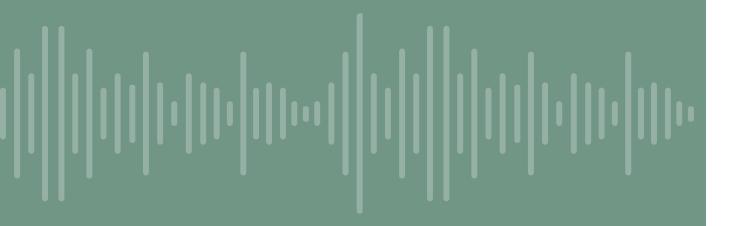
# ANNUAL REPORT 2020/21





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### GENERAL INFORMATION

**LEGAL FORM OF ENTITY** A Chapter Nine Institution

NATURE OF BUSINESS ICASA is the regulator for the South African communications, AND PRINCIPAL broadcasting and postal services sector. ICASA was established by an ACTIVITIES Act, the Independent Communications Authority of South Africa Act of

2000, as amended.

**REGISTERED NAME** Independent Communications Authority of South Africa

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**EXTERNAL AUDITORS** Auditor-General of South Africa

**BANKERS** Nedbank

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Knowles Husain Lindsay Makhubela Attorneys

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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
- **BBBEE** Broad-Based Black Economic Empowerment
  - **CAP** Consumer Advisory Panel
- **CAPEX** Capital Expenditure
  - **CCC** Complaints and Compliance Committee
  - **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
  - **DoC** Department of Communications
- **DPME** Department of Planning Monitoring and Evaluation
  - **DSB** Digital Sound Broadcasting
  - **DTT** Digital Terrestrial Television
- **DTPS** Department of Telecommunications and Postal Services
- **ECA** Electronic Communications Act
- **ECNS** Electronic Communications Network Service
  - **ECS** Electronic Communications Service
- **EMF** Electromagnetic fields
  - **FM** Frequency Modulation
- FTA Free To Air
- **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
- **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
    - **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



**NATJOINTS** National Joint Operational and Intelligence Structure **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



### **FOREWORD** BY THE **CHAIRPERSON**

It is with the utmost pleasure and humility that I present the Annual Report of the Independent Communications Authority of South Africa for the year ended on 31 March 2021. The 2020/21 financial year has been one of the most difficult and daunting years ever seen, having started under extreme lockdown restrictions following the sudden outbreak of the

This has been the most unprecedented but extraordinary year, marked by the global pandemic that affected over hundred (100) countries and continues to spread to this day. The President of the Republic, Cyril Matamela Ramaphosa, and Cabinet had no choice but to declare the National State of Disaster that continues to assist in halting the spread of the virus.

Not only did the virus impact heavily on us as the regulator, but our processes were also challenged through litigation. The Authority, working tirelessly towards licensing the high demand radio frequency spectrum, was however interdicted; and we had to take leadership and repurpose our resources in line with the ruling and circumstances we found ourselves under.

There are a lot of litigation activities within our regulatory space, something which is completely inevitable because ICASA has the responsibility to defend its decisions; and we cannot look the other way. We are the last line of defence for public interest and will continue to ensure that the interests of consumers are protected as we live up to our critical mandate enshrined in the Constitution of the Republic i.e. to regulate the ICT sector in the public interest. Even under the circumstances, ICASA, as a resilient regulator, has been able to achieve on its annual performance plan and ensured that South Africans do have access to a wide range of communication services at affordable prices.

#### RADIO FREQUENCY SPECTRUM LICENSING

coronavirus pandemic (COVID-19).

With the declaration of the national state of disaster, ICASA had to act swiftly and published the ICT COVID-19 National State of Disaster Regulations to prescribe minimum standards that licensees must adhere to for the entire period of the disaster. The regulations were developed following the Ministerial Policy/Policy Directions and ICASA's engagements with the sector on measures the Authority can implement to: (1) ease the burden of regulatory compliance for the sector during the national state of disaster; and (2) enable the sector to meet increased demand for ICT services during this period.

A critical measure introduced by the regulations was the temporary release of high demand spectrum (HDS) for the duration of the national state of disaster in order to ease network congestion, maintain good quality of broadband services, and enable licensees to lower their cost of access to consumers. In this regard, ICASA decided to make the following IMT spectrum bands available for temporary



"This has been the most unprecedented but extraordinary year, narked by the global pandemic that affected over hundred (100) countries and continues to spread to this day. The President of the Republic, Cyril Matamela Ramaphosa, and Cabinet had no choice but to declare the National State of Disaster that continues to assist in halting the spread of the virus."

assignment i.e. 700MHz, 800MHz, 2600MHz and 3500MHz bands.

The licensing of the radio frequency spectrum remains a key priority on our regulatory agenda because we understand the benefits thereof. We maintain that the spectrum auction proceeds will have broader economic benefits for the country as they will incentivise broadband infrastructure investment and thus stimulate economic growth. More importantly, the release of spectrum is critical to ensure continued provision of good quality broadband services and the lowering of the cost to communicate (particularly data costs) in South Africa. To ensure a permanent release of the spectrum, ICASA issued an ITA for both the WOAN and IMT in October 2020 and received six (6) applications by the closing date for the latter.

This was obviously followed by litigation which ended up with an interdict to both licensing processes. The Authority has - through its legal representatives - had numerous engagements with the litigants and the settlement negotiations ensued thereafter. The Authority's approach of entering into settlement discussions proved to be both expeditious and efficient as we made substantial strides towards a consensus. All things being equal, we remain optimistic about reaching a settlement during the 2021/22FY.

#### DAMAGES TO NETWORK INFRASTRUCTURE

Access to communications services is an important priority for ICASA and we will do everything in our power to ensure that South Africans benefit from our regulatory interventions. However, the Authority is concerned about the continued vandalism and damage to the network infrastructure by criminals. We are of the view that this is a treasonous act that requires immediate prosecution.

The Authority is calling on the communities to assist in guarding and protecting this critical infrastructure and exercise the highest levels of patriotism in this regard. Any disruption to communication services could prove disastrous and result in increased mortality as emergency calls would be directly impacted.

The Authority would like to commend the Cape Town Regional Court for sentencing a man found guilty of 25 counts of theft and vandalism of the telecommunications infrastructure and sentenced to 20 years imprisonment for each of the 25 counts in 2020. We would like to see more of these arrests and prosecution of such crimes in the future. To assist in this regard, the Authority has engaged the National Joints Operations and Intelligence Services (NatJoints) to prioritise the safeguarding and protection of this critical telecommunications infrastructure, and we are hopeful that we will finally win this battle through our collaborative efforts and utilisation of our resources.

#### **ELECTIONS REGULATIONS**

The Authority published the amendments to the Municipal Elections Regulations, in preparation for the 2021 Municipal elections by the end of the 2020/21FY. The purpose of the regulations is to prescribe the framework and guidelines under which PEB(s) and PA(s) shall be conducted and carried by the broadcasting service licensees during the 2021 Municipal elections.

By means of these regulations, the Authority allocates airtime to political parties and independent candidates, once the date of the municipal elections has been proclaimed by the President of the Republic. In order to ensure a fair and equitable distribution of PEBs, the Authority provides the duration and sequencing of such PEBs. The political parties and independent candidates will be allocated the PEB slots by the Authority, which will enable them to campaign for the upcoming elections throughout the broadcasting period.

The Authority welcomed the invitation by the Independent Electoral Commission Moseneke Inquiry to make a submission and participate in the inquiry. The Justice Dikgang Moseneke Inquiry On Free and Fair Local Government Elections was tasked to evaluate the impact of COVID-19 on conditions conducive for the holding of free and fair elections on 27 October 2021. The oral submission by ICASA addressed whether there are any measures undertaken to facilitate campaigning for the upcoming local government elections, and what access to broadcasting services will political parties and independent candidates have for the purposes of campaigning in the period leading up to the local government elections. We are indeed proud and happy to have participated in this inquiry and welcome the recommendations thereof.

#### COMMUNITY BROADCASTING LICENSING

The community radio sector remains the most critical sector due to its closeness and proximity to the people at local level. Empowerment and support for this sector is an important mandate of ICASA. ICASA tried to issue licences in all nine provinces in the last financial year. The response was good, but the quality of submissions was not according to the set requirements.

We continue to urge community stakeholders to read all the relevant regulatory documents on community broadcasting and engage ICASA where challenges arise. These include, among others, Community Broadcasting Services Regulations of

2019, Process and Procedure Regulations and the ITAs. The Authority has undertaken to conduct additional workshops across the country to fully unpack the requirements of the ITP-R, and to ensure full understanding of the requirements thereof.

#### ANNUAL STATE OF ICT SECTOR REPORT

The Authority has once again published its annual State of ICT Report that outlines how the broadcasting, telecommunications and postal services sectors have developed in the past year. This is done to, among others, keep stakeholders abreast of the impact of the ICT sector in the mainstream economy.

The report reveals, among others, that the total revenue reported for the three sectors (telecommunications, broadcasting and postal) increased by 2% from R238 billion in 2019 to 243 billion in 2020. The broadcasting services revenue decreased by 6.6% from R38 billion to R35 billion; however, postal services revenue has increased by 3.6% in 2020 and the telecommunication services revenue has increased slightly by 2.4% from R194 billion in 2019 to R201 billion in 2020.

The report further indicates that employment within the three sectors has slightly decreased by 0.3% in 2020. During this period, employment in the telecommunications sector has slightly 1.6%, broadcasting increased by employment decreased by 2.6% and the postal sector employment decreased by 5.1%. This is an important report for the Authority as it provides a much clearer picture of how the ICT sector fares in the mainstream economy

#### **GRATITUDE**

The period under review has shown commendable output for ICASA as various regulations and discussion documents were published in line with the Authority's annual performance plans for the 2020/21FY to ensure continued regulation, in the public interest, of the ICT sector. This includes, among others, Sports Broadcasting Amendment Regulations, Digital Sound Broadcasting Regulations, Draft Equipment Authorisation Regulations, Draft Must Carry Regulations, to mention but a few.



I would like to express my gratitude to my fellow Council members and Governance committees for their dedication and commitment in executing the oversight role of ICASA's regulatory and operational activities during the financial year. The support from members of Council is immeasurable and the robust debates that we always engage in, are good for the work of Council and assist in making informed decisions that are in the public interest.

Let me take this opportunity to thank the Chief Executive Officer, Mr Willington Ngwepe, the staff of ICASA and all stakeholders for their support during this unprecedented year. While the pandemic will result in diminished revenue collection in the coming year, we anticipate that the industry will also begin its road to recovery.

Finally, I would like to thank the Minister of Communications and Digital Technologies, Hon. Stella Tembisa Ndabeni-Abrahams and the Deputy Minister, Hon. Pinky Kekana for their leadership and support throughout the year.

Dr. Keabetswe Modimoeng

Chairperson





### REPORT OF THE CHIEF EXECUTIVE OFFICER

he 2020/21 financial year has been the most difficult year in the history of the Authority due to the COVID-19 pandemic. One may also say it was a great year where some paradigm shift had to be applied, and new leadership approaches had to be adopted to ensure delivery on our regulatory mandate. Even under the prevailing circumstances, the Authority was able to increase its overall organisational performance to 87.5% in the 2020/21FY from 86.8% in the 2019/20FY.

We began the financial year under strict lockdown restrictions imposed by the government following the declaration of the National State of Emergency by the Hon. President Cyril Ramaphosa on 15 March 2020. We immediately had to repurpose our resources, find ways to ensure delivery of projects, reprioritize urgent projects while at the same time delay other critical measures such as public hearings to comply with health protocols as prescribed in the National Disaster Regulations and in line with the National Institute of Communicable Diseases' guidelines.

One of the major interventions, having noted the need for increased communications among South Africans during the pandemic, was to urgently release the radio frequency spectrum, albeit on a temporary basis, to existing licensees in order to meet the demand for more bandwidth and to ease the network congestion during this period.

The Authority considered applications for temporary radio frequency spectrum assignments in the 700MHz, 800MHz, 2600MHz and 3500MHz bands, including the use of Television Whitespaces (TVWS) to ensure connectivity for all during the National State of Disaster period. All successful licensees for temporary IMT radio frequency spectrum assignments had to ensure that they support and create virtual teaching and classrooms as determined by the Department of Basic Education and the Department of Communications and Digital Technologies in various districts during the National State of Disaster. Furthermore, another condition attached to this licensing process included that all radio frequency spectrum licensees to zerorate all COVID-19 sites as identified from time to time by the Department of Health and published in the Government Gazette.

On the postal front, in March 2020, the Authority published the Unreserved Postal Services Regulations following extensive consultation with external stakeholders. The regulations set out, among others, the procedure for the application and renewal of registration certificates for the provision of unreserved postal services also known as courier services. The regulations further provide for the minimum standard operating procedures to be adhered to by those who intend to conduct business within the unreserved postal services sector. The Unreserved Postal Services registration certificate is valid for a period of five (5) years.

Recently, there has been queries in respect of the 2018 ruling by ICASA on the matter between SAPO and Postnet in respect of delivery of parcels below 1kg. It is worth reporting that this matter is still sub judice



"One of the major interventions, having noted the need for increased communications among South Africans during the pandemic, was to urgently release the radio frequency spectrum, albeit on a temporary basis, to existing licensees in order to meet the demand for more bandwidth and to ease the network congestion during this period."

in that the High Court is yet to determine, amongst others, the constitutionality of SAPO's exclusivity pertaining to the reserved postal service market as envisaged in Section 16 of the Postal Service Act 124 of 1998 ("Act") read with Schedule 1 of the aforesaid Act. At this stage, and in accordance with the principle of the rule of law and the supremacy of the Constitution, ICASA awaits the pronouncement of the High Court on the matter, and its decision shall be guided by the Court's Ruling thereof.

On 12 November 2019, ICASA issued an invitation to apply for pre-registration in respect of applications for Class Community Sound Broadcasting Service Licenses and applications for Radio Frequency Spectrum for purposes of providing community sound broadcasting services. The closing date for pre-registrations was 30 March 2020. Following the outbreak of the novel coronavirus and the subsequent national lockdown, the closing date for applications was extended twice until 30 June 2020.

Of a hundred and forty-two (142) applications received, only two (2) applicants made it to the second phase of this licensing process. This happened despite a series of public workshops conducted by the Authority in order to support applicants and to ensure that there was a general understanding of the regulatory environment in the community broadcasting sector. These workshops were aimed at educating prospective applicants about the new framework for the licensing of community broadcasting services, in preparation for the imminent issuing of the Invitation To Pre-Register (ITPR). However, many of the applicants still failed to meet the prescribed compliance requirements.

The Authority believes that community broadcasting services remains an important platform that provides a mechanism for enabling individuals, social groups and communities to tell their stories in their own languages, to share experiences and most of all to become creators and contributors of media in general, and that the sector is one of the most accessible and readily affordable medium for rural development as well as youth empowerment. In this regard, the Authority will issue a new ITPR in the 2021/22FY to allow communities to apply, and this will be enhanced by further workshops across the country to ensure compliance with the requirements.

One of the most critical milestone during the period under review was the publication of the final RFSAP for the Frequency Band 470 to 694 MHz, thereby providing a plan for the phased approach in implementing the analogue television switch-off into DTT through a Single Frequency Network (SFN). The RFSAP in this frequency band would expedite and fast track the implementation of DTT, and the concurrent release of the First Digital Dividend and the Second Digital Dividend Spectrum for the deployment of IMT services in order to support the uptake of mobile broadband communications.

The assignment of the frequency band 470 to 694 MHz and the channel arrangement as outlined in the 2013 Terrestrial Broadcasting Frequency Plan (TBFP) (updated in 2014), provides that the 2013 TBFP does not allow for a direct migration from analogue to digital television, but rather for a two-stage process which will first allow analogue television to be transmitted in parallel with DTT (dual illumination), following which there would be a restacking process of frequencies to release the digital dividend (694 to 862 MHz). The final RFSAP, among others, will enable the immediate availability of the 470 to 694 MHz band for DTT at the time of analogue television switch-off.

In conclusion, the Authority has received yet another unqualified audit report from the Auditor-General. It is worth noting that all audit findings raised by the Auditor-General (AGSA) in the previous financial years continue to be resolved. The Authority has a fully operational Supply Chain Management Unit that operates within the regulations, policies and procedures that govern this function. All members of the SCM team have been vetted and continue to operate efficiently and effectively to ensure compliance with SCM processes. No unsolicited bid proposals were received in this financial year.

Lastly, I would like to thank the Chairperson and his Council team for their incessant support and oversight role as well as their leadership during this difficult time of the new normal due to the coronavirus pandemic. They have led and continue to lead the well-regulated ICT industry with passion and a clear vision of building an inclusive digital society. We are driven by our public interest mandate and we will do anything to ensure compliance thereof.

Further gratitude goes to the Executive Management team, Senior Managers, Managers and staff for their continued hard work and dedication towards the achievement of our mandate and attainment of our strategic goals. I am indeed indebted to them for their commitment to regulating in the public interest.

My heartfelt condolences goes to the families and colleagues of those who passed away during the period under review and beyond. May the souls of Botlenyana Mokhele (Council member), Praneel Ruplal (Executive: E&T), Sello Nkoane (Complaints Officer) and recently Tshireletso Sekawana (Analyst) rest in eternal peace.

Willington Nawepe Chief Executive Officer



### STATEMENT OF RESPONSIBILITY

#### 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 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 which ended on 31 March 2021.

Dr. Keabetswe Modimoeng

Chairperson

Willington Ngwepe

Chief Executive Officer



### STRATEGIC OVERVIEW

### 1. VISION

An inclusive digital society.

#### 2. MISSION

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

#### 3. 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.



Willingness and ability to generate viable new approaches and solutions

Finding different and better ways of applying best solutions to meet stakeholder needs



#### **COLLABORATION**

a conscious mind-set that aligns our work to

to fast-track organisationa



#### **ACCOUNTABILITY**

Execution of daily work in a proactive manner

Taking full responsibility for the work that we do in collaboration with others



#### **RESULTS DRIVEN**

Achieving high quality results that are consistent with organisational standards

Coaching and performance assessment against goals, as well as identifying areas of improvement



#### STAKEHOLDER CENTRIC

Carrying out our duties with the stakeholders in mind. Stakeholders are central to what we do and we welcome their feedback for consistent and effective partnerships.



### THE MANDATE OF ICASA

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 licenses, 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 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 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 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 regulations 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 licence 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 underserviced 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 AND DIGITAL TECHNOLOGIES

The DCDT 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 DCDT's outcomes, relating specifically to Outcome 12 and Outcome 14.

#### **OUTCOME 12: PROVIDING AN EFFICIENT,** EFFECTIVE AND DEVELOPMENT-ORIENTED **PUBLIC SERVICE**

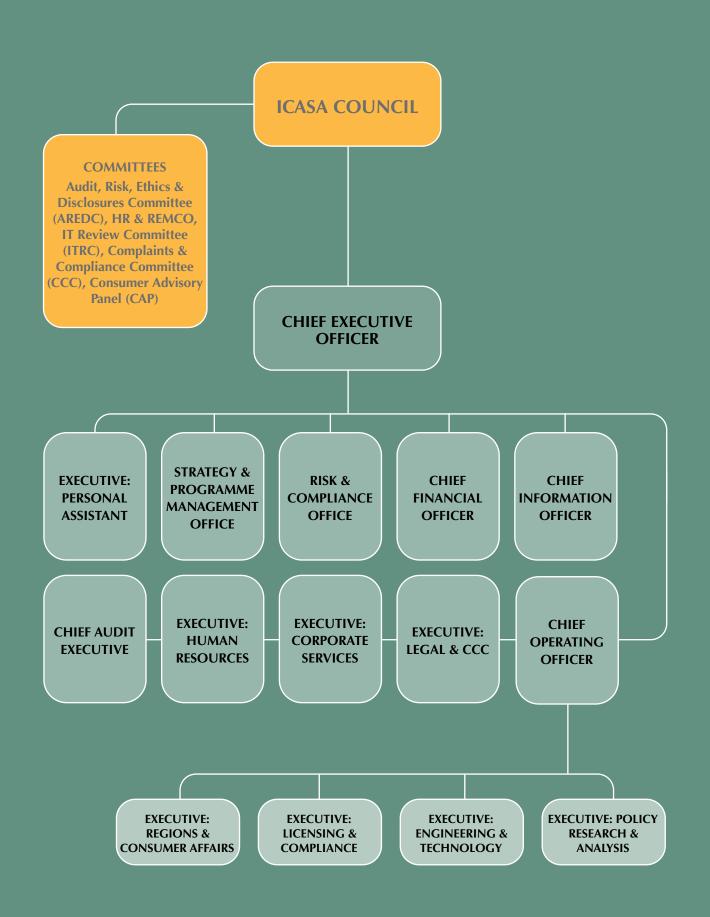
Outcome 12 contemplates that information technology is an important tool for advancing service delivery. It can be used to make services more accessible, reduce the cost of accessing services, streamline administrative processes and improve turnaround times, thus strengthening administrative accountability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



### ORGANISATIONAL STRUCTURE



### MEMBERS OF THE ICASA COUNCIL



DR KEABETSWE MODIMOENG CHAIRPERSON





DR CHARLEY LEWIS
COUNCILLOR



YOLISA KEDAMA COUNCILLOR



ADV. LUTHANDO SIMPHIWE
MKUMATELA
COUNCILLOR



ADV. DIMAKATSO QOCHA COUNCILLOR



THEMBEKA SEMANE COUNCILLOR



PETER ZIMRI COUNCILLOR



### THE ICASA EXECUTIVE COMMITTEE



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



CHIEF AUDIT EXECUTIVE



EXECUTIVE: REGIONS AND CONSUMER AFFAIRS



ACTING EXECUTIVE: ENGINEERING AND TECHNOLOGY



COMPLIANCE





EXECUTIVE: POLICY, RESEARCH AND ANALYSIS



**ZAKHELE KGANAKGA** 





### **AUDITOR GENERAL'S REPORT:** PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with

material findings being reported under the predetermined objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 86 of the Report of the auditors report, published as Part F: Financial Information.



### OVFRVIFW OF THE **AUTHORITY'S PERFORMANCE**

#### SERVICE DELIVERY ENVIRONMENT

The Authority began the year 2020/21 on the backdrop of a service delivery environment marked by a diverse array of dynamic political, economic, social, technological, legal and environmental factors, interplaying between the national and international sphere of its influence. The movement in the factors permeating the service delivery environment either supported or challenged the Authority's strategic direction and the delivery of outputs it had planned for the year under review.

#### **POLITICAL**

The political climate within which the Authority began the year remained supportive of the projects that the Authority implemented. The Authority's commitment to licence the high demand spectrum, following the issuing of the policy and policy directions on high demand spectrum in 2019, was further supported by the allocation of additional funding by the National Treasury for the project in the 2020-21FY. The process for licensing of the IMT spectrum as well as the wireless open assess network (WOAN) was initiated with the publication of the invitations to apply during quarter three of the financial year. Unfortunately, the process had to be suspended in quarter four pursuant to an interdict obtained by licensee(s) who challenged the licensing process in the High Court.

The Authority proceeded with initiatives to find a long-term solution to its financial challenges, and accordingly submitted a proposal for a hybrid funding model (within the confines of the current legislative framework) to both the National Treasury and the Department of Communications and Digital Technologies. The Authority will pursue the engagements on the hybrid funding model going into the 2021/22 financial year.

During the 2020-21 financial year, the Authority's performance was adversely impacted by vacancies in Council. This was due to the term of office of some Councillors coming to an end resulting in Council comprising three members (as opposed to nine (9) as required in terms of the ICASA Act. It is critical that the process for filling of vacancies as prescribed in terms of section 5 of the ICASA Act be expeditiously attended to as vacancies arise, to ensure that the Authority is always adequately capacitated to execute its mandate.

#### **ECONOMIC FACTORS**

The Authority has a mandate to, amongst others; promote inclusive economic growth through regulation of the ICT sector, reduce regulatory burden and facilitate market entry and sustainability of SMMEs in the ICT sector.

In the period in review, the economic environment was characterised by low levels of GDP growth. This was further exacerbated by the COVID-19 pandemic and its devastating effect on all economic sectors.

However, the ICT sector has demonstrated resilience against the effects of the COVID-19 pandemic as communications technologies increasingly became the mode for socio-economic activities and engagement. The Authority played a critical role by ensuring that an adaptive and flexible regulatory regime is in place to enable the ICT sector to support socio-economic activities.

#### **SOCIAL FACTORS**

As a public entity, the Authority must adhere to due administrative processes in executing its mandate. This applies to a good part of the Authority's work in respect of regulation making, conducting inquiries and issuance of licences. All these processes require stakeholder participation in the form of submission of written representations and the conducting of public hearings to gather views of the stakeholders. The COVID-19 pandemic presented a challenge stakeholder participation in regulatory processes, thus requiring the Authority to come up with alternative ways of ensuring stakeholders participation. In line with the restrictions imposed, regulatory processes and compliance requirements (such as the holding of Annual General Meetings for community broadcasting service licensees) had to be suspended.



#### TECHNOLOGICAL FACTORS

At the beginning of the financial year, the technological environment was marked by the announcements of opportunities for 5G deployment in South Africa. However, the Authority was mindful that new technological advances (including deployment of 5G) may likely be hampered by a legislative / regulatory framework that lacks agility to keep abreast of rapid technological change.

But it was the COVID-19 pandemic that brought digital inequality into stark relief, highlighting the urgency with which digital inequality needs to be addressed in order to improve economic participation by the majority of South Africans (especially in rural areas) and prepare the country for the next inevitable disaster or pandemic.

The strategic initiative by the Authority to temporarily release the high demand spectrum to enable the sector to meet increased demand for broadband services during the COVID-19 pandemic, was the most appropriate response in this regard.

#### **LEGAL FACTORS**

Legally, the Authority started the financial year in an environment supportive of its regulatory independence. The clear legislative mandate remained in place and the Authority had established partnerships / collaborations with other agencies to assist it to deliver on its mandate. However, the inherent threat of litigation against the Authority's processes materialised when the licensing process for IMT spectrum and WOAN was halted by the interdict granted against the Authority in the High Court.

#### NATURAL ENVIRONMENTAL FACTORS

The Authority began the year under review mindful of the environmental threats and risks to the natural environment which could emanate from the ICT sector. Some of the threats included lack of permits for infrastructure deployment, risk of dumping of technologically outdated, inferior or cheap devices, and pollution due to increased IT

waste. The concerns pertaining to human exposure to Electromagnetic fields (EMF) radiation were elevated due to widespread misinformation that linked 5G technologies to the outbreak of COVID-19.

The natural environment within which the Authority operated throughout the year remained ripe for the Authority's projects outlined in its corporate plan 2020/21. Once again, COVID-19 was the main natural scourge that the Authority had to bear in mind as it went about executing its mandate.

#### **ORGANISATIONAL ENVIRONMENT**

The Authority began the financial year 2021 based on an internal environment dotted by several strengths, weaknesses, opportunities and threats around its structure, strategy, systems, skills, shared values, staff and style of leadership.

#### **STRUCTURE**

In the terms of the organisational structure, the Authority began the financial year by continuing an organisational structure review process which it began in 2019 with the aim of addressing the weaknesses of the organisational restructuring which took place in 2014.

During the year, the term of office of some of the Councillors' came to an end and new ones were sworn-in, taking the Council complement to nine as required by the ICASA Act. However, by the end of the financial year, the Council complement had been reduced to eight (8) due to the resignation of one member.

#### **STRATEGY**

The organisational strategy, as outlined in the Authority's strategic plan had to be retabled to reflect the Authority's response to the COVID-19 pandemic. Some projects were removed from the corporate plan and some projects' targets were modified. The Authority also had to provide COVID-19 specific interventions as directed in terms of the DPME circular 2 of 2020.

#### **SYSTEMS**

Due to COVID-19, the Authority had to revisit its way of conducting business as government decreed that all citizens work from home to avoid the spread of the virus. Teleworking became the new normal and the Authority had to repurpose itself and divert certain resources to employees to enable them to work from home. Provision of data allowances to employees became the lifeblood for business continuity. The Authority adopted Microsoft Teams as its virtual platform for teleworking. Some human resources policies had to be reviewed to accommodate the new normal. Several COVID-19 protocols and systems had to be put into place to manage the risk of infections among staff members, and these included all employees having to wear masks and constantly sanitise upon entering and leaving the ICASA offices.

#### **SKILL/STAFF**

In order to manage budgetary constraints, the Authority had imposed a moratorium on recruitment since 2018-19FY, except for recruitment of critical vacancies. The Department of Communications and Digital Technologies also placed a moratorium on recruitment across all entities as part of the public entities rationalisation exercise that began in 2019. The rationalisation exercise is being undertaken in a phased manner and the Authority has not yet been phased in.

However, to keep its skills set at par with the business demands, the Authority continues to fill critical positions, as necessary.

#### **SHARED VALUES**

In a pandemic environment, the Authority could only survive through cooperation from every staff member. No matter how challenging the situation was, staff members continued to tap from the Authority's shared values, particularly collaboration and stakeholder-centricity, working together and always putting the customers and external stakeholders first.

#### STYLE OF LEADERSHIP

The COVID-19 pandemic also challenged the Authority to adopt a new leadership approach as the environment required a more consultative style of leadership. The Disaster Management Committee had to be activated to allow leadership to consult on an ongoing basis on a variety of matters bred by changes in the State of National Disaster. The Authority adjusted to disaster alert levels that government put out to all citizens from time to time.

#### **KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES**

There were several key policy developments during the 2020/2021 financial year, as detailed below.

#### **ELECTRONIC COMMUNICATIONS, POSTAL AND BROADCASTING DIRECTIONS**

During the 2020/2021 financial year, the Minister of Communications and Digital Technologies amended the Electronic Communications, Postal and Broadcasting Directions issued under regulations 10(8) of the Disaster Management Act, 2002 (Act No.57 of 2002) ("Directions") . The purpose of the Directions was to facilitate the availability and use of the digital technologies to combat the spread of COVID-19 in South Africa.

Having considered the Directions, on 6 April 2020, the Authority published the ICT COVID-19 National Disaster Regulations in Government Gazette No. 43207. The purpose of the Regulations is to prescribe minimum standards that Licensees must adhere to only during the subsistence of the National State of Disaster to -

- (a) facilitate the dissemination of information required for dealing with the National Disaster;
- (b) enable the facilitation of the national response to the National Disaster and post-disaster recovery and rehabilitation;
- (c) enable implementation of measures that may be necessary to prevent an escalation of the National Disaster or to alleviate, contain and minimise the effects of the National Disaster;
- (d) ensure that there is continuation of the provision of services in the Republic.



# "Due to COVID-19, the Authority had to revisit its way of conducting business as government decreed that all citizens work from home to avoid the spread of the virus."

#### DRAFT WHITE PAPER ON AUDIO AND **AUDIO-VISUAL CONTENT SERVICES POLICY** FRAMEWORK: A NEW VISION FOR SOUTH **AFRICA 2020**

On 9 October 2020, the Department of Communications and Digital Technologies (DCDT) published the draft White Paper on Audio and Audio-visual Content Services Policy Framework for public comment in the Government Gazette No. 43797. The overarching objective of the Draft White Paper is to create an enabling environment for the provision of inclusive audio and audio-visual content services (AAVCS) to all South Africans in a way that promotes social-economic development and investment.

#### POLICY DIRECTION ON THE INTRODUCTION OF DIGITAL SOUND BROADCASTING IN SOUTH **AFRICA**

The Policy Direction on the Introduction of Digital Sound Broadcasting in South Africa (DSB Policy) was published on 10 July 2020 in Government Gazette 43524 by the DCDT. The DSB Policy is intended to determine priorities for the introduction of Digital Sound Broadcasting (DSB) networks and services in South Africa. The DSB Policy directed the Authority in terms of section 3 (5) of the ECA to:

- (a) determine priorities for the establishment of digital broadcasting networks and services in the frequency bands allocated for these services;
- (b) to introduce DSB services alongside the existing analogue sound broadcasting;
- (c) achieve developmental goals such as provision of universal services and access for all, introduction of new entrants and promotion of investment and competition in the sector;
- (d) ensure that the three-tier system of public, commercial and community broadcasting services is catered for;

- (e) consider the lessons learnt in the analogueto-digital migration coverage challenges experienced by the various tiers of television broadcasting and the developments around the introduction of DSB in Africa, the SADC region and around the world;
- (f) consider harmonisation within the SADC region; Line spacing
- (g) encourage market availability and use of multistandard receivers; and
- (h) consider the extensive trials undertaken by the South African broadcasting industry and the SADC adopted position on digital sound technologies for the region. The DSB Policy also proposed specific DSB standards to complement the respective analogue sound broadcasting services.

#### THE DRAFT RAPID DEPLOYMENT POLICY

On 22 July 2020, the DCDT published the Proposed Policy and Policy Direction on Rapid Deployment of Electronic Communication Networks and Facilities ("the Draft Rapid Deployment Policy") in Government Gazette 43537. The intention of the Draft Rapid Deployment Policy is to solicit comments on the DCDT's intention to issue the policy and policy direction to the Authority in terms of section 21 read with section 3 (2) of the ECA.

The Draft Rapid Deployment Policy also sought to provide clarity on the deployment of electronic communications networks and facilities, and to direct the Authority to prescribe regulations on procedures and processes for resolving disputes that may arise between an electronic communications network service licensee and any landowner, in order to satisfy the public interest in the rapid rollout of electronic communications networks and electronic communications facilities.

### IMPACT STATEMENT AND OUTCOMES

The Department of Planning Monitoring and Evaluation's Revised Framework for Strategic Plans and Annual Performance Plans of December 2019 requires all government entities to develop a strategic plan that outlines their long-term strategic goals, impact that they aim to make in their service delivery environment and the outcomes that they will deliver to make the impact. The strategic plan must be aligned to government's sustained and policy agendas.

The Authority developed its Strategic Plan 2025 at the beginning of the 2020 - 2025 political cycle in alignment with government's policy priorities as outlined in the government's Medium-Term Strategic Framework 2020 - 2025.

With the advent of COVID - 19 in March 2020, the Minister of Finance tabled an adjusted budget. The budget adjustment exercise involved funds allocations cuts and funds movement from some government entities to others, which meant that their plans needed to be revised accordingly. As a result, government requested all government entities to re-table their Strategic Plans 2025 and their APPs 2020/21. The budget adjustments exercise did not have any material effect on the finances of the Authority. As a result, the Authority did not change its long-term goals as spelt out in its strategic plan. It maintained its impact statement and expected outcomes.

#### **IMPACT STATEMENT**

IMPACT STATEMENT	Access for all South Africans to a variety of affordable & reliable communication services for inclusive economic growth
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#### **OUTCOMES**

OUTCOME	OUTCOME INDICATOR	BASELINE	TARGET
Access to quality broadband Services Increased	Average download speed	15Mbps	50Mbps
Status of Social Cohesion (inclusive of Diversity of Views) enhanced	Percentage of status of Social Cohesion (inclusive of Diversity Views) enhanced	-	50%
Rights of Consumers Protected	Level of Consumer Rights Protection	-	5
Competition in the ICT Sector Promoted	Number of procompetitive Regulatory interventions	3	15
Organisational service delivery maintained	Percentage of organisational service delivery maintained	91%	91%

### **OVERALL PERFORMANCE**

The Authority planned to deliver forty-seven (47) outputs during the year under review. Forty-one (41) were delivered and six (6) were not delivered which translates to an overall annual achievement of eighty-seven-point-two percent (87.2%).

Table 1: Annual Performance

		ANNUAL	OUTPUTS	
PROGRAMME	PLANNED	DELIVERED	NOT DELIVERED	% DELIVERED
PROGRAMME 1				
Sub-Programme: Corporate Services	4	4	0	100%
Sub-Programme: Finance	1	1	0	100%
Sub-Programme: Human Resources	4	4	0	100%
Sub-Programme: Internal Audit	2	2	0	100%
Sub-Programme: Legal, Risk & Complaints and Compliance Committee	4	4	0	100%
Programme 2: Licensing	10	9	1	90%
Programme 3: Policy, Research and Analysis	10	9	1	90%
Programme 4: Engineering & Technology	8	4	4	50%
Programme 5: Regions	2	2	0	100%
Programme 6: Compliance & Consumer Affairs	2	2	0	100%
ICASA	47	41	6	87.2%

The forty-one outputs that the Authority has delivered through various Programmes during the year under review have contributed to different medium-term outcomes in different ways.

#### **ACCESS TO QUALITY BROADBAND SERVICES**

One of the key interventions that the Authority implemented to ensure access to quality broadband services was assignment of broadband spectrum whose output for the year under review was completion of spectrum licensing via an auction and the licensing of a Wireless Open Access Network (WOAN) operator. The process was initiated during quarter three with the publication of the invitations to apply but subsequently halted in quarter four when one of the industry players interdicted the Authority in a court of law. The Authority has decided to appeal the court's verdict whilst exploring settlement negotiation with the litigants to find an amicable resolution. The project will be carried forward into the 2021/22 financial year.

The Authority spearheaded the establishment of the national 5G forum in 2018 and has produced recommendations towards enabling South Africa's uptake of 5G technologies during the period under review. Certification of the Secondary Geolocation Spectrum Database providers has also been completed. The Authority also monitors quality of services offered by the network operators to consumers of ICT services. Two quality of service reports on voice and data have been produced during the year under review.

Implementation of the IMT roadmap, updating of the National Radio Frequency Plans and the National Radio Frequency Migration Plan could not be completed because the tender for procurement of a consultant had to be re-advertised. The reason for readvertisement was that the bids were submitted electronically by bidders in contravention of the PFMA. The same applied to the Frequency Migration Plan implementation.

#### SOCIAL COHESION AND DIVERSITY OF **VIEWS**

To respond to the opportunities presented by the social environment and improve social cohesion and diversity of views, the Authority has produced a findings document on the must carry obligation, reviewed regulations on broadcasting of national sporting events and developed regulations on broadcasting of municipal elections which will be taking place in October 2021. The process to license commercial sound broadcasting services in the Northern Cape was initiated through the publication of an Invitation to Apply in the 2020/21FY. In the same financial year, the Authority completed fifty percent (50%) of the process to license digital community television broadcasting services on MUX 1 and completed (100%) of the process to license community sound broadcasting services.

#### PROMOTION OF COMPETITION (COST TO **COMMUNICATE**)

The Authority implemented several projects throughout the financial year to promote competition and reduce cost to communicate.

The Authority began a process to develop Equipment Authorisations Regulations. Fifty percent (50%) of the process is complete and the remaining fifty percent (50%) will be completed during the 2021/22 financial year. Processes for the amendment of the Standard Terms and Conditions Regulations for Class Licenses; amendment of Processes and Procedures Regulations for Class Licenses and Licensing of digital community television broadcasting services on MUX 1 have all been completed. Fifty percent (50%) of the process for the licensing of an Individual Electronic Communications Network Service has been completed and the remaining fifty percent (50%) is planned to be completed during the 2021/22 financial year (subject to resolution being found to the legal proceedings that have resulted in the process being interdicted).

The Authority has also produced a findings document on the mobile broadband services market which will inform the Authority on the ripeness of the market for regulation. Regulations on subscription television broadcasting market could

not be completed due to delays occasioned by the declaration of State of National Disaster because of COVID-19. The delays have resulted in the need to review and update the findings document to take account of latest market developments.

#### **PROTECTION OF CONSUMERS**

The Authority has a central role in ensuring that the relationship between the service providers and consumers of ICT services is fair and that consumers are protected.

To that end, the Authority reviewed SAPO tariffs and regulations on pricing of reserved postal services; developed draft regulations on customer care in the postal sector; produced a discussion document on regulation relating to the definition of advertising and the regulation of Infomercials and Programme Sponsorship in Respect of Broadcasting Activities; and undertook a bi-annual tariff analysis during the year under review.

Licensees report radio frequency interference cases to the Authority as and when they occur. Ninetynine-point-five (99.5%) of the radio frequency cases reported were resolved within 30 working days against a target of ninety-six percent (96%).

The Authority also does compliance monitoring inspections as part of its consumer protection duties through its offices across the nine (9) provinces of the country. During the year under review, five thousand five hundred and fifty-nine (5559) compliance monitoring inspections were completed against a target of five thousand one hundred and twenty-five (5125) compliance monitoring inspections that was set, marking an overachievement of four hundred and thirty-four (434).

During the period under review, ninety-five (95%) of the complaints that were received were resolved. Furthermore, the CAP, established in terms of the ECA to advise Council on consumer related matters, produced an advisory report for Council consideration during the year in review.

Another key indicator that the Authority looks at in terms of protection of rights of consumers is the stakeholder (including consumers') satisfaction with the service the Authority offers them. The



Authority managed to reach a satisfaction level of seventy-seven percent (77%) against a target of seventy percent (70%) marking an increase of seven percentage points.

**ORGANISATION SERVICE DELIVERY** 

Due to the dynamic nature of the environment in which the Authority operates, the Authority implemented several organisation service delivery interventions during the year under review.

The Authority as a regulator, interacts with other regulators and ICT associations around the world.

As part of continuing the tradition, the Authority maintained nine affiliations to international bodies across the postal, broadcasting and telecom sectors during the year under review.

The Authority's human capital forms one of its key assets. Operating within the restriction of the moratorium on recruitment, the Authority managed to reduce the staff vacancy rate from 7% to 4.2% during the year under review. The human resource and organisational development strategies were also reviewed successfully. The Authority also continued implementation of its workplace skills plan which it developed in 2019/20.



### PERFORMANCE BY PROGRAMME

#### **PROGRAMME 1: ADMINISTRATION**

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

#### **SUB-PROGRAMME: CORPORATE SERVICES**

**Purpose:** To provide corporate support services to the Authority through communications, information technology and facilities, security and administration of high quality.

			RE-	TABLED AP	P JULY 2	020			
			SUB-PROG	RAMME: CO	ORPORA	TE SERVIC	ES		
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/INDICAT ORS/ ANNUAL TARGET
Rights of consumers protected	Stakeholders satisfied with the service that is being offered by ICASA	Percentage of stakeholders satisfied with the service that is being offered by ICASA	40%	72%	70%	77%	7%	Increase d visibility of the ICASA brand. The COVID-19 pandemic and increased usage of data due to working from home and the need for online education has increased the visibility of the services offered by ICASA.	There were no revisions to Outputs, Indicators or Annual targets
Maintained organisation al service delivery	International affiliations subscribed/ mai ntain ed in terms of international/ re gion al bodies across postal/ broadca sting /telecoms sectors	Number of international affiliations subscribed/ maintained in terms of international / regional bodies across postal/ broadcasting/ telecoms sectors	6	6	6	6	0	None	There were no revisions to Outputs, Indicators or Annual targets
Maintained organisation al service delivery	Business Intelligence gathered from analysis of integrated business systems data	Amount of business intelligence gathered from analysis of integrated business systems data			1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets
	Offices maintained	Number of offices maintained	8	9	9	9	0	None	There were no revisions to Outputs, Indicators or Annual targets

#### **SUB-PROGRAMME: FINANCE**

**Purpose:** To provide an 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.

		RE-TABLED APP JULY 2020												
	SUB-PROGRAMME: FINANCE													
AUDITED AUDITED FROM PLANNED THE OUTI ACTUAL ACTUAL PLANNED ACTUAL TARGET TO INDICAT.  OUTPUT PERFORMANCE PERFORMANCE ANNUAL ACHIEVEMENT ACTUAL REASONS FOR ANNUAL									REASONS FOR REVISIONS TO THE OUTPUT/ INDICAT ORS/ ANNUAL TARGET					
	Maintained organisation al service delivery	Audit	Audit opinion	Unqualified Audit	Unqualified Audit	Unqualified Audit	Unqualified Audit	None	None	There were no revisions to Outputs, Indicators or Annual targets				

#### **SUB-PROGRAMME: HUMAN RESOURCES**

**Purpose:** 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.

			RE-	TABLED AP	P JULY 202	0								
	SUB-PROGRAMME: HUMAN RESOURCES													
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/INDICAT ORS/ANNUAL TARGET					
Maintained organisational service delivery	Staff Vacancies Maintained	Staff vacancy rate maintained	2.5%	3.7%	7%	4.2%	-2.8%	Some employees accepted offers earlier than anticipated	There were no revisions to Outputs, Indicators or Annual targets					
	HR Strategy reviewed	Number of HR Strategies reviewed			1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets					
	OD Strategy reviewed	Number of OD strategies reviewed			1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets					
	Workplace Skills Plan implemented	Percentage of Workplace Skills Plan implemented		100%	100%	100%	0	None	There were no revisions to Outputs, Indicators or Annual targets					

#### **SUB-PROGRAMME: INTERNAL AUDIT**

Purpose: To provide assurance to management and the Audit, Risk, Ethics and Disclosures Committee (AREDC) by evaluating the adequacy and effectiveness of the risk management, control and governance processes.

	RE-TABLED APP JULY 2020													
	SUB-PROGRAMME: INTERNAL AUDIT													
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/INDICAT ORS/ ANNUAL TARGET					
Maintain organisat ional service	Assurance provided	Level of assurance provided			Level 4	Level 4	0	None	There were no revisions to Outputs, Indicators or Annual targets					
delivery	Consulting assignments completed	Number of consulting assignments completed	4	4	4	21	17	Ad-hoc requests from AREDC and Management	There were no revisions to Outputs, Indicators or Annual targets					

#### SUB-PROGRAMME: LEGAL, RISK & COMPLAINTS AND COMPLIANCE COMMITTEE

Purpose: The Legal, Risk and Complaints and Compliance Committee's 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. The ICASA Act provides that the actions, findings or decisions of the Authority are subject to judicial review. The Sub-Programme advises the Authority and ensures that the Authority is properly represented in judicial reviews. The Sub-Programme also promotes good governance through ensuring effective risk management, including fraud risk management; regulatory compliance and business continuity.

The Sub-programme also supports the Complaints and Compliance Committee (CCC) in discharging its mandate as prescribed in terms of the ECA and the ICASA Act.

			1	RE-TABLED	APP JULY	2020								
	SUB-PROGRAMME: LEGAL RISK & COMPLAINTS AND COMPLIANCE COMMITTEE													
OUTCOME	ОПТРИТ	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ANNUAL TARGET					
Maintained organisational service delivery	Legal services provided to client within SLA turnaround times	Percentage of legal services provided to client within SLA turnaround times	75%	85%	80%	95% (Q1: 73/81 Q2: 104/101 Q3: 92/100 Q4: 84/91 Total: 353/373 = 95%)	15%	Temporary staff capacity was enlisted in the Regulatory and Legislative Drafting Unit. Where necessary, the team enlisted the support of external lawyers to deal with more complex matters whilst keeping commitment to adhere to turnaround times.	There were no revisions to Outputs, Indicators or Annual targets					
Maintained organisational service delivery	Risk maturity of the organisation	Risk maturity level of the organisation	Level 2	Level 3	Level 3	Level 3	0	None	There were no revisions to Outputs, Indicators or Annual targets					

	SUB-PROGE	RAMME: LEGA	AL RISK & C	OMPLAINT	S AND CO	OMPLIANCE	COMMITTEE	(CONTINUED)	
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ANNUAL TARGET
Maintained organisational service delivery	Compliance maturity of the organisation	Compliance maturity level of the organisation	Level 2	Level 2	Level 2	Level 2	0	None	There were no revisions to Outputs, Indicators or Annual targets
Maintained organisational service delivery	Cases assessed for adjudication by the Complaints and Compliance Committee (CCC)	Percentage of cases assessed for adjudication by the CCC in accordance with the CCC Handbook	100%	100%	85%	100%	15%	Other activities such as public hearings were suspended during the hard lockdown period. The team implemente d measures to ensure adherence to turnaround times for assessment of cases for adjudication.	There were no revisions to Outputs, Indicators or Annual targets

#### **PROGRAMME 2: LICENSING**

**Purpose:** To issue, renew, amend, transfer and revoke broadcasting service, electronic communications service, electronic communications network service, postal service and radio frequency spectrum licenses; authorize use of numbering and other scarce resources; grant equipment type approval; authorize channels as well as licence exemptions for the purposes of facilitating socio-economic development and promotion of competition.

			RE-	TABLED APP	JULY 2020								
	PROGRAMME 2: LICENSING												
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET				
Access to quality broadband services increased	Process to assign Broadband Spectrum completed	Percentage of the process to assign broadband spectrum completed		10%	90%	0%	-90%	On 08 March 2021, ICASA was interdicted from proceeding with the spectrum auction process, pending the final determination of the order sought in Part C of the Telkom and e.tv review application.	Q3 target was removed in respect of this output indicator as resources had to be redirected to issue temporary spectrum.				
Status of Social Cohesion, Diversity and Plurality of Views enhanced	Process to develop Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups completed	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 Owners hip by Historically Disadvantaged Groups	50%	100%	100%	0%	None	There were no revisions to Outputs, Indicators or Annual targets				

			PRC	GRAMME 2:	LICENSING				
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET
Competition in the ICT Sector promoted	Process to develop Equipment Authorisations Regulations completed	Percentage of the process to develop the Regulations on Equipment Authorisations completed	50% (Stakeholder consultation on conformity assessment framework for equipment authorisations)	100% (Conformity assessment framework for equipment authorisations developed)		50% (Publication of Draft Regulations on Equipment Authorisation)	0%	None	There were no revisions to Outputs, Indicators or Annual targets
Competition in the ICT Sector promoted	Process to amend Standard Terms and Conditions Regulations for Class Licenses	Percentage of the process to amend the Standard Terms and Conditions Regulations for Class Licenses completed		50%	100%	100%	0%	None	There were no revisions to Outputs, Indicators or Annual targets
Competition in the ICT Sector promoted	Process to amend Processes and Procedures Regulations for Class Licenses	Percentage of the process to amend Processes and Procedures Regulations for Class Licenses completed		50%	100%	100%	0%	None	There were no revisions to Outputs, Indicators or Annual targets
Status of Social Cohesion Diversity and Plurality of Views enhanced	Process on the Licensing of digital community television broadcasting g services on MUX 1 complete	Percentage of the process for licensing of digital community television broadcasting services on MUX 1 completed		25%	50%	50%	0%	None	There were no revisions to Outputs, Indicators or Annual targets
Competition in the ICT Sector Promoted	Process on the Licensing of an Individual Electronic Communications Network Service completed	Percentage of the process for licensing of an Individual Electronic Communicatio ns s Network Service Licence completed		25%	50%	50%	0%	None	There were no revisions to Outputs, Indicators or Annual targets
Status of Social Cohesion, Diversity and Plurality of Views enhanced	Process on the Licensing of community Sound broadcasting services completed	Percentage of the process for licensing of community sound broadcasting services completed		25%	100%	100%	0%	None	There were no revisions to Outputs, Indicators or Annual targets



# PROGRAMME 3: POLICY, RESEARCH & ANALYSIS

**Purpose:** To conduct research and policy analysis into all the regulatory sectors in line with the mandate of the Authority.

				RE-TABLED	APP JULY 202	20			
			PROGRAM	ME 3: POLICY	, RESEARCH	AND ANALYS	SIS		
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET
Status of Social Cohesion, Diversity and Plurality of Views enhanced	Findings document into the must carry obligation	Number of findings documents into the Must Carry Obligation produced	0	0	1	1 (together with draft regulations on Must Carry Obligation published which were to be planned for delivery in the first quarter of 2021/22FY)	Draft regulations on Must Carry Obligation published	Overachievement. The Authority only received two return representations which afforded an opportunity for the Authority to expedite the analysis process as well as the finialization of the findings document and draft regulations	There were no revisions to Outputs, Indicators or Annual targets
	Regulations on broadcasting of national sporting events reviewed	Number of regulations on broadcasting of national sporting events reviewed	1	0	1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets
	Regulations on broadcasting of municipal elections reviewed	Number of regulations on broadcasting of municipal elections reviewed			1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets
Rights of Consumer Protected	SAPO tariffs approved	Number of SAPO tariffs approved	1	1	1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets
	Regulations on pricing of reserved postal services reviewed	Number of regulations on pricing of reserved postal services reviewed		1	1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets
Rights of Consumer Protected	Draft regulations on customer care in the postal sector developed	Number of draft regulations on customer care in the postal sector developed			1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets
	Discussion documents on Regulation relating to the definition of advertising and the regulation of Infomercials and Programme Sponsorship in Respect of Broadcasting Activities	Number of discussion documents on Regulation relating to the definition of advertising and the regulation of Infomercials and Programme Sponsorship in Respect of Broadcasting Activities developed		1	1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets

		PROG	RAMME 3: PO	OLICY, RESEA	RCH AND AN	NALYSIS (CON	NTINUED)		
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET
	Bi-annual tariff analysis	Number of biannual tariff analyses	2	2	2	2	0	None	There were no revisions to Outputs, Indicators or Annual targets
Competition in the ICT Sector Promoted	Draft regulations on subscription television broadcasting market	Number of draft regulations on subscription television broadcasting market produced	1	1	1	0.8	0.2	Due to delays in the project, the research data on which the Findings Document was based had become outdated. The Council Committee is to review the work done thus far in light of latest market dynamics and research data and update its Findings.	There were no revisions to Outputs, Indicators or Annual targets
	Findings document on the mobile broadband services market	Number of findings documents on the mobile broadband services market published	1	1	1	1 (together with draft regulations on mobile broadband services market published which were to be planned for delivery in the first quarter of 2021/22FY)	Draft regulations on mobile broadband services market published	Overachievement. The Authority decided to publish the findings document together with the draft regulations in order to expedite the process based on the resources it enlisted to assist with the process.	no revisions

# PROGRAMME 4: ENGINEERING & TECHNOLOGY

Purpose: To develop, coordinate and manage the regulatory framework for management of radio frequency spectrum including development of equipment technical standards and representing ICASA at international regulatory forums.

			RE-	TABLED APP	JULY 2020	0			
		PROC	GRAMME 4:	ENGINEERI	NG AND T	ECHNOLO	GY		
OUTCOME	ОПТРИТ	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET
Access to quality broadband Services Increased	National Radio Frequency Plans updated	Percentage of updated National Radio Frequency Plan	100%	100%	100%	0%	-100%	The service providers could not be appointed during 2020-21 due to noncompliance by bidders to treasury regulations. As such, the external technical support / expertise was not timeously on board to complete the project	There were no revisions to Outputs, Indicators or Annual targets
	Frequency Migration plan implemented	Percentage of Frequency Migration plan implemented		100%	100%	0%	-100%	The service providers could not be appointed during 2021-21 due to noncompliance by bidders to treasury regulations. As such, the external technical support / expertise was not on board to timeously complete the project	There were no revisions to Outputs, Indicators or Annual targets
	IMT roadmap implemented	Percentage of IMT roadmap implemented	100%	100%	100%	0%	-100%	The service providers could not be appointed during 2021-21 due to noncompliance by bidders to treasury regulations. As such, the external technical support / expertise was not on board to timeously complete the project	There were no revisions to Outputs, Indicators or Annual targets
	Certification of the Secondary Geolocation Spectrum Database providers completed	Percentage of the Certification of the Secondary Geolocation Spectrum Database providers completed			50%	50%	0%	None	The annual target was changed from 100% to 50% as delays were anticipated emanating from the COVID -19 pandemic
	Network Performance Management System (NPMS) developed	Percentage of Network Performance Management System developed			20%	0%	-20%	A decision was taken to make the NPMS part of the multimodular compliance system bid. The composite bid for multimodular compliance system was published in February 2021.	There were no revisions to Outputs, Indicators or Annual targets
	Recommendations towards enabling South Africa's uptake of 5G technologies produced.	Number of recommendations produced, towards enabling South Africa's uptake of 5G technologies	1	1	2	2	0	None	There were no revisions to Outputs, Indicators or Annual targets

		PROGRAMM	E 4: ENGIN	EERING ANI	) TECHNO	LOGY (CC	ONTINUED	)	
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET
Status of Social Cohesion, Diversity and Plurality of Views enhanced	Regulations for the introduction of digital sound broadcasting (DSB) in South Africa produced	Number of regulations for the introduction of digital sound broadcasting (DSB) in South Africa produced	The Findings Document and Position Paper the use of digital sound broadcasting	Document and Position Paper the use of digital sound	No target		-	-	-
Rights of consumers protected	Spectrum Monitoring capacity (sites) established	Number of fixed spectrum Monitoring sites around Karoo Central Astronomy Advantage Area (KCAAA)			1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets
	Provinces monitored for Quality of service	Number of provinces monitored for Quality of Service		4	4	4	0	None	There were no revisions to Outputs, Indicators or Annual targets

# STRATEGY TO OVERCOME AREAS OF NON-**PERFORMANCE**

With respect to the non-performance on the Update of the National Radio Frequency Plan (NRFP), Implementation of the Radio Frequency Migration Plan (RFMP) and Implementation of IMT Roadmap projects, the service providers could not be appointed during 2020-21 due to noncompliance by bidders to treasury regulations as prescribed. Consequently, some of the bids had to be re-advertised. The procurement processes have been expedited to ensure appointment of service providers is finalised during Q1-2021-22.

The cause for non-performance on the Network Performance Management System project is that, for purposes of efficiency, the project was merged with three other projects to create a Multi Module Compliance Monitoring System (MMCMS).

The procurement process for MMCMS is being expedited to ensure that the service provider is appointed during Q2 of 2021-22 financial year.

# **CHANGES TO PLANNED TARGETS**

The annual target for the certification of the Secondary Geolocation Spectrum Database providers was changed from 100% to 50% as delays were anticipated emanating from the COVID -19 pandemic.

With respect to the annual target of Number of Provinces to be monitored for Quality of Service, the target was changed from 6 to 4 provinces monitored as a mitigation for COVID-19 pandemic restrictions. During the hard lockdown, the Authority was unable to conduct measurements in other provinces as movement of personnel was restricted.



#### **PROGRAMME 5: REGIONS**

Purpose: To enable unimpeded national provision of electronic communications, broadcasting and postal services through compliance monitoring and enforcement.

	RE-TABLED APP JULY 2020											
	PROGRAMME 5: REGIONS											
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19	AUDITED ACTUAL PERFORMANCE 2019/20	PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET			
Rights of consumers protected	Reported Radio Frequency interference cases resolved in 30 working days	Percentage of reported Radio Frequency interference cases resolved in 30 working days	100%	96%	96%	99,5%	2.5%	Interference cases are prioritized to mitigate against the risk to industry and consumers	There were no revisions to Outputs, Indicators or Annual targets			
	Compliance monitoring inspections conducted	Number of compliance monitoring inspections conducted			5125	5559	434	In Q1 and 2, compliance inspections could not be conducted due to Lockdown Regulations, and to ensure the safety of staff.  Personal Protective Equipment was procured, and a proposal tabled at EXCO for conducting online inspections was approved. The focus in Q3 and 4 was to meet the shortfall, which was met and exceeded.	Indicators or Annual targets			

#### **CHANGES TO PLANNED TARGETS**

			ANNUAL TARGETS								
			AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE		MTEF PERIOD			
OUTCOME	OUTPUT	OUTPUT INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23		
Rights of Consumers Protected	NATJOINTS instructions executed	Number of NATJOINTS instructions executed	100% execution of relevant NATJOINTS instructions received	6	9	4	4	4	4		
Rights of Consumers Protected	Consumer Education Plan Implemented	Percentage of Consumer Education Plan Implemented			100%	85%	90%	95%	100%		

The Authority forms part of the National Joint Operational and Intelligence Structure (NATJOINTS) and has a responsibility to support the NATJOINTS on all safety and security initiatives. However, during the National State of Disaster many activities were prohibited. This impacted negatively on the achievement of the NATJOINTS targets.

Similarly, due to restrictions on public gatherings, including the outdoor events, it became clear that the Consumer Education Plan would be impossible to implement.

Therefore, when the Strategic Plan 2025 and APP 2020/21 were re-tabled in July 2020, Council took a decision to remove the two projects, their outputs and their targets from the Authority's corporate plan 2020/21.

#### **PROGRAMME 6: COMPLIANCE AND CONSUMER AFFAIRS**

Purpose: To ensure compliance with license terms and conditions, the requirements of the enabling legislation and underlying regulations; and to protect the interest of consumers in the ICT sector.

				RE-TABLED A	PP JULY 2020							
	PROGRAMME 6: COMPLIANCE AND CONSUMER AFFAIRS											
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/19		PLANNED ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/21	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASONS FOR DEVIATION	REASONS FOR REVISIONS TO THE OUTPUT/ INDICATORS/ ANNUAL TARGET			
Rights of consumers protected	Consumer complaints resolved	Percentage of consumer complaints resolved	85%	96%	86%	95%	9%	There was an increased collaboration with licensees to ensure speedy resolution of complaints including using Alternative Dispute Resolution process	There were no revisions to Outputs, Indicators or Annual targets			
	Consumer Advisories provided to ICASA by the Consumer Advisory Panel	Number of Advisories provided to ICASA by the Consumer Advisory Panel	1	1	1	1	0	None	There were no revisions to Outputs, Indicators or Annual targets			



# LINKING PERFORMANCE WITH BUDGET

		2019/20			2020/21	
PROGRAMME NAME	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER Expenditure R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER Expenditure R'000
Programme 1: Administration						
Sub-programme: Administration	250 707	255 743	5 036	270 321	212 481	57 839
Programme 2: Licensing						
Programme 2: Licensing	59 614	56 713	2 901	67 027	53 399	13 628
Programme 3: Policy, Research	and Analysi	s				
Programme 3: Policy Research and Analysis	25 009	23 564	1 444	28 113	21 402	6 711
Programme 4: Engineering & To	echnology					
Programme 4: Engineering & Technology	19 485	21 133	1 648	21 878	15 353	6 525
Programme 5: Regions						
Programme 5: Regions	90 979	73 777	17 202	101 073	71 626	29 448
Programme 6: Compliance and	Consumer A	ffairs				
Programme 6: Compliance and Consumer Affairs	28 466	34 155	5 689	31 858	23 372	8 486

During the 2019/20 financial year, the Authority exceeded budget allocated to the following programmes:

- Administration there was an increase on the funds required on the ICT related operational cost, funds were re-prioritised from other programmes to finance the shortfall in the administration budget.
- Engineering & Technology there was a shortfall on the budget allocated for equipment required for the Engineering and Technology programme, funds were re-prioritised from other programmes to finance the shortfall in the administration budget.

Compliance and Consumer Affairs – there was an increase in the operation budget required by the Consumer Advisory Panel. There was also an increase in the number of public engagements hosted by the committee during the year. As a result, funds were re-prioritised from other programmes to finance the shortfall in the administration budget.

In contrast, some of the funds allocated during the 2020/21 financial year could not be fully utilised due to the national lockdown. Funds were reprioritised to fund COVID-19 related interventions. The Authority also experienced delays in the implementation of the APP related projects due to the national lockdown, however, most of these projects were finalised during the fourth quarter of the financial year.

# COVID-19 INTERVENTIONS

The World Health Organisation (WHO) declared COVID-19 a world pandemic on 11 March 2020. South Africa responded by declaring the National State of Disaster on 15 March 2020. The Minister of Finance tabled a special budget adjustment in response to COVID-19 on 23 July 2020 after government took a decision to adjust its budget to enable it to respond adequately to COVID-19. To ensure that all government entities' plans were commensurate with the adjusted budget, the Department of Planning Monitoring and Evaluation (DPME) issued Circular 2 of 2020 directing all government entities to re-table their strategic plans 2025 and Annual Performance Plans 2020/21.

Government entities were also requested to come up with COVID-19 specific interventions.

The Authority came up with internally focused COVID-19 interventions in Programme 1: Sub-Programmes: Corporate Administration: Services, Finance, Human Resources and Legal Risk & Complaints and Compliance Committee and externally focused interventions in Programme 2: Licensing and Programme 3: Policy, Research and Analysis. The interventions will continue to be implemented into the 2021/22 financial year until government gives a directive for all government entities to cease implementing them.

#### **PROGRAMME 1: ADMINISTRATION**

**SUB-PROGRAMME: CORPORATE SERVICES** 

BUDGET	INTERVENTION	GEOGRAPHIC LOCATION	NO. OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES 2019/20	TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)	BUDGET SPENT PER INTERVENTION	CONTRIBUTION TO THE OUTPUTS IN THE APP	IMMEDIATE OUTCOMES
Sub-Program  Reprioritisation of the allocated CS budget items: Communications Costs, Travel Costs, Printing and Stationery costs	Rental of 60 laptops and procurement of 35 Wi-Fi network adapter cards	ICASA employees Nationally	95 ICASA employees	Availability of tools of trade for all categories of employees to ensure business continuity	R410 688 over 12 months for laptop rentals	Laptop rentals - R102 762 Wi-Fi - 33 network adapters - R4 900	Ability for key staff to deliver on projects on the APP	Continued provision of ICT services to consumers
R00.00	Development of a Workplace Plan to make the workplace COVID-19 ready	ICASA employees (Nationally)	All ICASA employees	Implementation of a Workplace Plan for the phased return of employees to the workplace	R00.00	R00.00	Risk Maturity of the Organization Compliance Maturity of the Organization	Compliance to Disaster Management Regulations & Guidelines
Reprioritisation of the allocated CS budget items: Communications Costs, Travel Costs, Printing and Stationery costs	Procurement of PPE, cleaning, hygiene materials, equipment, consumables and related services (e.g. office disinfection)	ICASA employees (Nationally)	All ICASA employees	Availability of PPE, cleaning, hygiene materials/ consumables and related services	R00.00	R428 829.69	Risk Maturity of the Organization. Compliance Maturity of the Organization	Compliance to Disaster Management Regulations & Guidelines
R00.00	Workplace protocols	ICASA employees (Nationally)	All ICASA employees	Availability of COVID-19 guidelines/ protocols & revised business processes	R00.00	R00.00	Risk Maturity of the Organization. Compliance Maturity of the Organization.	Compliance to Disaster Management Regulations & Guidelines



The COVID-19 pandemic necessitated several changes in Programme 1 subprogrammes. The closure of the offices meant that certain employees who ordinarily worked off Desktop PCs had to be capacitated with laptops while working from home. This was also supplemented by an increase in the amount of data received per employee. For employees who did not receive laptops, their Desktop PCs were delivered to their homes and were fitted with Wi-Fi adapters to ensure connectivity and business continuity. Employees working in critical positions such as those investigating radio frequency interference cases and those who conduct regular inspections were given additional PPE to ensure business continuity.

Several changes were implemented in the office environment; these included the frequent disinfection of office space, ensuring that the offices and boardrooms with insufficient ventilation were fitted with HEPA filters for the purification of the air.

The interventions related to COVID-19 were implemented at the Head Office and eight (8) Regional Offices across the Country. All necessary measures were implemented to ensure that ICASA's premises complied with the COVID-19 precautionary measures and protocols standards

#### **SUB-PROGRAMME: FINANCE**

BUDGET	INTERVENTION	GEOGRAPHIC LOCATION	NO. OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES		BUDGET SPENT PER INTERVENTION	CONTRIBUTION TO THE OUTPUTS IN THE APP	IMMEDIATE OUTCOMES
Sub-Program	mme: Finance							
Communication budget for Q1 R55k	SCM had to introduce group emails for the responses relating to bids and RFQs from potential the services providers.     Essential staff of 30 were identified and have been working mostly from their homes and data was purchased to enable connectivity.		30	All 30 staff members never occupied same space at once.	R1.2k	R3.6k	1. License fees collection and transfer; 2. Execution of projects related to APP from user departments. 3. Activities leading to finalization of quarterly AFS reporting.	Collection and transfer achieved Draft AFS ready for review to the I/A

The COVID-19 interventions implemented within Sub-Programme: Finance were aimed mainly at continued support to line Programmes on salaries payment and supply chain management activities. They were also aimed at ensuring absence of disruptions on payment of suppliers within the PFMA prescribed 30 days period.

The interventions contributed to the following annual outputs:

- License fees collection and transfer,
- Execution of projects related to APP from user departments,
- Activities leading to finalization of quarterly AFS reporting.

The Authority will continue to monitor the interventions as restriction levels are changed either upwards or downwards by government and make any necessary changes to ensure continued success.

#### **SUB-PROGRAMME: HUMAN RESOURCES**

BUDGET	INTERVENTION	GEOGRAPHIC LOCATION	NO. OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES	TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)	BUDGET SPENT PER INTERVENTION	CONTRIBUTION TO THE OUTPUTS IN THE APP	IMMEDIATE OUTCOMES
Sub-Prograi	mme: Human Re	esources						
Within approved budget for HR	Development and Amendments of Human Resources Policies and procedures to follow COVID -19 Regulations as follows:  • Amendment to the Leave Policy • Amendment to the Disciplinary Code. • Development of a Working from Home Policy		All ICASA employees	All ICASA employees	Within the allocated HR budget	R00.00	Workplace plan implementation	No COVID – 19 misconduct cases
Within approved budget for HR	Developed an employee response programme through Careway's main contract on the Employee Wellness Services	Head Office and Provincial Offices	All ICASA employees	All ICASA employees	R65, 793.75	R65, 793.75	N/A	Emergency medical response and Life risk solution provided by Careways for ICASA employees

The Sub-Programme: Human Resources COVID-19 The interventions have contributed to the interventions were designed to deal with relevance of HR policies in a COVID-19 environment, stigmatisation and readiness to assist employees that test positive for COVID-19 and their family members. The Sub-Programme amended leave policy, disciplinary code, developed a work from home policy and an employee response programme through Careways' main contractor on the Employees Wellness Programme.

workplace plan implementation output in the Annual Performance Plan. One of the immediate outcomes of the interventions is that there has been no COVID-19 related misconduct cases and the Careways programme has provided valuable life solutions to all the Authority's employees during the pandemic.

## SUB-PROGRAMME: LEGAL RISK & COMPLAINTS AND COMPLIANCE COMMITTEE

BUDGET	INTERVENTION		NO. OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES	TOTAL BUDGET ALLOCATION PER Intervention (R'000)	BUDGET SPENT PER INTERVENTION	CONTRIBUTION TO THE OUTPUTS IN THE APP	IMMEDIATE OUTCOMES
R338 385.00	Drafting the ICT National State of Disaster Regulations and amendments thereto.	The Regulations apply nationally.	Licensees; and     The consumers	and Compliance  1. Licence conditions and requirements in terms of Regulations relaxed to ensure that the public continues to receive ICT services.  2. The public, including persons with disabilities, to continue receiving uninterrupted ICT services.	R338 385.00	R264 988.75	Legal services provided to client within SLA turnaround times.	Continued provision of ICT services to consumers
Within allocated budget	Crisis Management Interventions	ICASA employees Nationally	All ICASA employees	Availability of tools of trade for all categories of employees to ensure business continuity	N/A	N/A	Risk Maturity of the Organization. Compliance Maturity of the Organization.	Business continuity for internal and external stakeholders

Interventions from the Crisis Management Team were adhered to. These measures assisted the continued to assist to ensure that there is business continuity within the Authority. Throughout the year, rotational plans for all the Programmes were implemented to ensure social distancing measures

Authority to report only few incidents of infection by employees on each other. Most of the incidents of infections reported were due to employees contracting the infections outside the Authority.



#### **PROGRAMME 2: LICENSING**

BUDGET	INTERVENTION	GEOGRAPHIC LOCATION	NO. OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES	TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)	BUDGET SPENT PER INTERVENTION	CONTRIBUTION TO THE OUTPUTS IN THE APP	IMMEDIATE OUTCOMES
Programi	me 2: Licensi	ing						
Within allocated budget	Issued 5 special event licences (service and radio frequency spectrum licences)	Mpumalanga, Free State and Eastern Cape	Beneficiaries in Mpumalanga, Free State and Eastern Cape	All groups	N/A	N/A	N/A	Communities able to get COVID-19 information through radio
	Authorised educational TV channels for SABC, On-Digital Media and MultiChoice	National	National	All groups	N/A	N/A	N/A	Learners able to get educational programmes during lockdown.
	Issued 5 temporary Radio Frequency Spectrum licences in the high demand spectrum bands, including waiver of spectrum fees	National	National	All groups	N/A	N/A	N/A	Access to broadband services during COVID-19 National Lockdown, including Schools' internet connectivity
	Issued 3 Authorisations for the use of Television Whites Spaces	KwaZulu Natal, Eastern Cape (King Sabata Dalindyebo Local Municipality)	Beneficiaries in KwaZulu Natal, Eastern Cape (King Sabata Dalindyebo Local Municipality)	All groups	N/A	N/A	N/A	Access to broadband services during COVID-19 National Lockdown, in the under-serviced areas.
	Developed and published the National ICT National State of Disaster Regulations	National	National	All groups	N/A	N/A	Developed and published the National ICT National State of Disaster Regulations	Regulatory Relief to Licensees during COVID-19 National Lockdown. Provided framework for temporary licensing of IMT Spectrum

The Authority promulgated the ICT COVID-19 National State of Disaster Regulations to ensure continued and uninterrupted provision of ICT services to consumers by licensees.

The five special event licences for community broadcasting services and associated radio frequency spectrum that were issued in quarter one, have continued to enable the communities to get COVID-19 information through radio for the duration of the financial year.

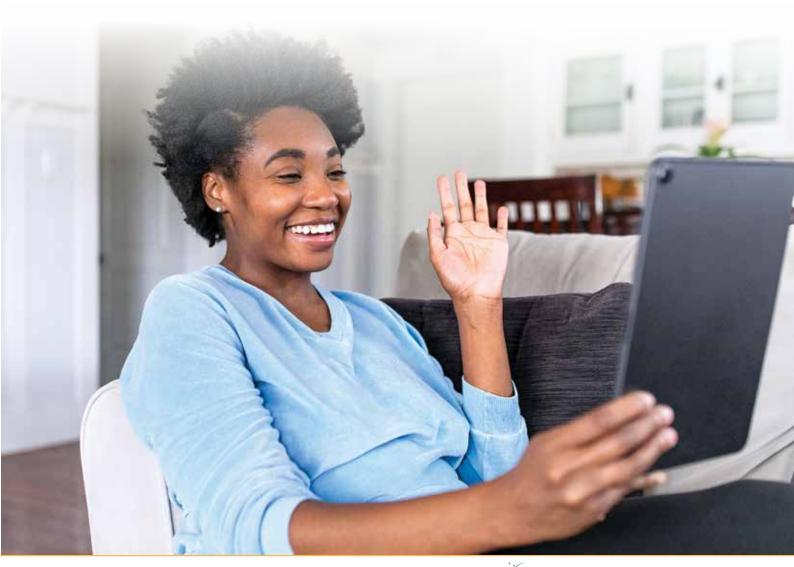
Learners across the country have continued to receive education programmes through the Educational TV channels that were authorised for SABC, On-Digital Media and Multichoice since quarter one.

The Authority published a notice in Government Gazette No. 43729 on 22 September 2020 to mandate the short code "139" in terms of regulation 4(3) read with Schedule 1 of the Numbering Plan Regulations, published on 24 March 2016 in Government Gazette No. 39861 ("the Numbering Plan Regulations"). The service code "139" is mandated for COVID-19 national emergency services during the National State of Disaster. The COVID-19 national emergency services centre is accessed either by call or short messaging services (SMS), through the service code, is at no cost to the caller or sender and between service providers in line with paragraph 10.2 of the Electronic Communications, Postal and Broadcasting Directive issued under Regulation 10.8 of the Disaster Management Act of 2002 (Act 57 of 2002), as amended, published in Government Gazette No. 43209 on 6 April 2020.



Five (5) temporary Radio Frequency Spectrum licences were issued in the high demand spectrum bands and three authorisations granted for the use of Television White Spaces in quarter one. On 31 March 2021, the Authority resolved to extend access to the temporary assigned spectrum to 31 May 2021. The Authority further amended the Regulations to require holders of temporary assigned spectrum to provide connectivity to virtual classrooms for a period of up to fourteen (14) months from the date of confirmation of deployment. The assigned temporary spectrum has continued to assure continued service provision during the period of the declared state of disaster, enabled operators to maintain a good quality of service and created space for innovative deployment of 5G services.

The Authority issued thirty-three (33) type approval authorisations under the COVID-19 Regulations as of 31 March 2021, to support access to high demand spectrum and Television White Space. The type approvals have enabled the incumbent spectrum Licensees to deploy new network infrastructure to increase capacity of their constrained networks. The Authority also extended the validity of all type approval certificates issued under these regulations in line with the validity of the temporary assigned spectrum.



## PROGRAMME 3: POLICY, RESEARCH AND ANALYSIS

BUDGET	INTERVENTION ogramme: Legal Ri	GEOGRAPHIC LOCATION	NO. OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES	TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)	BUDGET SPENT PER INTERVENTION	CONTRIBUTION TO THE OUTPUTS IN THE APP	IMMEDIATE OUTCOMES
Within allocated budget	Any tariffs, subject to approval or notification in terms of the applicable Regulations, may be lodged with the Authority one (1) day prior to the launch or commencement. During the financial year under review and based on the COVID-19 regulations, 369 tariff notifications were received and processed by the Authority.	National	All consumers of communication services	All consumers of communication services	N/A	N/A	Bi-annual tariff analysis (Rights of Consumers Protected)	Reduced prices
	Any reduced prices, associated with a service in terms of the Act, which are intended to be applicable only during the National State of Disaster, may be lodged with the Authority within one (1) day prior their operation/commencement.  During the financial year under review and based on the COVID-19 regulations, the Authority received 28 tariff notifications on price reduction.	National	All consumers of communication services	All consumers of communication services	N/A	N/A	Bi-annual tariff analysis (Rights of Consumers Protected)	Reduced prices

Interventions that were introduced continued to allow the regulated service providers flexibility in their responses as the data and voice call requirements of households soared due to the advent of COVID-19 restrictions on movement within the country. The interventions did not need any provincial and local government structures participation during the year under review. Mitigation measures implemented in quarter two which included continued provision of data to employees working from home continued to yield positive results up until the end of the financial year.

## TRANSFER PAYMENTS

The Authority's grant is received on a quarterly basis from the DCDT. A total amount of R 459 019 000 was received for the four quarters from the Department and was in line with the annual drawdown schedule which represented 100% of the full year allocation.

#### **CONDITIONAL GRANTS**

At the beginning on the current financial year, the Authority rolled over a total amount of R 37 699 839 relating to unspent conditional grants. During the current financial year, a total amount of R 84 700 000 was received from National Treasury as an additional grant allocated towards the auction of the High Demand Spectrum and related projects. As at the end of 2020/21 financial year, an amount of R 10 190 051 has been spent in relation to the licensing of High Demand Spectrum and related projects.

#### **DONOR FUNDS**

The Authority has not received any donor funds nor donated any funds to any organisation during the year under review.

#### **CAPITAL INVESTMENT**

The Authority did not make any capital investments during the year under review.



# PART 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 about 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 the Executive Authority. 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;
- technology Responsible for information 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.

#### THE COUNCIL CHARTER

The Council of the Authority endorses the principles recommended in the King Code of Good Governance. The 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 it, as well as the management and staff to effectively discharge their duties.

The Council Charter outlines:

- The demarcation of roles, responsibilities and powers of the Chairperson;
- Councillors and the Chief Executive Officer;
- Powers delegated to various committees of the Authority;



- Matters reserved for final decision-making by Council; and
- 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 years and that of Councillors is four years.

# **COMPOSITION OF COUNCIL**

NAME	DATE APPOINTED	QUALIFICATIONS	NO. OF COUNCIL MEETINGS ATTENDED
Dr Keabetswe Modimoeng (Chairperson)	15/09/2020	<ul> <li>PhD (Management Sciences)</li> <li>MBA</li> <li>Certificate in Applied Project Management (Cum Laude)</li> <li>National Diploma in Public Relations Management</li> </ul>	22
Palesa Kadi	26/09/2017	<ul> <li>MA in Visual and Heritage Studies</li> <li>BA (Honours) in Political Studies and Comparative</li> <li>Economic Systems</li> <li>BA in Political Studies</li> <li>Advanced Post-Graduate Diploma in Public and Development Sector Monitoring and Evaluation</li> <li>Certificate in Scenario Planning</li> </ul>	35
Yolisa Kedama	15/09/2020	<ul> <li>MA in ICT Policy and Regulation</li> <li>BSc (Applied Mathematics and Chemistry)</li> <li>National Diploma in Electrical Engineering</li> <li>Certificate in Financial Management</li> <li>Certificate in Project Management</li> </ul>	22
Dr Charley Lewis	24/08/2020	<ul> <li>PhD (Information and Communications Technologies)</li> <li>M.Comm in Management of Information Systems</li> <li>BA Hons in English</li> <li>Higher Education Diploma</li> <li>Published author, with his book, Regulating Telecommunications in South Africa: Universal Access and Service (Palgrave Press, 2020) following on from the research for his award-winning PhD thesis.</li> </ul>	22
Zolani Kgosietsile Matthews *	09/07/2020	BA (Honours) in Political Science     Masters in Public Administration	21
Adv. Luthando Simphiwe Mkumatela	01/09/2020	LLM in International Law     LLM in Aviation and Space Law     Certificate in Telecommunications Regulation	19
Adv. Dimakatso Qocha	21/09/2017	<ul> <li>LLB degree</li> <li>Postgraduate Diploma in Interpretation and Drafting of Contracts</li> <li>Certificate in Telecommunications Policy, Regulation and Management</li> <li>Certificate in Broadcasting Policy, Regulation and Management</li> </ul>	35
Thembeka Semane	01/02/2018	<ul> <li>Post Graduate Diploma in Business Administration</li> <li>BCom in Accounting</li> <li>Certified Associate of the Institute of Bankers</li> </ul>	35
Peter Zimri	24/08/2020	MA in ICT Policy and Regulation     Holds various electronic-engineering qualifications and credits in telecommunications and broadcasting	22

<sup>\*</sup>Resigned on 26/02/2021

# **DETAILS OF COUNCIL-LED PROJECTS**

DIVISION	PROJECT	PROJECT SUMMARY
Policy, Research & Analysis	Production of findings document 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 held public hearings on the draft Findings Document from 12 to 15 January 2021. The final findings document will be finalised and published in the 2021/22 financial year.
	Amendment of the Customer Care Standards Regulations applicable to Postal Service Licensees	The amendment is aimed at putting in place minimum customer care standards for the postal services licensee to ensure protection of customers and for postal service provider to maintain a set minimum service standard. The Authority published the Draft Amendment of the Customer Care Standards Regulations Applicable to Postal Service Licensee in Government Gazette No. 44196 of 26 February 2021 for public comments. Final Regulations will be finalised and published in the 2021/22 financial year.
	Review of the Municipal Election Broadcasts and Political Advertisements Amendment Regulations	The Authority is required to review the elections broadcasting Regulations to assess its relevance during every election year. The Authority published the draft Municipal Elections Broadcasts and Political Advertisements Amendment Regulations ("the draft Regulations") in Government Gazette No. 43984 of 10 December 2020. The review process included a public consultation process - workshops on the draft Regulations were held from 18 to 22 January 2021 to ensure that all stakeholders are aware of the proposed amendments. Final Regulations were published in Government Gazette No. 44370 of 31 March 2021. The amendments also took into consideration the Constitutional Court judgement handed down on 11 June 2020¹ by including the independent candidates in the allocation of Party Election Broadcasts.
	Market review in terms of Section 67(4) of the Electronic Communications Act, 2005 ("ECA")	Market review in terms of section 67(4) of the ECA was carried out for the Mobile Broadband Services Markets. The Authority held public hearings on the Discussion Document from 26 to 27 October 2020. The Findings Document and draft Mobile Broadband Services Regulations were published on 30 March 2021. Final Regulations will be finalised and published in the 2021/22 financial year.
	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 in Government Gazette No. 43090 of 13 March 2020.
		On 26 March 2021, the Authority published the published Draft Price Cap Amendment Regulations and Explanatory Note for public comments in the Government Gazette No. 44332.
		Final Regulations will be published in the 2021/22 financial year.
	Review of the must carry obligations	The Must Carry Regulations are aimed at increasing the reach of the public broadcaster's channels through subscription broadcasting platforms. The Authority published Draft Amendment Regulations for public comments, as well as a Notice in terms of section 4C (6) of the ICASA Act in Government Gazette 44338 of 26 March 2021. The Findings and Positions Document <sup>2</sup> was also published as part of the review of Must Carry obligations. Final Regulations will be finalised and published in the 2021/22 financial year.
	Review of the broadcasting of national sporting events regulations	The aim of the project is to ensure that the national sporting events are accessed by the majority of South Africans. The Authority published the final regulations on Sports Broadcasting Services Regulations Amendment, 2021 and Reasons Document in Government Gazette No. 44372 of 31 March 2021.

 $<sup>^2\</sup> Published\ on\ the\ Authority's\ website\ at\ https://www.icasa.org.za/legislation-and-regulations/findings-and-positions-document-icasa-must-carry-regulations-2008$ 



<sup>&</sup>lt;sup>1</sup> New Nation Movement NPC and Others v President of the Republic of South Africa and Others (CCT110/19) [2020] ZACC 11; 2020 (8) BCLR 950 (CC); 2020 (6) SA 257 (CC) (11 June 2020)

DIVISION	PROJECT	PROJECT SUMMARY
Policy, Research & Analysis (continued)	Review of Regulation relating to the definition of advertising and the regulation of Infomercials and Programme Sponsorship in respect of Broadcasting activities	The project seeks to ensure consumer protection in scheduling of advertisements, infomercials and programme sponsorship, and that broadcasters maintain editorial independence. The Authority published a Discussion Document on Advertising, Infomercials and Programme Sponsorship in Government Gazette No. 44333 of 26 March 2021 for public comments. The Findings document will be finalised and published in the 2021/22 financial year.
Licensing	Licensing of broadband spectrum	This is a multi-year project which aims to license IMT spectrum. The Authority published the Invitation to Apply on 02 October 2020 but was subsequently interdicted on 8 March 2021 from proceeding with the spectrum auction process, pending the final determination of the order sought in Part C of the Telkom and e.tv review application brought against the Authority in December 2020.  On 09 March 2021, MTN also filed a court application against the Authority's ITA. The Authority took a decision by the end of the 2020/21FY to appeal the judgment and initiate the settlement negotiations.
	Licensing of an Individual Electronic Communications Network Service	This is a multi-year project through which the Authority seeks to licence an Individual Electronic Communications Network Service Licence ("I-ECNS") and Radio Frequency Spectrum ("RFS") Licence for the purpose of providing Wireless Open Access Network ("WOAN") Services. A notice suspending the closing date for the submission of applications for an I-ECNS licence and RFS licence for the WOAN pending the conclusion of on-going litigation/settlement discussions was published on 31 March 2021
	Development of Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups	This multi-year project is aimed at developing a framework to govern issues of control and equity ownership by Historically Disadvantaged Groups in Licensees. The process was initiated by the publication of a draft Regulation for public comment in the 2019/20FY and was concluded by the publication of the Regulations on Limitation of Ownership and Control and Equity Ownership by HDGs on 31 March 2021.
	Amendment of the Standard Terms and Conditions Regulations for Class Licenses	This project sought to amend the Standard Terms and Conditions Regulations that are applicable to Class Licenses to consider any changes in the legislative and regulatory environment since their promulgation in 2016. The process was initiated by the publication of a draft Regulation for public comment in the 2019/20FY and the final Amended Regulations were published on 25 March 2021.
	Amendment of the Processes and Procedure Regulations for Class Licences	This project is aimed at amending the Processes and Procedure Regulations that are applicable to Class Licenses to consider any changes in the legislative and regulatory environment since their promulgation in 2016. The process was initiated by the publication of a draft regulation for public comment in the 2019/20FY and the final Amended Regulations were published on 26 March 2021.
	Licensing of Digital Community Television Broadcasting services on MUX 1	This is a multi-year project through which the Authority seeks to licence Digital Community Television Broadcasting services on MUX the Process was initiated by the publication of The Invitation to Pre-register (ITPR) in the 2019/20 FY and is scheduled to be concluded in the 2021/22FY. A Notice detailing the applications received in response to the Authority's ITPR was published on 26 March 2021.
	Licensing of Community Sound Broadcasting Services	This is a multi-year project for licensing of Community Sound Broadcasting Services. The licensing process was initiated by the publication of the invitation to pre-register in the in the 2019/20 FY and was concluded in March 2021.
	Development Equipment Authorisation Regulations	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. The final conformity assessment framework was published in the 2019/20FY. The Draft Equipment Authorisations Regulations to support the newly development Conformity assessment were published on 31 March 2021.

DIVISION	PROJECT	PROJECT SUMMARY
Engineering and Technology		EXPLANATORY NOTE NON-PROGRESS DURING 2020-21 RELATING TO 3 KEY PROJECTS  Due to COVID-19 restrictions or challenges, the Authority was unable to procure the services of suitable service providers to assist with three (3) key projects namely, Updating of the National Radio Frequency Plan, Implementation of the Frequency Migration plan, and Implementation of the IMT roadmap. The procurement of service providers to assist with the above-mentioned projects is at its final stages. The procurement process will be finalised during quarter 1 of 2021/22 FY.
	Updating the National Radio Frequency Plan	The project is aimed at the updating of the National Radio Frequency Plan following the WRC-19 outcomes to include provisions in the latest edition of the ITU Radio Regulations process and is scheduled to be completed in 2021/22 FY through the publication of the updated National Radio Frequency Plan.
	Implementation of the Frequency Migration plan	This is a multi-year project aimed at implementing the Radio Frequency Migration Plan (RFMP) 2019 by developing Radio Frequency Spectrum Assignment Plans (RFSAPs). Radio Frequency migration is the migration of users of radio frequency spectrum within the same band or other Radio frequency bands in accordance with the National Radio Frequency Plan. A consultation document on the implementation of the RFMP will be published in the 2021/22 FY. Implementation of the RFMP will be completed in 2022/23 through the publication of the RFSAPs.
	Implementation of the IMT roadmap	This is a multi-year project aimed at implementing the IMT Roadmap 2019 by developing Radio Frequency Spectrum Assignment Plans (RFSAPs).  The IMT roadmap identifies frequency bands for IMT services as per ITU-R Recommendations. A consultation document on the RFSAPs for IMT will be published in 2021/22 FY. Implementation of the IMT Roadmap will be completed in 2022/23 through the publication of the RFSAPs.
	Certification of the Secondary Geolocation Spectrum Database providers	The project is aimed at certifying Secondary Geolocation Spectrum Database providers for the deployment of Television White Space services to facilitate the implementation of Regulations on the use of Television White Spaces, 2018 published on 23 March 2018 (Government Gazette no. 41512) by 01 April 2021. The project was completed in quarter 4 of 2020/21 FY by the certification of one Secondary Geolocation Spectrum Database provider.
	Recommendations towards enabling South Africa's uptake of 5G technologies	This is a multi-year project aimed at making South Africa ready for the deployment of 5G services by making recommendations towards enabling South Africa's uptake of 5G technologies. A report with recommendations on the state of 5G readiness in South Africa was completed in quarter 4 of 2020/21 FY.  https://www.icasa.org.za/uploads/files/ICASA-2021-5G-Annual-Report.pdf
	Regulations for the introduction of Digital Sound Broadcasting (DSB) in South Africa	The project is aimed at developing regulations on the introduction of DSB services in South Africa. The draft Digital Sound Broadcasting was published on 13 November 2020 (Government Gazette no. 43900) for public comments. The final Digital Sound Broadcasting Regulations were published in March 2021.
	Establishment of fixed spectrum Monitoring sites around Karoo Central Astronomy Advantage Area (KCAAA)	This is a multi-year project aimed at establishing fixed monitoring sites in the Karoo Central Astronomy Advantage Areas (KCAAAs). One (1) fixed site was planned for 2020/21 FY to monitor the radio activity and prevent unwanted emissions and Radio Frequency Interference to the telescope. The Authority established this site in Carnarvon, Northern Cape which is a radio quiet zone.
		The Authority has planned to commission the site in Carnarvon and establish and commission an additional three (3) sites in the KCAAAs during 2021/22 FY.



DIVISION	PROJECT	PROJECT SUMMARY
Engineering and	Provinces monitored for Quality of Service	The Authority sets out an annual target to conduct QoS monitoring by quarterly drive tests in provinces based on the annual monitoring plan.
Technology (continued)		The QoS monitoring is aimed at assessing the quality of service provided by the mobile operators as perceived by the users. Major towns, townships, farm areas, rural areas and 2 major road arteries as per population densities, economic and tourism activities and previous complaints are part of the route selection criteria. The route covers areas where most of operators claim to have network coverage through their own network and roaming arrangements with other network owners. The test phones are allowed to freely select network operator's frequency bands and the radio access technology.
		In 2020/2021 the Authority conducted QoS monitoring in 4 provinces (Gauteng, North West, Free State and Mpumalanga) for voice services and 3 provinces (Gauteng, North West and Mpumalanga) for data services. The monitoring reports were shared with the Mobile Operators to effect remedial actions in areas were QoS was poor.

# **COUNCIL GOVERNANCE COMMITTEES**

- Audit, Risk, Ethics and Disclosures Committee (AREDC),
- Human Resources and Remuneration Committee (REMCO),
- Information Technology Review Committee (ITRC), and
- Consumer Advisory Panel (CAP).



# **AUDIT, RISK, ETHICS AND DISCLOSURES COMMITTEE REPORT**

We are pleased to present the AREDC Report for the financial year ended 31 March 2021, 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 herein referred to as 'The Committee' consists of five (5) members made up of three (3) independent Non-Executive members and two (2) Councillors.

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: CCC,
- The Risk and Compliance Specialist,
- Senior Manager Strategy and Programme Management, and
- The Auditor General.

During the 2020/2021 financial year, twelve meetings were held. Apologies were tendered for meetings not attended.

The meetings attendance details are depicted 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	AREDC MEMBERS' ATTENDANCE				
28 April 2020	Ordinary	✓	✓	✓	
12 June 2020	Ordinary	✓	✓	✓	
29 June 2020	Special	✓	✓	✓	
28 July 2020	Special	✓	✓	✓	
27 Sept 2020	Special	✓	✓	✓	
29 Oct 2020	Special	✓	✓	✓	
02 Dec 2020	Special	✓	✓	✓	
22 Jan 2021	Ordinary	✓	✓	✓	
30 Mar 2021	Special	✓	✓	✓	

<sup>√ -</sup> denotes attendance



<sup>-</sup> denotes non-attendance

The number of special meetings was exacerbated by additional engagements due to the following:

- Introduction of the financial disclosure process for Council and employees;
- The Financial disclosure report presented a unique challenge to the Committee as those affected or implicated were raising challenges including the constitutional compliance of some of the sections of the ICASA Act, against its findings;
- The Committee embarking on an involved process, seeking external legal advice.
- Scheduling a hearing with the objective of making recommendations to the Minister and Parliament.

#### **CORPORATE GOVERNANCE**

The Committee acknowledges management interventions in introducing proactive measures for monitoring employee and leadership's ethical conduct. The commitment towards maintaining an ethical culture is acknowledged and demonstrated by the existence of the Fraud and corruption hotline managed by an external service provider.

The Committee commends management for the implementation of consequence management. This includes actions implemented by the Council and Accounting Officer. The Committee acknowledges the management efforts in establishing the Loss Control Function.

An incident resulting in fruitless and wasteful expenditure was identified and reported by management, the Committee was assured that adequate steps as outlined in the National Treasury framework were taken and the matter reported to SAPS for further investigation. The conclusion of same should be expedited.

#### FINANCIAL MANAGEMENT

An improvement was noted on the quality of the financial statements submitted to the Auditor General. This was due to the introduction of inyear quality assurance process on the quarterly financial statements.

The Authority's financial health (cash management) remains a concern, given that employee costs amount to 69.8% of the allocated budget. The limited funds may adversely affect the upgrading of the outdated IT systems, attendance of training and filling of the vacant posts.

The long outstanding debt relating to services rendered to the South African National Defence Force (SANDF) was written off, this as a result of not reaching an agreement. Management was urged to improve on measures to deter recurrence of same.

#### **COMPLIANCE MANAGEMENT**

Assurance has been provided on monitoring compliance with applicable Laws and Regulations. The compliance maturity level remained stagnant at level 3.

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

The Committee acknowledges the progress made on consequence management to address the prior year's transgressions. It is worth noting that the number of transgressions has decreased compared to prior years, this may be attributed to the implemented corrective actions.

Furthermore, a need exists to ascertain an adequate system of receiving and recording invoices to ensure that payments to suppliers are made within the regulated payment period (30 days).

#### **AUDIT OF PREDETERMINED OBJECTIVES**

The organisation attained an audited annual performance of 87.5%, the achievement level is applauded given the challenges and peculiarities presented by the pandemic and noting that officials were working remotely.

"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."

#### **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 Committee noted the efforts in embedding risk management into the organisational culture. The risk management maturity was maintained at level 2. The Committee continued to monitor the implementation of risk management action plans on a quarterly basis.

The management of potential and perceived conflict of interest remains a risk that should be urgently addressed to avoid legal ramifications. This includes investigation and providing feedback on incidents reported through the Fraud hotline.

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 administrative reporting line should 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 reasonable proactive and reactive assurance to the Committee on the adequacy and effectiveness of internal controls. Our attention was drawn to its continued efforts to prevent the incurrence of irregular expenditure which yielded positive results as reflected in the auditor general report.

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

- Supply Chain Management (Contract management);
- Management assurance on SCM compliance;
- Financial health risk indicators;
- IT security governance & configuration management, administrator user account and backup management.

#### IN-YEAR MANAGEMENT QUARTELY REPORTING

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

The Committee acknowledges the stakeholder engagement that is currently in progress with regards to funding challenges.



#### **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 the alignment of the disclosed irregular, fruitless and wasteful expenditure to the National Treasury Framework.

An improvement has been noted within the SCM environment, this is attributable to the proactive assurance conducted by Internal Audit and management's efforts to implement the provided recommendations. An aggressive approach is, however, required to detect and prevent the incurrence of irregular expenditure in line with Section (1) c of the PFMA.

Reviews were concluded on performance management, compliance, 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, noting the challenges posed by the pandemic.

The Committee has noted the Auditor General's concerns on non-compliance with the SCM prescripts, Laws and Regulations and internal controls which were not always effective in detecting and recording irregular expenditure.

Having considered the Auditor General's final draft Management and Audit Reports, the Committee concurs with the Auditor General on the urgency to implement effective controls to detect and prevent irregular expenditure including the adherence to the prescribed 30-day payment period.

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. A draft combined assurance framework has since been developed, same shall be monitored and continuously improved.

Internal Audit is urged to hone its methodology and approach to minimise duplicated efforts with the Auditor General and create efficiencies. The employed direct assistance by the Internal Audit for the Auditor General is acknowledged as progress in improving the combined assurance.

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 of the Audit, Risk, Ethics and Disclosures Committee

# THE HUMAN RESOURCES REMUNERATION COMMITTEE (HR & REMCO)

#### **PURPOSE OF THE COMMITTEE**

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

To enable it to fulfil its functions, the Committee has unrestricted access to all information, including records of employees of ICASA. It must be provided with adequate resources to fulfil its oversight responsibilities.

#### **COMPOSITION OF THE COMMITTEE**

The Committee comprises four (4) external members, namely:

- The Chairperson: Mr Charles Mohalaba, resigned from 30 November 2020;
- Ms Ntsoaki Mngomezulu;
- Ms Gaba Moleko; and
- Mr Mxolisi Msomi Appointed as the interim Chairperson, from 01 December 2020 to 31 November 2021.

The members are appointed for a three (3) year term effective from 01 December 2018 to 31 November 2021. The invitees mentioned below attend the meetings of the Committee, have a standing invitation, and are not voting members:

- Chief Executive Officer (CEO);
- Chief Financial Officer (CFO);
- Executive: Human Resources;
- Two (2) Councillors nominated by Council; and
- The Secretariat.

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

#### THE AUTHORITY

Council supports and endorses the Committee, which operates independently of Management and is free of any organisational impairment. The Committee acts in accordance with its statutory duties and the duties delegated by Council.

Council has oversight responsibility, and the Committee assists Council in fulfilling its duties.

To enable it to fulfil its functions, the Committee has unrestricted access to all information, including records of employees of ICASA, and must be provided with adequate resources in order to fulfil its oversight responsibilities.

Council authorises the Committee 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 supply chain management policy and procedures;
- Seek any information required to discharge its functions from any employee, the Chairpersons of other Council Committees, any of the Councillors, Senior Management, Secretariat or assurance providers. All these parties are required to co-operate with any request for information 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 (or in his/her absence, any member of the Committee) shall, upon request by Council, be present when ICASA presents its annual report to Parliament, as well as in any presentation on how the HR & REMCO has fulfilled its duties.



#### **RESPONSIBILITIES AND FUNCTIONS**

The responsibilities of the HR & REMCO include:

- 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 the 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:

- Review functions of senior employees;
- Review and discuss qualifications of proposed candidates named in the succession plans; and
- Provide guidance to Management regarding succession plans.
- Review proposed changes to Human Resources
   Policies:
- Review reports on the climate and employee morale within ICASA;
- Review ICASA's human resources strategies 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 related party transactions and disclosure of interest, if any;
- Monitor and review ICASA's compliance with good corporate governance about 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 the remuneration report is included in ICASA's annual report; and
- Deal with any other matter referred to the Committee by Council.

# ACTIVITIES CONDUCTED BY THE COMMITTEE TO DATE

In the meeting of the 5<sup>th</sup> of July 2020, the Committee convened to deliberate on the proposed 2020/21 ICASA Pay Scales and Salary Increases (Cost of Living Adjustment). The Authority proposed a 6.7% increase for all employees, and this proposal was referred to Council for approval. Subsequent to this proposal, Council requested that the HR & REMCO reconsider this proposal, given the financial constraints of the Authority in terms of the current wage bill.

In the meeting of the 1<sup>st</sup> of August 2020, the Committee convened to deliberate on the following:

- 2020/21 HR Operational Report as at 30 June 2020;
- Addendum to the Disciplinary Code and Procedure Policy;
- Employment Equity Quarterly Activities;
- COVID-19 Workplace Protocols; and
- Proposed 2020/21 ICASA Pay Scales and Salary Increase (Cost of Living Adjustment) – Resubmission.

The Committee reviewed the proposed COVID-19 Workplace Protocols and commended the Authority on the work done with regards to the various COVID-19 protocols. The addendum to the Disciplinary Code and Procedure Policy that dealt with transgressions pertaining to

enforcing compliance with regards to COVID-19 regulations were discussed and referred to Council for approval by HR & REMCO. The Committee perused the Employment Equity Activities as per the Employment Equity Quarterly Activities report together with the HR Operational Report for the first quarter of the 2020/21 Financial Year and referred both submissions to Council for noting.

The resubmission of the Proposed 2020/21 ICASA Pay Scales and Salary Increase (Cost of Living Adjustment), to which the Authority proposed a salary increase of 5.5% for non-executive employees (i.e. A1 to D5) and a 4.1% salary increase for executive employees (i.e. E2 and E4) was referred to Council for approval.

In the meeting of the 26th of February 2021, the Committee convened to deliberate the following:

- Feedback on Cost of Living Adjustment;
- Resources Operational Quarterly Human Report;
- Human Resources and Organisational Development Strategies;
- Working from Home Policy;
- Feedback on the Director General's Review on the submission of the Employment Equity Plan; and
- The following Human Resources Policies:
- Graduate Development Programme Policy;
- Study Assistance Policy;
- On-boarding Policy;
- Job Evaluation Policy; and
- Acting Appointment and Allowance Policy.

The Committee reviewed the submitted Human Resources Policies and Strategies highlighted above and provided their input and referred these strategies and policies to Council for approval with the proposed amendments. The Committee noted the implementation of the Cost of Living Adjustment for the 2020/21 Financial Year and expressed the importance of the Authority managing their wage bill effectively.

The Committee considered the Human Resources Operational Quarterly Report and the feedback received from the Director General of the Department of Employment and Labour regarding ICASA's compliance with the Employment Equity Act and the revised Employment Equity Plan and referred it to Council for noting.

In the meeting of the 27th of March 2021, the Committee convened to discussed to following items:

- Merit Increases;
- Performance Bonuses
- Human Resources Policies:
- Overtime Policy;
- Performance Management Policy;
- Probation Policy;
- Remuneration Policy;
- Talent Sourcing Policy; and
- Training and Development Policy.

The Committee deliberated on the above policies and provided valuable feedback that was incorporated within the policies and referred to Council for approval.

Furthermore, the HR & REMCO presented in this meeting a recommendation for Council to approve the payment of merit increase and performance bonuses for the 2019/20 financial year. However, Council considered several factors that were posing serious challenges for the Authority. The challenges included, among others, the escalating wage bill and the fact that organisational targets were not met for the year under review. Council resolved not to pay the merit increase and requested HR & REMCO to reconsider the proposal subject to the prescripts of the Performance Management Policy. Subsequently, employees got paid a "once-off gratuity performance reward payment".



# THE INFORMATION TECHNOLOGY REVIEW COMMITTEE

The ITRC, herein referred to as the Committee, is one of the governance committees of ICASA and has certain responsibilities delegated to it by Council as opposed to be 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. The authority and function of the ITRC is summarised below and ITRC Terms of Reference contains the full responsibilities and function of the Committee:

- Council supports and endorses the Committee, which operates independently of Management and is free of any organisational impairment. The Committee acts in accordance with its statutory duties and the duties delegated by Council.
- Council has an oversight responsibility, and the Committee assists Council in fulfilling its responsibility.
- The Committee has unrestricted access to all information, including records, and employees of ICASA, and must be provided with adequate resources in order to fulfil its oversight responsibilities.
- The Committee is authorised by Council to perform certain duties as stipulated in ITRC Terms of Reference under its supervision.
- The Chairperson of the Committee is responsible for keeping AREDC informed on all matters regarded as significant by being present when providing a report back in all AREDC meetings
- Review and recommendation of the IT strategy and ensuring the integration and alignment of the IT strategy with ICASA's strategic and business processes.
- Ensure that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of ICASA using
- Ensure that there are adequate business resilience arrangements in place for IT disaster recovery to support business continuity.

- Ensure that ICASA complies with IT related rules, codes and standards including but not limited to POPIA, ECTA and the Cybercrimes Bill.
- Ensuring protection of intellectual property contained in ICASA's information systems.
- Advising Council on changes in technology and other external factors.
- Ensuring that an Information Security Management System is developed and implemented. This must include a comprehensive cybersecurity defence plan.

#### ITRC COMPOSITION AND MEETING ATTENDANCE

To strengthen the IT function, the number of external members in the Committee was increased to three (3) as opposed to two (2) from the previous financial year. The term for the members was also increased from two (2) to a three (3)-year term. The external members are namely:

- Ms Yolisa Skwintshi (Chairperson)
- Dr. Charles Motau (Member)
- Venisha Nayagar (Member)

The members are appointed for a three (3) year term effective from 7 December 2020 to 6 December 2023. The below mentioned are invitees who attend the meetings of the Committee, have a standing invitation and are not voting members:

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

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

The Committee is required to meet at least four (4) times per annum and special meetings maybe convened as and when required. Due to the end of term of previous members and delay in the appointment of new members, only two (2) meetings were held in this financial year, as stipulated below:

MEMBERS' DETAILS, APPOINTMENT DATES AND MEETINGS' ATTENDANCE						
MEMBERS		MS Y SKWINTSHI	MR F DOCRAT	DR C MOTAU	MS V NAYAGAR	
Appointment date						
Meeting dates	Nature of meeting	ITRC Members' attendance				
15 May 2020	Ordinary	✓	✓			
27 May 2020	Ordinary (continuation of 15 May)	✓	✓			
03 February 2021	Ordinary	✓		✓	✓	

#### **OVERVIEW OF THE 2020/21 FINANCIAL YEAR**

The 2020/21FY year was strenuous for the IT department due to COVID-19 and lockdown where employees had to work from home. The IT department had to ensure that everyone was able to work from home effectively. This resulted in an increase in data usage costs, purchasing of more laptops, and more activities undertaken to reduce network capacity constraints. Some of the key activities undertaken by the IT department included the following:

- Continuous reduction in audit finding and identified IT risks
- Continuous review and implementation of IT policies and procedures
- As part of cost saving exercise, the following were achieved:
  - Reduction of printing and facilitating ICASA to move to a paperless environment
  - Assessment of IT systems landscape to identify system duplication, opportunities for system consolidation and license reduction
  - Proactive security monitoring of ICASA's system and continuous improvement and enhancement of security in all IT systems
  - Successful implementation of all modules the Automated Software-based Spectrum Management System (ASMS)

Focus areas for the 2021/22FY include:

- Review of the IT Strategy to align with the organisational strategy
- Drafting and implementation of ICASA's digital strategy
- Repositioning and elevation of the IT function by appointing a Chief Information Officer (CIO) to drive the IT strategy and achieve expected organisational outcomes, accelerate digital transformation and realisation of the regulator's mandate
- Improvement in project delivery
- Continuation of the IT delivery environment/ system review to achieve internal operational efficiencies

#### **CONCLUSION**

The ongoing efforts are that the IT department continues to ensure that remote working continues and this is very commendable. The COVID-19 pandemic has accelerated digital transformation and it is imperative that ICASA revisits the digital agenda and soon implements the digital strategy that the ITRC recommended.

Yolisa Skwintshi

Chairperson



#### THE CONSUMER ADVISORY PANEL

The CAP was established by the Independent Communications Authority of South Africa in terms of Section 4 read with Section 71 of the Electronic Communications Act, 2005 (Act No. 36 of 2005, as amended) and the Amended Regulations on the establishment of CAP, Government Gazette, no 40725 of 2017.

The role of the 11-person Panel is to advise the Authority on consumer issues resulting from Electronic Communications, Broadcasting and Postal Services usage by performing the following functions: providing commentary on relevant regulations from a consumer perspective; liaising with consumers on issues impacting the sector, and it must report quarterly and annually to the ICASA Council on activities and findings for the year; also suggesting consumer research areas that will contribute to the improvement in consumer experience across the sectors.

During the period under review, the CAP entered its third year of operation since inception. Notwithstanding the adverse impact of the the COVID-19 pandemic and subsequent declaration of national lockdown, CAP is pleased to announce an annual performance scorecard achievement of 133% based on pre-determined targets set out in its Annual Work Plan for 2020/21FY. In summary, the achievements were as follows:

Stakeholder engagement and consumer advocacy: CAP members directly engaged and interacted with members of the public, communities, and other stakeholders in private and public fora to gather information from them. As per plan to hold two (2) consumer stakeholder engagements, the Panel successfully conducted these engagements in the Free State and Northern Cape provinces to engage and consult with stakeholders. These engagements include interactions with societies and organisations, especially those which represent women, youth and persons with disabilities. The schools for children with disabilities that were visited, include the Bartimea School for the Deaf and Blind in Thaba Nchu, Marcus Mbetha Sindisa Secure Care Centre (Upington) and Kleinsee Special Care School (Kleinsee). The insights from these engagements were incorporated into

- the regular governance reporting and annual advisory reporting provided to ICASA Council;
- Identification of consumer protection research areas: The CAP identified areas of potential research for ICASA which will assist in ensuring that consumer interests are protected. A total of three (3) research areas were identified against the pre-determined target of the two (2). The topics identified were (1) Feasibility of Introducing an Accessibility Report on Mobile Phone Handsets as part of the Type Approval Process, (2) Consumer Access to Diverse Programming, and (3) Review or Inquiry on the Standard and Quality of the South Africa Post Office's Service Delivery, Universal Service for People with Disabilities, the Elderly and Rural
- Making commentaries on regulations: CAP provided consumer perspectives through commentary on ICASA regulations during the period under review. This ensured that consumer views and interests were incorporated into the applicable proposed regulations published by ICASA and these were: the "Draft Municipal Election Broadcasts and Political Advertisement Regulations", the "Draft Digital Sound Broadcasting Service Regulations", and Comments on "ICASA's Second Draft Sports Regulations"; and
- Adherence to planning and reporting governance: The planning and reporting targets for the period as set out in the Annual Work Plan were all successfully achieved - namely, the Annual Work Plan 2020/21FY as required was produced, the Quarterly Reports and the 2020/21FY Annual Consumer Advisory Report were compiled and duly presented to ICASA Council.

CAP, as a recently established Committee representing the voice of the designated vulnerable consumers, continues to grow from strength to strength and we wish to extend our sincere appreciation to the CAP team for their commitment in delivering excellently on their Work Plan targets during the year under review.



# **COMMITTEE MEMBERSHIP AND ATTENDANCE**

# **TERMS OF OFFICE**

The members serving on the CAP during the period under review:

COMMITTEE MEMBER	COMMENCEMENT OF TERM	EXPIRY DATE OF TERM
Ms Noxolo Gogo (Chairperson)	6 May 2020	30 June 2021
Ms Sibabalwe Mqhayi	6 May 2020	5 May 2022
Mr Dylan Thomas	6 May 2020	5 May 2022
Mr Fanie Swanepoel	6 May 2020	5 May 2022
Adv Zanyiwe Asare	6 May 2020	5 May 2022
Mr Jeremiah Sikhosana	6 May 2020	5 May 2022
Ms Mariza Jürgens	6 May 2020	5 May 2022
Ms Pretty Dibakoane	6 May 2020	5 May 2022
Mr Rajesh Jock	6 May 2020	5 May 2022
Mr Tirhani Ishmael Hlomane	6 May 2020	5 May 2022
Ms Aifheli Makhwanya	6 May 2020	5 May 2022

	MEMBER	QUARTERLY MEETINGS	TOTAL
1	Ms Noxolo Gogo (Chairperson)	4	4
2	Ms Sibabalwe Mqhayi	4	4
3	Mr Dylan Thomas	4	4
4	Mr Fanie Swanepoel	4	4
5	Adv Zanyiwe Asare	4	4
6	Mr Jeremiah Sikhosana	4	4
7	Ms Mariza Jürgens	4	4
8	Ms Pretty Dibakoane	4	4
9	Mr Rajesh Jock	4	4
10	Mr Tirhani Ishmael Hlomane	4	4
11	Ms Aifheli Makhwanya	4	4

Number of Outputs Produced by the CAP during the period under review

NUMBER OF STAKEHOLDER ENGAGEMENTS & CONSUMER ADVOCACY CONDUCTED CAP WITH TARGET GROUPS	NUMBER OF CONSUMER PROTECTION AREAS IDENTIFIED	NUMBER OF COMMENTARIES ON RELEVANT REGULATIONS	NUMBER OF REPORTS (QUARTERLY REPORTS & ANNUAL ADVISORY REPORT TO COUNCIL)	ANNUAL WORK PLAN			
2	3	3	5	1			
	TOTAL = [14]						

#### **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.

Implementation of ERM is in line with approved Risk and Opportunity Management Policy and Strategy which assists ICASA to, inter alia, make informed decisions to enhance the achievement of the organisation's aims, objectives and priorities. ICASA actively identifies and assesses risks arising from internal and external environments and takes a proactive approach to identifying emerging risks.

The consolidated response to these risks is monitored for effective implementation through:

- An integrated and dynamic governance structure which continues to monitor the outcome, output and operational risks at business levels, and promote a sound risk culture.
- Well-defined material risk categories, known as outcome risks, for complete risk coverage.
- Comprehensive and structured processes for evaluating, responding to and monitoring risks.

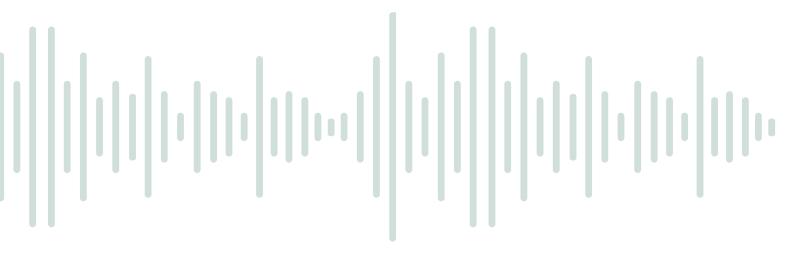
An efficient risk culture stipulating an effective risk operating model and appropriate risk practices, tools and techniques to support ICASA's strategy. The AREDC held quarterly meetings as a means of providing its oversight role and ensuring efficient and effective management of ICASA's risk management activities.

Risk champions for the business units continue to monitor and report on risks facing the business. All the risks identified by 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 EXCO, 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 maintained the organisation's risk maturity to level 3.

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



#### **BUSINESS PERFORMANCE AND RISK MANAGEMENT FRAMEWORK**

ICASA applies 5 lines of defence model, which ensure provisions of independent and coordinated assurance with the organisation. The graphic below represents ICASA Enterprise Wide Risk Management Framework (ERM)

**RISK OPERATING MODEL** 

#### 2ND LINE OF 4TH LINE OF 5TH LINE OF 1ST LINE OF **3RD LINE OF DEFENSE DEFENSE DEFENSE DEFENSE** (Risk owners) Process (Independent (External Independent Council and Council owners responsible for end to end risks and controls in their Assurance (Internal Audit). Evaluation of Adequacy and Assurance) Governance Committees i.e AREDC, ITRC and HR&REMCO AGSA provide assurance to external stakeholders i.e. Parliament of SA business effectiveness of internal controls vernance and management CORE RISK COMPETENCY ASSESSMENT MONITORING MANAGEMENT PROCESS

#### **RISK STRATEGY AND APPETITE**

The risk management strategy reflects ICASA's view of how it is managing the risk. The strategy was developed and approved in line with Medium Term Framework.

# **ENTERPRISE RISK MANAGEMENT FRAMEWORK (ERMF)**

The approach to risk management is outlined in ERMF. The framework was reviewed and approved by Council during the year to enhance the implementation to risk management. The risk management framework is Underpinned by the followings:

- 1. Consistent governance structure at Business level
- 2. Well defined material Principal risks
- 3. 5 lines of defence
- 4. Core risk competency
- 5. Risk operating model with clear Roles and responsibilities

Identifying and understanding the orgnaisation's material risks is critical in the development and delivery of ICASA's strategy. In line with bestpractice corporate reporting, ICASA's integrated Annual Report includes a comprehensive assessment of the principal risks facing the business, as well as those 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 thereof were analysed and prioritised by senior management; and reviewed and approved by Council.

ICASA recognises that risks are inherent in all its business activities. The risks, if not managed properly can result in safety, financial, operational or reputational impact. As understanding the risks and developing appropriate responses are critical to the future success, ICASA 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 6 strategic risks outcomes which could hinder the achievements of ICASA's strategic outcomes and outputs.

The table below provides the risk mitigation measures implemented during the current financial year in respect of ICASA strategic outcome risks.

NO	OUTCOME	RISK AND RISK DESCRIPTION	MITIGATION PLANS IMPLEMENTED
1	Outcome 1: Access to quality broadband Services Increased. Outcome 2: Status of Social Cohesion, Diversity and Plurality of Views enhanced Outcome 3: Rights of Consumer Protected Outcome 4: Competition in the ICT Sector Promoted	Potential delays in regulatory interventions due to litigation by stakeholders resulting in delays to achieve ICASA mandate Root cause:  Non-compliance with PAJA, ICASA and ECA processes;  Dissatisfied stakeholders about ICASA decisions; and  Non-adherence to legal advice	Mitigation Provision of legal advice to Divisions, Committees and Council to safeguard the Authority's interests and to ensure that all its actions and decisions are legally compliant with the Constitution, enabling legislation and ICASA is currently involved in the appeal process against the interdict issued on the matter between ICASA and Telkom. Efforts by parties to settle out of court is underway
2	Outcome 1: Access to quality broadband Services Increased.	Inability/Limitation to execute our mandate independently due to political interference and/or undue influence (lobbying)  Root cause:  Pressure from external parties with vested private interest in the sector  Political influences  Contract term of top management (incl Councillors) expiring  Personal interest for employment	<ul> <li>Mitigation plans implemented</li> <li>Effective Monitoring and Enforcement of the Code of ethical conduct and Disclosure of Interest.</li> <li>Assessment of annual financial disclosures.</li> <li>Disclosure of financial interest in Council meetings, Council Committee meetings and Governance Committee meetings.</li> </ul>
3	Outcome 1: Access to quality broadband Services Increased Outcome 4: Competition in the ICT Sector Promoted	Possible delays in the assignment of spectrum to radio communication in SA due to late approval of the National Radio Frequency Plan which may have impact on the implementation of spectrum that supports broadband  Root cause:  Delays in the Approval process of the National Radio Frequency Plan	Mitigation plans implemented     Adherence to Process and Procedures     Effective engagement with the policy makers.     Regular engagement between ICASA and the ministry in terms of Section 34 of the EC

NO	OUTCOME	RISK AND RISK DESCRIPTION	MITIGATION PLANS IMPLEMENTED
4	Outcome 1: Access to quality broadband Services Increased. Outcome 2: Status of Social Cohesion, Diversity and Plurality of Views enhanced Outcome 3: Rights of Consumer Protected	Non-adherence by licensees to licence terms and conditions and regulatory requirements  Root cause:  Lack of resource capacity.  Language proficiency.  Poor corporate governance by licensees.  Poor consequence management.	Mitigation plans implemented     Implementing transparent processes     Adherence to Process and Procedures     Effective engagement with the policy makers.     Effective Monitoring and Enforcement of regulations.     Periodical review of regulatory measures in place
5	Outcome 5: Maintain organisational service delivery	Failure to achieve regulatory targets due to inadequate funding, reductions in MTEF allocations and mandate changes due to reconfiguration of entities and or policy/legislative changes  Root cause:  Inadequate funding model ICASA is funded through appropriations from Parliament (National Treasury).	Mitigation plans implemented Funding model proposal submitted to National Treasury and Department of Communication and Digital Technologies and there is continuous engagement on the submission.
6	Outcome 5: Maintain organisational service delivery	Failure to ensure business continuity due to the COVID-19 pandemic which may result in low productivity and poor service delivery.  Root cause:  COVID-19 pandemic	Mitigation plans implemented     Acquired and enhanced organisational IT and related systems to automate functions and allow for remote / online.     Provided tools necessary for remote working to all staff     Provided protective clothing and associated tools to all field workers     Disinfection activities carried out across all ICASA premises and for all ICASA vehicles on continuous basis.     Implementation of a cleansing routine to keep the premises clear of potential infections

#### FRAUD MANAGEMENT

The Authority's Fraud and Corruption Prevention Policy aims to create a culture of zero tolerance to fraud and provide guidelines on prevention, detection and investigation of incidents of corruption/fraud. The Authority has a Fraud and Corruption Prevention Policy and strategy approved by Council. Fraud and Corruption Prevention Policy is clear. The offering, requesting or receiving of bribes is unacceptable, and the Authority will not engage in corruption or bribery. Assessment of fraud and corruption risks within business units is robust and mitigation plans to address the risks

incases where identified includes having relevant policies, standards, procedures, and guidelines. ICASA's independent external hotline service (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 encourage safe and effective whistleblowing on ICASA employees and internal newsletters issued, respectively. Council has zero tolerance on fraud against employees and other stakeholders. During the year no fraud incidents were reported.



#### **CODE OF ETHICS**

ICASA subscribes to, and promotes the principles of 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 behavior that are expected from Councillors, the CEO and employees of ICASA which include honesty, fair dealing, integrity, good morals and ethical values in their conduct.

All Councilors, the CEO and employees are required to disclose any financial or business interest on an annual basis or when the conflict arises. The Code also sets stringent standards relating to the acceptance of gifts from third parties and declarations of potential conflict of interests. During the meetings of Council, governance, bid committee and executive management, declarations of conflict are declared. 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. Our employees, as well as service providers must comply with the Code and policies, as well as applicable laws and regulations. The Code sets out the expectations we have for all service providers when dealing with ICASA employees, including expectations regarding ethical business practices.

Conducting virtual workshops with all employees has continued into 2020-21. The Code has been revised to reflect updated expectations for our people, the importance of ethical decision making and provides a clear reference point for ICASA supporting policies. The Code is designed to be accessible and reflect the evolving expectations for businesses. The organisation intended to implement electronic disclosure system which should enhance reporting of financial disclosure in 2021-22. A series of virtual workshops and events will be conducted during 2021, featuring the insights and expertise to encourage a conversation across ethics and working at ICASA.

The fraud hotline is established and can be used by employees, stakeholders and members of the public to report suspected unethical conduct. Analysis of financial disclosure is done for all ICASA Councillors and employees.

We only accept reasonable, appropriate, and lawful gifts that satisfy the general principles of the Code of Ethical Conduct and Disclosure of Interest which are not received with the intent or prospect of influencing employees' decision-making or other conduct. We have requirements for pre-approval of gifts based on approved thresholds.

#### **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 AREDC and Council on ICASA's compliance with relevant legislations and required 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.

During 2020-21FY, as part of a broader ICASA policies review in line with policy framework, initiation was done on policy review to ensure that they are clear, comprehensive and accessible. Employees can access compliance policies, standards, procedures, and guidelines through intranet.

Policy owners are responsible for ensuring employees understand and comply with the policies, standards and procedures. Our policy framework is comprehensive and addresses all relevant compliance risks, with a strong emphasis on key risks.

# 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. Therefore, ICASA continues to comply with the Occupational Health and Safety (OHS) Act number 85 of 1993 as amended, and the Disaster Management Act and related Regulations on COVID-19. To ensure compliance of OHS statutory requirements and Disaster Management Regulations and guidelines, ICASA has put in place the following measures:

- Occupational Health & Safety (OHS) Policy;
- Personal Protection Equipment (PPE) Policy;
- OHS Policy Statement, displayed at our offices as required by the OHS Act;
- COVID-19 Workplace Protocols;
- COVID-19 Precautionary Measures;
- · Crisis Management Committee;
- · Occupational Health & Safety Committee;
- OHS Representative, First Aiders and Fire Marshalls appointed as per OHS Act;
- Annual OHS plan of activities; and
- Awareness in all aspects of safety, health and environment to assist the Authority in fulfilling 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 financial year include:

 Scheduling OHS Committee meetings and actioning resolutions, in line with statutory requirements.

- Conducting emergency evacuation drills at Head Office and Regional Offices, preparing employees, contractors, stakeholders and/or interested parties in the event of a real lifethreatening situation happening.
- Monitoring compliance, investigate and report OHS incidents at Head Office and Regional offices.
- Providing advice on a range of safety, health and environmental issues taking place within ICASA and
- Overseeing the provision of Personal Protective Equipment (PPE) to employees whose work required such.

As an ongoing process of maintaining and improving OHS awareness, the Crisis Management Committee and Corporate Services: Security Unit issued:

- internal news bulletins to staff members pertaining to COVID-19 updates.
- updates on employees who tested positive for COVID-19.
- Updates on general safety at work.

The Human Resources Division notifies the relevant government institutions whenever ICASA employees test positive for COVID-19. OHS awareness workshops were conducted at Head Office and regional offices. Regular inspections were conducted and SHE checklists were submitted monthly to ensure the statutory OHS compliance at Head Office and regional offices. OHS Monthly and quarterly reports were submitted to EXCO and Council for noting.

A centralised COVID-19@icasa.org.za email address continued to be used to send all COVID-19 related communiques. This was done to ensure proper coordination of messages in line with government's priorities and efforts to raise awareness around the effect of the virus; and preventative measures required to curb the spread thereof.





#### INTRODUCTION

Through its Human Resources Division (HR), ICASA ensures it delivers on its mandate and reaches its strategic goals by maximising its employees' knowledge, skills, and abilities. In addition to being a strategic partner, this function assists other divisions with change initiatives, protects employees' interests, and ensures harmony among all parties to provide quality services. Consequently, the functions' long-term vision is to work with other divisions and line managers to create an environment where employees thrive and deliver superior and sustained performance. As a result, the Authority will fulfil its obligations to the public and other stakeholders.

Human Resources identified four strategic priorities for the 2020-21 financial year:

- 1. Maintain a vacancy rate of 7% or less.
- 2. Review the HR strategy.
- 3. Develop an organisational development (OD) strategy.
- 4. Ensure compliance with SETA by implementing a Workplace Skills Plan.

Maintaining the vacancy rate allows the Authority to preserve its current pool of highly qualified employees. Maintaining a high(low?) vacancy rate will result in high organisational performance, thereby maintaining consistency and reliability in delivering regulatory services.

#### **STRATEGIC INTENT**

HR is a vital component of the Authority and should have an up-to-date strategy outlining how it intends to support other divisions in achieving their business unit objectives. This document outlines the division's priorities, a fit-for-purpose operating model, and how it intends to implement its plans and use its allocated resources to meet its objectives.

As part of its Organisational Development (OD) strategy, the Authority will implement strategies to continually improve its effectiveness and efficiency through diagnostic data, designing and implementing effective solutions and interventions to enable the Authority to achieve its specified goals.

Media, Information Communication and Technologies (MICT) SETA, under which the Authority is a member, sets forth the Workplace Skills Plan (WSP) requirements. Compliance with the SETA requirements enables the Authority to provide occupationally directed learning for individuals and teams based on current and future needs, ultimately driving optimal performance.

Along with the above strategic priorities, HR has the following perpetual objectives: an efficient method for 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**

ICASA uses a systematic approach to identify and analyse organisational workforce needs, resulting in a workforce plan that ensures efficient workforce management. The workforce plan resulting from this exercise allows the Authority to pursue and achieve its operational and strategic goals. Having the right people in the right place at the right time is the goal of the workforce plan. Planning requires the achievement of the following sub-objectives:

- 1. Consult with line managers to develop a workforce strategy that meets the Authority's needs and considers workforce and labour market trends.
- 2. Align the workforce planning cycle with the Authority's strategic planning and budget cycle.
- 3. Ensure an appropriate budget or cost model is in place to implement the workforce plan successfully.
- Ensure an adequate supply of qualified staff by finding and developing a future supply of the right skills to meet the Authority's needs.

#### **PERFORMANCE MANAGEMENT**

ICASA's performance management process is designed to direct, develop, support, and improve individual and team performance. This process allows the Authority to achieve sustained excellence in achieving organisational goals. The Authority



implements the planned procedure through comprehensive performance management. Performance management includes the following sub-objectives:

- 1. Cascade performance goals from the Authority to teams' and individuals' deliverables and measure progress against the agreed goals.
- 2. Establish a performance management system, process, and methodology appropriate for the needs, size, and complexity of ICASA.
- 3. Motivating employees to meet their goals with incentives and addressing poor performance with consequence management.
- 4. Integrate fairness and ethical practices into the performance management process aligned with the organisation's culture, enhancing the achievement of sustainable performance targets.

#### **EMPLOYEE VALUE PROPOSITION**

The Authority ensures a safe, healthy, and socially conducive work environment through the following sub-objectives:

- 1. Encourage employees to take responsibility for their physical, mental, spiritual, financial, and social well-being.
- 2. Manage employee wellness issues that could negatively impact employee performance.

- 3. Maintain a safe and healthy working environment that fosters high productivity and preserves employee health and well-being.
- 4. Promote an environment of individual health and wellness to enhance Employment Value Proposition (EVP).

ICASA recognises the value that employees from diverse backgrounds can bring to the Authority. Therefore, it is committed to the Employment Equity Act (Act No. 55 of 1998) (EEA). In line with this commitment, we actively promote equality in every aspect of the workplace by:

- 1. ICASA's transformation interventions should align with its business strategy.
- 2. Enhancing the diversity of the workforce by attracting, developing, and retaining employees from designated groups.
- 3. Developing and maintaining an inclusive culture conducive to transformation through diversity management initiatives.
- 4. Providing reasonable accommodation to employees representing designated groups.

HR's commitment to a fair, just, and pragmatic approach to managing its workforce is illustrated in the following: During the fiscal year of 2020/21, the HR division achieved a 100% annual performance, a vacancy rate of 4.2%, compliance with MICT SETA, and approval of Human Resources and Organisational Development strategies.

#### **HUMAN RESOURCE OVERSIGHT STATISTICS**

#### **PERSONNEL COST**

	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	
PROGRAMME	EMPLOYEE COSTS	EMPLOYEE COSTS	NO. OF EMPLOYEES	NO. OF EMPLOYEES	AVERAGE EMPLOYEE COST	AVERAGE EMPLOYEE COST	% VARIANCE
Basic	303 484 140	312 017 819	359	356	845 360	868 742	2.73%
Training	3 682 415	611 058	253	87	14 555	7 024	-502,63%
<b>Grand Total</b>	307 166 555	312 628 877	359	356	855 617	870 458	1,75

Staff costs increased by 1.75% from R307 166 555 in 2019/20 to R312 628 877 in 2020/21.

#### **STAFF COMPLEMENT**

CRITERIA	2019/20	2020/21	% VARIANCE	MOVEMENT
Approved posts	356	359	0,8%	3
Number of employees in approved structure	323	318	-1,5%	-5
Total number of employees	359	356	-0,8%	-3
Vacancies	13	15	15,4%	2
Vacancies (vacancy rate percentage)	3,7%	4,2%	14,4%	1%

Despite a slight increase in vacancy rates from 3.7% to 4.2%, this low rate remains remarkable given how competitive the South African job market is in the telecommunications sector.

#### **DIVISIONAL STAFF COSTS**

DIVISION	2019/20	2020/21	IN(DE)CREASE	IN(DE)CREASE %
Regions	57 644 145	61 431 403	3 787 258	6%
Compliance and Consumer Affairs	9 319 833	21 573 619	12 253 786	57%
Corporate Services	26 542 992	28 010 249	1 467 257	5%
Engineering & Technology	14 035 169	14 919 201	884 033	6%
Finance	26 607 787	27 686 217	1 078 430	4%
Human Capital Management	30 957 929	33 714 316	2 756 386	8%
Internal Audit	10 221 683	11 923 518	1 701 836	14%
Legal, Risk and Compliance	14 437 852	15 413 880	976 028	6%
Licensing	68 112 822	50 927 702	-17 185 120	-34%
Policy Research & Analysis	20 433 475	21 566 686	1 133 211	5%
Council & Secretariat	19 451 639	19 802 264	350 625	2%
CEO's Office	4 453 015	5 250 487	797 472	15%
COO	1 265 799	409 335	-856 465	-209%
<b>Grand Total</b>	303 484 140	312 628 877	9 144 737	2.93%

There was an increase of 2.93% in personnel costs from R303 484 140 to R312 628 877 . This conservative increase further illustrates that ICASA is committed to the National Treasury's austerity measures.



#### TRAINING COSTS FOR EMPLOYEES

DIVISION	NO. OF EMPLOYEES TRAINED	TRAINING EXPENDITURE R	AVERAGE TRAINING COST PER EMPLOYEE R	
CEO Office	0	0	0	
<b>Compliance &amp; Consumer Affairs</b>	4	27 996	6 999	
COO Office	0	0	0	
<b>Corporate Services</b>	9	64 685	7 187	
Council & Secretariat	3	28 184	9 395	
Engineering & Technology	7	59 345	8 478	
Finance	8	48 723	6 090	
Human Resources	5	39 365	7 873	
Internal Audit	3	20 284	6 761	
Legal, Risk and CCC	3	19 318	6 439	
Licensing	18	134 886	7 494	
Policy, Research & Analysis	9	54 319	6 035	
Regional Office	18	113 952	6 331	
Grand Total	87	611 058	6 083	

ICASA spent an amount of R611 058 on training in the 2020-21 financial year. Based on these figures, the Authority spent R6 083 on average per employee. Despite the lockdown resulting from the COVID-19 pandemic, this amount of training remains generous since it improves ICASA's Employee Value Proposition. Training interventions benefited eighty-three (83) employees.

### HEADCOUNT AND VACANCIES PER OCCUPATIONAL LEVEL

OCCUPATIONAL LEVEL	APPROVED STRUCTURE	2019/20 NO. OF EMPLOYEES IN APPROVED POSITIONS	2019/20 ACTIVE VACANCIES	2020/21 NO. OF EMPLOYEES IN APPROVED POSITIONS	2020/21 ACTIVE VACANCIES	% OF VACANCIES
Top Management	10	9	0	9	0	0,0%
Senior Management	11	9	3	7	3	27,3%
Professional qualified	111	106	4	101	4	3,6%
Skilled	172	166	6	154	6	3,5%
Semi-skilled	53	67	2	45	2	3,8%
Unskilled	2	2	0	2	0	0,0%
TOTAL	359	359	13	318	15	4,2%

ICASA has 359 approved positions; 15 of them were open at the end of the 2020/21 fiscal year, translating to a vacancy rate of 4,2%. Since ICASA did not budget for some posts, these were excluded from the above calculation of vacancy rate. With the budget being constrained, the Authority implemented austerity measures and imposed an internal moratorium on recruitment.

#### **EMPLOYMENT CHANGES**

SALARY BAND	EMPLOYMENT AT The Beginning of The Period	NEW APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD
Top Management	8	6	6	8
Senior Management	7	1	3	5
<b>Professionally Qualified</b>	100	7	7	100
Skilled Technician and academically qualified workers	165	4	6	163
Semi-skilled and discretionary decision-making	78	2	2	78
Unskilled	2	0	0	2
Total	360	20	24	356

A recent recruitment drive resulted in 20 new employees being hired by the Authority, contributing to a lower vacancy rate. ICASA will be able to fulfil its mandate more efficiently with the new employees.

#### **REASONS FOR STAFF ATTRITION**

REASON	NUMBER 2019/20	NUMBER 2020/21	% VARIANCE	% OF TOTAL NO. OF STAFF TERMINATED STAFF
Dismissal	1	2	100,0%	8%
Deceased		2	0,0%	8%
Contract End	3	7	133,3%	29%
Resignation	10	11	10,0%	46%
Medical Boarding		0	0,0%	0%
Retirement	6	2	-66,7%	8%
Total	20	24	20%	100%

Businesses consider a turnover of more than 10% to be high. The turnover rate at ICASA has been below 10% since the 2016-17 FY. The Authority recorded a 6.7% turnover at the end of the 2020-21 FY. Resignations are the most common reason for employees leaving ICASA, citing better career opportunities elsewhere.

### LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	2019/20 NUMBER	2020/21 NUMBER	% VARIANCE
Labour Court	2	2	0
High Court	0	0	0
CCMA	2	2	0
Disciplinary	4	3	-0,25
Grievance	8	1	-0,875
Total	16	8	-50%

In cases that involve external dispute resolution institutions, a total of two labour court cases and no high court cases were pending as of the end of the 2020/21 financial year for the Authority. Additionally, CCMA cases remained the same as the previous financial year, signalling a stable relationship between employees and the Authority. Furthermore, the Authority had three disciplinary cases as well as one grievance issue.



### **EQUITY TARGET AND EMPLOYMENT EQUITY STATUS**

				M	ALE					FEMALE						_	EIGN ONAL		
OCCUPATIONAL LEVELS	AFRICAN	TARGET	COLOURED	TARGET	INDIAN	TARGET	WHITE	TARGET	AFRICAN	TARGET	COLOURED	TARGET	INDIAN	TARGET	WHITE	TARGET	MALE	FEMALE	GRAND TOTAL
Top Management	3	4	1	0	0	0	1	2	4	3	0	0	0	1	0	0			9
Senior Management	3	2	0	0	0	0	0	2	3	1	0	1	0	0	0	0		1	7
Professionally Qualified	51	24	4	3	4	3	7	2	31	16	3	1	1	1	1	1	3	1	106
Skilled Technician and academically qualified workers	65	54	11	4	2	4	8	14	68	47	6	3	3	1	4	5			167
Semi- skilled and discretionary decision- making	13	16	1	1	1	2	3	3	37	46	3	3	2	1	5	2			65
Unskilled	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0			2
Total	135	100	17	8	7	9	19	23	145	113	12	8	6	4	10	8	3	2	356

The above table compares the demographics of ICASA's headcount to targets based on the Economically Active Population (EAP) of South Africa. The above table shows that there is generally a fair balance of representation at all levels and across all groups within ICASA. However, women are slightly underrepresented at the skilled and professionally qualified levels. On the other hand, women dominate the semi-skilled and unskilled levels. During the hiring process, the Authority will prioritise hiring females for professional jobs and skilled occupations.

Africans are well represented at all levels, with a slight overrepresentation at the senior management level. Moreover, whites and coloured's, both men and women, are underrepresented in most management levels, especially at the executive level. The Authority has plans approved by the department of labour to ensure equal representation of racial and gender groups in 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 members of the Authority are living with a disability, which translates to 1.4% of the Authority's staff complement and is below the 2% threshold. ICASA is always seeking to hire more people with disabilities. Likewise, plans are in place to ensure preference is given to persons with disabilities in the hiring process.



he CCC is an independent administrative tribunal whose independence was recognised by the Constitutional Court in 2007. Since its inauguration, the CCC has dealt with over 300 cases. However, during the period under review, twentysix (26) matters were attended to - each of which was dealt with in accordance with the ICASA Act 2000 and the Rules of administrative justice.

I was privileged to serve as Chairperson of this tribunal for six years, accompanied by a team of six experts in the relevant fields - each of whom deserves the highest praise for independence, expertise, rationality and fairness.

One of the intentions of the Constitution of the Republic (for example, the Postal Services Act and the Broadcasting Act) is to correct the wrongs of the apartheid past. And this was consistently the driving force behind our existence as the CCC during my tenure.

In the past year, the problematic circumstances in setting up a broadcasting network in the Western Cape and the Free State led to the CCC granting substantially more time than the periods set, in the ordinary course, by Regulations. The limiting circumstances of the COVID-19 pandemic were taken into consideration to ensure fairness. At the core of the approach was the absolute necessity to provide broadcasting in the indigenous languages of the relevant areas - those which were not properly served by the apartheid leaders.

In two Telkom matters, during the year of reportage, a finding was made in favour of Telkom. One in which a reasonable offer of settlement was made to a client; and another in which Telkom had not been involved in the loss of a contact number of a client. Fraudulent third-party activity, via another (innocent) provider, had led to the complainant being offered a new number.

In another matter before the CCC, Soweto Television was saved by the inventive managerial expertise of a director who, after other directors had stepped down, co-opted new directors who were registered at the CIPC - an organ of State. The director could not hold an AGM, since there were no members left. The financial crisis of the licensee was addressed and the station, once again, drew even larger audiences. The station was directed by the CCC to take steps to widen its membership and hold an AGM as soon as the COVID-19 restrictions would allow such a meeting. Since the directors were registered by the CIPC the validity of their appointment could not be questioned by the CCC. In fact: this was the only practical solution to the problem. An approach which is also supported by the Constitutional Court, as would appear from the judgment of the CCC.

I am pleased to note that the High Court during the year of reportage confirmed the CCC's finding that "control" in the ECA means more than 50%, except in the case of foreign and newspaper control, where much lesser margins are provided

In closing, one of our last judgments the undersigned gained the support of the colleagues on the CCC to find in favour of Qwaqwa Radio, which had not formally, as required, informed ICASA of a temporary move of the station. However, since ICASA and Sentech knew about the move, it would have been unreasonable to have found against the station. The basis of the finding was mainly Ubuntu, which is being applied by our Courts where a strict application of the law would be inhumane or unrealistic.

Since this is the undersigned's last report, a special word of gratitude to Ms Lindisa Mabulu and the three lawyers and secretary who work under her supervision. The preparation of matters for adjudication by the CCC is their task. The matters were consistently and meticulously prepared. Gratitude is further expressed to the Executive: Legal, Risk and CCC, Mr Norman Gidi, for his support of the CCC. Special thanks, also to the Chairperson of ICASA, Dr Keabetswe Modimoeng, who, at an earlier stage, was also a member of the CCC. His organisational capacity and leadership remain absolute.

A personal note: I was privileged to set up the CCC in 2007 after having been appointed as a Councillor by the then Minister of Communications, Dr Ivy Matsepe-Casaburri to undertake this task. I have now been privileged to serve as the Chairperson of the CCC (2014-2020) and handed down more than 300 judgments during this period.

Lastly, my deepest gratitude goes to President Nelson Mandela whom I had discussions with

"One of the intentions of the Constitution of the Republic (for example, the Postal Services Act and the Broadcasting Act) is to correct the wrongs of the apartheid past. And this was consistently the driving force behind our existence as the CCC during my tenure."

twice: once in Japan at a conference and later, when I explained the new, post-apartheid Films and Publications Act, to the Cabinet. After my presentation the President stood up and opened the door for me and thanked me. This was indeed an unforgettable moment. The last paragraph in his autobiography, where the President states that freedom needs to constantly grow - even if one, at times for a moment stops to think about it - has become the essence of my life. And, ultimately, this was my approach to freedom to broadcast to an open and equal South Africa, thereby, contributing to demolishing the ghastly apartheid state, which has justifiably been classified as having committed a crime against humanity.

May I take the opportunity of wishing my successor, Judge Thokozile Masipa, a fruitful term at the CCC. She, most certainly, has the experience and capacity to further build the CCC as an independent, well-reasoned, administrative tribunal.

**Prof Kobus van Rooyen, SC** 

Chairperson



### **COMMITTEE MEMBERSHIP AND ATTENDANCE**

### **TERMS OF OFFICE**

The members depicted in Table 1 served on the CCC during the period under review:

COMMITTEE MEMBER	COMMENCEMENT OF TERM	EXPIRY DATE OF TERM			
Prof. JCW Van Rooyen	18 December 2014	Until new member appointed			
Judge Thokozile Masipa	1 January 2021	31 December 2023			
Dimakatso Qocha	September 2017	To date			
Yolisa Kedama	23 September 2020	To date			
Jack Tlokana	1 July 2020	Until new member appointed			
Mzimkulu Malunga	1 July 2020	Until new member appointed			
Kasturi Moodaliyar	1 December 2014	Until new member appointed			
Dr Jacob Medupe	1 December 2014	Until new member appointed			
Peter Hiapolosa	1 January 2021	31 December 2023			
Thato Mahapa	1 January 2021	31 December 2023			
Ngwako Molewa	1 January 2021	31 December 2023			
Paris Mashile	1 January 2021	31 December 2023			

	MEMBER	3 Internal Meetings	0 Quarterly Meetings	6 DELIBERATIONS	8 HEARINGS	TOTAL
1	Prof. JCW Van Rooyen	1	0	6	8	15
2	Judge Thokozile Masipa	2	0	0	0	2
3	Dimakatso Qocha	1	0	6	8	15
4	Yolisa Kedama	1	0	0	0	1
5	Jack Tlokana	0	0	6	8	14
6	Mzimkulu Malunga	0	0	6	8	14
7	Kasturi Moodaliyar	0	0	6	8	14
8	Dr Jacob Medupe	0	0	6	8	14
9	Peter Hlapolosa	1	0	6	8	15
10	Thato Mahapa	1	0	0	0	1
11	Ngwako Molewa	1	0	0	0	1
12	Paris Mashile	1	0	0	0	1

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

POSTAL	BROADCASTING	TELECOMMUNICATIONS		
0	10	16		
TOTAL = [26]				



# PART 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 2021 and were signed on its behalf by:

Willington Ngwepe Chief Executive Officer 31 July 2021

# REPORT OF THE AUDITOR-GENERAL

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### **OPINION**

- I have audited the financial statements of the Independent Communications Authority of South Africa (Icasa), set out on pages 90 to 139 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- In my opinion, the financial statements present fairly, in all material respects, the financial position of Icasa as at 31 March 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### **BASIS FOR OPINION**

- 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 my report.
- 4. I am independent of the institution in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other 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 code.
- 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

7. As disclosed in note 9 to the financial statements, the entity has impaired receivables from non-exchange transactions amounting to R71 692 160 (2020: R 280 971 396) because 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 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 the institution'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 institution 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 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material 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 institution's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the institutions enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 programmes presented in the institution's annual performance report for the year ended 31 March 2021:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 4 – Engineering and Technology	37 - 38

- 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 identify any material findings on the usefulness and reliability of the reported performance information for this programme:
  - Programme 4 Engineering and Technology.

#### **OTHER MATTERS**

17. I draw attention to the matters below.

#### **ACHIEVEMENT OF PLANNED TARGETS**

18. Refer to the annual performance report on pages 30 to 40 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement 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 institution's compliance 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 R947 768, disclosed as part of note 38 to the financial statements, as required by section 38(1)(c) of the PFMA and treasury regulation 9.1.1. Majority of the irregular expenditure was caused by not obtaining approval of the delegated official where it was impractical to obtain three quotations.
- 22. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3

#### OTHER INFORMATION

- 23. 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.
- 24. 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 on it.
- 25. 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.
- 26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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**

- 27. 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.
- 28. Controls were not always effective to ensure oversight monitoring and review of compliance with laws and regulations.
- 29. Management did not implement adequate controls to prevent and detect non-compliance with laws and regulations, which resulted in irregular expenditure.
- 30. Management did not implement adequate controls to ensure that payments to suppliers are made within 30 days.

Auditor General

Pretoria 6 August 2021



Auditing to build public confidence



### **ANNFXURF**

### 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 institution'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 institution's internal
  - 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 relating to events or conditions that may cast significant doubt on the ability of Icasa 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 my 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 an institution to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	NOTES	2021 R	2020 R
ASSETS			
CURRENT ASSETS			
Inventories	7	505 885	636 895
Operating lease asset	5	3 644 046	4 808 794
Receivables from exchange transactions	8	10 801 373	8 563 400
Receivables from non-exchange transactions	9	971 383 299	928 587 527
Prepayments	6	4 374 035	6 664 049
Cash and cash equivalents	10	489 728 765	343 149 899
		1 480 437 403	1 292 410 564
NON-CURRENT ASSETS			
Property, plant and equipment	3	109 363 404	123 327 180
Intangible assets	4	23 026 987	23 019 208
		132 390 391	146 346 388
Total Assets		1 612 827 794	1 438 756 952
LIABILITIES			
CURRENT LIABILITIES			
Finance lease obligation	11	391 263	394 598
Payables from exchange transactions	14	37 960 422	32 836 545
Taxes and transfers payable (non-exchange)	15	3 374 575	-
National Revenue Fund Payables	16	1 233 099 345	1 202 190 196
Unspent conditional grants and receipts	12	112 209 788	37 699 839
Provisions	13	38 112 274	17 415 810
		1 425 147 667	1 290 536 988
NON-CURRENT LIABILITIES			
Finance lease obligation	11	130 068	521 528
Operating lease liability	5	19 902 336	15 634 533
Provisions	13	2 513 052	2 339 688
		22 545 456	18 495 749
Total Liabilities		1 447 693 123	1 309 032 737
Net Assets		165 134 671	129 724 215
Accumulated surplus		165 134 671	129 724 846
Total Net Assets		165 134 671	129 724 846

# STATEMENT OF FINANCIAL PERFORMANCE

### FOR THE YEAR ENDED 31 MARCH 2021

	NOTES	2021 R	2020 R
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Other income	19	9 774 279	12 099 159
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Revenue from non-exchange transactions	20	459 019 000	452 645 000
Other revenue from non-exchange transactions	17	10 758 657	3 846 018
Total revenue from non-exchange transactions		469 777 657	456 491 018
Total revenue		479 551 936	468 590 177
EXPENDITURE			
Employee related costs	21	(312 628 877)	(308 425 721)
Depreciation and amortisation	22	(18 716 601)	(20 449 318)
Impairment Loss	23	-	(88 039)
Finance costs	24	(240 725)	(276 985)
Lease rentals on operating lease	18	(38 501 063)	(36 401 193)
General expenses	25	(67 015 498)	(95 250 765)
Repairs and maintenance	26	(3 664 772)	(4 193 286)
Total expenditure		(440 767 536)	(465 085 307)
Surplus for the year		38 784 400	3 504 870

# STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
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
Opening balance as previously reported	129 724 846	129 724 846
Adjustments		
Correction of errors	(3 374 575)	(3 374 575)
Restated* Balance at 01 April 2020 as restated*	126 350 271	126 350 271
Changes in net assets		
(Deficit) surplus for the year	38 784 400	38 784 400
Total changes	38 784 400	38 784 400
Balance at 31 March 2021	165 134 671	165 134 671

<sup>\*</sup> See Note 33

# **CASH FLOW STATEMENT**

	NOTES	2021 R	2020 R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Finance income		9 774 279	11 646 719
Cash received from Department of Communications			
and Digital Technologies		543 719 000	452 645 000
Other receipts		568 606	589 494
Cash received by Administered Revenue for NRF		2 147 900 716	1 491 098 095
		2 701 962 601	1 955 979 308
PAYMENTS			
Employee costs		(291 416 131)	(295 987 768)
Suppliers		(95 805 344)	(136 660 318)
Finance costs		(10 717)	(1 070)
Cash paid by Administered Revenue for NRF		(2 159 786 003)	(1 643 512 773)
			(2 076 161 929)
Net cash flows from operating activities	28	154 944 406	(120 182 621)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(3 213 752)	(5 639 136)
Purchase of other intangible assets	4	(5 038 901)	(2 533 672)
Net cash flows from investing activities		(8 252 653)	(8 172 808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(112 887)	(285 319)
Net increase/(decrease) in cash and cash		146 570 066	(420 640 740)
equivalents  Cach and each equivalents at the beginning of the year		146 578 866	(128 640 748)
Cash and cash equivalents at the beginning of the year  Cash and cash equivalents at the end of the year	10	343 149 899	471 790 647
cash and cash equivalents at the end of the year	IO	489 728 765	343 149 899

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	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						
Interest received - investment	25 500 000		25 500 000	9 774 279	(15 725 721)	39
Revenue from non-exchange transactions	25 500 000		25 300 000	3774273	(13 /23 /21)	33
Government grants & subsidies	40 956 363	_	40 956 363	10 190 051	(30 766 312)	39
Funding from the Department of	10 330 303		10 930 303	10 190 031	(30 700 312)	33
Communications and Digital Technologies	477 721 000	-	477 721 000	459 019 000	(18 702 000)	39
Other Revenue from Non-exchange transactions	-	-	-	568 606	568 606	39
Total revenue from non-exchange transactions	518 677 363	-	518 677 363	469 777 657	(48 899 706)	
EXPENDITURE						
Personnel	(361 370 636)	-	(361 370 636)	(313 527 579)	47 843 057	39
Depreciation and amortisation	(22 426 046)	-	(22 426 046)	(18 819 909)	3 606 137	39
Finance costs	(803)	-	(803)	(240 725)	(239 922)	39
Lease rentals on operating lease	(54 445 314)	-	(54 445 314)	(38 677 972)	15 767 342	39
General Expenses	(48 346 287)	-	(48 346 287)	(67 036 414)	(18 690 127)	39
Repairs and maintenance	(1 436 848)	-	(1 436 848)	(3 636 571)	(2 199 723)	39
Total expenditure	(488 025 934)	-	(488 025 934)	(441 939 170)	46 086 764	
Surplus before taxation	56 151 429	-	56 151 429	37 612 766	(18 538 663)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	56 151 429	-	56 151 429	37 612 766	(18 538 663)	

# **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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

#### TRADE RECEIVABLES / HELD TO MATURITY INVESTMENTS AND/OR LOANS AND RECEIVABLES

The authority assesses its trade receivables, held to maturity investments 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 surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### 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 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 factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation 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

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 diminishing balance method 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	<b>DEPRECIATION METHOD</b>	AVERAGE USEFUL LIFE
Furniture and fixtures	Diminishing balance	8 - 28 years
Motor vehicles	Diminishing balance	10 - 19 years
Office equipment	Diminishing balance	5 - 27 years
IT equipment	Diminishing balance	5 - 26 years
Computer software	Diminishing balance	5 - 19 years
Leasehold improvements	Diminishing balance	Depreciated over the lease period
Technical equipment	Diminishing balance	6 -29 years
Dismantling and Restoration Asset	Diminishing balance	Depreciated over the lease period
Office and computer equipment under finance lease	Diminishing balance	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 which 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).

The authority discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

#### 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-cashgenerating assets.



If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

#### 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.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a diminishing balance method, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE	
Computer software	Diminishing balance	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:

- 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 nearterm; 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 authority 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 authority.

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 writedown 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 multiemployer 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 authority 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 authority 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (noncontractual) arrangement (see the accounting policy on Statutory Receivables).

### **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, the authority either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity 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 entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### 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 58of 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 the 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).



#### 1.21 FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

#### 1.22 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

#### 1.23 BUDGET INFORMATION

The authority is 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 2020/04/01 to 2021/03/31.

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.

#### ADMINISTERED REVENUE ON BEHALF OF THE NATIONAL REVENUE FUND 1.26

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 and Digital Technologies.

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 statue 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 authority has not applied the following standards and interpretations, which have been published and are mandatory for the authority's accounting periods beginning on or after 01 April 2021 or later

**EFFECTIVE** 

	DATE: YEARS	
	BEGINNING ON	
STANDARD/ INTERPRETATION:	OR AFTER	EXPECTED IMPACT:
GRAP 104 (amended): Financial Instruments	01 April 2099	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 2099	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2021	Unlikely there will be a material impact
Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2021	Unlikely there will be a material impact
Directive 7 (revised): The Application of Deemed Cost	01 April 2021	Unlikely there will be a material impact
GRAP 20: Related parties	01 April 2021	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: Grantor	01 April 2021	Unlikely there will be a material impact
GRAP 108: Statutory Receivables	01 April 2021	Unlikely there will be a material impact
GRAP 109: Accounting by Principals and Agents	01 April 2021	Unlikely there will be a material impact
IGRAP 17: Service Concession	01 April 2021	Unlikely there will be a material impact

Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

## 3. PROPERTY, PLANT AND EQUIPMENT

		2021		2020		
	Cost / Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R	Accumulated depreciation and accumulated lue Cost / Valuation impairment Carrying R R R		
Furniture and fixtures	13 758 183	(4 558 128)	9 200 055	13 695 221	(3 094 283)	10 600 938
Motor vehicles	18 707 358	(8 981 768)	9 725 590	19 051 188	(8 066 211)	10 984 977
Office and computer equipment	59 387 558	(40 634 636)	18 752 922	57 052 292	(35 198 513)	21 853 779
Leasehold improvements	18 951 703	(5 433 951)	13 517 752	18 320 262	(3 330 223)	14 990 039
Test equipment	117 303 588	(61 181 099)	56 122 489	117 281 202	(55 085 681)	62 195 521
Dismantling and restoration Asset	2 047 431	(495 446)	1 551 985	2 047 431	(291 016)	1 756 415
Office equipment under finance lease	1 165 643	(673 032)	492 611	1 165 643	(220 132)	945 511
Total	231 321 464	(121 958 060)	109 363 404	228 613 239	(105 286 059)	123 327 180

## RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021

	Opening balance R	Additions R	Disposals R	Other changes, movements R	Depreciation R	Total R
Furniture and fixtures	10 600 938	62 962	-	-	(1 463 845)	9 200 055
Motor vehicles	10 984 977	42 043	(385 873)	205 979	(1 121 536)	9 725 590
Office and computer equipment	21 853 779	2 454 420	(111 871)	56 554	(5 499 960)	18 752 922
Leasehold improvements	14 990 039	631 441	-	-	(2 103 728)	13 517 752
Test equipment	62 195 521	22 886	(499)	235	(6 095 654)	56 122 489
Dismantling and restoration asset	1 756 415	-	-	-	(204 430)	1 551 985
Office and computer equipment under finance lease	945 511	-	-	-	(452 900)	492 611
	123 327 180	3 213 752	(498 243)	262 768	(16 942 053)	109 363 404

## RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020

	Opening balance R	Additions R	Disposals R	Depreciation R	Impairment loss R	Total R
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 equipment under finance lease	25 703	1 165 646	-	(245 838)	-	945 511
	140 820 987	7 048 661	(5 981 027)	(18 473 402)	(88 039)	123 327 180

## PLEDGED AS SECURITY

No assets pledged as security.

ASSETS SUBJECT TO A LEASE (NET CARRYING AMOUNT)	2021 R	2020 R
Leasehold improvements	13 517 752	14 990 039
Other leased assets	492 611	945 511
	14 010 363	15 935 550



## 4. INTANGIBLE ASSETS

		2021			2020	
	Cost / Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R	Cost / Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R
Computer software	23 772 290	(18 416 651)	5 355 639	23 772 290	(16 642 103)	7 130 187
Work in Progress	17 671 348	-	17 671 348	15 889 021	-	15 889 021
Total	41 443 638	(18 416 651)	23 026 987	39 661 311	(16 642 103)	23 019 208

### **RECONCILIATION OF INTANGIBLE ASSETS - 2021**

	Opening balance R	Additions R	Amortisation R	Total R
Computer software	7 130 187	-	(1 774 548)	5 355 639
Work in Progress	15 889 021	1 782 327	-	17 671 348
	23 019 208	1 782 327	(1 774 548)	23 026 987

### **RECONCILIATION OF INTANGIBLE ASSETS - 2020**

	Opening balance R	Additions R	Amortisation R	Total R
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

## **PLEDGED AS SECURITY**

There are no intangible assets pledged as security.

5. OPERATING LEASE LIABILITY	2021 R	2020 R
Current assets	3 644 046	4 808 794
Non-current liabilities	(19 902 336)	(15 634 533)
	(16 258 290)	(10 825 739)

## 6. PREPAYMENTS

Software licence and support	1 002 492	1 447 312
Library subscriptions	530 459	576 775
Rental payments	605 078	2 173 518
Conferences and exhibitions	161 423	161 423
Consultants	-	230 439
Deposits	2 074 583	2 074 582
	4 374 035	6 664 049

7. INVENTORIES	2021 R	2020 R
Groceries	115 159	119 986
Stationery	390 726	516 909
	505 885	636 895
Inventories recognised as an expense during the year	146 014	97F 219
Inventories recognised as an expense during the year	146 814	875 318

#### 8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Staff Receivables	9 460 618	8 296 420
Other receivables	1 340 912	267 137
Less: Provision for impairment of receivables	(157)	(157)
	10 801 373	8 563 400

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.

Cell phone, 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.

## 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	10 174 342	8 563 557
High risk	(157)	(157)
	10 174 185	8 563 400

#### 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 2021, R 6 396 521 (2020: R 8 563 558) were past due but not impaired.

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

1 month past due	(108 977)	2 179 483
2 months past due	552 521	(348 389)
3 months past due	5 952 977	6 732 463



## 8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

2021 R

2020 R

#### TRADE AND OTHER RECEIVABLES IMPAIRED

As of 31 March 2021, trade and other receivables of R 157 (2020: R (157)) were impaired and provided for.

The amount of the provision was R 157 as of 31 March 2021 (2020: R (157)).

The ageing of these loans is as follows:

Over 6 months (157)(157)

## RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	(157)	(157)
Unused amounts reversed	-	(27 314)
Opening balance	(157)	27 157

#### 9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Broadcasting services	120 694 256	128 022 193
Spectrum receivables	65 833 098	278 281 656
ECS and ECNS services	835 255 746	789 031 096
Postal services	21 292 359	14 223 978
Allowance for impairment of NRF Receivables	(71 692 160)	(280 971 396)
	971 383 299	928 587 527

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 and Digital Technologies 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 2021, R 215 352 292 (2020: R 928 587 527) were past due but not impaired.

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)	2021 R	2020 R
The ageing of amounts past due but not impaired is as follows:		
1 month past due	34 461 645	928 031 572
2 months past due	7 256 696	555 955
3 months past due	245 325 890	280 971 396

#### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS IMPAIRED

As of 31 March 2021, other receivables from non-exchange transactions of R 71 691 939 (2020: R 280 971 396) were impaired and provided for.

## RECONCILIATION OF PROVISION FOR IMPAIRMENT OF RECEIVABLES FROM NON-EXCHANGE **TRANSACTIONS**

Opening balance	(280 971 396)	(258 092 587)
Provision for impairment	(24 762 425)	(26 872 214)
Amounts written off as uncollectible	232 343 166	-
Unused amounts reversed	1 698 716	3 993 405
	(71 691 939)	(280 971 396)

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.

The amount written off is total debt owed by the SANDF when the Amendment Regulations came into force. Upon making the determination that all reasonable steps have been taken to recover the debt and the debt is irrecoverable, the authority resolved that the total amount of R232,343,166.03 in historic debt owed by the SANDF when the Amendment Regulations came into force (i.e. prior to the special fee regime for security services being introduced) be written-off.

## 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Bank balances	227 921 755	69 463 458
Administered revenue cash balance	261 717 936	273 603 223
Other cash and cash equivalents (bank)	29 650	29 425
Other cash and cash equivalents (other)	59 424	53 793
	489 728 765	343 149 899



11. FINANCE LEASE OBLIGATION	2021 R	2020 R	
MINIMUM LEASE PAYMENTS DUE			
Minimum lease payments due	413 300	451 548	
- in second to fifth year inclusive	131 787	545 087	
,	545 087	996 635	
less: future finance charges	(23 569)	(80 509)	
Present value of minimum lease payments	521 518	916 126	
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE			
Present value of minimum lease payments due	391 449	394 598	
- in second to fifth year inclusive	130 068	521 528	
	521 517	916 126	
Non-current liabilities	130 068	521 528	
Current liabilities	391 263	394 598	
	521 331	916 126	

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 3.

#### 12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of:

#### **UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

Unspent grants	112 209 788	37 699 839
MOVEMENT DURING THE YEAR		
Balance at the beginning of the year	37 699 839	6 956 363
Additions during the year	84 700 000	34 000 000
Income recognition during the year	(10 190 051)	(3 256 524)
	112 209 788	37 699 839

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the authority has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 12 for reconciliation of grants from National/Provincial Government.

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

#### 13. PROVISIONS

#### **RECONCILIATION OF PROVISIONS - 2021**

	Opening balance R	Additions R	Change in discount factor R	Total R
Provision for Dismantling and Restoration	2 339 688	-	173 364	2 513 052
Bonus provisions	17 415 810	20 696 464	-	38 112 274
	19 755 498	20 696 464	173 364	40 625 326

#### **RECONCILIATION OF PROVISIONS - 2021**

	Opening balance R	Additions R	Utilised during the year R	Change in discount factor R	Total R
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
				2021 R	2020 R
Non-current liabilities Current liabilities				2 513 052 38 112 274	2 339 688 17 415 810
				40 625 326	19 755 498

#### PROVISION FOR DISMANTLING AND RESTORATION

The provision for dismantling and restoration costs relates to the Headoffice 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 pay-out 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

To de acception	E 120 604	1 000 072
Trade payables	5 128 694	1 989 073
Structured savings	366 880	481 140
Third-party payables	711 201	182 842
Accrued leave pay	18 984 003	15 072 759
Accrued expenses	12 769 644	15 110 731
	37 960 422	32 836 545



2021

2020

15. TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)	R	R
VAT on imported services	3 374 575	-
The VAT obligation is in respect of imported services from non-re 2015-11-01 to 2019-03-31.	r the period	
16. NATIONAL REVENUE FUND PAYABLES		
National Revenue Fund payables	630 869 169	908 994 600
Receipts in advance and other payables	602 230 176	293 195 596
	1 233 099 345	1 202 190 196
17. OTHER REVENUE FROM NON-EXCHANGE TRANSACT	IONS	
Unspent Grants of prior year recognised	10 190 051	3 256 524
Miscellaneous income	495 445	420 203
Insurance claim settlements	73 161	169 291
	10 758 657	3 846 018
18. LEASE RENTALS ON OPERATING LEASE		
PREMISES		
Contractual amounts	33 314 255	31 899 026

## 19. REVENUE FROM EXCHANGE TRANSACTIONS

**EQUIPMENT** Equipment

Contractual amounts

**PARKING** 

Parking

Interest income	9 774 279	12 033 646
Other income	-	65 513
	9 774 279	12 099 159

## 20. REVENUE FROM NON - EXCHANGE TRANSACTIONS

Grant - Department of Communications and Digital		
Technologies	459 019 000	452 645 000

850 249

4 336 559

38 501 063

541 703

3 960 464

36 401 193

21. EMPLOYEE RELATED COSTS	2021 R	2020 R
Basic	238 903 847	238 703 479
Bonus	20 696 464	17 119 066
UIF	648 700	702 219
WCA	485 993	562 765
SDL	1 668 896	2 765 293
Leave pay provision charge	6 560 150	602 258
Defined contribution plans	41 883 978	38 622 833
Overtime payments	72 476	375 913
Long-service awards	100 629	273 264
Graduates Development Programme	442 566	1 942 280
Structured savings	-	388 806
Temporary Staff	1 165 178	6 367 545
	312 628 877	308 425 721
Property, plant and equipment Intangible assets	16 942 053 1 774 548	18 473 402 1 975 916
	18 716 601	20 449 318
23. IMPAIRMENT OF ASSETS		
IMPAIRMENTS		
Property, plant and equipment	-	88 039
24. FINANCE COSTS		
Financial	F6 645	71 101
Finance leases	56 645	71 101
Unwinding of Dismantling and Restoration Costs	173 363	204 814
Interest Paid	10 717	1 070
	240 725	276 985

25. GENERAL EXPENSES	2021 R	2020 R
Advertising	2 352 856	3 277 624
Auditors remuneration	3 376 231	5 681 184
Bank charges	94 409	104 562
Cleaning	1 719 338	1 746 787
Consulting and professional fees	7 810 981	14 702 734
Legal fees	21 622 689	13 980 371
Training and conferences	850 751	5 693 019
Publications	1 312 017	1 260 871
Insurance	932 217	1 042 448
IT expenses	9 976 529	10 835 447
Motor vehicle expenses	663 869	2 062 256
Recruitment costs	497 959	611 191
Security	2 276 605	2 746 976
Telephone and fax	1 717 103	2 261 998
Travel and subsistence	990 513	11 406 180
Assets expensed	933 481	375 446
Electricity	3 267 793	3 288 405
Rates and taxes	2 629 360	3 010 086
Loss on disposal of assets	228 191	5 949 784
Printing and stationery	312 625	793 018
Operating lease maintenance costs	141 056	142 562
General and administrative expenses	1 106 769	2 145 595
Other expenses	2 194 873	2 132 221
	67 008 215	95 250 765
26. REPAIRS AND MAINTENANCE		
Office and computer equipment	1 020 577	1 127 762
Office and computer equipment	1 020 577	1 137 763
Spetrum management system  Monitoring equipment	2 192 057 65 273	2 521 678 18 626
Motor vehicles	386 865	515 218
Motor Vericles	3 664 772	4 193 285
	5 504 772	. 199 209
27. AUDITORS' REMUNERATION		
External audit fees	3 376 231	5 681 184

28. CASH GENERATED FROM (USED IN) OPERATIONS	2021 R	2020 R	
Surplus	38 784 400	3 504 870	
Adjustments for:	30 701 100	3 30 1 07 0	
Depreciation and amortisation	18 716 601	20 449 318	
Finance costs - Finance leases	56 645	71 101	
Impairment deficit	-	88 039	
Movements in operating lease assets and accruals	5 432 552	3 476 143	
Movements in provisions	20 869 828	(12 233 139)	
Loss on disposal of assets	228 191	5 949 784	
Gain on re-instatement of assets	-	(65 513)	
Other non-cash items	(450 552)	(106 194)	
Changes in working capital:			
Inventories	131 010	275 427	
Receivables from exchange transactions	(2 237 973)	(395 210)	
National Revenue Fund receivable	(42 795 772)	(66 592 950)	
Prepayments	2 290 014	1 970 120	
Payables from exchange transactions	5 123 876	(21 474 190)	
National Revenue Fund payables	30 911 062	(85 822 766)	
Payables from non-exchange transactions	3 374 575	(20 937)	
Unspent conditional grants and receipts	74 509 949	30 743 476	
	154 944 406	(120 182 621)	
29. COMMITMENTS			
AUTHORISED CAPITAL EXPENDITURE			
ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR			
Drenowhy, plant and aguinment	12 819 229	734 598	
Property, plant and equipment		9 170 877	
Intangible assets	3 087 627 <b>15 906 856</b>	9 905 475	
	15 900 850	9 905 475	
NOT YET CONTRACTED FOR AND AUTHORISED BY MEMBERS			
Property, plant and equipment	2 984 704	_	
Intangible assets	393 990	3 147 994	
	3 378 694	3 147 994	
TOTAL CAPITAL COMMITMENTS			
	45.000.075	0.005.455	
Already contracted for but not provided for	15 906 856	9 905 475	
Not yet contracted for and authorised by members	3 378 694	3 147 994	
	19 285 550	13 053 469	



29. COMMITMENTS (CONTINUED)	2021 R	2020 R
AUTHORISED OPERATIONAL EXPENDITURE		
NOT YET CONTRACTED FOR AND AUTHORISED BY MEMBERS		
Consultants	12 457 789	-
TOTAL OPERATIONAL COMMITMENTS		
Not yet contracted for and authorised by members	12 457 789	-

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

### **OPERATING LEASES - AS LESSEE (EXPENSE)**

Minimum lease payments due		
- within one year	27 729 920	28 424 625
- in second to fifth year inclusive	119 929 331	116 796 091
- later than five years	86 586 495	117 449 654
	234 245 746	262 670 370

Operating lease payments represent rentals payable by the authority 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.

30. CONTINGENCIES	2021 R	2020 R
CONTINGENT LIABILITIES		
On 14 March 2019, the authority received summons from Two Step CC ("Two Step"), seeking a court order to compel the authority to pay Two Step an amount of R321,519.30 and legal costs in respect of customer satisfaction survey devices supplied and delivered to the authority in terms of a request for quotations issued by the authority. The authority had interpreted Two Step's quotation of R96, 238.60 to include set-up and twelve month rentals, and awarded the contract to Two Step on that basis. Two Step argued that the R96,238.60 included only one month rental.  On 27 September 2012, ICASA entered into a contract with	321 519	321 519
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 concluded a settlement agreement on 24 July 2020 and ICASA effected payment of the settlement amount on 23 August 2020.	_	497 207
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	588 208
On 2 May 2019, the authority received an application for review of the CCMA arbitration award delivered on 9 March 2019. In terms of the CCMA award, the employee was awarded one months' salary totaling R64 226.55. The employee is challenging the decision of the arbitrator in that they believe the appropriate relief for the finding that the dismissal was substantively unfair should have been retrospective reinstatement and full back pay.	300 200	300 200
The matter is closed.	64 227	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	71 378
	2 466 768	2 963 975

#### 30. CONTINGENCIES (CONTINUED)

#### **CONTINGENT ASSETS**

On 3 May 2019 the authority received the Public Protector report which stipulated remedial action including, amongst others, that ICASA institutes civil proceedings against a former employee for the recovery of funds irregularly incurred during their tenure at ICASA.

On 31 July 2019 the authority issued summons against the employee. On 20 August 2019 the defendant served their appearance to defend the matter and thereafter, the defendant's attorneys withdrew as attorneys of record on 8 October 2019. On 29 October 2019 the Authority proceeded with an application for default judgment. The matter has been referred to open court for end of March 2020. Due to the lockdown period, a new hearing date will have to be secured.

#### 31. RELATED PARTIES

#### **RELATIONSHIPS**

#### **Controlling entity**

Department of Communications and Digital Technologies

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 COMMUNICATIONS AND DIGITAL TECHNOLOGIES**

The authority receives its budget allocation from the Department of Communications and Digital Technologies 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 Communications and Digital Technologiess 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 Services;
- 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 Infraco;
- South African Post Office;
- State Information Technology Agency;
- 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 Agency;
- South African Broadcasting Corporation.

## 31. RELATED PARTIES (CONTINUED)

### REMUNERATION OF MANAGEMENT

MANAGEMENT CLASS: COUNCILLORS

2021	Basic Salary R	Acting Allowance R	Post- employment benefits R	Termination benefits R	Travel Allowance R	Other benefits received R	Total R
Congyala Coopa ND	331 270		58 264	189 995		47 843	627 372
Gongxeka Seopa NP	331 2/0	_	36 204	109 993	-	47 043	02/3/2
Kadi P	1 324 722	-	99 728	-	-	137 010	1 561 460
Mashile P	286 362	-	-	184 156	-	22 957	493 475
Modimoeng K	1 313 901	52 499	180 596	176 786	-	34 048	1 757 830
Mokhele BC	247 003	-	43 698	181 341	-	16 741	488 783
Qocha DS	1 206 506	24 590	174 792	-	72 000	108 162	1 586 050
Semane T	1 288 676	-	174 792	-	-	97 992	1 561 460
Zimri PJ	1 007 440	-	149 693	188 529	-	97 538	1 443 200
Mkumatela LS	787 277	-	101 962	-	-	22 050	911 289
Kedama YY	661 712	-	101 962	-	-	87 435	851 109
Lewis CAIM	928 970	-	-	-	-	22 811	951 781
Matthews ZK	651 245	-	87 396	35 881	-	18 392	792 914
	10 035 084	77 089	1 172 883	956 688	72 000	712 979	13 026 723

2020	Basic Salary R	Acting Allowance R	Post- employment benefits R	Other benefits received R	Total R
Gongxeka Seopa NP	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	171 005	174 792	34 800	1 730 215
Mokhele BC	1 318 601	-	174 792	65 817	1 559 210
Qocha DS	1 271 809	-	67 947	173 108	1 512 864
Semane T	1 302 341	-	174 792	86 772	1 563 905
Zimri PJ	1 269 677	-	174 792	114 741	1 559 210
	10 613 246	171 005	1 041 635	784 654	12 610 540



## 31. RELATED PARTIES (CONTINUED)

#### MANAGEMENT CLASS: EXECUTIVE MANAGEMENT

2021	Basic Salary R	Acting Allowance R	Post- employment benefits R	Termination benefits R	Travel Allowance R	Other benefits received R	Total R
	4 740 000					=0.404	0.054.400
Gidi NN	1 740 908	-	231 571	-	-	78 624	2 051 103
Kganakga MD	1 691 618	-	126 679	-	-	149 580	1 967 877
Khumalo AJ	990 734	-	128 312	198 163	-	18 000	1 335 209
Maina LW	1 826 690	-	127 868	-	-	31 500	1 986 058
Maluleka-Disemelo T	1 679 289	-	123 155	-	-	111 564	1 914 008
Matabane TBA	1 618 686	-	124 913	-	84 000	113 292	1 940 891
Mngomezulu PB	363 000	-	26 568	219 773	104 084	7 200	720 625
Ngwepe WA	2 239 301	-	305 362	-	-	155 538	2 700 201
Nomtshongwana AZ	1 877 248	-	135 888	-	-	95 508	2 108 644
Ruplal PH	1 075 590	-	138 762	218 249	153 000	79 332	1 664 933
Kenyane Julia	416 664	-	53 963	-	-	8 100	478 727
Molefe Philemon Dipolelo	-	21 643	-	-	-	-	21 643
Maine Champagne Sempane	-	72 700	-	-	-	-	72 700
Algu Roshanchand	-	23 498	-	-	-	-	23 498
Masombuka Stanley Vusimuzi	-	19 788	-	-	-	-	19 788
Molete Masabata Violet	-	43 904	-	-	-	-	43 904
Ntuli Zanele Keti	-	26 590	-	-	-	-	26 590
	15 519 728	208 123	1 523 041	636 185	341 084	848 238	19 076 399

2020	Basic Salary R	Acting Allowance R	Post- employment benefits R	Termination benefits R	Travel Allowance R	Other benefits received R	Total R
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	99 862	-	44 432	-	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	99 862	2 221 740	1 691 091	284 417	1 419 360	21 195 338

#### 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. R-

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:

	Before changes in residual values and useful lives R	After changes in residual values and useful lives R	Value impact of change in estimate R
Technical Equipment	6 265 334	6 095 655	(169 679)
	5 544 894	4 655 901	
Computer Equipment			(888 993)
Furniture & Fittings	1 490 770	1 463 844	(26 926)
Motor Vehicles	1 222 704	1 121 536	(101 168)
Office Equipment	918 866	844 059	(74 807)
Leased Assets	452 900	452 900	-
Leasehold Improvements	2 514 621	2 308 158	(206 464)
	18 410 089	16 942 053	(1 468 037)
INTANGIBLE ASSETS			
Computer Software	2 126 587	1 774 548	(352 039)

### 33. PRIOR PERIOD ERRORS

VAT is levied in South Africa on the local supply of goods or services, on the importation of goods as well as on the supply of "imported services". The Authority imported services from non-resident suppliers for the period 2015-11-01 to 2019-03-31 however VAT due SARS on these service was not paid over nor provided for.

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

STATEMENT OF FINANCIAL POSITION	2021 R	2020 R
VAT Payable	(3 374 575)	-
Opening Accumulated Surplus or Deficit	3 374 575	-



#### 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 Communications and Digital Technologies 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 Communications and Digital Technologiess. 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 2021	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Dayables from eyebange				
Payables from exchange transactions	(38 296 967)	-	-	-
Operating leases	(27 729 920)	(28 709 838)	(91 219 493)	(86 586 495)
National Revenue Fund payables	(1 233 099 346)	-	-	-
Finance lease obligation	(391 263)	(130 068)	-	-
Taxes and transfers payable (non-exchange)	(3 374 575)	-	-	-
AT 31 MARCH 2020				
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)	-	-

#### 34. RISK MANAGEMENT (CONTINUED)

#### **CREDIT RISK**

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

FINANCIAL INSTRUMENT	2021 R	2020 P
THANCIAL INSTROMENT	K	K
Cash and cash equivalents	489 728 765	343 149 899
Receivables from exchange transactions	10 801 373	8 563 400
Receivables from non-exchange transactions	1 043 075 459	1 209 558 923

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 authority 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**

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 foreign exchange fluctuations.

The authority reviews its foreign currency exposure, including commitments on an ongoing basis. The authority expects its foreign exchange contracts to hedge foreign exchange exposure.



### 35. GOING CONCERN

We draw attention to the fact that at 31 March 2021, the authority had an accumulated surplus of R 165 134 671 and that the authority's total assets exceed its liabilities by R 165 134 671.

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	2021 R	2020 R
Opening balance as previously reported	7 520 109	7 517 894
Opening balance as restated	7 520 109	7 517 894
Add: Expenditure identified - current	85 038	2 215
Closing balance	7 605 147	7 520 109

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 t he matters identified	5 294	2 215
Interest on late payment of invoices	The CEO is considering the Internal audit report on t he matters identified	7 678	-
Incorrect payment of salary	The CEO is considering the Internal audit report on t he matters identified	72 066	
Salai y	addit report on the matters identified	85 038	2 215

## 38. IRREGULAR EXPENDITURE

Opening balance as previously reported	136 326 283	90 261 134
Opening balance as restated	136 326 283	90 261 134
Add: Irregular Expenditure - current	30 793 443	45 781 166
Add: Irregular Expenditure - prior period	-	283 983
Closing balance	167 119 726	136 326 283

## 38. IRREGULAR EXPENDITURE (CONTINUED)

2021 2020 R R

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

Disciplinary steps taken/
criminal proceedings

	criminal proceedings		
Functionality incorrectly calculated for a bid	The CEO is considering the Internal audit report on the matters identified	28 023 641	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	483 662	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	1 776 963	1 756 721
Tax non-compliant at Award stage	The CEO is considering the Internal audit report on the matters identified	51 793	120 335
SARS Tax Compliance not obtained	The CEO is considering the Internal audit report on the matters identified	-	25 770
Contract period extension not approved	The CEO is considering the Internal audit report on the matters identified	46 695	-
No addendum to the varied contract	The CEO is considering the Internal audit report on the matters identified	410 689	-
		30 793 443	45 781 166

#### **39. BUDGET DIFFERENCES**

## MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

## **OTHER INCOME**

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

### OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

The deferred grant is realized when capital expenditure is incurred. CAPEX has reduced in the current year.

#### **PERSONNEL**

The reduction in expenditure is due the hight rate of vacancies.



## **BUDGET DIFFERENCES (CONTINUED)**

#### **DEPRECIATION AND AMORTISATION**

The reduction is due to the lack of assets acquisitions during the year

#### **FINANCE COSTS**

The increased expensse is due to the unwinding of Dismantling and Restoration costs

#### **REPAIRS AND MAINTENANCE**

The overspending is due increased maintenance cost of systems.

#### **GENERAL EXPENSES**

The overspending was as a result of an increase in legal fees due increased number of review applications.

#### LEASE RENTALS ON OPERATING LEASE

The underspending is due to delays experienced in the finalisation of the computer rental contract

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REGULATING IN THE PUBLIC INTEREST

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