	44.3%	1%

The vacancy rate increased from 2.53% to 3.7%. This low vacancy rate remains a spectacular achievement considering the competitiveness of the telecommunications jobs market in South Africa.

Divisional staff costs

Division	2018/19	2019/20	In(de)crease	In(de)crease %
Regions	53,807,360	57,644,145	3,836,785	7%
Compliance and Consumer Affairs	23,485,132	9,319,833	(14,165,299)	-152%
Corporate Services	26,039,826	26,542,992	503,166	2%
Engineering & Technology	12,767,924	14,035,169	1,267,245	9%
Finance	26,160,512	26,607,787	447,275	2%
Human Capital Management	46,089,739	32,217,096	(13,872,643)	-43%
Internal Audit	10,197,566	10,221,683	24,117	0%
Legal, Risk and Compliance	12,818,550	14,437,852	1,619,302	11%
Licensing	46,296,125	68,112,822	21,816,697	32%
Policy Research & Analysis (PRA)	19,078,798	20,433,475	1,354,677	7%
Council & Secretariat	21,227,020	19,451,639	(1,775,381)	-9%
CEO	3,922,242	4,453,015	530,773	12%
COO	1,109,387	1,265,799	156,412	12%
Grand Total	303,000,183	304,743,306	1,743,123	0.57%

Personnel costs increased by 0.57% from R303 000 183 to R 304 743 306. This conservative increase further demonstrates ICASA's commitment to the austerity measures put forth by the National Treasury.

Training costs for employees and graduates

Division	No. of employees trained	Training expenditure R	Average of training cost per employee R
CEO Office	1	7,852	7,852
Compliance and Consumer Affairs	28	335,159	11,970
COO Office	2	26,540	13,270
Corporate Services	20	263,885	13,194
Council	9	267,114	29,679
Engineering and Technology	14	101,853	7,275
Finance	44	725,732	16,494
Human Resources Management	16	541,729	33,858
Internal Audit	18	219,006	12,167
Legal, Risk and CCC	16	191,435	11,965
Licensing	34	447,908	13,174
Policy, Research and Analysis	5	54,978	10,996
Regions	46	499,224	10,853
Grand Total	253	3,682,415	14,827

ICASA spent R3 682 415 on training in the Fiscal Year 2019/20. This expenditure translates to an average spending of R14 827 per employee. This amount remains a generous amount of training, which improves ICASA's employee value proposition. Two hundred and fifty-three (253) employees and graduates benefitted from the training interventions provided.

Headcount and vacancies per occupational level

Occupational level	Approved structure	2018/19 No. of employees in approved positions	2018/19 active vacancies	2019/20 No. of employees in approved positions	2019/20 active vacancies	% of vacancies
Top management	10	10	0	9	0	0.0%
Senior management	11	9	0	9	1	9.1%
Professional qualified	115	102	7	106	4	3.5%
Skilled	164	167	12	166	7	4.3%
Semi-skilled	54	72	2	67	1	1.9%
Unskilled	2	3	0	2	0	0.0%
TOTAL	356	363	21	359	13	3.7%

ICASA has 356 approved positions. Thirteen (13) of the posts in the structure are active vacancies, which translates to a vacancy rate of 3,7%. HR excluded some posts in the above calculation of the vacancy rate for some jobs because ICASA did not budget for them to conserve resources. The Authority implemented austerity measures in line with the budget constraints experienced in the national budget.

Employment changes

Salary band	Employment at the beginning of the period	New appointments	Terminations	Employment at the end of the period
Top management	9	0	1	8
Senior management	9	2	3	7
Professional qualified	103	2	5	100
Skilled	163	9	7	165
Semi-skilled	77	3	2	78
Unskilled	3	0	1	2
Total	364	16	19	360

The Authority employed 16 new employees, which has contributed to the low vacancy rate. The new employees were deemed critical and will help ICASA to efficiently fulfill its mandate.

Reasons for staff turnover

Reason	Number 2018/19	Number 2019/20	% variance	% of total No. of terminated staff
Dismissal	5	1	-80.0%	5%
Deceased	1		-100.0%	0%
Contract End		2	0.0%	11%
Resignation	10	10	0.0%	53%
Medical Boarding	1		-100.0%	0%
Retirement	1	6	500.0%	32%
Total	18	19	6%	100%

Organisations consider a turnover higher than 10% as high. In the 2016/17FY, ICASA had a high turnover, which was at 10%. The turnover started to decline, and by the end of 2018/19FY, it had dropped to 6.5%. At the end of the 2019/20FY turnover was 4%. Most employees leave ICASA because of resignations, citing better career opportunities elsewhere.

Labour relations: misconduct and disciplinary action

Nature of disciplinary action	2018/19 number	2019/20 number	% variance
Labour Court	2	0	-100%
High Court	1	0	-100%
CCMA	5	2	-60%
Disciplinary	2	4	100%
Grievance	0	8	0
Total	10	14	40%

With regards to cases involving external dispute resolution institutions, as at the end of the 2019/20FY, the Authority had no pending labour court and no high court cases. CCMA cases were also reduced by more than half, signalling better relations between employees and the Authority. However, internal disciplinary matters increased by two (2) cases, and there were eight (8) more grievance cases that the Authority had to handle.

Equity target and employment equity status

Occupational levels	Male								Female								Foreign national		Grand total
	African	Target	Coloured	Target	Indian	Target	White	Target	African	Target	Coloured	Target	Indian	Target	White	Target	Male	Female	
Top management	3	4	1	0		0		2	5	3		0		1	0				9
Senior management	4	2		0	1	0		2	3	1		1		0	0			1	9
Professionally qualified	55	24	4	3	4	3	6	2	28	16	2	1	1	1	1	3	2		106
Skilled technician and academically qualified workers	66	54	11	4	2	4	9	14	64	47	6	3	4	1	4	5			166
Semi-skilled and discretionary decision-making	14	16	1	1	1	2	3	3	38	46	3	3	2	1	5	2			67
Unskilled and defined decision-making		0		0		0		0	2	0		0		0	0				2
Grand total	142	100	17	8	8	9	18	23	140	113	11	8	7	4	10	8	3	3	359

The above table compares the demographics of ICASA's headcount to targets based on the Economically Active Population of South Africa (EAP). This table shows that there is generally a fair representation of all groups and at all levels within ICASA. However, females are slightly under-represented at the skilled and professionally qualified levels, and females are dominant at the semi-skilled and unskilled levels. The Authority will prioritise the hiring of females at the professional and skilled occupational levels.

Africans are well-represented at all levels, with a slight over-representation at the senior management level. At the same time, whites and coloureds, both males and females, are under-represented at most levels, especially at senior and top management. The Authority has plans approved by the Department of Labour to ensure equitable representation of all race and gender groups at different occupational levels.

Employees living with disability per gender

Occupational level	Male	Female	Grand total
Top management	0	0	0
Senior management	0	0	0
Professionally qualified	1	0	1
Skilled technician and academically qualified workers	2	1	3
Semi-skilled and discretionary decision-making	1	0	1
Unskilled	0	0	0
Grand Total	4	1	5

Five (5) employees are living with disabilities at ICASA, thereby meeting the minimum threshold of two percent (2%) of the headcount. However, ICASA is perpetually looking to hire more persons living with disabilities. Similarly, plans are in place to ensure preferential recruitment of persons living with disabilities.

SECTION E

THE COMPLAINTS AND COMPLIANCE COMMITTEE



SECTION E | The Complaints and Compliance Committee

In 2006, the CCC replaced the Broadcasting Monitoring and Complaints Committee (BMCC), which was established in 1994. The latter dealt only with broadcast content-related complaints. The jurisdiction of the CCC is wider than that of the BMCC as it deals with complaints against all licensees in terms of the ICASA Act No. 13 of 2000, the Electronic Communications Act No. 36 of 2005, the Broadcasting Act No. 4 of 1999 and the Postal Services Act No. 124 of 1998.

Constitutionality of the CCC

The CCC's constitutionality as an independent administrative tribunal in terms of Section 33 of the Constitution of the Republic was recognised by the Constitutional Court in 2007. It is not a committee of the Council of ICASA, but most of its orders against licensees are referred to the Council of ICASA to consider for enforcement. In this respect, the CCC's advice to Council as to an order has consistently been accepted in more than 400 matters since 2007. In disputes between licensees, the resolution of the CCC is, however, final.

The Chairperson of the CCC, who is required to be a Judge of the High Court or a lawyer with similar experience, decides, after preparation of a matter by the Office of the Coordinator, whether a matter should be referred to the CCC. The six (6) members, who include one Councillor of ICASA, are entitled to sit in each matter and are supposed to be experts in technology, media, law and related fields.

Although some matters reside under the exclusive jurisdiction of the CCC (e.g. omissions in terms of Election Regulations, the Electronic Communications Act No. 36 of 2005, the Broadcasting Act No. 4 of 1999 and the Postal Services Act No. 128 of 1998), the Broadcasting Complaints Commission of South Africa (BCCSA), an independent tribunal set up by the National Association of Broadcasters (NAB) in 1993 and recognised by ICASA in 1995, deals with broadcasting content complaints in terms of a code, which was approved by ICASA.

Broadcasters who elected not to fall under the jurisdiction of the BCCSA with regards to content, fall under the jurisdiction of the CCC. Although there are exceptions, community broadcasters, on the whole, fall under the jurisdiction of the CCC, also with regards to content.

Errors that related to the General Election 2019 were dealt with by the CCC. Two broadcasters were fined for negligent omissions in terms of the elections regulations. It was held that a few errors by the SABC (out of more than 2000 advertisements) were not attributable to its negligence.

There were also complaints concerning defamation. The complaints were upheld and the broadcasters ordered to broadcast an apology. Other complaints ranged from disputes as to the election of the Board of community broadcasters, the omission to hold AGMs and financial mismanagement.

Having considered the applicable judgments of our courts on negligence, the CCC concluded that the reasonable public broadcaster, given the pressure under which it was obliged to work, could have made the same errors. Thus, although the regulations were not abided by in these cases, similar errors could also have been made by the reasonable broadcaster.

A finding in favour of the SABC was, accordingly, made. The SABC was, however, cautioned that if the same errors were repeated in future, this would be taken into consideration in establishing whether negligence was present.

The Compliance and Consumer Affairs Division referred eleven (11) matters related to transfer of control without the permission of ICASA. Control was held to be more than fifty percent (50%) and all the complaints, which emanated from the Compliance and Consumer Affairs Division, were upheld. The licensees were ordered to apply for permission from ICASA.

Two (2) matters, where the maximum period for setting up a broadcaster (two years) was not adhered to, were found not to have justified a cancellation of the licence. It was held that the two (2) years limit as set out in the regulations did not apply to a broadcasting licence. A broadcasting licence may only, according to the ICASA Act, be suspended for a maximum of one (1) month where it had in the past had several findings against it.

It was found that the broadcaster or licensees had applied for additional frequencies, hence the delay in the commencement period. The broadcasters were granted a further eight (8) months to be on air, unless there were further limiting circumstances.

A significant judgment, confirmed by Council, confirmed the following principle: a broadcaster may not be taken off air without the authorisation of Council or a Court of Law – which would, of necessity, be done with reasonable notice and on legally justifiable grounds. Compare *Motlatsi Makhasane v Lejweleputswa FM (Rock FM) Case 348/2019*.

On the whole, the CCC consistently took note of Section 2(y) of the ECA, which provides that inquiries must refrain from undue interference in the commercial activities of licensees. The Constitutional Court has also cautioned that the inquisitorial powers of the CCC must be exercised with fairness and should thus not develop into an inquisition.

Having dealt with sixty-two (62) cases in the reporting year, the undersigned wishes to pay tribute to the CCC Coordinator, Ms Lindisa Mabulu, and her staff as well as the colleagues on the CCC for their commitment to their duties. The administrative assistance of the Executive: Legal, Risk and CCC (Mr Norman Gidi) is also highly appreciated.



J. C. W. Van Rooyen

PROF JCW Van Rooyen SC
Chairperson of the CCC

Committee Membership and Attendance

Terms of office

The members depicted served on the CCC during the period under review:

Committee member	Commencement of Term	Expiry of term
Prof JCW Van Rooyen SC	18 December 2014	Until new member appointed
Dr Keabetswe Modimoeng	April 2016	April 2020
ClIr Nomonde Gongxeka-Seopa	1 February 2018	31 January 2020 (Resigned from the Authority and last day – 10 July 2020)
ClIr Dimakatso Qocha	September 2017	July 2021
Jack Tlokana	1 July 2020	Until new member appointed
Mzimkulu Malunga	1 July 2020	Until new member appointed
Peter Hlapolosa	1 July 2020	Until new member appointed
Prof Kasturi Moodaliyar	1 December 2014	Until new member appointed
Dr Jacob Medupe	1 December 2014	Until new member appointed

Member	Eight (8) internal meetings	One (1) quarterly meetings	Eight (8) Deliberations	Twenty (20) Hearings
Prof JCW Van Rooyen SC	8	1	8	20
Dr Keabetswe Modimoeng		1	2	3
ClIr Nomonde Gongxeka- Seopa	1		2	7
ClIr Dimakatso Qocha	1		4	10
Jack Tlokana	1	1	8	20
Mzimkulu Malunga	1	1	7	19
Peter Hlapolosa	1	1	8	19
Prof Kasturi Moodaliyar	1	1	3	7

Number of complaints adjudicated by the CCC during the period under review

Postal	Broadcasting	Telecommunications
0	47	15

Total = [62]

SECTION F

FINANCIAL INFORMATION



Report by the Accounting Officer

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999) (PFMA) to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

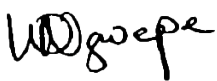
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is beyond reproach. The focus of risk management in the Authority is that of identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements.

However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. The auditors are responsible for auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented below.

The annual financial statements set out in the Annual Report, which have been prepared on the going concern basis, were approved by the accounting officer on 31 July 2020 and were signed on its behalf by:



Willington A Ngwepe
Chief Executive Officer
31 July 2020

Report of the Auditor-General to Parliament on the Independent Communications Authority of South Africa

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Independent Communications Authority of South Africa (Icasa) set out on pages 85 to 128, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Icasa as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International code of ethics for professional accountants* (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Material impairments – National Revenue Fund receivables

7. As disclosed in note 9 to the financial statements, the entity has impaired receivables from non-exchange transactions of R280 971 396 (2019: R258 092 587) as a result of potential irrecoverable receivables from non-exchange transactions.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing Icasa's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators measures included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2020.

Programme	Pages in the annual performance report
Programme 2: licensing	33 – 36

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 2: licensing

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 27 to 28 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure of R3 369 931, disclosed in note 38 to the financial statements, as required by Section 38(1)(c)(ii) of the PFMA. Majority of the irregular expenditure resulted from where it was impractical to obtain three quotations, approval of the delegated official was not obtained.

Consequence management

22. Disciplinary steps were not taken against some of the officials who incurred or permitted irregular expenditure and fruitless and wasteful expenditure, as required by Section 38(1)(h)(iii) of the PFMA.

Procurement and contract management

23. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.

Other information

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
29. Controls were not always effective to ensure oversight monitoring and review of compliance with laws and regulations.
30. Consequence management was not adequately implemented by leadership against some employees who incurred or permitted irregular expenditure and fruitless and wasteful expenditure, as required by the PFMA.
31. Management did not implement adequate controls to prevent and detect non-compliance with laws and regulations, which resulted in irregular expenditure incurred by the institution.

Auditor General

Pretoria

16 October 2020



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the entity to cease continuing as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

SECTION F | Financial Information

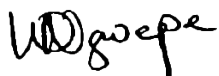
Independent Communications Authority of South Africa (ICASA)
Annual Financial Statements for the year ended 31 March 2020

Index

The reports and statements set out below comprise the annual financial statements presented to the parliament:

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Statement of Financial Performance	86
Statement of Changes in Net Assets	87
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Accounting Policies	90 - 108
Notes to the Annual Financial Statements	109 - 128

The annual financial statements set out on page 85 to 128, which have been prepared on the going concern basis, were approved by the members on 29 September 2020 and were signed on its behalf by:



Willington A Ngwepe
Chief Executive Officer



Dr Keabetswe Modimoeng
Chairperson

Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Position

	Note(s)	2020 R	2019 R
Assets			
Current Assets			
Operating lease asset	5	4 808 794	6 468 049
Prepayments	6	6 664 049	8 634 169
Inventories	7	636 895	912 322
Receivables from exchange transactions	8	8 563 400	8 168 190
Receivables from non-exchange transactions	9	928 587 527	861 994 577
Cash and cash equivalents	10	343 149 899	471 790 647
		1 292 410 564	1 357 967 954
Non-Current Assets			
Property, plant and equipment	3	123 327 180	140 820 987
Intangible assets	4	23 019 208	19 204 928
		146 346 388	160 025 915
Total Assets		1 438 756 952	1 517 993 869
Liabilities			
Current Liabilities			
Finance lease obligation	11	394 598	28 333
Unspent conditional grants and receipts	12	37 699 839	6 956 363
Provisions	13	17 415 810	29 853 763
Payables from exchange transactions	14	32 836 545	54 310 735
Payables from non-exchange transactions	15	-	20 937
National Revenue Fund Payables	16	1 202 190 196	1 288 012 480
		1 290 536 988	1 379 182 611
Non-Current Liabilities			
Operating lease liability	5	15 634 533	10 499 135
Finance lease obligation	11	521 528	-
Provisions	13	2 339 688	2 134 874
		18 495 749	12 634 009
Total Liabilities		1 309 032 737	1 391 816 620
Net Assets		129 724 215	126 177 249
Accumulated surplus		129 724 846	126 177 405

Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Performance

	Note(s)	2020 R	2019 R
Revenue			
Revenue from exchange transactions			
Other income	19	12 099 159	14 178 730
Revenue from non-exchange transactions			
Other revenue from non-exchange transactions	17	3 846 018	1 548 726
Revenue from non-exchange transactions	20	452 645 000	443 961 000
Total revenue from non-exchange transactions		456 491 018	445 509 726
Total revenue		468 590 177	459 688 456
Expenditure			
Lease rentals on operating lease	18	(36 401 193)	(32 820 338)
Employee-related costs	21	(308 425 721)	(306 448 139)
Depreciation and amortisation	22	(20 449 318)	(18 493 051)
Impairment Loss	23	(88 039)	(7 500)
Finance costs	24	(276 985)	(115 192)
General expenses	25	(95 250 765)	(121 263 745)
Repairs and maintenance	26	(4 193 286)	(8 403 214)
Total expenditure		(465 085 307)	(487 551 179)
Surplus (deficit) for the year		3 504 870	(27 862 723)

Annual Financial Statements for the year ended 31 March 2020

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	162 084 454	162 084 454
Adjustments		
Correction of errors	2 217 468	2 217 468
Funds surrendered to National Revenue Fund	(10 261 794)	(10 261 794)
Balance at 01 April 2018 as restated*	154 040 128	154 040 128
Changes in net assets		
(Deficit) surplus for the year	(27 862 723)	(27 862 723)
Total changes	(27 862 723)	(27 862 723)
Opening balance as previously reported	126 177 249	126 177 249
Adjustments		
Correction of errors	42 727	42 727
Balance at 01 April 2019 as restated*	126 219 976	126 219 976
Changes in net assets		
(Deficit) surplus for the year	3 504 870	3 504 870
Total changes	3 504 870	3 504 870
Balance at 31 March 2020	129 724 846	129 724 846

Annual Financial Statements for the year ended 31 March 2020

Cash Flow Statement

	Note(s)	2020 R	2019 R
Cash flows from operating activities			
Receipts			
Finance income		11 646 719	14 162 514
Cash received from Department of Communications		452 645 000	443 961 000
Other receipts		589 494	694 875
Cash received by Administered Revenue for NRF		1 491 098 095	1 799 561 945
		1 955 979 308	2 258 380 334
Payments			
Employee costs		(295 987 768)	(306 314 052)
Suppliers		(136 660 318)	(147 197 424)
Finance costs		(1 070)	(6 829)
Cash paid by Administered Revenue for NRF		(1 643 512 773)	(1 913 441 602)
		(2 076 161 929)	(2 366 959 907)
Net cash flows from operating activities	28	(120 182 621)	(108 579 573)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(5 639 136)	(40 403 201)
Purchase of other intangible assets	4	(2 533 672)	(2 147 055)
Net cash flows from investing activities		(8 172 808)	(42 550 256)
Cash flows from financing activities			
Finance lease payments		(285 319)	-
Funds surrendered to National Revenue Fund		-	(10 261 794)
Net cash flows from financing activities		(285 319)	(10 261 794)
Net increase/(decrease) in cash and cash equivalents		(128 640 748)	(161 391 623)
Cash and cash equivalents at the beginning of the year		471 790 647	633 182 270
Cash and cash equivalents at the end of the year	10	343 149 899	471 790 647

Annual Financial Statements for the year ended 31 March 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	20 910 379	-	20 910 379	12 099 159	(8 811 220)	Note 39
Revenue from non-exchange transactions						
Funding from the Department of Communications	452 645 000	-	452 645 000	452 645 000	-	Note 38
Other Revenue from Non-exchange transactions	-	-	-	3 846 018	3 846 018	
Total revenue from non-exchange transactions	452 645 000	-	452 645 000	456 491 018	3 846 018	
Expenditure						
Personnel	(323 045 207)	-	(323 045 207)	(308 425 721)	14 619 486	Note 38
Depreciation and amortisation	(17 078 299)	-	(17 078 299)	(20 449 318)	(3 371 019)	Note 38
Impairment loss/ Reversal of impairments	-	-	-	(88 039)	(88 039)	
Finance costs	(11 803)	-	(11 803)	(276 985)	(265 182)	
Lease rentals on operating lease	(43 170 108)	-	(43 170 108)	(36 401 193)	6 768 915	Note 38
Repairs and maintenance	(3 283 864)	-	(3 283 864)	(4 193 286)	(909 422)	Note 38
General Expenses	(118 438 770)	-	(118 438 770)	(95 250 765)	23 188 005	Note 38
Total expenditure	(505 028 051)	-	(505 028 051)	(465 085 307)	39 942 744	
Surplus before taxation	(31 472 672)	-	(31 472 672)	3 504 870	34 977 542	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(31 472 672)	-	(31 472 672)	3 504 870	34 977 542	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Authority.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Authority will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The Authority assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Authority makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of entity specific variables such as existing disputes between the Authority and the licensee and long outstanding fees billed under repealed regulations, as well as economic factors such as inflation, exchange rates and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Authority; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	8 - 28 years
Motor vehicles	Straight-line	10 - 19 years
Office equipment	Straight-line	5 - 27 years
IT equipment	Straight-line	5 - 26 years
Computer software	Straight-line	5 - 19 years
Leasehold improvements	Straight-line	Depreciated over the lease period
Technical equipment	Straight-line	6 - 29 years
Dismantling and Restoration Asset	Straight-line	Depreciated over the lease period
Office and computer equipment under finance lease	Straight-line	Depreciated over the lease period

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Authority. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Authority assesses at each reporting date whether there is any indication that the Authority expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Authority revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets that the Authority holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The Authority separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 26).

1.5 Site restoration and dismantling cost

The Authority has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Authority incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to
- (b) changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the Authority considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Authority or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Authority; and
- the cost or fair value of the asset can be measured reliably.

The Authority assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 - 19 years

The Authority discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably.

However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or

- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the constitutional institution incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the constitutional institution.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Authority; or
- the number of production or similar units expected to be obtained from the asset by the Authority.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Authority; or
- the number of production or similar units expected to be obtained from the asset by the Authority.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.
- Termination benefits are employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

- When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.13 Provisions and contingencies

Provisions are recognised when:

- the Authority has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the constitutional institution settles the obligation.

The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the Authority

No obligation arises as a consequence of the sale or transfer of an operation until the Authority is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The Authority recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the Authority for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the Authority considers that an outflow of economic resources is probable, an Authority recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Authority has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Authority retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Authority, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the Authority's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a Authority, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the Authority can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a Authority either receives value from another Authority without directly giving approximately equal value in exchange, or gives value to another Authority without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting Authority.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Authority satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Authority.

When, as a result of a non-exchange transaction, the Authority recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

The Authority is exempted from paying Income Tax in terms of section 10 (1) (cA) of the Income Tax Act (Act no 58 of 1962).

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Authority.

Where the Authority collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the Authority is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a Authority is a principal or an agent requires the Authority to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The Authority assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the Authority in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the Authority concludes that it is not the agent, then it is the principal in the transactions.

The Authority is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the Authority has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Authority applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the Authority is an agent.

Recognition

The Authority, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The Authority, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Authority recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Budget information

Constitutional Institution are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Authority shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the Authority, including those charged with the governance of the Authority in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Authority.

The Authority is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Authority to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the Authority is exempt from the disclosures in accordance with the above, the Authority discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Authority will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Authority will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Administered revenue on behalf of the National Revenue Fund

In terms of section 15(3) of the Independent Communications Authority of South Africa (Act No 13 of 2000), the Authority is required to pay all fees received and held on its behalf to the National Revenue Fund within 30 days after receipt of such revenue, through the Department of Communications.

Separate bank accounts are held for the purpose of collecting these revenues and paying them across to the National Revenue Fund. The Authority has an obligation in terms of statute to administer these funds on behalf of National Treasury to pay them across within the prescribed time limit.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The constitutional institution has not applied the following standards and interpretations, which have been published and are mandatory for the constitutional institution's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- GRAP 104 (amended): Financial Instruments	01 April 2019	Unlikely there will be a material impact
- Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Unlikely there will be a material impact
- Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Unlikely there will be a material impact
- Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2019	Unlikely there will be a material impact
- IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
- GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
- GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
- GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
- GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
- GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
- GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
- GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
- IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
- Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2020	Unlikely there will be a material impact
- Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Unlikely there will be a material impact

Figures in Rand

3. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	13 695 221	(3 094 283)	10 600 938	21 972 033	(8 152 223)	13 819 810
Motor vehicles	19 051 188	(8 066 211)	10 984 977	19 806 577	(7 270 392)	12 536 185
Office and computer equipment	57 052 292	(35 198 513)	21 853 779	61 401 464	(34 555 289)	26 846 175
Leasehold improvements	18 320 262	(3 330 223)	14 990 039	18 133 047	(1 238 497)	16 894 550
Test equipment	117 281 202	(55 085 681)	62 195 521	120 962 291	(52 225 131)	68 737 160
Dismantling and restoration Asset	2 047 431	(291 016)	1 756 415	2 047 431	(86 027)	1 961 404
Office equipment under finance lease	1 165 643	(220 132)	945 511	879 541	(853 838)	25 703
Total	228 613 239	(105 286 059)	123 327 180	245 202 384	(104 381 397)	140 820 987

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	13 819 810	885 447	(2 327 075)	(1 777 244)	-	10 600 938
Motor vehicles	12 536 185	57 050	(366 390)	(1 241 868)	-	10 984 977
Office and computer equipment	26 846 175	3 564 291	(1 873 127)	(6 595 521)	(88 039)	21 853 779
Leasehold improvements	16 894 550	187 214	-	(2 091 725)	-	14 990 039
Test equipment	68 737 160	1 189 013	(1 414 435)	(6 316 217)	-	62 195 521
Dismantling and restoration asset	1 961 404	-	-	(204 989)	-	1 756 415
Office and computer equipment under finance lease	25 703	1 165 643	-	(245 835)	-	945 511
	140 820 987	7 048 658	(5 981 027)	(18 473 399)	(88 039)	123 327 180

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Furniture and fixtures	4 713 615	10 385 522	-	23 581	(1 302 908)	-	13 819 810
Motor vehicles	10 743 538	3 170 166	(196 652)	-	(1 180 867)	-	12 536 185
Office and computer equipment	26 376 359	7 042 304	(256 745)	(23 581)	(6 292 162)	-	26 846 175
Leasehold improvements	1 866 379	16 292 145	-	-	(1 263 974)	-	16 894 550
Test equipment	71 478 702	3 513 064	(8 397)	-	(6 238 709)	(7 500)	68 737 160
Dismantling and restoration asset	-	2 047 431	-	-	(86 027)	-	1 961 404
Office equipment under finance lease	318 884	-	-	-	(293 181)	-	25 703
	115 497 477	42 450 632	(461 794)	-	(16 657 828)	(7 500)	140 820 987

Pledged as security

No assets pledged as security.

Assets subject to a lease (Net carrying amount)

Leasehold improvements	14 990 039	16 894 550
Other leased assets	945 511	25 703
	15 935 550	16 920 253

Figures in Rand

4. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	23 772 290	(16 642 103)	7 130 187	20 630 314	(14 666 187)	5 964 127
Work In Progress	15 889 021	-	15 889 021	13 240 801	-	13 240 801
Total	39 661 311	(16 642 103)	23 019 208	33 871 115	(14 666 187)	19 204 928

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	5 964 127	3 141 977	(1 975 917)	7 130 187
Work in Progress	13 240 801	2 648 220	-	15 889 021
	19 204 928	5 790 197	(1 975 917)	23 019 208

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	7 139 937	684 899	(11 154)	(1 849 555)	5 964 127
Work In Progress	11 778 645	1 462 156	-	-	13 240 801
	18 918 582	2 147 055	(11 154)	(1 849 555)	19 204 928

Pledged as security

There are no intangible assets pledged as security.

Figures in Rand

5. Operating lease liability

	2020	2019
Current assets	4 808 794	6 468 049
Non-current liabilities	(15 634 533)	(10 499 135)
	(10 825 739)	(4 031 086)

Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

6. Prepayments

Software licence and support	1 447 312	1 568 890
Library subscriptions	576 775	530 088
Rental payments	2 173 518	2 386 360
Conferences and exhibitions	161 423	374 399
Consultants	230 439	-
Deposits	2 074 582	3 774 432
	6 664 049	8 634 169

7. Inventories

Groceries	119 986	268 210
Stationery	516 909	644 112
	636 895	912 322

Inventories recognised as an expense during the year	875 318	356 224
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8. Receivables from exchange transactions

Staff Receivables	8 296 420	7 455 259
Other receivables	267 137	740 088
Less: Provision for impairment of receivables	(157)	(27 157)
	8 563 400	8 168 190

Receivables from exchange transactions pertain to staff bursaries, subsistence & travel and cellular phones. In the event a staff member decides to deregister and leaves the employment of the Authority or change the courses for which the staff member was initially sponsored the bursary is recouped. The employee is expected to serve a term equivalent to the period sponsored alternatively the total amount due will be deducted from the employee's salary or final payment.

Cellphone, subsistence and travel receivables pertain to amounts that the employee owes the Authority after a business trip or excess/personal usage of a cell phone provided to the employee by the Authority. No impairment is provided for on these receivables as these are recoverable from the employees on a regular basis. The employees sign contracts for bursaries, standing advances and cell phones which provide the Authority permission to deduct outstanding amounts. International travel is administered through signed letters from employees granting the Authority permission to deduct such amounts should an employee decide to leave before the stipulated period of time.

Figures in Rand

Credit quality of trade and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Authority does not hold any collateral security:

Trade receivables

The rating of other receivables was as follows:

Medium Risk
High Risk

	2020	2019
	8 563 557	8 168 190
	(157)	27 157
	8 563 400	8 195 347

Trade and other receivables balances mainly relates to transactions with staff members thus from the employees. Transactions outside the Authority are normally conducted with reputable institutions with good credit ratings.

Medium Risk – receivables with no defaults in the past and not provisionally impaired.

High Risk – receivables that are more than 90 days, which have been provisionally impaired

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2020, R8 563 558 (2019: R8 168 190) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	2 179 483	(149 394)
2 months past due	(348 389)	293 116
3 months past due	6 732 463	7 249 568

Trade and other receivables impaired

As of 31 March 2020, trade and other receivables of R (157) (2019: R27 157) were impaired and provided for. The amount of the provision was R (157) as of 31 March 2020 (2019: R27 157).

The ageing of these loans is as follows:

Over 6 months	(157)	27 157
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	27 157	27 157
Unused amounts reversed	(27 314)	-
	(157)	27 157

9. Receivables from non-exchange transactions

Broadcasting services	128 022 193	106 025 945
Spectrum receivables	278 281 656	254 116 976
ECS and ECNS services	789 031 096	746 201 248
Postal services	14 223 978	13 742 995
Allowance for impairment of NRF Receivables	(280 971 396)	(258 092 587)
	928 587 527	861 994 577

Receivables from non-exchange transactions pertain to licence fees accruals that were raised at the end of the reporting period but due for settlement after the end of the reporting period. These are based on either the results of the licensee, where the licensee has finalised its financial statements, however, in instances where actual results are not available at the end of the reporting period, the licensee submits the expected financial results.

ECN and ECNS receivables relates to all the amounts that had been billed to but not settled by the Electronic Communications Services and the Electronic Communications Network Services licensees. The broadcasting receivables are all outstanding licence fees for broadcasting licences.

The Authority acts as an agent for the National Revenue Fund. The transfer of licence fees received is paid over to the Department of Communications hence receivables on behalf of the National Revenue Fund.

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2020, R928 587 527 (2019: R861 994 577) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2020	2019
1 month past due	928 031 572	861 232 873
2 months past due	555 955	-
3 months past due	280 971 396	258 092 587
Receivables from non-exchange transactions impaired		

As of 31 March 2020, other receivables from non-exchange transactions of R280 971 396 (2019: R258 092 587) were impaired and provided for.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(258 092 587)	(247 952 013)
Provision for impairment	(26 872 214)	(18 894 145)
Unused amounts reversed	3 993 405	8 753 571
	(280 971 396)	(258 092 587)

The licences are granted to various customers with different credit profiles. Customer profiles include successful multinational corporations, big security companies, medium-sized entities and very small entities. The credit profiles of these entities vary significantly and in terms of the legislations the Authority is not permitted to refuse to grant any entity licences due to its credit rating.

Despite the fact that no credit vetting is conducted before licences are issued, all licences are granted after they have lodged their applications with the Authority. In instances where the licensee fails to comply with its licence condition which include payment terms, the licensee is referred to the Complaints and Compliance Committee or has its equipment sealed. Amounts written-off during the year were previously included in the impairment provision. All amounts written off are duly approved by Council.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	69 463 458	45 692 418
Administered revenue cash balance	273 603 223	426 017 900
Other cash and cash equivalents (bank)	29 425	40 524
Other cash and cash equivalents (other)	53 793	39 805
	343 149 899	471 790 647

Figures in Rand

11. Finance lease obligation

	2020	2019
Minimum lease payments due		
- within one year	451 548	28 484
- in second to fifth year inclusive	545 087	-
	996 635	28 484
less: future finance charges	(80 509)	(150)
Present value of minimum lease payments	916 126	28 334
Present value of minimum lease payments due		
- within one year	394 598	28 334
- in second to fifth year inclusive	521 528	-
	916 126	28 334
Non-current liabilities	521 528	-
Current liabilities	394 598	28 333
	916 126	28 333

The Authority entered into a finance lease agreement with Bytes Documents Solutions (Pty) Ltd for office equipment. The monthly instalments are fixed and do not contain any escalation clauses. The extended lease expires on 30 September 2023.

The lease term was extended for 2 years and the average effective borrowing rate was 10% (2019: 10%).

Interest rates are at the contract date.

The Authority's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Unspent grants	37 699 839	6 956 363
Movement during the year		
Balance at the beginning of the year	6 956 363	7 810 214
Additions during the year	34 000 000	-
Income recognition during the year	(3 256 524)	(853 851)
	37 699 839	6 956 363

The Authority received a grant allocation of R34 million from the Department of Telecommunications and Postal Services for the Spectrum Licensing under Programme 5 for its infrastructure requirements. The opening balance of R6 956 363 was carried over from prior year, of which R3 256 524 was utilised during the year under review whilst the remaining balance of R3 699 839 is ring-fenced for the Automated Spectrum Management System (ASMS) contract which is aimed at building the Authority's ICT Infrastructure support. The residual grant of R34 million is ring fenced for the Spectrum Licensing project.

These amounts are invested in a ring-fenced investment until used.

Figures in Rand

13. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Unwinding of Costs	Total
Provision for Dismantling and Restoration	2 134 874	-	-	204 814	2 339 688
Bonus provisions	29 853 763	17 415 810	(29 853 763)	-	17 415 810
	31 988 637	17 415 810	(29 853 763)	204 814	19 755 498

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Unwinding of Costs	Total
Provision for dismantling and restoration	-	2 047 431	-	87 443	2 134 874
Bonus provisions	27 307 331	29 853 763	(27 307 331)	-	29 853 763
	27 307 331	31 901 194	(27 307 331)	87 443	31 988 637
Non-current liabilities				2 339 688	2 134 874
Current liabilities				17 415 810	29 853 763
				19 755 498	31 988 637

Provision for Dismantling and Restoration

The provision for dismantling and restoration costs relates to the Head Office lease agreement signed and effective from 1 November 2018 which impose an obligation on the Authority to restore the building on termination of the lease agreement on 30 September 2028.

Bonus Provision

The bonus provision is based on the key performance bonuses criteria that have to be met in order for the cash payout to be made. The amount of the performance bonus incentives paid to employees is always subject to approval by Council. This then results in uncertainty regarding the amount of the liability to be recognised in the financial statements.

14. Payables from exchange transactions

	2020	2019
Trade payables	1 989 073	8 075 393
Structured savings	481 140	464 633
Third-party payables	182 842	141 912
Accrued leave pay	15 072 759	16 399 300
Accrued expenses	15 110 731	29 229 497
	32 836 545	54 310 735

15. Payables from non-exchange transactions

Donations from Staff	-	20 937
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16. National Revenue Fund Payables

National Revenue Fund payables	908 994 600	826 688 692
Receipts in advance and other payables	293 195 596	461 323 788
	1 202 190 196	1 288 012 480

17. Other revenue from non-exchange transactions

Unspent Grants of prior year recognised	3 256 524	853 851
Miscellaneous income	420 203	-
Insurance claim settlements	169 291	694 875
	3 846 018	1 548 726

Figures in Rand

18. Lease rentals on operating lease

	2020	2019
Premises		
Contractual amounts	31 899 026	28 208 649
Equipment		
Contractual amounts	541 703	62 133
Parking		
Contractual amounts	3 960 464	4 549 556
	36 401 193	32 820 338

19. Revenue from exchange transactions

Interest income	12 033 646	14 162 514
Other income	65 513	16 216
	12 099 159	14 178 730

20. Revenue from non-exchange transactions

Grant - Department of Telecommunications and Postal Services	452 645 000	443 961 000
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The Authority receives funding from the Department of Telecommunications and Postal Services (DTPS) to enable it to carry its mandate as prescribed in the Independent Communications Authority of South Africa Act. The grant received from the Department of Telecommunications and Postal Services above consists of an original allocation R452 645 000 (2019 - R443 961 000)

21. Employee related costs

Basic	238 703 479	236 237 659
Bonus	17 119 066	31 132 226
UIF	702 219	702 133
WCA	562 765	536 782
SDL	2 765 293	2 695 613
Leave pay provision charge	602 258	3 158 176
Defined contribution plans	38 622 833	22 011 277
Overtime payments	375 913	936 000
Long-service awards	273 264	490 000
Graduates Development Programme	1 942 280	3 471 987
Structured savings	388 806	266 246
Temporary Staff	6 367 545	4 810 040
	308 425 721	306 448 139

22. Depreciation and amortisation

Property, plant and equipment	18 473 399	16 643 496
Intangible assets	1 975 916	1 849 555
	20 449 315	18 493 051

Figures in Rand

23. Impairment of assets**Impairments**

Property, plant and equipment

88 039 7 500

24. Finance costs

Finance leases

71 101 20 921

Unwinding of Dismantling and Restoration Costs

204 814 87 442

Interest Paid

1 070 6 829

276 985 115 192**25. General expenses**

Advertising

3 277 624 6 334 424

Auditors remuneration

5 681 184 4 202 899

Bank charges

104 562 108 080

Cleaning

1 746 787 2 316 599

Consulting and professional fees

14 702 734 23 646 690

Legal fees

13 980 371 12 799 812

Training and conferences

5 693 019 9 010 897

Publications

1 260 871 1 416 953

Insurance

1 042 448 852 011

IT expenses

10 835 447 12 983 135

Motor vehicle expenses

2 062 256 3 505 664

Recruitment costs

611 191 1 009 692

Security

2 746 976 2 660 906

Telephone and fax

2 261 998 2 384 357

Travel and subsistence

11 406 180 22 927 561

Assets expensed

375 446 445 743

Electricity

3 288 405 4 095 833

Rates and taxes

3 010 086 2 971 265

Loss on disposal of assets

5 949 784 472 949

Printing and stationery

793 018 1 228 842

Operating lease maintenance costs

142 562 374 265

General and administrative expenses

2 145 595 2 244 478

Other expenses

2 132 221 3 270 690

95 250 765 121 263 745**26. Repairs and maintenance**

Office and computer equipment

1 137 763 4 529 500

Spetrum management system

2 521 678 2 871 627

Monitoring equipment

18 626 164 910

Motor vehicles

515 218 837 177

4 193 285 8 403 214**27. Auditors' remuneration**

External audit fees

5 681 184 4 202 899

Figures in Rand

28. Cash used in operations

	2020	2019
Surplus (deficit)	3 504 870	(27 862 723)
Adjustments for:		
Depreciation and amortisation	20 449 318	18 493 051
Finance costs - Finance leases	71 101	20 921
Impairment deficit	88 039	7 500
Movements in operating lease assets and accruals	3 476 143	3 116 676
Movements in provisions	(12 233 139)	4 681 306
Loss on disposal of assets	5 949 784	-
Gain on re-instatement of assets	(65 513)	-
Other non-cash items	(106 194)	313 885
Changes in working capital:		
Inventories	275 427	(220 072)
Receivables from exchange transactions	(395 210)	(3 310 710)
National Revenue Fund receivable	(66 592 950)	(6 418 091)
Prepayments	1 970 120	(3 049 177)
Payables from exchange transactions	(21 474 190)	13 961 807
National Revenue Fund payables	(85 822 766)	(107 460 095)
Payables from non-exchange transactions	(20 937)	-
Unspent conditional grants and receipts	30 743 476	(853 851)
	(120 182 621)	(108 579 573)

Figures in Rand

29. Commitments**Authorised capital expenditure****Already contracted for but not provided for**

- Property, plant and equipment
- Intangible assets

Not yet contracted for and authorised by members

- Intangible assets

Total capital commitments

Already contracted for but not provided for

Not yet contracted for and authorised by members

Total commitments**Total commitments**

Authorised capital expenditure

	2020	2019
	734 598	4 896 696
	9 170 877	15 299 887
	9 905 475	20 196 583
	3 147 994	-
	9 905 475	20 196 583
	3 147 994	-
	13 053 469	20 196 583
	13 053 469	20 196 583

This committed expenditure relates to equipment and intangible assets will be financed by government grants only.

Operating leases - as lessee (expense)**Minimum lease payments due**

- within one year
- in second to fifth year inclusive
- later than five years

	28 424 625	25 824 608
	116 796 091	104 482 343
	117 449 654	146 320 711
	262 670 370	276 627 662

Operating lease payments represent rentals payable by the constitutional institution for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Figures in Rand

30. Contingencies

	2020	2019
On 14 March 2019, ICASA received summons from Two Steps CC ("Two Steps"), seeking a court order to compel the Authority to pay Two Steps an amount of R321,519.30, interest and legal costs in respect of customer satisfaction survey devices supplied and delivered to the Authority in terms of a request for quotations. The Authority is defending the matter as the purchase order signed was for R96, 238.60. The matter is still pending in court for hearing.	321 519	321 519
On 27 September 2012, ICASA entered into a contract with Duma Travel (Pty) Ltd ("Duma Travel") for the provision of corporate travel management services. A contractual dispute ensued regarding the interpretation of certain provisions of the contract. Duma Travel terminated the contract and claimed fees for services rendered. On 1 September 2015, Duma Travel issued summons against ICASA claiming payment of R401 531.36 plus interest thereon for services and disbursements allegedly rendered by Duma Travel in terms of the contract. The Parties are currently negotiating settlement of the matter.	497 207	408 531
A former employee of ICASA was dismissed. The employee referred the dispute to the CCMA, which ruled in favour of the employee. ICASA approached the Labour Court for a review of the decision of the CCMA. To this end, ICASA paid security for an amount of R1 778 195. The Labour Court ruled in favour of ICASA. The security amount has subsequently been paid back to ICASA.	-	1 778 195
A former employee of ICASA was dismissed. The employee referred the dispute to the CCMA. The CCMA issued an award in favour of the employee for reinstatement and backpay. ICASA approached the Labour Court for a review of the decision of the CCMA. To this end, ICASA paid security for an amount of R1 421 436.	1 421 436	1 421 436
A former employee was dismissed. The employee referred the dispute to the CCMA. The CCMA issued an arbitration award in favour of the employee for reinstatement and for ICASA to pay an amount of R588 207.87 for backpay, study loan and leave due to the employee. ICASA is reviewing the decision of the CCMA.	588 208	-
A former employee was dismissed. The Employee referred the matter to the CCMA. The CCMA issued an arbitration award of compensation for one month's salary totalling R64,226.55 in favour of the employee. The employee is reviewing the decision of the CCMA. The Authority is opposing the review application.	64 227	-
On 15 June 2020, ICASA received a letter of demand for an amount of R71 378.20 from Exhibitionist due to services for a stand installation at the ITU Conference that took place in Durban in 2018. Exhibitionist has not yet issued summons on this matter.	71 378	-
A dispute ensued between ICASA and Waiters International regarding a process in terms of which Waiters was added to the ICASA database and used to provide service to ICASA. Waiters issued summons against ICASA, inter alia, for payment of an amount of R627 039.99. ICASA opposed the matter. Subsequently, parties reached settlement in terms of which ICASA agreed to pay Waiters an amount of R150 000 in full and final settlement of Waiter's claim	-	627 031
	2 963 975	4 556 712

31. Related parties

Controlling entity	Department of Telecommunications and Postal Services
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ICASA is a schedule 1 entity in terms of the Public Finance Management Act (PFMA). The related party disclosure is required in terms of GRAP 20 issued by National Treasury.

National Departments

Department of Communication

The Authority receives its budget allocation from the Department of Telecommunications and Postal Services which is based on the approved allocation from Parliament therefore this is at arms length. The Authority collects the licence fees from communication licensees and application fees on behalf of the National Revenue Fund and transfers this to the Department of Telecommunications and Postal Services which is all done at arms length.

The following departments are licensed under the Electronic Communications Act. All the transactions and the issued licences are at arms length:

- South African Police Service
- Department of Water Affairs
- Department of Environmental Affairs
- Department of Defence and Military Veterans

Entities

The following government entities are licensed under the Electronic Communications Act and Postal Services Act. All the transactions and the issued licenced are at arms length

- Sentech
- Transnet
- Broadband Infracore
- South African Post Office
- State Information Technology Agent
- South African Broadcasting Corporation

The Authority acquires services at arms length from the following entities

- Transnet
- Telkom SA Limited
- South African Post Office
- Government Printing Works
- State Information Technology Agent
- South African Broadcasting Corporation

Remuneration of management

Figures in Rand

Management class: Council Members

2020

	Fees for services as a member of management	Post-employment benefits	Acting Allowance	Other benefits received	Total
Gongxeka-Seopa N	1 261 018	174 792	-	123 400	1 559 210
Kadi P	1 358 190	99 728	-	101 292	1 559 210
Mashile P	1 481 992	-	-	84 724	1 566 716
Modimoeng K	1 349 618	174 792	171 005	34 800	1 730 215
Mokhele B	1 318 601	174 792	-	65 817	1 559 210
Oocha D	1 271 809	67 947	-	173 108	1 512 864
Semane T	1 302 341	174 792	-	86 772	1 563 905
Zimri P	1 269 677	174 792	-	114 741	1 559 210
	10 613 246	1 041 635	171 005	784 654	12 610 540

2019

	Fees for services as a member of management	Post-employment benefits	Other benefits received	Total
Gongxeka-Seopa N	1 282 907	166 152	40 600	1 489 659
Kadi P	1 354 260	94 798	34 800	1 483 858
Mashile P	1 456 194	-	34 800	1 490 994
Modimoeng K	1 282 907	166 152	34 800	1 483 859
Mahlaloga M	1 691 224	122 436	29 077	1 842 737
Mokhele B	1 282 907	166 152	34 800	1 483 859
Oocha D	1 282 260	94 798	120 245	1 497 303
Semane T	1 282 907	166 152	44 496	1 493 555
Zimri P	1 282 907	166 152	34 800	1 483 859
	12 198 473	1 142 792	408 418	13 749 683

Management class: Executive management

2020

	Basic Salary	Bonuses and performance-related payments	Post-employment benefits	Termination benefits	Acting Allowance	Other benefits received	Total
Gidi NN	1 681 054	255 296	222 451	-	-	65 356	2 224 157
Kganakga MD	1 631 359	154 421	136 024	-	-	121 530	2 043 334
Khumalo AJ	1 631 509	152 985	211 300	-	-	28 800	2 024 594
Maina LW	1 754 746	247 074	122 832	-	-	32 743	2 157 395
Maluleka-Disemelo T	402 499	-	29 576	-	-	27 216	459 291
Matabane TB	1 565 956	76 494	119 994	-	-	177 040	1 939 484
Mngomezulu PB	1 373 915	249 392	106 273	-	-	445 138	2 174 718
Ngwepe WA	2 171 857	336 646	293 335	-	-	130 749	2 932 587
Nomtshongwana AZ	1 433 040	254 120	206 683	20 148	-	231 814	2 145 805
Ruplal PH	341 803	-	44 432	-	99 862	73 374	559 471
Sookharan AK	1 081 001	249 388	144 869	173 355	-	67 955	1 716 568
Van der Walt ME	410 129	245 924	53 322	90 914	-	17 645	817 934
	15 478 868	2 221 740	1 691 091	284 417	99 862	1 419 360	21 195 338

2019

	Basic salary	Bonuses and performance-related payments	Post-employment benefits	Acting Allowance	Other benefits received	Total
Gidi N	1 597 777	269 930	206 931	-	28 800	2 103 438
Kganakga MD	1 546 318	130 618	200 267	-	28 800	1 906 003
Khumalo AJ	1 531 934	163 273	198 404	-	28 800	1 922 411
Maina LW	1 676 904	224 480	117 383	-	33 226	2 051 993
Matabane TBA	1 533 166	-	113 202	-	112 800	1 759 168
Mngomezulu PB	1 286 960	172 155	100 168	-	432 065	1 991 348
Ngwepe WA	2 106 909	285 718	272 870	-	33 450	2 698 947
Nomtshongwana AZ	1 558 870	268 686	117 521	-	148 800	2 093 877
Sookharan	1 560 799	83 567	202 142	-	38 719	1 885 227
Van der Walt ME	1 561 003	215 272	202 168	-	27 200	2 005 64
Ruplal PH	-	-	-	126 662	-	126 662
	15 960 640	1 813 699	1 731 056	126 662	912 660	20 544 717

32. Change in estimate

Property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for property, plant and equipment. The estimates are based on the assessed conditions of the assets, changes in technology such as new technical innovations being introduced in the industry thus rendering old assets obsolete, as well as expected future spending on capital assets.

In accordance with the prescribed treatment per GRAP 17, the Authority re-assessed the remaining useful lives of all assets resulting in a revised estimate. The effect of this revision has increased the depreciation charge for the current and future period as follows:

Depreciation	Technical Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Leased Assets	Total
After changes in residual values and useful lives	6 316 259	5 549 016	1 777 202	1 241 868	1 046 505	245 836	18 473 402
Before changes in residual values and useful lives	(6 433 222)	(6 378 595)	(1 822 195)	(1 283 649)	(1 092 211)	(195 764)	(19 502 353)
	(116 963)	(829 579)	(44 993)	(41 781)	(45 706)	50 072	(1 028 951)

Intangible Assets

After changes in residual values and useful lives
Before changes in residual values and useful lives

Computer Software	Total
1 975 916	1 975 916
(2 350 308)	(2 350 308)
(374 392)	(374 392)

Figures in Rand

33. Prior period errors

Donations From Staff

The account was created back in 2004 when employees of ICASA were requested to make donations to be deducted from their salaries. The last donations deducted from staff was in September 2009. These donations were to support the underprivileged families that ICASA has adopted. Part of the donations amount was donated to those families but R20 937 remained in the Authority's bank account.

Deposits

The amount is a refund from a lessor. The amount was refunded in March 2015. The initial deposit paid in July 2010 was expensed and not allocated to Deposits account.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Donations from staff	20 937	-
Deposits	21 790	-
Opening Accumulated Surplus or Deficit	(42 727)	-

34. Risk management

Liquidity risk

Liquidity is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority finances its operations through grants received from the Department of Telecommunications and Postal Services and interest earned on positive bank balances. These are the only sources of finance for the Authority due to the fact that the Public Finance Management Act prohibits the Authority from raising loans and other forms of short- and long-term borrowings.

The Authority's risk to liquidity is a result of the funds available to cover future commitments. The Authority manages liquidity risk through an ongoing review of future commitments and funding through quarterly tranches received from the Department of Telecommunications and Postal Services. The entity maintains a reasonable balance between the period over which the assets generate funds and the period which the respective assets are funded. Furthermore the moratorium on vacant budgeted positions also aided the authority in managing the liquidity risk.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	(32 836 545)	-	-	-
Operating leases	(28 424 625)	(26 826 682)	(89 969 409)	(117 449 654)
National Revenue Fund payables	(1 202 190 196)	-	-	-
Finance lease obligation	(394 598)	(521 528)	-	-
At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	(54 310 735)	-	-	-
Operating leases	(25 824 608)	(26 129 874)	(78 352 469)	(146 320 711)
National Revenue Fund payables	(1 288 012 480)	-	-	-
Finance lease obligation	(28 334)	-	-	-

Figures in Rand

Credit risk

Credit risk consists mainly of cash and cash equivalents, receivables from non-exchange transactions and receivables from exchange transactions. Receivables from exchange transactions mainly pertains to transactions that the Authority enters into with the employees (staff receivables). The main components of these receivables are bursary receivables, standing advance receivables, cellphone receivables and travel related receivables. The standing advance receivables are only payable when the employee leaves the employment of the Authority.

The bursary receivables originate when a qualifying employee of the Authority is awarded a bursary to pursue studies in a particular field of study that would be beneficial to the Authority upon completion of the studies. Cellphone and travel-related receivables pertain to day-to-day activities thus covered on a monthly basis from the respective employees. Therefore no significant losses are likely to be incurred from staff receivables. The staff receivables are owed by employees of the authority therefore do not pose any significant credit risk.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2020	2019
Cash and cash equivalents	343 149 899	471 790 648
Receivables from exchange transactions	8 563 400	8 168 190
Receivables from non-exchange transactions	1 209 558 923	1 120 087 164

Credit risk is the risk that the Administered Revenue may suffer a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations mostly attributable to Administered Revenue's trade receivables. The licensees of Administered Revenue have to apply in terms of the relevant legislations in order to be authorised to conduct any activities.

Financial assets which potentially exposes to the Administered Revenue to a significant credit risk consists mainly of cash and cash equivalents and trade receivables. The constitutional institution only invests cash with major reputable financial institutions with high quality credit standing and limits exposure to any one counter party thus poses minimum risk. Therefore the high concentration of credit risk is mainly attributable to revenue from non-exchange transactions. Trade and other receivables are presented net of the allowance for doubtful receivables.

ICASA Administered Revenue collects the majority of its revenue from the major mobile and fixed line telecommunications companies that have excellent reputations with regard to compliance with regulatory obligations for the payment of both the annual licence and spectrum fees. However, the authority is exposed to risk in the collection of spectrum fees owed due to the diverse nature of entities able to apply and utilise the available spectrum. Such licensees include government departments, major telecommunications companies, broadcasting licensees, security companies, individuals etc.

There is no significant exposure from major corporations and government departments. However, there is risk associated with the collection of revenue owed by those spectrum licensees who are not required to hold an ECNS licence, as these licensees are mainly small companies with geographically diverse locations. The resources available to ICASA signify a significant risk in its ability to collect all outstanding revenues from such licenses.

The broadcasting and postal services licensees do not pose any risk regarding the collection of annual or spectrum licence fees.

Market risk

Interest rate risk

As the Authority has no significant interest-bearing assets, the Authority's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The Authority operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Authority does not hedge against foreign exchange fluctuations.

Figures in Rand

35. Going concern

We draw attention to the fact that at 31 March 2020, the constitutional institution had an accumulated surplus of R129 724 846 and that the constitutional institution's total assets exceed its liabilities by R129 724 846.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

36. Events after the reporting date

The Authority does not have any events after the reporting date.

37. Fruitless and wasteful expenditure

	2020	2019
Opening balance as previously reported	7 517 894	7 379 427
Opening balance as restated	7 517 894	7 379 427
Add: Expenditure identified - current	2 215	66 667
Add: Expenditure identified - prior period	-	106 020
Less: Amounts condoned	-	(34 220)
Closing balance	7 520 109	7 517 894

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings
Interest on arrear lease rentals	The CEO is considering the Internal audit report on the matters identified 2 215

38. Irregular expenditure

Opening balance	90 261 134	66 255 502
Opening balance as restated	90 261 134	66 255 502
Add: Irregular Expenditure - current year	45 781 166	21 304 403
Add: Irregular Expenditure - previous years (identified in the current year)	283 983	2 701 229
Closing balance	136 326 283	90 261 134

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings
Functionality incorrectly calculated for a bid	Disciplinary Process in progress 42 411 235
No evidence that the deviation was approved by the accounting officer or his delegate when it is not possible to obtain at-least three quotations	The CEO is considering the Internal audit report on the matters identified 1 467 105
The supplier has been providing a service to the entity for 19 years and this is not fair and competitive to the other role players in the industry	The CEO is considering the Internal audit report on the matters identified 1 756 721
Tax non-compliant at Award stage	The CEO is considering the Internal audit report on the matters identified 120 335
SARS Tax Compliance not obtained	The CEO is considering the Internal audit report on the matters identified 25 770
	45 781 166

Incidents/cases identified in the current year for prior year include those listed below:

	Disciplinary steps taken/criminal proceedings
Variation above 15%, no National Treasury approval obtained	The CEO is considering the Internal audit report on the matters identified 190 556
SCM processes not followed in the previous financial periods	The CEO is considering the Internal audit report on the matters identified 93 427
	283 983

39. Budget differences

Material differences between budget and actual amounts

Revenue from exchange transactions

The Authority did not have sufficient cash reserves to invest during the year.

Revenue from non-exchange transactions

The allocated normal grants were used in ensuring the Authority delivers on its mandate as reflected in the annual report for 2019/20. The variance is due to an amount of R3 256 524 of the deferred unspent grants was spent and realized in the 2019/20FY. The projects in progress relates to the Automated Spectrum Management System and the Spectrum Licensing.

Personnel Costs

ICASA had a recruitment moratorium on vacant positions for the first two quarters of the year.

Depreciation and amortisation

New assets acquisitions were procured for the new head office and new regional offices.

Repairs and maintenance

The significant over expenditure is due to the demolition and restoration of the old head office building.

General Expense

Overall costs were significantly reduced due to cost cutting measures introduced as follows:

- Reduced purchasing of promotional items resulted in less advertising costs.
- Training was discontinued temporarily.
- Limited travel expenses incurred during the year.
- Use of consultants minimise.

Lease rentals on operating lease

Computer equipment rental contract was not finalised in the 2019-2020 financial year as planned.

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Notes

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Regulating in the Public Interest

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INDEPENDENT COMMUNICATIONS
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