

Minister of Communications 2013 Budget Speech and Responses by ANC, DA and IFP

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Minister of Communications, Ms Dina Pule, gave her Budget Vote Speech on the 21 May 2013

Honourable Chairperson,
Honourable Members of the House,
Honourable Deputy Minister, Ms Stella Ndabeni-Abrahams
Chairperson and Members of the Portfolio Committee on Communications
Chairperson and Members of the Select and Labour Committee,
Chairpersons and CEOs of our State-Owned Enterprises,
ICT industry leaders,
Ladies and gentlemen,
My fellow South Africans.

Good morning to everyone.

It would be amiss of me to begin without paying tribute to a great South African. Let us take a moment of silence to honour the memory of SABC presenter Vuyo Mbuli. There are few South Africans whose lives he has not touched with his positivity, professionalism and passion for his craft.

His untimely passing is a reminder that we have many wonderful gems within our state institutions whose presence we take for granted. Let us remember him and many others who make our country the truly great nation it is. Thank you.

Honourable Members,

Over 200 years ago the Industrial Revolution changed the way people lived and worked. Today we find ourselves in the midst of an ICT Revolution that is similarly changing the very fabric of our society. The way we work, communicate and live has radically changed in the last two decades.

This transformation of our society, our economy and even our political life requires that we rise to these new challenges. I am pleased to say that the Department of Communications is leading the way and is geared for the future.

Ladies and gentlemen,

It is opportune that we account to our citizens and outline our developmental plans in May, the same month that saw South Africa's first democratic leader, former President Nelson Mandela take office. We wish Tata Madiba well during this time.

During the month of May we also acknowledge the role the workers have played in the struggle to achieve a better life for all in our country. I am glad to note that our union representatives have joined us in the gallery today.



We celebrated this year's World Telecommunications Day in collaboration with the Department of Transport, at a successful event held in Richards Bay on 17 May 2013. This year's theme was "ICTs and improving road safety". My message to you is, "Don't text while driving."

In his State of the Nation Address President Jacob Zuma stated that "As South Africans, we should continue to have one primary goal - to make our country a truly great and prosperous nation."

Our vision of building a South Africa in which all South Africans have access and skills to ICT services is essential to this goal of building a prosperous nation.

The theme for this year's budget vote is "Connecting South Africans"

In line with this theme, we are focusing on improving the ICT skills base of South Africans, especially our youth.

Yesterday, I launched the combined new institution which brings together the Institute for Satellite and Software applications, the former eSkills Institute and Nemisa as one body. I am happy with the progress made towards the establishment of this new ICT training institution.

Our forward thinking government policy has created an environment in which both business and people in the ICT sector have been able to thrive. However, the 21st century brings new challenges and we are entrusted with ensuring that our people are able to prosper through ICTs in this modern and ever-changing era.

Outcomes of policy interventions and the push for a review

Over the past 19 years, this government has worked very hard to reverse the triple challenges of poverty, unemployment, inequality.

Today, many South Africans have access to postal services within reasonable distances from their homes. In the 12 months to March 2013, the South African Post Office opened 50 new post offices.

Most of these are in rural areas such as Kayedwa in Bushbuckridge in Mpumalanga, Nywarha in Idutywa in the Eastern Cape, Emoyeni in Dannhauser in KwaZulu-Natal, Spoegsrivier in Kammiesberg in the Northern Cape, Vahlavi in the Greater Giyani region in Limpopo and Ruitersbos in Mossel Bay in the Western Cape.

These new postal branches have been complemented by rolling out mobile branches to ensure that many more South Africans have access to these key services.

Post offices have become key service delivery centres offering South Africans a convenient place to accept and deliver cash-on-delivery items, a very important service in rural communities where some people shop from catalogues. More than a million South Africans walk through the doors of post offices near where they live to access their social grants.

Post offices now also offer services that enable South Africans to renew their vehicle registration and pay their municipal accounts and television licences. In the last financial year the SA Post Office was responsible for allocating 1,2 million addresses, mainly to those in rural areas



Over the past four years, we have installed 104 low power transmitters which ensured that 1.5 million more people enjoy their basic human right of access to information, after many years of living on the margins of society. Of these transmitters, 18 were rolled out in the 2012/13 financial year. The SABC now reaches 94% of South Africans.

Honourable Members,

The Department's Strategic Plan prioritises the ICT Policy Review, broadband and digital migration.

In line with the National Development Plan, the department has embarked on a process to overhaul existing policies. We convened a successful policy colloquium that led to the establishment of the ICT Policy Review Panel. The composition of the ICT Policy Review Panel reflects the government's mantra of working together, we can do more.

Honourable Chairperson,

We plan to deliver the White Paper on ICT Policy next year. On 25 April 2013 we launched the ICT Policy Framing Paper.

In December 2012, we launched the Strategic Integrated Project (SIP) 15, which is focused on increasing access to ICT services through the rollout of broadband infrastructure and Digital Terrestrial Television. There has been commendable progress in the work of SIP 15.

As Chairperson of SIP 15, I am finalising a project action plan which indicates targets for the connectivity of public facilities such schools, health centres, government offices, libraries and police stations.

Whilst we acknowledge the investment of the private sector, we further urge the sector to continue working with us, within the SIP, in expanding broadband infrastructure throughout the country.

Telkom remains integral to the State's broadband ambitions of modernising and investing in its long distance backbone network.

Broadband

Earlier this month, we closed the public consultation phase on the New Broadband Policy. We are preparing to take this policy to Cabinet in June 2013. The finalisation of this policy will pave the way for ICASA to licence the much sought after 2.6 Gigahertz and 800 Megahertz, including the extended digital dividend.

By doing this, we will be increasing network capacity, improving coverage, promoting competition and facilitating black economic empowerment.

Let me remind the house that our Radio Frequency Spectrum policy, adopted in 2010, encourages the efficient use of spectrum resources by employing technologies that use spectrum more efficiently.

Legislative programme



In the course of the year, we shall be introducing four legislative amendments.

The Independent Communications Authority of South Africa (Icasa) Amendment Bill deals with the definition of broadband, empowers Icasa to enforce compliance and monitor radio frequency spectrum resources and postal regulation.

The Electronic Communications Amendment Bill seeks to enhance competition and private investment in the sector and ensure that there is effective regulation where market failure is apparent.

On postal regulation; we shall conclude the SA Post Office Amendment Bill this year. The Postbank Bill will also be introduced to align it to the Banks Act.

On DTT Honourable Chairperson,

We are happy to announce that the digital broadcasting network currently reaches more than 80 percent of the population. We have also finalised the subsidy plan for poor households supported by the qualifying criteria. We are ready to implement the Set-Top Box (STB) manufacturing strategy which requires 30 percent local content as part of the electronic industry development.

Icasa has finalised the broadcasting regulations. I will shortly be releasing a notice in the Government Gazette setting the performance period for digital migration switch on.

In June 2013, we shall launch the STB compliance lab in partnership with the Department of Trade and Industry and the SA Bureau of Standards.

We have taken a decision to review the policy on the STB control system as one way of fast tracking the rollout of Digital Terrestrial Television (DTT) to make this system non-mandatory.

In addition to the DTT transmission network roll out target of 84% population coverage via terrestrial transmitters by December 2013, Sentech will also launch a Direct-To-Home satellite broadcasting service.

This service will provide TV and radio coverage to the Square Kilometre Array and all other areas where there is no DTT signal.

With regards to DTT Awareness, we shall intensify the implementation of our communications campaigns to inform and educate the public about the need for DTT.

Honourable Chairperson

Cost to communicate

We remain firm to our commitment of lowering the cost of communicate in pursuance of affordable prices for mobile, fixed and broadband services.

The lowering of the Mobile Termination Rates from R1.25 a minute in 2010 to R0.40 from March this year represents a significant milestone in reducing the cost to communicate.



I intend to issue a policy directive to ICASA on transparent pricing of services such as SMS, Voice, and Data, to ensure market pricing transparency for the benefit of our consumers. This policy measure will also ensure that competition is strengthened in the telecommunications market.

Broadcasting competition

As part of our efforts to increase competition in the broadcasting area, I intend issuing a policy directive in the second quarter of 2013/2014, to Icasa to issue a regulation on market definition for wholesale access to premium TV content to address market competition.

In the midst of redefining our broadcasting landscape, 2013 marks the 20th anniversary of community broadcasting. The department will embark on numerous activities to celebrate this milestone in bringing services to the people.

The Honourable Deputy Minister will give more details on what we plan to do to enhance and strengthen Community Broadcasting.

Honourable Chairperson,

Having a stable and capable leadership team that has integrity is crucial in our endeavour to improve the service delivery goals of our department and our portfolio of State-Owned Companies (SoCs). A stable leadership is crucial to achieving good corporate governance and accountability.

Guided by this desire to improve accountability, we have embarked on a partnership with the Auditor-General to achieve a clean audit by the department and its SoCs by 2014.

To strengthen the leadership capability within the department, we have appointed critical skills that will improve our ability to deliver quality services to our fellow South Africans.

Our efforts are evidenced by the halving of the vacancy rate from 24 percent in 2012 to 12.5 percent.

SOcs

Honourable Chairperson,

In 2013 we shall transfer R1.5 billion or 76 percent of our budget to SoCs in our portfolio. The social return on the State's investment has been largely positive.

The stability of executive leadership that we introduced in our SoCs has helped solidify the turnaround of these entities.

Our proudest achievement in the oversight of SoCs is being able to ensure greater alignment of SoCs' strategic goals to the department's priorities.

SABC



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The public broadcaster has accelerated the repayment of its government-guaranteed loan while continuing to bring events of national importance to the homes of all South Africans. The SABC plans to pay the outstanding balance of R222 million within four months.

The SABC can immediately migrate the three existing channels to the DTT platform and launch additional channels in due course.

We are concerned about governance arrangements at the SABC. In this regard I will be consulting with the Portfolio Committee on Communications to explore an urgent review and amendment to the Broadcasting Act.

Sentech

I am happy to report to this house that Sentech is in a healthy state, not only in terms of service delivery imperatives but also financially. This can be attributed to the turnaround efforts that we have put in place since 2009.

USAASA

The Universal Service and Access Agency of South Africa is back on its feet following a series of governance challenges that led to the appointment of a new board. We have brought about stability at the agency and it is now focused on delivering on its mandate.

In the previous financial year, USAASA connected 55 ICT centres and revamped another 80 centres.

SA Post Office

The illegal strike at the SA Post Office disrupted the lives of many South Africans. Many did not receive their letters and parcels for a long time. Others could not access their municipal bills, invoices and educational material. We take this opportunity to unreservedly apologise to all South Africans.

Let me hasten to assure South Africans that we have learnt valuable lessons from this unfortunate experience. We are putting systems in place to ensure that we never go down this road again.

Over the course of the year, the SA Post Office finalised the installation coupon distribution system that will ensure that deserving South Africans receive the State-sponsored STBs.

This financial year the SA Post Office has committed to building 20 new branches, 25 retail postal agencies and deploying five mobile post offices to serve rural and remote locations.

Icasa

We are closely monitoring Icasa to ensure that it is able to perform its key role as a regulator. Part of this exercise will include strengthening governance measures and making sure that the regulator is able to effectively collect and account for revenues due.

Job creation



We continue to monitor sector-wide job creation in line with the National Development Plan. The ICT sector has created more than 37 000 jobs since 2010.

Honourable Members,

The International branch of the department continues to be the primary vehicle through which we pursue Government's priority of contributing to a better South Africa and contributing to a better and safer Africa in a better world.

Our leadership role has been well recognised internationally. For the first time South Africa was elected to the Council of Administration of the Universal Postal Union (UPU) and now chairs its Future Strategy Committee.

We were also re-elected to the Postal Operations Council that deals with the operational, economic and commercial aspects of the postal business.

South Africa also made an important contribution to the Addressing the World Ministerial debate. This led to Ministers adopting the White Paper in support of the UPU's global declaration to prioritise the development of addressing infrastructure.

South Africa has contributed significantly to the work of the UPU on the development of National Address Systems. Our use of Global Positioning Systems (GPS) to allocate addresses to people in rural and undeveloped areas proved critical to this.

Honourable Chairperson,

The Department is fully focused on consolidating the transformation of the ICT sector while extending ICT services to all South Africans. We rely on the hard work of the Department's executive leadership and the entire Team DoC to deliver on our mandate.

Thanks and appreciation

Deputy Minister, my heartfelt appreciation goes to you my sister. Thank you for your support throughout the year.

To the Chairperson and Members of the Portfolio Committee on Communications, thank you for your guidance and input.

To the Chairpersons and CEOs of the public entities reporting to the Department and leaders of the ICT industry who have once again demonstrated their patriotism by tirelessly working with us, I thank you profusely for your time and efforts.

Allow me to thank Team DoC for the work they have done. As I encourage you to pat yourselves on the back, be reminded that our task is not complete. We need to achieve the goals and targets that we set for ourselves, some of which are outlined in this speech.

I invite Honourable Members to approve the Budget Vote No. 27 of the Department of Communications.

Thank you.



Budget vote of the Department of Communications delivered by the Honourable Deputy Minister of Communications, Ms Stella Tembisa Ndabeni-Abrahams, Parliament

21 May 2013

Empowering communities: 20 years later and the journey continues.....

Honourable Chairperson

Honourable Members of the House and Members of Cabinet present,

Chairperson and Members of the Portfolio Committee on

Communications,

Chairperson and Members of the Select Committee

Minister of Communications, Honourable Dina Pule,

Distinguished guests from the ICT sector,

Ladies and gentlemen

Good morning.

Honourable Chairperson,

Timeless wisdom tells us that the past explains the present and the present determines the future. The essence of this colorful day therefore lies in the story of our past, and it was shaped by our past. The total disregard of democratic values as well as the suppression of popular participation of the black majority in areas of information & communication technology is the basis of our meeting today as we try to correct the past divide and find amicable solutions which will lead us to our vision of ensuring broadband access for all.

We have invited industry players and all ICT patriots to descend to the Cape of Good Hope today, not to revel in just another annual pastime, but to remind them that we don't take our freedom and democracy for granted. On the contrary, we demand of them to work with government as we foster this paradigm shift and make our country a friendlier nation to ICT.

Twenty years ago, the journey of empowering our communities through ICTs started. Although this journey may predate 1993, it was only 20 years ago that a firm roadmap was agreed and committed to by all South Africans in a participatory and transparent manner.

This commitment was premised on a firm understanding that the hard-long freedom of all South Africans cannot be realised without the right to information – a basic human right. As we have noted in the last 20 years, this fundamental human right cannot be fully exercised without Information and Communication Technologies (ICTs) that are secure, robust, reliable and universally accessible. ICTs are the medium through which information travels. In our submission to a 20 year review undertaken by government through the Presidency earlier this year, we have chronicled how as the Department of Communications have contributed to this journey.

I stand before you this morning to give a clear synopsis, in addition to the Minister's input, wherein I will not only share with you our progress in respect to the commitments we made before this esteemed House during the previous Financial year and our plans for this Financial year.

Instead, I want to draw your attention and highlight our contribution to the 20 -year journey in:



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- Empowering communities through community radio
- Supporting learning through school connectivity
- Ensuring Information security by vigorously combating the high spiraling scourge of cybercrime
- Continually re-skilling our youth for the knowledge economy and;
- Addressing the challenges for people with disabilities through ICTs.

Empowering communities

Fellow South Africans,

As Minister Pule has mentioned in her speech, the year 2013 is important for it marks the 20 years since the first:

- Independent regulator (the IBA and today ICASA) was established to regulate broadcasting in the public interest in line with the Constitution,
- First community radio station was licensed in South Africa.

The licensing of community radio in South Africa has been a long struggle waged in collaboration with the international world. Today there are over 133 community radio stations licensed in South Africa and over 75% of them have received support from the Department of Communications. We commend other departments and state-owned entities across the three spheres of government who continue to offer various kinds of support to the sector. This is a sector that is synonymous with our selfless struggle for democracy that people like Chris Hani sacrificed their lives for and it therefore needs to be supported.

Notwithstanding the perennial challenges that continue to bedevil the sector such as governance, this is a major achievement worth celebrating as a country for it has provided access to the means of communication by the communities, particularly those in rural and remote areas in their individual languages. As we celebrate these achievements, the critical question is how to sustain the sector for more years to come.

As a department, we have already committed ourselves to build a thriving community broadcasting sector of which radio is, but one part as evidenced by the following:

- We have invested over R400 million into the sector since 1998
- The implementation of the new signal distribution subsidy scheme, through the public signal distributor, Sentech which took effect on 1 September 2012. This new subsidy will see signal distribution costs for community radio located in rural and nodal areas being covered in full by the Department for the next four years. Urban based stations' costs, will only be covered up to 70%. Over R6 Million has been set aside for this scheme over the next 4 years.
- During 2012, we further ring-fenced 40 rural based stations for guided capacity building programme in content production through NEMISA to improve their programme offering. We hope that the dramas and documentaries to be produced through this special programme will be broadcast across all the community stations by October this year.

Information Society and Development



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Honourable Chairperson!

On empowering communities I must say that we are making sure that rural communities are not marginalised. Together with our entities and some private companies we have established ICT centres throughout the country including some traditional authorities. My esteemed special guests The King of AmaXhosa, Zwelonke Sigcau and the Chairperson of National HTL Kgosì Maubane are here to bear witness to our progressive initiative of bringing ICTs to rural communities. This program will over time be rolled out to other traditional authorities throughout the country.

Working together with the Department of Correctional Services and Microsoft on youth e-literacy programme we have supported over 100 beneficiaries that obtained ICDL certificate in correctional service centers in Mpumalanga, Eastern Cape and Northern Cape and Western Cape.

Honourable Chairperson!

For this financial year, our major focus will be on the following:

- Rollout of broadcast equipment to 15 stations that are new, requiring upgrade and those with single studios.
- Finalisation of the new Community Broadcasting Support Policy that will not only outline how community broadcasting will be supported, but how to extend such support to community Television. Linked to this policy, we will further finalise a model for implementing community TV in South Africa. This model is important in consideration of the capital intensive nature of community TV. We therefore, have to implement it in such a way that is financially prudent and offer huge economic benefit to the country in terms of job creation and local content development. We see community TV as a major strategic window to showcase and promote provincial development.
- In consideration of the upcoming National elections in 2014, we will partner with the Independent Electoral Commission (IEC) to train Community radio stations on how to cover National elections. This will be a sequel of a successful training programming that we did in preparation for the 2011 Local government elections. The strength of community radio in National election coverage lies in its accessibility and ability to speak the language of the communities.

Supporting learning through school connectivity,

Honourable Members,

ICTs, particularly new technologies are critical vehicles to facilitate learning at our schools. It is on this basis that during the previous financial year we engaged aggressively in rolling out broadband to connecting schools and community centres in partnership with the Department of Basic Education (DBE).

During the past financial year, we committed to connecting 1650 schools to the Internet as part of the 2010 FIFA World Cup legacy project. I am pleased to inform this house that 854 schools have been connected to date. This number excludes those commendable initiatives by the private



sector as part of their license conditions and their Community Social Investment (CSI) programmes. We will be connecting 2 000 schools this year and further engagements are taking place with various operators to increase this number.

We are going to establish a forum comprising the DOC, DBE, ICASA, SOEs and the private sector to develop a school connectivity model and implementation framework. The impact of this approach will ensure that school connectivity programme is coordinated seamlessly in the country, whilst optimally utilising resources. It is through this framework that we will be able to monitor and evaluate the impact of the school connectivity programme.

Ensuring Information security and Combating Cybercrime,

Honourable Chairperson!

Cybercrime has become an inevitable reality that confronts all the online communities across the world. Identity fraud, stalking, online child pornography and terrorism have become daily occurrences that threaten our communities to enjoy the benefits of new technologies. As we expand access to the Internet, we also need a strong measure to ensure basic trust and security to the public as the users. This requires collaboration between departments, civil society and business to build institutional mechanisms to investigate cyber crimes and anticipate threats.

Following the approval of the Cybersecurity Policy in 2012, we will during this financial year prioritise the functionality of a Cybersecurity Hub to pool public and private sector threat information. The Hub will be responsible for processing and disseminating information to relevant stakeholders in the industry and civil society.

All computer users have a role in securing cyber space and ensuring that the digital environment is secure and utilised reasonably to profit the socio-economic well being of the nation.

Address the challenges for people with disabilities through ICTs

Our journey of building an information society cannot be complete without addressing the challenges facing people with disabilities. This is a commitment that runs across our policy formulation. Our country is already a signatory to numerous international agreements that mainstream access to technology for people with disabilities. ICASA is playing a crucial role in helping the country to fulfill this commitment. A Code of practice on People with Disabilities in line with Section 70 of the amended Electronic and Communications Act (ECA) has been developed

Continually re-skilling our youth for the knowledge economy,

Ladies and gentlemen,

The e-Skills institute continued on its progressive path to e-Skilling South Africa for equitable prosperity and global competitiveness.

The completion of the integration plan for e-Skills Institute, the Institute for Satellite and Software Applications and the National Electronic Media Institute of SA (NEMISA) was launched yesterday by the Minister. The new institute is positioning South Africa well to harness existing resources and develop new approaches to the coordination of appropriate capacity development, using its multi-stakeholder platform to contribute to the massification of e-skills delivery at all levels.



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This year the Institute increased its visibility at a provincial and national level and impacted more than 30 000 South Africans at various levels, from decision makers, consumers of technology, practitioners in the ICT and broadcasting sectors as well as communities.

ZA Domain Name Authority (ZADNA)

The ZA Domain Name Authority (ZADNA) is celebrating 10 years since it was established in 2003. A legal framework to support the establishment of the ZA Central Registry which is intended to uplift the operational standards in .ZA – is being finalised.

The ZA Central Registry, through ZADNA's guidance and the AU Commission, has made significant progress in its application for a right to establish and operate a .Africa Internet namespace for the benefit of Africa. ZADNA has also ensured that our cities of Cape Town, Durban and Johannesburg are not left behind in the Internet revolution which will see some of the leading world cities, such as London, Paris and Sydney, have their own exclusive Internet spaces. As a result ladies and gentlemen, expect to see in the near future, new website addresses such as hotels.capetown, tourism.durban and business.johannesburg."

Honourable Chairperson,

The successes we are presenting here this morning speak to the battles we have successfully won and the zeal displayed by both our officials and all role players in the ICT space. Once again, we give this house and the country at large, the assurance that we have what it takes to achieve universal access by ensuring that robust information and communication technologies are accessible, usable and affordable to all. We will continue to make strategic interventions in providing necessary support to this sector, working with our entities and the private sector. Despite the financial constraints which might have a direct bearing on the roll out of universal service and access for all, we will dare not renege from the commitment we have made to our people because we come from a glorious tradition of struggle and self-reliance, no price can be too much for us to pay.

Honourable Chairperson... Allow me, with all humility, to thank my caring and supportive husband Mr Abrahams and our beautiful children for their continued support and understanding that, in more instances than not, they have to share me with the nation.

To Minister Pule, thank you for the team effort that we continue to demonstrate as we lead into the future ICT South Africa.

Let me thank my cabinet colleagues as well as my hardworking staff and the entire DOC team for their commitment and dedication particularly during this time as we conclude our 5-year mandate of President Zuma's administration.

Special thanks to the portfolio committee on communications for their sound oversight over our work.

Honourable Chairperson, we dare not fail our people.

I thank you, Ndiyabulela!

Stella Ndabeni-Abrahams



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Speech by Hon Faith Muthambi during the National Assembly Budget Vote Debate on Communications

Honourable Chairperson
 Honourable Minister Dina Pule
 Honourable Deputy Minister
 Honourable Members
 Distinguished guests
 Ladies and gentlemen

ICT RESEARCH AND DEVELOPMENT AND INNOVATION INCLUDING CORPORATE GOVERNANCE.

The ANC-led government has implemented quite a number strategies and tactics to address various shortages of skills. These include the Joint Initiative for Priority Skills Acquisition (JIPSA), Technology and Human Resources for Industry Programme (THRIP), Sector Education and Training Authorities (SETAs) and the Innovation Fund . Technology is a moving aspect of innovation and it brings a lot of opportunities especially when tabbed in the minds of young people. The ANC 53RD Conference reaffirmed the fact that; there is widespread agreement of the importance of ICT in building equitable prosperity and globally competitive economies. Effective use of these technologies, however, requires building new capacities and skills, here referred to as e-skills, not only in the working force but the entire population. These skills are in very short supply all over the developing world and are of particular concern in South Africa.

The Conference acknowledged that South Africa has characteristics of both an advanced and developing economy. It has access to technology, sophisticated institutions including research entities and universities, a strong private sector, and fiscal resources. At the same time, half of the 52 million people in South Africa live below the poverty line, and a large proportion of them have very low levels of education and lack e-skills to use emerging technologies and services.

The situation in South Africa is not much better, causing South Africa to slip down the international `e-readiness` rankings which estimated that South Africa experiences a shortage of over 70,000 Information Technology(IT) professionals in 2008. The shortage of e-skills is even more worrying because of the fact that the supply of ICT graduates is now showing a decline, according to a published research by Accenture.

Locally, e-skills are seen as vital in addressing poverty, sustainable livelihoods, fight against crime, building cohesive communities, international cooperation, and building a developmental state. This general lack of e-skills is seen by the Department of Communications as a serious impediment to the nation meeting its commitment to the Millennium Development Goals (MDGs), the World Summit on Information Society goals (WSIS, 2005), New Partnership for Africa's Development (NEPAD) and the South African Medium Term Strategic Framework 2009-14 (MTSF).

11.2. How Serious Is the ICT Skills Shortage in South Africa?

According to an annual ICT Skill Survey, compiled by the Joburg Centre for Software Engineering (JCSE), using data collected through an online ITWeb survey, as well as through corporate responses from other sources, attempts to quantify the number of skilled employees in the local



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ICT sector, as well as the gap between supply and demand were made. The survey cites a 2005 report by Joan Roodt and Andrew Peterson entitled "ICT Skills in the labour market", which estimates that there were about 150 000 skilled professionals employed in South Africa. ISETT SETA reports 143 000 in its sector skills plan. To this end, the estimated current total is in the region of 175 000 employees, although the reported figures are open for debate.

The estimate suggests that South African ICT skills shortage is much lower than previously thought. However, the 2010 ICT Skills survey predicts the demand for ICT skills in 2011 onwards to be between 7 and 15 per cent or 12 000 to 25 000 job opportunities. The skills most lacking, according to 2010 survey, are systems design and testing. The skills deemed 'just enough' are project management, information, information security and process management. The research predicts that in 2013, programming and testing will be in short supply. As for programming languages in highest demand, Java, C# and VB are most needed, which is similar to the previous two studies.

It is therefore against this background the ANC 53rd National Conference resolved to promote and support the development of new ICT Research and Development plans and strengthen existing strategies and policies to foster robust, well-coordinated institutional arrangements that lead to development of indigenous world-class, technology innovation in ICT through directed national ICT research, development and innovation programmes. It is exciting to note that the department has identified e-skills development and E-Skills "in order to address the current e-skills gaps in the country, in the short term, the Department will prioritise the establishment of a Single Integrated Entity for e-Skills through the collaboration of the e-Skills Institute, NEMISA and ISSA. Over the short to medium term, the newly established Single Integrated Entity for e-Skills will focus on the development of the National e-Skills Plan and will implement a range of e-skills initiatives aimed at increasing the e-Skills capacity across Government, business, education, civil society and organised labour".

This is in essence giving effect to the ANC's Policy Resolution that Government must introduce a comprehensive e-Skills Development Plan that would include incentives to mobile industry cooperation for the benefit of young people.

The ANC acknowledges the rollout of the school connectivity project. This program gives the kids the tools to enhance their natural brightness through information technology

ICT Research

"Programme 3 of the Department, Policy, Research and Capacity Building, will have a specific research focus which will entail the development and implementation of a focused Research Programme aimed at supporting priority policies. Attention will be given to WSIS thematic areas aligned to government priorities, publishing of revised e-Barometer indicators as well as ITU-D guideline on Green ICTs".

CORPORATE GOVERNANCE WITHIN THE COMMUNICATIONS PORTFOLIO

Good corporate governance remains a very critical area, which continuously requires attention in order to ensure that the Department and its entities conduct business in compliance with the various legislative prescripts and regulations.



Amongst the key areas that are at the Centre of governance include but not limited to:

Leadership - Fully constituted boards and executive management
 Compliance with Public Finance Management Act and other relevant legislative prescripts
 Effective governance structures, i.e. Audit and Risk Committees, Management Committees
 Effective internal controls
 Organizational policies

In the past two years, the Doc and its entities have performed as follows:

Organization	Audit outcome
Department	Unqualified
SABC	Qualified
NEMISA	Unqualified
SENTECH	Unqualified
ICASA	Qualified
SAPO	Unqualified
ZDNA	Unqualified

Key issues that have recurred and led to qualifications and emphasis of matter across the portfolio are mainly:

High vacancy rate at the leadership level
 Inadequacy of proper procedures and systems
 Non-compliance
 Irregular, fruitless and wasteful expenditure
 Weak internal controls
 Management not doing adequate first level of assurance
 Weak internal audit units
 Hourable Chairperson and Honourable Members

The SABC had its ups and downs as you are all aware that we currently have interim board but let me take this opportunity to commend the Members of staff in the organisation at large under this difficult circumstances remained committed to maintain the public broadcaster status as broadcaster of choice. We note the following progress:

The fire at Henley Studios caused major disruptions to operations, but scheduling was managed to avoid program disruptions

During Madiba month a number of activities were managed and executed,

Heritage month activities were successfully executed

Amortisation Policy was approved by the SABC board in July 2012

Major business plans were approved, i.e Isidingo, Yo-TV, Muvhango and Generations

TV and Radio Operating Model had been approved and implemented

Impairments have been managed downwards and the current forecast is R5 million

Content Policy has been incorporated into the broader SABC Procurement Policy

DTT Business plan is completed and ready for submission to the Group EXCO for approval

GOVERNANCE MATTERS



According to the ICT Africa analysis, studies conducted by Dr. Allison Gilward and various literature review; the South African telecoms sector has been in flux over the last decade from a policy and regulatory perspective. Sub-optimal outcomes after the first phase of reform saw the partial privatisation of the incumbent and the entry of a third mobile operator. In the second phase another national fixed-line operator entered the market and the market was further liberalised through the enactment of the Electronic Communications Act in 2005. This was hailed as legislation that unshackled the market constraints and enabled the optimisation of a converged environment. But the anticipated opening up of the market has been hampered by a number of legal and regulatory bottlenecks.

Historically, the focus by Government on the high cost of communications has failed to acknowledge this as an outcome of its policies, highlighting instead the excesses of network operators, and the need to bring political and moral pressure to bear on them. What the sector performance review does is reveal the linkages between policy, regulation and market outcomes.

The market, structured around a few vertically integrated operators who persist despite the introduction of a horizontal licensing framework, requires resource-intensive access regulation to constantly adjust operator behaviour in response to the anti-competitive incentives inherent in such markets. The ability of the regulatory to respond effectively to this, is determined at least partially by the institutional arrangements, the technical capacity that resides within public institutions; and the appointment of those who hold public office within them. This, together with the market structure determine policy outcomes within the sector.

South Africa has had no major policy review of telecommunications since the mid-nineties when it embarked on a major consultative process that resulted in a White Paper on Telecommunications and the consequent Telecommunications Act of 1996. This resulted in the partial privatisation of the incumbent, Telkom, in 1997, and the introduction of a third mobile operator after a protracted and highly contested licensing process in 2002.

The Minister of Communications must be complemented: The appointment of the ICT Review Panelist is a begging of a new brand future. Key issues that will be looked into ranges from Constitutional rights to institutional re-arrangements.

COMPETITION MATTERS IN RELATIONS TO GOVERNANCE

Despite this attempt at creating a horizontal licensing framework, without a fundamental shift in policy the market remains structured around vertically integrated incumbent operators, now with effective duopolies in both the fixed and mobile market, despite the entrance of a very marginal third mobile operator in 2002. Policy and regulation influences the nature of competition and the ability of companies to compete.

The vertically integrated fixed-line incumbent retains dominance over the backbone, while competing downstream with its competitors, inducing the kind of anticompetitive behaviour that has seen it brought before ICASA and the Competition Commission.

While in the mobile market, the effective duopoly has resulted in price matching, poor service quality and other uncompetitive behaviour associated with duopolies. The regulator has not been unable to monitor the large incumbent operators and the level of competition in the market.



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It is therefore commendable that the Minister of Communications is issuing a policy directive instructing ICASA to take action on this matter. We cannot afford any market failure in this Country. We cannot allow the failure experienced by Under Served Area Licensees (USALs) to happen again: Quoting from our former President, Nelson Mandela "Never Again!!".

The regulatory framework is currently uncertain in a number of respects. Many of the regulations and other secondary legislation required to fulfill the implementation of the Electronic Communications Act are still pending or not yet proposed. In line with the provisions of the Act, ICASA has instituted a number of processes that have either stalled or not reached conclusion.

Within the statutory period prescribed, due to complexity (market definitions), contradictions within the law (interconnection) or the absence of technical or administrative capabilities.

ICASA must take action and move, this cannot be allowed. The ANC is not happy about the delays.

South African consumers have long been subject to some of the highest mobile interconnection rates in the world. Despite having already been in business for over a decade, in 2001, with the entry of the third mobile competitor in sight, the incumbent mobile operators increased their asymmetrical mobile termination rate from 20 cents to R1.25 - a rise of over 500% - while the fixed termination rate was set at 27 cents

This must change - the Minister and the ANC have spoken. We cannot allow high cost to communicate anymore in this country. Mangaung Resolution..

CONCLUSION

Legally, the South African telecoms market is partially liberalised within a converged licensing structure. The Electronic Communications Act of 2005 explicitly supports increased levels of competition. However, in practice, the market is still structured around two traditionally vertically integrated Public Switched Telecommunications Network (PSTN) operators (two fixed networks), three mobile operators and a multi-media network operator.

Institutional arrangements that compromise the autonomy of ICASA to regulate the sector effectively are reflected in its non-performance in the critical areas of competition regulation, licensing, interconnection and frequency. ICASA has been characterised by stagnation, litigation and incapacitation. No additional competition regulations have been issued since March 2008. Apart from Neotel, no new licences have been granted, no spectrum regulations have been finalised and no interconnection regulations have been issued.

As a result of the Parliamentary Portfolio Committee's intervention to bring down the cost of interconnection, ICASA has laid out a schedule to issue interconnection regulations by June 2009 through the EC Act Chapter 10 market definition and dominance assessment process. Its failure to issue any regulations in over 18 months, and the continued reduction of qualified competition staff, suggests that this is going to be a tough deadline to meet.

Recommendations on resolving the following key issues in order to foster competition:



Develop a common vision for the sector through the development of a clear policy framework to promote competition in the market, co-ordination of state enterprises and a targeted universal services strategy to deal not only with the gaps in the market, but demand-side stimulation of the market.

Create strong and autonomous institutional arrangements with adequate resources and capacity that will enable effective regulation of dominant players in the market and anticompetitive behaviour.

Streamline policy and regulatory processes to prevent regulatory bottlenecks and attract international investors.

Enable wireless spectrum allocation for critical bands and open access to networks.

Introduce competition-enabling mechanisms to open the market and thus discourage wasteful duplication of resources.

Examine the equitability of licence costs and their rights.

Complete competitive entry regulation such as carrier pre-select, essential facilities regulations and local loop unbundling.

Revise wholesale regulation, including clarifying interconnect glide path regulations,

Ensure access to facilities at cost with favourable terms for co-location.

Determine rights of way access for new entrants.

Honourable Chairperson, we in the ANC, the majority party in this house regard communication as a strategic tool to speed service delivery. It is our considered view that the Department of Communications need a management that is prudent and leadership hat understands good corporate governance for it to fully achieve its mandate. The successful implementation of all the The ANC supports this budget vote.

The ANC supports this budget vote.

Thank you.

Speech by Hon Eric Kholwane during the National Assembly Budget Vote Debate on Communications

Honourable Chairperson

Honourable Members and Members of Cabinet present

Honourable Minister and Deputy Minister of Communications

Honourable Deliwe Dina Pule and Stella Tembisa Ndabeni-Abrahams

Members of the Portfolio Committee on Communications

Chairpersons and CEO's of State Owned Companies

Captains of the ICT industry

Senior Government officials

Members of the media and distinguished guests

Introduction

Allow me to commence by observing a moment for Mr Luthando Namzi, a senior communications officer assigned to the Portfolio Committee on Communications (PCC). Mr Namzi passed away in a car accident on Friday, 17th May 2013. He served the PCC with diligence, passion and the utmost commitment.



A handwritten signature in black ink, appearing to be 'G.M.', is written over the bottom right corner of the page.

I also join the house in mourning the loss of Mr Vuyo Mbuli, SABC morning live presenter, best known for his outro "sharp-sharp" The country, and the broadcasting industry have lost a stalwart and the condolence messages bear testament that indeed, "mintiro ya bula bula." May their souls rest in peace.

Statistics from different sources reflect that the growing prominence of ICT cannot be understated; therefore ICTs are an important facet in shaping a country's development and more importantly in addressing its socio-economic challenges. Science, technology and innovation have become key factors contributing to economic growth in both advanced and developing economies.

In the knowledge economy, information circulates at the international level through trade in goods and services, direct investment and technology flows, and the movement of people. The ICT sector therefore plays an important role, notably by contributing to rapid technological progress and productivity growth.

The 53rd National Conference of the ANC reflected on the concern raised by the Global Information Technology Report of 2013 on the lack of clear government vision (105th) to orchestrate and implement a holistic ICT strategy. To this end the Conference instructed the department under your stewardship to develop a National ICT policy that will promote the provision of universal access, quality and affordable networks and services to ensure the creation of an information society with capacity to participate in the knowledge economy. However for the department and its entities to succeed requisite skills are necessary.

The ANC from its inception has been leading the society and continues to do so, and continue to do by engaging all concern. We commend the effort of the department in continuing to bring together sectors leaders (from both public and private) for dialogue and exchange of views to facilitate transformation in the ICT sector. Notably, the successful colloquium held on the 19th-20th April 2012 in Midrand, ICT Indaba here in Cape Town on the 4th-7th June 2012 and the establishment of the ICT Policy Review Panel, chaired by Mr Joe Jwara bear testament to the commitment of the ANC to lead through dialogue.

Universal Service Access

Earlier this year the committee undertook an oversight visit to the Eastern Cape where we met Lufutho Community in Cala. Like many communities in the country universal services access for ICT infrastructure was at the centre of their challenges. To access postal services takes the most three days depending on the weather, they do have televisions, which they call them radio television simple because they hear sound without any picture.

Furthermore, none of the surrounding schools have a cyberlab or telecentres; thereby parents are subjected to pay a public transport fare for about R60 per trip for their children to access Internet to do school projects. The same goes for telecommunications.

I am, however, pleased to note that SABC with Sentech, SAPO and USAASA (Agency) are hard at work to ensure that communities like Lufutho do become part of the information society and do participate in the knowledge economy.



The implementation of the PCC's recommendations to dissolve the then Board, and your subsequent appointment of the current Board led by Ms P Radebe has position USAASA in a good path to stabilise the entity and to fulfil its mandate. For the first time the USAASA has managed to separate the budget of the Agency and the Universal Service Fund (Fund). Well done Mabhele and team USAASA.

Furthermore we are pleased that an audit for all operational and non-operational telecentres and those that needs refurbishment has been concluded.

Cost to Communicate

The provision of universal access to communication services will never be realized if such services are not affordable. By now we know that availability does not translate to accessibility and affordability. The reduction of the mobile termination rate and subsequent limited drop in cost to communicate resulted in an increase in users and utilization of the services.

We must take this opportunity to commend those operators who immediately passed this reduction to consumers. As you have indicated Minister still needs to be done by the regulator in particular to reduce cost to communicate.

The regulator has to create a conducive environment for both Cell C and Telkom Mobile to survive, duopoly it's a worst anticompetitive environment.

The PCC held public hearings on the 29th-30th November 2012 focusing on the main operators, this will continue with second part of the public hearings where focus will be in consumers, SMME's and other role players impacted negatively by the high cost to communicate. The Global Information Technology Report (2013) concurs with our assertion that high cost to communicate is hampering our competitiveness as a country. Indeed something must be done, South Africans should be able to communicate without waiting promotions times and days!

The recent Top-Tv fiasco it's a clear market failure in broadcasting, the approach adopted by the regulator has not work. The regulator must create a conducive environment for competition to thrive; mere licensing of many licensees as in the case of pay television has proven not to be successful. I am not in total agreement with those who advocate that the market failure in pay television is because of the limitation on foreign investment. More urgently is the need for interoperability of STBs on both pay TV and free to air to address consumer and competition needs.

The regulator needs to adopt an evidence based approach when embarking on regulatory processes, therefore Regulatory Impact Assessment should not be an option but a must.

We have noted with concern the ongoing public spat between the regulator and some operators/licensees who seem not to be paying spectrum licensee fees, and some using the spectrum without the necessary authority. We must support the regulator on its effort to ensure that what is due to Ceaser comes to Ceaser.

The message should be loud and clear "that is "pay your dues." However we must also call upon the regulator to treat licensees just and fairly.

Broadcasting



The 52nd Conference of the ANC recognized the strategic role of Sentech in the transformation and development of broadcasting to as well guarantee the availability of television and radio signal to all parts of the country (geographical). The current Board of Sentech seems to understand its mandate very well.

During the committee oversight in the Northern Cape 2011-2012, we noted with concern the number of self-help sites, and the fact the better part of the province could not access the public broadcaster's channels. Honourable Minister, under your stewardship SABC working with Sentech has managed to rollout 47 low-power transmitters of which 29 were self-help and 18 are completely new ones, but more work still needs to be done. The coordination between the public broadcaster, signal distributor and the regulator remains key in order to speed up the rollout of the low powered transmitters.

The review of the current signal distribution master plan is long overdue; the current master plan continues to perpetuate the apartheid plan. The review must take into consideration that the Group Areas Act no longer exists, and areas can no longer continue to be classified in terms of language. Swazi speaking people should access Ligwalagwala FM even here in Cape Town. This review must also take into cognizance of the ANC resolution for a national youth radio by considering the expansion of Tru FM foot print throughout the country as an option to implement this noble resolution.

Broadcasting Digital Migration

The benefits which come with broadcasting digital migration process are immense for the country (Job creation through set top box manufacturing). We are encouraged by the work done to-date by the department in terms of driving the digital migration policy framework; and more particularly in finalising the BDM policy and set-top-box manufacturing strategy. We further commend the work done by the regulator in leading the regulatory process and finalising the DTT migration regulations. Not forgetting the sterling work by Sentech for ensuring signal coverage.

The free to air broadcasters must understand that their continuous failure to play their part has consequences to the country in meeting the analogue switch-off date of June 2015. This delay will impact negatively on job creation; which is a key priority for the ANC-led government. It will further delay the freeing up of spectrum much need for technologies deployment.

We cannot afford to miss the analogue switch-off date of June 2015. We respectfully recommend that the free-to-broadcasters must be given a timeframe to finalise the issue of set top box control.

These free-to-air broadcasters are not accountable to voters like the ANC government does; it can therefore not be business as usual.

Addressing the proof-of-concept launch which took place in Kimberley in October 2012, I mentioned that the committee is concerned that the community television was not integrated in regulations, however today I am pleased to note that there will be capacity for at least three regional television stations in the DTT environment - this is indeed a significant milestone.



The 53rd National Conference of the ANC resolved on licensing and use of the Radio Frequency Spectrum, which is a public asset, and a central pillar towards the creation of an industry that is responsive to the needs of all the people. In order to facilitate the diffusion of ICTs across society, licensing of the scarce radio frequency resources should be underpinned by the following factors:

Alignment of the spectrum allocation and licensing regime with the prevailing social and economic development context, while taking into consideration future needs.

Equitable allocation of the frequency spectrum to new licences, including SMMEs, to reduce entry barriers

Requirements and obligations to achieve universal coverage. This should be linked to building regulatory capacity to enforce compliance with the law.

Promote Broad Based Black Economic Empowerment at the minimum of 30% to 50% direct ownership and control of ICT and broadcasting, including the empowerment of women and youth development. This must be achieved by 2020.

Industry Associations

It is comforting to witness that industry associations continue to promote robust debate in the sector. Particularly, the SOS, which was formed to create a public broadcasting system dedicated to the broadcasting of quality, diverse, citizen-orientated public programming committed to deepening South Africa's Constitution, has been integral in initiating the ongoing dialogue in respect of the public broadcaster. Your efforts have not gone unnoticed.

In addition, I note the jovial relationship between the Department of Communications and the South African Communications which has been integral in inputs on the national broadband strategy and more recently the launch of the Women in ICT forum (which the Minister is a patriot of) and lastly the Youth in ICT Forum to be launched on 20th June 2013 (the Deputy Minister being an ambassador of this forum).

I lastly impress upon the Minister to formalize a relationship with the National Community Radio Forum (NCRF) as the department seeks to solidify its presence in community radio.

Conclusion

Debating shall ever remain an engine for human development and a key to nurture the potentials of our future, young people. Our failure to navigate on all these challenges will be a failure to provide solutions for the revolutionary gains our martyrs, stalwarts, heroes and heroines fought for and achieved in the nineteen years of our ANC-led Government.

As we reflect on the 19 years of democracy, I call upon the sector in its entirety to reflect on how we can better utilise ICTs to ensure that all citizens, notwithstanding geographical location and living standards, have access to information and communication services. How do we utilise these ICT resources to bring about economic and societal transformation.

Access to information [which is provided by these information and communication technologies] is a fundamental right enshrined in the Constitution of the Republic of South Africa.

In conclusion, I reiterate that the Minister must:



institute a skills audit in the Department, USAASA, NEMISA, ICASA and Post Office;
 develop a National ICT policy that promotes the provision of universal access, quality and affordable networks services;
 continue the dialogue between the public and private sector;
 ensure collaboration between the Department and Government Communication and Information System (GCIS) in relation to community media;
 expedite the broadcasting digital migration process;
 finalise the broadband policy, strategy and consolidated broadband plan; and
 provide a total solution for schools connectivity.

We are encouraged that the budget as requested is sufficient to address the requirements contained in this budget vote and will support the key national imperatives. We dare not fail our revolutionary duty

The ANC supports this budget vote.

Butch Steyn, Shadow Deputy Minister of Communications

Highlights:

*South Africa has a low rate of entrepreneurial activity for an emerging economy;
 Limited attention has been paid to the role technological inefficiencies play in stifling entrepreneurship;
 South Africa currently ranks 124th out of 182 countries for overall internet download speeds, comparing unfavourably to other emerging markets such as Brazil, Turkey, China and Thailand;
 The ability to effectively conduct business and communicate online is an imperative for the success and growth of businesses.*

Honourable Chairperson, honourable Ministers and Deputy Ministers, honourable Members and distinguished guests.

I have two speeches here – the one in my left hand is a copy of the speech I delivered during the budget debate last year, and the other is the speech I prepared for this debate. I was tempted, and still am, to deliver the exact speech I did last year. The reason, Chairperson, is that everything I said last year is still applicable right now – nothing has changed.

If anything, things have gotten worse.

After an intervention by the Portfolio Committee in the department's strategic plan last year, their five strategic goals, which were supported by 17 objectives and 72 targets, were reduced to 12 objectives and 34 targets. This year, the 5 strategic goals are supported by 11 objectives and 28 targets. We are informed that the reduction in targets were largely due to consolidation and streamlining of targets and reprioritisation. It is also likely to be due to the implementation of a new budget structure derived from the department's organisational review that began in the 2009/10 financial year, and implemented in September 2012. As a result of this review, the former Presidential National Commission programme was merged into the Policy, Research and Capacity Development program and the ICT Infrastructure Support programme was restructured, leaving only broadband and digital terrestrial television related activities.

The Department now has five programmes as opposed to six.



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In his 2013 State of the Nation Address, President Jacob Zuma pronounced that “to prepare for the advanced economy we need to develop, we will expand the broadband network”. According to the National Development Plan, broadband has a significant role to play across the African society.

Chairperson, I cannot over-emphasise this enough and most of my speech is focused on this.

It is well documented that flourishing entrepreneurial cultures can play a leading role in creating jobs and oiling the wheels of the economy through the creation of continual economic and social innovations. Booming entrepreneurship in emerging markets such as Brazil, Turkey, China and Thailand has provided a key stimulus to the rapid increases in material living standards across these nations in recent decades. In comparison, South Africa has a low rate of entrepreneurial activity for an emerging economy.

Although much emphasis has been placed on the need to rectify issues like punitive regulatory burden and lack of financial capital, which constrict Small, Medium and Micro-sized Enterprise (SMME) growth, limited attention has been paid to the role technological inefficiencies play in stifling entrepreneurship. These inefficiencies are primarily the result of a monopolistic telecommunications sector which has been ineffectually regulated.

Consequences of such systematic inefficiencies include exorbitant telecommunications costs, frustratingly slow download speeds and generalised poor service, which reduce the overall use of internet services.

Data from Net Index, an independent internet monitoring service, currently ranks South Africa 124th out of 182 countries for overall internet download speeds, with a speed of 3.82 megabits per second. This compares unfavourably to other emerging markets such as Brazil - 7.20 megabits/s, Turkey with 7.9, China with 10.16 and Thailand's 11.59 megabits/second. Even countries with far lower rates of economic development experience greater download speeds, such as Rwanda – 5.22 and Ethiopia with 5.42 megabits/second. Additionally, data on the costs of internet services is equally discouraging, with South Africa failing fundamentally in the provision of globally competitive prices.

These increased prices and slower download speeds, caused by a lack of competition, elevate costs for businesses, which subsequently reduce their overall profitability, small businesses being particularly vulnerable to such costs.

In an increasingly technologically dependent world, the ability to effectively conduct business and communicate online is an imperative for the success and growth of many businesses. This is truer still for small businesses, as conducting business activities online can significantly increase their overall scope and visibility by allowing them to market their products and services to a wider audience, to communicate instantaneously across international boundaries and to significantly reduce their overheads. This facilitates a substantial balancing of the corporate playing field, allowing smaller businesses to compete with much larger organisations in ways inconceivable in decades gone by.

Current initiatives to promote increased entrepreneurship through skills development programmes and increased access to financial capital are likely to prove insubstantial unless equal efforts are made to improve the overall efficiency of the national telecommunications framework. The



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livelihoods of the majority of the poor people in South Africa and in other developing countries depend on micro and small-scale enterprises.

Regular and easy access to the internet is an increasingly important tool to assist students to seek information and learn to write and do research. An analysis of findings from the 2011 Census found disturbing evidence that the overwhelming majority of black African students are highly disadvantaged in this regard. Without access to the internet students will have fewer knowledge resources at their disposal and be less experienced in how to deal with an oversupply of information. They will also be underprepared for making the move from the education system to the workplace.

The current broadband announcement, to achieve 100% broadband internet penetration by 2020, in my opinion, will be too little, too late.

The success of this distant target, however, is dependent on both the public and private sectors, with the SOE's within the department playing a significant role. Unfortunately, they still appear to be lurching from one crisis to another. We are all aware, and it has been mentioned by the Minister and others, that state owned entities, (SOE's), are the delivery arms of government. Therefore, stabilising SOE boards and monitoring and compliance are crucial to ensure that they deliver on their mandates.

The late Minister Padayachie, in his Budget Speech in 2011, said, and I quote:
"In our efforts to strengthen corporate governance within our public entities, work is under way to review and strengthen our capacity to conduct oversight".

The honourable minister Pule, in her budget speech last year, said, and I quote:
"Stabilising our state-owned companies remains a key priority for the department. This is key to ensuring that they discharge their service delivery mandates. To demonstrate our seriousness about these companies we have begun a process to capacitate the branch in the department charged with the oversight responsibility to ensure that the department is better informed about the activities of the state-owned enterprises, SOEs. Our goal is to ensure that by 2014 all our entities achieve clean audits".

Minister Pule, you know as well as I, that not much has changed over the last 12 months to make the SOE's efficient, and I want to tell the honourable minister today, your goal should not just be about achieving clean audits only, it should, and must be, about delivering those services that they are responsible for efficiently to the communities of our country.

I thank you.

Marian Shinn, Shadow Minister of Communications

Highlights

*Minister Pule neglects her obligations to parliamentary oversight, with 28 unanswered questions last year and this year's performance does not look better;
The ICT Indaba has been famous for all the wrong reasons. The outcome of the Indaba is one of the many unanswered parliamentary questions loitering in the minister's in-tray. In March I asked details of the progress of task team formed to implement the Indaba's resolutions. The minister is silent on these matters of substance.*



A handwritten signature in black ink, appearing to be "MShinn", is located to the right of the SACOMM seal.

The department's finances have been a mess for years and it fails to achieve most of its targets. The programmes and entities it oversees also fail to meet their targets.

The Department of Communications has failed to grasp that its core role should be to develop policy and regulate an information and communications ecosystem;

Government must sell its stake in Telkom. Telkom must become a willing collaborator in a wholesale infrastructure consortium that forms the backbone of a ubiquitous, high speed, affordable, robust communications ecosystem.

Under DA-governance, by 2020 every resident of Cape Town will have access to broadband infrastructure in excess of 100 Megabits a second. A globally competitive communications infrastructure is what the rest of South Africa can expect from the Democratic Alliance when it wins the national government in 2019.

If the Department of Communications was closed down, would South Africa's Information and Communications Technology (ICT) sector miss it? What difference would its disappearance make to the way South Africa functions?

These questions were put to department officials during the communications portfolio committee's interactions with the department on its strategic report and budget plans. And they were questions the officials could not answer.

One of the tragedies of South Africa's fledgling democracy is that it has been so thoroughly undermined by government departments that are critical to the liberation of our people: education and communications are two of these.

The Department of Communications has, during the past 20 years failed to grasp that its core role should be to develop policy and regulate an information and communications ecosystem. This would enable citizens to exploit the opportunities technology offers to leap out of generations of oppression and disadvantage and prosper.

It made a few tentative steps to liberalise the market and bring in competition. The half-hearted liberalisation of fixed-line infrastructure through the privatisation of Telkom was a start, but then government hobbled this by holding the majority of its shares.

The folly of this was proved last year when the honourable minister pulled the plug on Telkom's turnaround deal with Korea Telecom Corporation. This was then compounded by her naive interference in the company's Annual General Meeting (AGM), which jeopardised its corporate governance. It has yet to recover and produce a coherent strategy that is better than the one the minister destroyed last year.

Government must sell its stake in Telkom. Telkom must become a willing collaborator in a wholesale infrastructure consortium that forms the backbone of a ubiquitous, high speed, affordable, robust communications ecosystem.

The Department of Communications lacks the appropriate skills to be the custodians of the ICT environment that sparks opportunities for economic growth and global competitiveness.

Who can take seriously the strategists who placed broadband as their top priority of the year, and then ranked the availability of radio spectrum at number eight? You cannot have the one without the other. This indicates a serious lack of skills and understanding at the very top of the



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Department of Communications.

The department's finances have been a mess for years and it fails to achieve most of its targets. The programmes and entities it oversees also fail to meet their targets.

A few pointers from Parliament's research unit for the finance and public cluster that landed on our desks last week - and I quote:

Over the five-year period (until financial year 2010-11) the Department of Communications and the Department of Public works were two of the lowest spending departments;

The worst perpetrators of fiscal dumping include the Department of International Relations and Co-operation and the Department of Communications;

The Department of Communications emerged as the worst spending department at only 66,8%.

This negligence in doing the job properly starts at the top. The honourable minister neglects her obligations to parliamentary oversight. At the end of last year she left 28 parliamentary questions unanswered - the second highest tally of all the ministries. And so far, this year's performance does not look much better.

Now, there are those who will say that the honourable minister has been in this post for only one-and-half years, and that she needs to be given time to turn around the damage of her predecessors. Maybe that is true, but let us look at what the minister has achieved so far.

1. She initiated - at last - an ICT Policy Review process that was long overdue. But it took a year to be assembled and - with due acknowledgment to the panel that met for the first time at the end of January - produce its policy framing paper for comment.

I am concerned that, instead of instigating a positive disruption that would release creativity about the ICT ecosystem, the panel is split into conventional silos that could steer them in a direction that serves political, rather than national needs.

2. The department has rushed out six new pieces of legislation. Of particular concern is the Independent Communications Authority of South Africa (ICASA) Amendment Bill that emasculates this Chapter Nine regulator by vesting much of its powers in a proposed Spectrum Management Agency. This promises to be another bureaucracy for cronies in search of inflated salaries and tenders to manipulate.

Do the hard stuff, honourable minister. Fix ICASA. Give it the money and skilled resources it needs to do its job properly, and resolve the policy development conflicts. Put radical legislative changes on hold until the policy review is completed.

3. Then there is the ICT Indaba - famous for all the wrong reasons. The outcome of the Indaba is one of the many unanswered parliamentary questions loitering in the minister's in-tray. In March I asked details of the progress of task team formed to implement the Indaba's resolutions. The minister is silent on these matters of substance.

4. Next there is the matter of the minister's unlawful action to unilaterally switch the responsibility for the set-top box control system from free-to-air broadcasters to Sentech, clearing the way for the minister's preferred supplier, Nagravision, to implement the control system.



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E.tv's rightful legal challenge took eight months and stalled the digital migration process.

Now the honourable minister and her acolytes in the department bewail that e.tv's legal challenge is the cause of the delay in rolling DTT (Digital Terrestrial Television). How delusional is this? You may believe your spin, honourable minister, but the rest of the nation doesn't. You can't duck your negative role in this process.

Another question, not yet answered by the minister is: What the taxpayers have had to pay to the lawyers briefed to defend the indefensible. The portfolio committee was told by Sentech and departmental officials that the legal bill for this ministerial whim is about R1.4 million. Sentech's bill alone was R798 000 and the department's is R579 000 and rising. Why is the minister too embarrassed to answer the question herself?

5 Which brings us on to the South African Broadcasting Corporation (SABC), whose legacy of inappropriate - and possibly illegal - appointments to executive management will cripple this organisation for many more years to come. One of the reasons why the ANC deploees on previous board were told to resign may well be because they were being far too diligent in evaluating the bids for the set top box access control system.

At one of her last meetings with the previous board the minister instructed it to accept the Nagravision bid.

Why? Is it because its Nagravision - and its local agents African Union Communications - submitted a bid that was R47-million more expensive than the two other bids on the table? Who, minister, stands to profit from your influence?

By the way - whatever happened to broadband, local loop unbundling and spectrum allocation? These are the critical issues that South Africa needs unlocked to become an economic powerhouse - and the department shows no urgency in driving them.

National Treasury has put a hold on funding broadband until the department comes up with a coherent, acceptable policy and plan to implement it.

Another draft broadband policy was recently put out for public comment - but it was a lukewarm effort and is overshadowed by the National Development Plan's chapter on ICT which, incidentally, had little input from the Department of Communications.

This brings me to the issue of the allocation of much sought after spectrum. An audit of what spectrum is available and being used has been done and is being kept under wraps. Why? There must be transparency on what is a national resource so we can see what's being used and how much is available before it is priced and released to market. If there is secrecy we stand a real risk of paying too much for access to resource that may not be scarce at all.

And local loop unbundling, which would bring down the cost of fixed line access and increase demand for fixed broadband services to home and work premises? There are regulations being drafted for comment, but again, urgency is lacking as the deadline for these is set for next March. Telkom's lack of direction is also having a negative impact on opening up this network.



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While all this prevarication is going on South Africa slips further and further down the rankings of ICT-empowered nations.

In 2003 the World Economic Forum's Networked Readiness Index ranked South Africa 37 - ahead of Brazil at 39 and Mauritius at 43. These countries have now overtaken us. This year Mauritius is at 55 and Brazil at 60. South Africa has slipped to 72.

The GSM Association - a body that represents mobile telephone operators worldwide - has just opened its Africa office in Nairobi because that's become the African hub of mobile communications. Johannesburg or Cape Town could have been that hub - but we're not.

This is a pity because our mobile application developers keep winning international accolades. Of the 30 top brilliant African technology startups - as determined last year by VentureBurn - 13 were from South Africa - the highest number from any nation. Many of these innovative, nimble developers are based in Cape Town, which is rapidly becoming the location of choice for high-powered creative talent.

They are coming to this city and the Western Cape because, where it governs, the Democratic Alliance delivers on technology's opportunities for interactive service delivery for all the people who want to live and work here.

The province aims to deliver affordable high-speed broadband access to citizens in every town and village in the Western Cape by next year - that's only five years since winning the government off the ANC. By that time 70% of provincial government buildings, rural libraries and schools will have high-speed access to the internet.

By 2020 every resident of Cape Town will have access to broadband infrastructure in excess of 100 Megabits a second.

This is the critical nervous system that will turn Cape Town into an Opportunity City - a city that attracts investors and innovators to establish growing, globally competitive enterprises that offer work opportunities to Small Medium and Micro-sized Enterprises (SMME's) and individuals with a passion to excel and contribute to our nation's growth.

A globally competitive communications infrastructure is what the rest of South Africa can expect from the Democratic Alliance when it wins the national government in 2019 - that's in six years' time.

We have a vision of a dynamic and robust technology-driven nervous system, designed and managed by the best appropriate skills to rigorous standards, to drive service delivery to empower citizens and entrepreneurs.

We see government's role in ICT as the facilitator serving the communications needs of a productive, healthy and well-educated citizenry. It will be the nervous system through which they connect and prosper in an open opportunity society. Connected cronies will be a thing of the past.

So, will we miss the Department of Communications if it closed down? I think the nation would prosper without it



CPM

**Budget Vote 27 on Communications
Input by Ms LL Van Der Merwe MP**

E249: 21 May 2013

Honourable Chair, Honourable Minister, Members of Parliament and guests.

During this year's State of the Nation address, President Zuma made a fleeting reference to our ICT sector. He mentioned fibre optic cables and the plan to achieve full broadband penetration by 2020.

But that was all. Gone was the kind of bold statement our President made in 2009, when he promised that Government will reduce the cost of communication.

This newfound reticence is not surprising. This Department has become, as one newspaper put it, a poisoned chalice.

The Department is now under scrutiny by Parliament, and others. Serious damage is being done by the persistent allegations of corruption, nepotism, and cadre deployment, which allegedly saw politically connected individuals land jobs within DoC's entities.

The now infamous ICT Indaba, which cost the DoC just over a hundred million Rand, has left us with more questions than answers. To put this figure in context - with R100 million we could have provided some 1 000 schools with the necessary equipment for at least 20 computer laboratories. That would have been a fitting use of taxpayers' money.

Instead, R100 million was spent on an Indaba, looking at ways to boost the development of the ICT sector. With this noble goal, the IFP has no qualms. But did the Indaba amount to anything more than an expensive talk-shop, aimed at benefiting a few politically connected individuals? We might never know.

It is the IFP's view that nothing less than a full Commission of Enquiry will help us get to the bottom of these scandals. South Africans deserve answers.



CPM

Instability remains the DoC's Achilles' heel. We have had five Ministers in five years. This has stalled progress on critical projects such as DTT and the broadcasting and ICT review process. With each change of Minister, there seems to have been insufficient cognisance of the need for stability in the Ministry.

Instability within the Department has permeated all its entities. We've seen the decline of the SABC and Telkom. The SA Post Office has been crippled by strikes, and while the SABC remains in ICU, it is unclear why the cash-strapped broadcaster continues to provide free air-time worth millions of Rands to the Gupta-owned New Age newspaper, to showcase government.

The taxpayer already funds such a service in the form of the GCIS. Surely if our public broadcaster has to double up on this service, it should be to the benefit of all South Africans, showcasing all views and all political parties. This arrangement cannot be to the benefit of a few. Tomorrow, this House will debate Guptagate, but the Guptagate scandal is much wider than just Waterkloof airbase. It extends to other institutions and entities as well. Therefore, this House must cast the net wider and get to the bottom of the full Guptagate saga.

Steering the SABC back to health is a priority. We need to restore the credibility of the SABC. For that to happen, cadre deployment must stop.

Let me pause here, though, and pay tribute to all the dedicated staff, especially the journalists, who work under extremely difficult circumstances, yet keep the SABC running, and quality news programme on our TVs. They are doing a remarkable job. Let me also take this opportunity to pay tribute to a late SABC icon, Mr Vuyo Mbuli. We mourn the loss of a great SABC journalist and a patriotic South African.

Colleagues, the challenges I am highlighting are by no means all the challenges facing this Department. But they are critical challenges.

In the face of all this, the Department's rhetoric is unchanged. It remains confident that nothing will stop it from ensuring that all South Africans have access to world class ICT services. How much of this has materialised?

The stark reality is that, to date, very little has been done to deliver on these bold promises. The IFP is astonished that the President can still speak so confidently about meeting the target of 100 percent broadband penetration by 2020 when this Department has yet to deliver on their current targets.



When one considers that an increase in broadband penetration is linked to an increase in the GDP, it is astonishing that we are not putting more effort into reaching these targets, now. A failure to do so will not only jeopardize South Africa's economic growth, but the NDP.

Hon Minister, there can be little doubt ICT development in our country has not prospered, as it has elsewhere in the world and even here on the African continent. South Africa deserves better. Moreover, business is becoming increasingly frustrated by the lack of governance and delivery in the DoC, as the Cape Chamber of Commerce recently stated.

It is time that we address these challenges. To do so, we need to radically and rapidly shift focus. We need a shift to accountability; to passion and commitment.

We need to prioritize a skills audit within this Department and its entities. We need the very best talent and appropriately skilled talent. Crony deployment can no longer be tolerated. And we are calling on the Minister to ensure that under no circumstances will bonuses be paid in the absence of performance and clean audits.

Colleagues, bold and stable leadership is required to harness this Department's development potential and put it back on the right track. Bold leadership - that will focus on priorities, policy and strategy.

Without this, the Department will drift ever further from its potential of bringing real and meaningful change in the lives of ordinary South Africans.

