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## **INFORMATION SERVICES: RESEARCH**

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20 March 2007

### **2007 Budget Analysis for Government Communication and Information System**

#### **1 Introduction<sup>1</sup>**

The Government Communication and Information System was officially launched on 18 May 1998 and is mandated to communicate on behalf of Government in terms of Section 16 of the Bill of Rights as contained in the Constitution and Section 7 (Subsection 2 and 3) of the Public Service Act of 1994. The Department is situated within the Presidency. It is responsible for communication between the Government and the general public. This includes direct dialogue in terms of development communication, especially in disadvantaged areas, drafting national government communication strategies and programmes and the integration of all government departments' communications operations. In addition, it is responsible for developing the new Government Communication System and transforming the communication functions in the Government.

The Department's vision is to help meet the communication and information needs of the Government and the people, in order to ensure a better life for all.

Its mission is to provide leadership in government communication and to ensure that the public is informed of government's implementation of its mandate.

#### **2 Government Priorities for 2007**

According to the 2007 State of the Nation Address, government's priorities for 2007 are to<sup>2</sup>:

- Raise the rate of investment in the First Economy.
- Reduce the cost of doing business in our country.
- Promote the growth of the small and medium business sector.

<sup>1</sup> Information obtained from the Government Communication and Information System Strategic Plan 2005 – 2008.

<sup>2</sup> Mbeki (2007).

- Speed up the process of skills development.
- Improve our export performance, focussing on services and manufactured goods.
- Increase spending on scientific research and development.
- Implement detailed programmes to respond to the challenges of the Second Economy.
- Implement programmes to ensure broad-based black economic empowerment.
- Continue with programmes to build a social security net to meet the objectives of poverty alleviation.
- Expand access to such services as water, electricity and sanitation.
- Improve the health profile of the nation as a whole.
- Intensify the housing programme.
- Implement additional measures to open wider the doors of learning and of culture.
- Improve the safety and security of all citizens and communities.
- Ensure that the public sector discharges its responsibilities as a critical player in the growth, reconstruction and development of our country.
- Accelerate the process of renewal of the African continent.
- Increasingly contribute to the resolution of major questions facing peoples of the world.

### **3 Government Communication and Information System Strategic Objectives and Goals for 2007/08**

No specific reference was given for the Department in the 2007 State of the Nation Address. However, the Department plays a support function in relation to government as a whole and would thus need to align itself to assist in meeting the objectives of economic development and poverty alleviation given its mandate. In particular, the Department would need to identify key information within other Departments that need to be communicated to the public and continue promoting South Africa locally and internationally.

Its strategic objectives are to:

- Foster a more positive communication environment.
- Understand the communication needs of the public and government.
- Expand communication on government programmes.
- Increase the standard of government communication.
- Democratise the communication environment.
- Market South Africa locally and abroad.

The Department aims to achieve this through a number of avenues, such as:

- Media and communication services to government departments,
- Government Information Centres (GICs) and Multi-purpose Community Centres (MPCCs),

- The development of government media, communication and information policy,
- Information products for dissemination to citizens, and
- The integration of the international marketing of South Africa.

#### 4 Budget Analysis

The Department consists of 7 programmes, namely:

- Administration.
- Policy and Research.
- Government and Media Liaison.
- Provincial and Local Liaison.
- Communication Service Agency (CSA).
- International Marketing and Media Development.
- Government Publication.

The Department's overall budget allocation increased by 28% from R294.6 million in the 2006/07 financial year to R375.8 million in the 2007/08 financial year. This was well above the estimated inflation rate of 5.1%. The main budget allocation is within the International Marketing and Media Development and Administration programmes (see Table 1). The highest nominal percentage changes occurred in the Administration (50%), Policy and Research (41%) and the International Marketing and Media Development (32%) programmes.

Table 1: Budget allocation per programme<sup>3</sup>

Programme	Budget 2006/07		Budget 2007/08		Change in % allocation	Nominal % change	Real % change
	(R '000)	%	(R '000)	%			
Administration	67 285	22.8%	100 716	26.8%	4.0%	49.7%	42.3%
Policy and Research	11 622	4.0%	16 383	4.4%	0.4%	41.0%	34.0%
Government and Media Liaison	17 975	6.1%	19 622	5.2%	-0.9%	9.2%	3.8%
Provincial and Local Liaison	40 869	13.9%	46 330	12.3%	-1.6%	13.4%	7.8%
Communication Service Agency (CSA)	35 836	12.2%	39 489	10.5%	-1.7%	10.2%	4.7%
International Marketing and Media Development	93 045	31.6%	123 087	32.8%	1.2%	32.3%	25.7%
Government Publication	27 948	9.5%	30 185	8.0%	-1.5%	8.0%	2.7%
<b>TOTAL</b>	<b>294 580</b>	<b>100.0%</b>	<b>375 812</b>	<b>100.0%</b>		<b>27.6%</b>	<b>21.3%</b>

Table 2 presents the economic classification breakdown for the Department for the 2006/07 and 2007/08 financial years. The largest nominal increases were in terms of the compensation of employees (35%), transfers and subsidies to departmental agencies (32%) and consultants (27%). The

<sup>3</sup> National Treasury (2007) and own calculations.

increase in transfers was attributed to the increased activity of the International Marketing Council in the 2010 FIFA World Cup preparation and the increased operational cost of the Media Development and Diversity Agency.

There was a significant decrease in the allocation to communication services in 2007/08, namely -19%. It is a concern that communication services only attracts about 3% of the total budget allocation in 2007/08, as it should be one of the core functions of the Department.

Table 2: Budget allocation based on economic classification<sup>4</sup>

Economic classification	Budget 2006/07		Budget 2007/08		Change in % allocation	Nominal % change	Real % change
	(R '000)	%	(R '000)	%			
<b>Current payments</b>	<b>198 786</b>	<b>67.5%</b>	<b>250 515</b>	<b>66.7%</b>	<b>-0.8%</b>	<b>26.0%</b>	<b>19.8%</b>
Compensation of employees	84 521	28.7%	113 823	30.3%	1.6%	34.7%	28.0%
Goods and services	114 265	38.8%	136 692	36.4%	-2.4%	19.6%	13.7%
<i>of which:</i>							
Communication	14 597	5.0%	11 876	3.2%	-1.8%	-18.6%	-22.7%
Computer services	6 782	2.3%	7 444	2.0%	-0.3%	9.8%	4.3%
Consultants, contractors and special services	19 964	6.8%	25 429	6.8%	0.0%	27.4%	21.1%
Inventory	29 136	9.9%	31 073	8.3%	-1.6%	6.6%	1.4%
Maintenance, repairs and running cost	274	0.1%	301	0.1%	0.0%	9.9%	4.4%
Operating leases	11 689	4.0%	13 830	3.7%	-0.3%	18.3%	12.5%
Travel and subsistence	9 802	3.3%	11 019	2.9%	-0.4%	12.4%	6.9%
<b>Transfers and subsidies</b>	<b>93 284</b>	<b>31.7%</b>	<b>123 087</b>	<b>32.8%</b>	<b>1.1%</b>	<b>31.9%</b>	<b>25.4%</b>
Provinces and municipalities	68	0.0%	-	-	-	-	-
Departmental agencies and accounts	93 045	31.6%	123 087	32.8%	1.2%	32.3%	25.7%
Households	171	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>2 510</b>	<b>0.9%</b>	<b>2 210</b>	<b>0.6%</b>	<b>0.0%</b>	<b>46.1%</b>	<b>38.9%</b>
Machinery and equipment	2 187	0.7%	2 210	0.6%	-0.2%	1.1%	-3.9%
Software and other intangible assets	323	0.1%	-	-	-	-	-
<b>Total</b>	<b>294 580</b>	<b>100.0%</b>	<b>375 812</b>	<b>100.0%</b>		<b>27.6%</b>	<b>21.3%</b>

Figure 1 indicates the budget allocation from 2006/07 to 2009/10 in terms of the nominal and inflation-adjusted figures. In nominal terms, the budget allocation has grown by 13% over the medium term, when this is adjusted by the expected inflation; growth is 8% over the medium term. If the growth per year is considered, then the Department will receive a relatively large increase of 28% in 2007/08, a nominal growth rate of about 4% in 2008/09, which is below the expected inflation rate of 4.7% for that year and a nominal growth rate of almost 10% in 2009/10.

<sup>4</sup> National Treasury (2007) and own calculations.

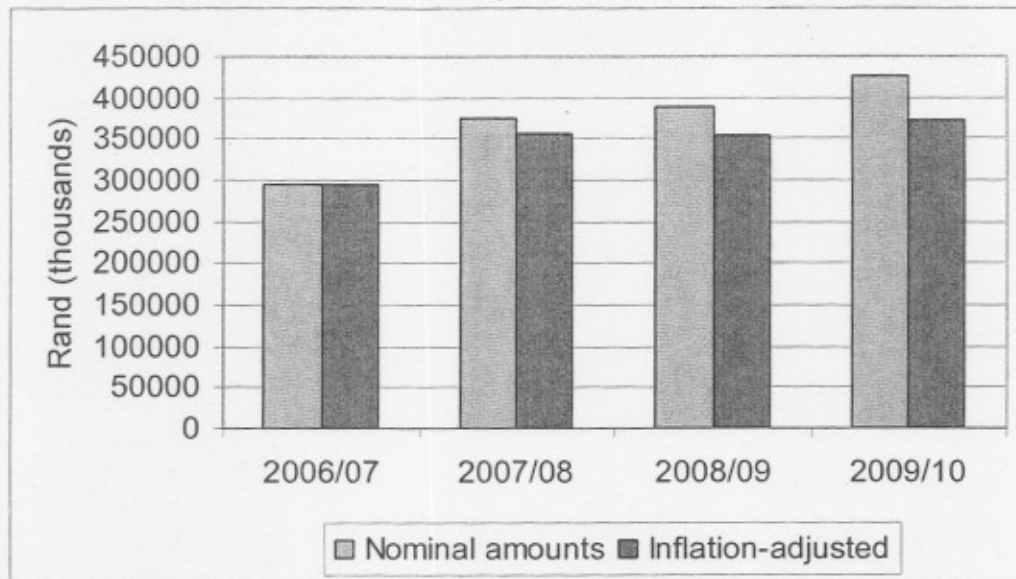


Figure 1: Nominal and inflation-adjusted annual budgets for the GCIS

**Issues to consider:**

- Why is there a 35% increase in the compensation to staff in 2007/08?
- What does the communication services include? Does this include the cost of communication campaigns, such as the 16 Days of Activism for No Violence against Women and Children and the 2010 FIFA World Cup?
- Why is the expected growth rate of the Department so low in 2008/09?

#### 4.1 Programme 1: Administration

The aim of the Administration programme is to play a management role over the GCIS, provide a support service to the Department and house the Project Desk, which co-ordinates the Department's projects and those managed on behalf of other departments.

Table 2: Breakdown of budget allocation for the Administration Programme<sup>5</sup>

Sub-programme (R '000)	Budget 2006/07	% of total budget	Budget 2007/08	% of total budget	Change in % allocation	Nominal % change	Real % change
1. Management	4 546	6.8%	5 215	5.2%	-1.6%	14.7%	9.0%
2. Corporate Services	52 955	78.7%	83 926	83.3%	4.6%	58.5%	50.7%
3. Property management	9 784	14.5%	11 575	11.5%	-3.1%	18.3%	12.5%
TOTAL	67 285	100.0%	100 716	100.0%		49.7%	42.3%

<sup>5</sup> National Treasury (2007).

The bulk of the budget is allocated to the Corporate Services sub-programme. However, this sub-programme has also received a substantial increase from the previous year. The adjustment in the 2007/08 financial year was attributed to the appointment of a project manager to co-ordinate the communication programmes linked to the 2010 FIFA World Cup preparations, producing communication material for domestic and international audiences, research on the domestic and international environment, web content support and networking activities, and workshops to promote integration and co-ordination both in South Africa and in Africa as a whole.

## 4.2 Programme 2: Policy and Research

The aim of the Policy and Research programme is to provide and monitor the implementation of communication policy and to provide research services for government.

Table 3: Breakdown of budget allocation for the Policy and Research Programme<sup>6</sup>

Sub-programme (R '000)	Budget 2006/07	% of total budget	Budget 2007/08	% of total budget	Change in % allocation	Nominal % change	Real % change
1. Management	955	8.2%	4 507	27.5%	19.3%	371.9%	348.6%
2. Policy	3 662	31.5%	3 959	24.2%	-7.3%	8.1%	2.8%
3. Research	7 005	60.3%	7 917	48.3%	-12.0%	13.0%	7.4%
TOTAL	11 622	100.0%	16 383	100.0%		41.0%	34.0%

The overall programme budget has an annual average growth rate of 11.4% after inflation for the 2006/07 – 2009/10 period. The programme will experience a 41% overall increase. The reasons given for this adjusted are increased research, regular media monitoring, the mass campaign on economic opportunities, and izimbizo programmes, as well as new priorities, such as communication about ASGISA and the second economy.

The Management sub-programme suddenly increased from having 8% of the total allocation in 2006/07 to 28% of the total allocation in 2007/08. This change represented a 372% nominal increase from 2006/07 to 2007/08. However, no clear explanation was provided about this reallocation of the programme's budget.

### Issue to consider:

- Why has the management sub-programme suddenly grown to 27% of the programme's budget from 2006/07 to 2007/08?

<sup>6</sup> National Treasury (2007).

### 4.3 Programme 3: Government and Media Liaison

The aim of the Government and Media Liaison programme is to co-ordinate and integrate communication across government and liaise with domestic and foreign media.

Table 4: Breakdown of budget allocation for the Government and Media Liaison Programme<sup>7</sup>

Sub-programme (R '000)	Budget 2006/07	% of total budget	Budget 2007/08	% of total budget	Change in % allocation	Nominal % change	Real % change
1. Management	3 738	20.8%	4 003	20.4%	-0.4%	7.1%	1.8%
2. National Liaison	4 183	23.3%	4 183	21.3%	-2.0%	0.0%	-4.9%
3. International and Media Liaison	3 963	22.1%	4 359	22.2%	0.2%	10.0%	4.6%
4. News Services	3 796	21.1%	4 318	22.0%	0.9%	13.8%	8.1%
5. Parliamentary Liaison	2 295	12.8%	2 759	14.1%	1.3%	20.2%	14.3%
TOTAL	17 975	100.0%	19 622	100.0%		9.2%	3.8%

The programme received a relatively small inflation-adjusted budgetary increase of 3.8% in 2007/08. This programme has a proportionate allocation of its budget across all its sub-programmes. However, this provides no indication of the relative importance or size of the various sectors that are being serviced. The Parliamentary Liaison sub-programme received the largest nominal increase, while the National Liaison sub-programme received no increase in 2007/08.

#### Issue to consider:

- Is there any particular reason why the allocation for the sub-programmes will be changed in the abovementioned manner? For example, why the Parliamentary Liaison sub-programme is receiving an increase while the National liaison sub-programme is remaining the same.

### 4.4 Programme 4: Provincial and Local Liaison

The aim of the Provincial and Local Liaison programme is to support the provision of development of information and communication to the public by liaising with provincial and local government and community organisations. It also supports the extension and consolidation of government information infrastructure and facilitates the establishment of MPCCs.

<sup>7</sup> National Treasury (2007).

Table 5: Breakdown of budget allocation for the Provincial and Local Liaison Programme<sup>8</sup>

Sub-programme (R '000)	Budget 2006/07	% of total budget	Budget 2007/08	% of total budget	Change in % allocation	Nominal % change	Real % change
1. Management	1 035	2.5%	2 238	4.8%	2.3%	116.2%	105.5%
2. Regional Co-ordination	7 079	17.3%	6 091	13.2%	-4.2%	-14.0%	-18.2%
3. Regional Office Liaison	32 755	80.2%	38 001	82.0%	1.9%	16.0%	10.3%
TOTAL	40 869	100.0%	46 330	100.0%		13.4%	7.8%

The Provincial and local liaison programme will have a 13.4% increase in 2007/08 and will have an inflation-adjusted annual average growth rate of 3.1% over the 2006/07 – 2009/10 period. The structure of the programme has been adjusted during 2006/07. The bulk of the allocation is being spent within the Regional Office Liaison sub-programme, where most of the actual work of the programme takes place. The Management sub-programme has increased by 116%. However, this new allocation is only 4.8% of the total allocation for the programme.

**Issue to consider:**

- On average, how much does it cost to establish and maintain each Thusong service centre?

#### 4.5 Programme 5: Communication Service Agency (CSA)

The aim of the Communication Service Agency (CSA) programme is to produce and distribute communication products, such as media bulk-buying, video production, radio programmes and photographs and the marketing and distribution of governmental material.

Table 6: Breakdown of budget allocation for the CSA<sup>9</sup>

Sub-programme (R '000)	Budget 2006/07	% of total budget	Budget 2007/08	% of total budget	Change in % allocation	Nominal % change	Real % change
1. Management	1 856	5.2%	2 252	5.7%	0.5%	21.3%	15.3%
2. Marketing	14 920	41.6%	16 658	42.2%	0.6%	11.6%	6.1%
3. Product Development	13 268	37.0%	14 258	36.1%	-0.9%	7.5%	2.1%
4. Content Development	5 792	16.2%	6 321	16.0%	-0.2%	9.1%	3.7%
TOTAL	35 836	100.0%	39 489	100.0%		10.2%	4.7%

<sup>8</sup> National Treasury (2007).

<sup>9</sup> National Treasury (2007).



The budget allocation for the CSA increased by an inflation-adjusted 4.7% and an inflation-adjusted annual average of 2.2% over the 2006/07 to 2009/10 period. The largest portion of the allocation was given to the Marketing (42%) and Product Development (36%) sub-programmes. There was very little movement in terms of increases in budget allocations per sub-programme and the relative proportions remained similar to that in 2006/07. The increases in the budget allocation were due to the expected communication campaigns.

#### **4.6 Programme 6: International Marketing and Media Development**

The aim of the International Marketing and Media Development programme is to transfer payments to the International Marketing Council and the Media Development and Diversity Agency, and manage these public entities. The International Marketing Council markets South Africa to the international community and the Media Development and Diversity Agency promotes development and diversity in the South African media.

Table 7: Breakdown of budget allocation for the International Marketing and Media Development Programme<sup>10</sup>

Sub-programme (R '000)	Budget 2006/07	% of total budget	Budget 2007/08	% of total budget	Change in % allocation	Nominal % change	Real % change
1. International Marketing Council	83 425	89.7%	111 096	90.3%	0.6%	33.2%	26.6%
2. Media Development and Diversity Agency	9 620	10.3%	11 991	9.7%	-0.6%	24.6%	18.5%
TOTAL	93 045	100.0%	123 087	100.0%		32.3%	25.7%

The budget allocation for the programme increased by 32% in 2007/08, while the annual average growth rate was almost 20% for the 2006/07-2009/10 period. The bulk of the allocation is transferred to the International Marketing Council (90%). The transfer to the International Marketing Council increased by 33% and that to the Media Development and Diversity Agency by 25%.

The International Marketing Council plays an important role in promoting South African business and tourism to the world. This has been done mainly through the Brand South Africa campaign. The main reason for the International Marketing Council's increased allocation is due to preparations for the 2010 FIFA World Cup over the next three years. Their activities include developing the 2010 South African story, conducting workshops with host cities, domestic advertising and international publicity.

The purpose of the Media Development and Diversity Agency is to enable historically disadvantaged communities and individuals to gain access to the

<sup>10</sup> National Treasury (2007).

media. They achieve this by providing grants and developing strategies with the media sector to build the credibility of grassroots media. The budget increase was for operational activities, such as hiring programme managers. According to the draft business plan<sup>11</sup> of the Media Development and Diversity Agency, the agency had only five operational staff members (including the chief executive officer and chief finance officer) and four administrative or support posts. This was a key constraint in their ability to process applications efficiently, to conduct thorough assessment and evaluation, thus limiting the risk of abuse of resources provided, and to work strategically to impact on environmental issues. The Media Development and Diversity Agency has a role to play in providing a sustainable communication platform to reach historically disadvantaged persons or communities, historically diminished language and cultural groups and inadequately served communities.

**Issue to consider:**

- On average, how much does the Media Development and Diversity Agency contribute per project? Is there a maximum amount that will be funded?

#### **4.7 Programme 7: Government Publication**

The aim of the Government Publication programme is to create a communication vehicle for government to inform South Africans of existing economic and other opportunities and how these may be accessed.

Table 8: Breakdown of budget allocation for the Government Publication<sup>12</sup>

Sub-programme (R '000)	Budget 2006/07	% of total budget	Budget 2007/08	% of total budget	Nominal % change	Real % change
1. <i>Vuk'uzenzele</i> Magazine	27 948	100.0%	30 185	100.0%	8.0%	2.7%

The programme will receive an increased budget allocation of 2.7% after inflation. The inflation-adjusted annual average growth rate is 2.8% over the 2006/07 – 2009/10 period. This increase is due to an increase in the number of copies printed bi-monthly from 1.1 million to 1.3 million copies. The *Vuk'uzenzele* Magazine has an important role to play in communicating about economic opportunities within South Africa. This is of particular importance as one of the emphases of the president's State of the Nation Address was on the role of economic development as a key factor in alleviating poverty and the evils associated with it.

<sup>11</sup> Media Development and Diversity Agency (2006).

<sup>12</sup> National Treasury (2007).

## 5 Conclusion and Recommendations

The overall budget allocation for the Department increased by approximately 28% from R294.6 million in 2006/07 to R375.8 million in 2007/08. Over the 2006/07 – 2009/10 period, the annual average growth rate was 13% (8% after inflation). Thus, the department received a major initial increase. This was largely due to increases in the Administration, Policy and Research and International Marketing and Media Development programmes. The increases in the International Marketing and Media Development programme is due to additional transfers to the International Marketing Council and the Media Development and Diversity Agency related to the 2010 FIFA World Cup and operational activities respectively.

As the department has a generic, support function across government, there is very few clear linkages between how the mandate and activities of the department will be contributing towards the strategic goals of government. Some of the activities mentioned are preparing communication campaigns and developing content for ASGISA and the 2010 FIFA World Cup.

Of concern are the rapid increases in the Administration programme, as well as the management sub-programmes in the Policy and Research and Provincial and Local Liaison programmes. Parliament should receive some clarity on why these increases have been required.

The impact of the budget also does not reflect the direct impact on women, children, vulnerable groups and people with disabilities. This impact would largely be derived from the type of campaigns and information that the department is required to communicate by government. They would thus have little scope to affect such issues directly, except regarding their own human resource activities.

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