KEYNOTE ADDRESS BY MR PHILLY MAPULANE MP, DEPUTY MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES AT THE NEDBANK DIALOGUE SESSION ON CONNECTING THE UNCONNECTED, NEDBANK HEAD OFFICE, JOHANNESBURG, GAUTENG, 29 SEPTEMBER 2023

Topic: *Status of government interventions in connecting the unconnected in South Africa*

Thank you, Programme Director;

Nedbank Group Technology Board Committee Chair, Mr Mteto Nyati;

Mr Amos Hadebe, Executive Head of Group Stakeholder Relations and other executives from Nedbank;

Representatives from CSIR,

Representatives from NEPAD, Representatives from the Digital Council; Speakers and panellists;

Esteemed guests, ladies and gentlemen;

Good morning!

INTRODUCTION

Thank you for the invitation to share with you our perspectives on the question of digital transformation. The theme you have chosen: "Connecting the unconnected" is of particular importance to us as it is at the core of our endeavour to bring about social and economic inclusivity and to bridge the digital divide. The United Nations estimates that over a billion new

users have been added to the internet globally over the last five years. Yet one third of the world's population, approximately 2.6 billion people, are not connected.

Connectivity gaps in rural areas are more pronounced in least developed countries, where 17% of the rural population live in areas with no mobile coverage at all, and 19% of the rural population is covered by only a 2G network.

And so you will understand ladies and gentlemen why the question of connecting the unconnected is so fundamental to us, to government policy and action.

THE WORLD IS CHANGING AT A RAPID PACE

The convergence of digital technologies like artificial intelligence, internet of things, robotics, 3D printing, augmented reality, etc are changing the world as we know it. We truly are at an inflection point in history where we are witnessing the world mutating before our very our eyes, driven by these technologies.

Digital transformation has become an irresistible force that disrupts businesses in every industry and breaks down barriers between people, countries and nations and creates new products, services and find more efficient ways of doing business.

PUBLIC-PRIVATE PARTNERSHIPS

Currently South Africa boasts 43.48 million internet users, which translates into an impressive penetration rate of 72.3% among its population of 60.14 million people.

Government has a responsibility to create an enabling environment for business to invest in this fast-growing digital economy that is redefining business models. This we do by constantly reviewing our policies to ensure that they are abreast of developments in this fast changing and growing ICT sector.

The traditional telcos are venturing into new territories such as FinTechs, Online Platforms, Internet of Things and Artificial Intelligence powered by universal connectivity to the internet. All these changing business models require an agile government, digitally skilled society and purposeful partnership between the public and private sectors.

BRIDGING THE DIGITAL DIVIDE

Bridging the digital divide is at the heart of our programmes to bring about fundamental social and economic change.

One of our flagship project in which we intend to increase broadband penetration and connectivity in South Africa is SA Connect project. SA Connect is our broadband policy which seeks to meet the technology goals of the National Development Plan of creating an inclusive information society and position the government to play an enabling role in the provision of broadband to underserved areas.

Through this programme we seek to provide internet access to 80% of the population in the next 3 years.

Working with our state State-Owned Entities to invest in digital infrastructure, to ensure coverage and access to broadband services, Broadband Infraco and Sentech are connecting over 5 million households through the expansion of their core network and the deployment of Open Access Base stations and community Wi-Fi hotspots across the country.

The local Small Medium Micro Enterprises (SMMEs), Internet Service Providers (ISPs) and Mobile Virtual Network Operators (MVNOs) will lease capacity and provide connectivity to those households from the Wi–Fi hot spots, with the applicable metering and support.

This project brings a lot of opportunities for SMMEs in Route Survey, Network Design, Wayleaves, Quantity Surveys, Fibre Installation, Last Mile connections, PoP construction, in Core Network build, among others

SPECTRUM

Radio frequency spectrum is a vital element for development of the electronic communications network infrastructure.

In March last year, ICASA concluded a successful assignment of high demand frequency spectrum through an auction process which saw the fiscus gaining R14,4 Billion from the proceeds of the spectrum sale, R6 billion above the initially anticipated amount.

The value of licensing this spectrum for South Africa is not only on the amount raised for the fiscus, but on the impact it has on the socio-economic development of the country. The availability of high demand spectrum is set to improve the ability of mobile telecommunications operators to build robust networks with better penetration and reach as we chase our goal of ensuring that all South Africans have access to affordable internet access. Affordable, reliable and secure connectivity is the backbone of the digital economy.

We have also agreed with the successful mobile network operators on the social obligations which will see them connecting 18 520 public schools, 5 731 public health facilities,

8 241 offices of traditional authorities, and 1 154 police stations within 36-months of the licensing.

We continue to call upon the telecommunications sector to ensure that the availability of spectrum translates into the reduction of the cost to communicate. South Africa has some of the most expensive mobile data plans in the world. The country ranks 136th out of 233 countries in the world.

In a world where more and more services are provided online and content consumed online, data is no longer a luxury but an essential commodity that drives the economy. Data has become a basic commodity like water and electricity.

It is in this context that we are seized with reviewing all policy instruments to drive down the reduction of cost to communicate. Including the recent draft legislation that has been approved by Cabinet en route to Parliament

DRAFT NEXT GENERATION RADIO FREQUENCY SPECTRUM POLICY

Ladies and gents,

You will recall that on 08 September 2022, the Minister issued a Gazette on draft Next Generation Spectrum Policy for economic development, seeking written comments on spectrum reforms. Amongst others, the draft spectrum policy proposed a sunset or shutdown of 2G and 3G legacy networks by June 2024 and March 2025 respectively.

The objective here was to ensure that more spectrum is availed for utilization by the latest technologies. Also, decommissioning 2G and 3G RAN radio access network equipment will ensure the operators free up space on towers and passive infrastructure structures for the deployment of new equipment – 5G and even 4G in some cases.

These reforms however were met with mixed reactions, with some suggesting that switching 2G is good, while some said switching 3G is good idea.

The main drawback of turning off 2G is related to machine-to- machine (M2M) and IoT services that use 2G networks – in particular point-of-sale devices, vehicle tracking systems, as well as some legacy emergency services systems, smart metering and private alarm systems.

Some of your associations Payments Association of South Africa (**PASA**) and the Banking Association South Africa (**BASA**), have also made comments to this draft policy spectrum citing economic impact and timing issues.

Let me say, this is the first time where the financial sector has responded or provided written comments on the draft spectrum policy.

We did listen to the concerns raised, and without pre- empting the final policy which needs to be approved by Cabinet, we have revised the proposed date in the draft policy to a later date.

This will give us an opportunity to conduct an economic assessment of switching of these networks.

Accordingly, Omdia research shows that 2G users made up just **4%** of total mobile subscriptions in South Africa at the end of 2021, and their data shows that at the end of 2021 about 60% of South Africa's mobile subscriptions were still on 3G but predicts this will drop to about 22% by the end of 2025. These percentages will continue to drop.

Esteemed delegates, let me assure you that sunsetting of 2G and 3G networks in more developed countries has already been taking place and there have been no material negative impacts. It is inevitable, South Africa need to follow suit.

BROADCAST DIGITAL MIGRATION

We have recently reached a historical milestone agreement with the broadcasters that has paved the way for the final conclusion of one of the oldest programmes in government, the Broadcast Digital Migration (BDM). According to this agreement, a two- stage approach has been agreed upon in terms of which all analogue television broadcasting above the 694MHZ were discontinued on the 31 July 2023. The second stage was to temporarily accommodate some of the high population areas below 694MHz. This will two-stage approach will see the continuation of dual illumination until the 31st of December 2024 when analogue television broadcasting will be a thing of the past.

This two-stage approach is accepted to be a win-win approach as it will enable Analogue Switch Off progress, release spectrum and allow the broadcasters to recover from post COVID economic decline and load-shedding impact.

Importantly this agreement will free up the much-needed high demand spretrum

We continue to deploy teams on the ground across provinces doing community activations to educate people about digital migration, drive registrations and set-top box installations. We are assisted by SALGA, local municipalities, including ward councillors and other stakeholders to navigate community dynamics and locate registered households.

Social media platforms continue to help us to further disseminate the message to the public of South Africa.

DIRECTIONS OF ELECTRICITY AND NETWORKING SHARING

Earlier this year the Department prepared draft directions in terms of the regulations of the Disaster Management Act, with a intention to cushion the telecommunications companies from the effects of loadshedding. Unfortunately the legal matters work stream of NATJOINTS objected to the draft directions on the basis that the Minister can only make directions on matters within his/her mandate. They argued, correctly so, that Minister cannot for example pronounce on exemption of critical infrastructure from loadshedding, cannot deal with diesel rebates, cannot deal with Competition Act exemptions since such block exemptions can only be done by the DTIC, cannot deal with wheeling of electricity or declaring and securing of national key points. All of which were matters we sought to address for the telcos. Ultimately the directions were amended to deal with only matters within the purview of ICASA. The directions dealt quality of service standards and exemptions on tariffs and to deal with regulatory compliance matters where loadshedding affects compliance with regulations and to reduce the regulatory burden, so that licensees can divert resources to interventions that will reduce the impact of loadshedding. As you are aware, this directions fell away when the National state of disaster was terminated.

CHALLENGE TO ADOPT A SCHOOL TO CONNECT

As I move towards concluding, I would like to challenge Nedbank to adopt a school in each of our 9 provinces, particularly from the poor rural areas which are performing well and support them with connectivity and gadgets. In conclusion, must accelerate our programme of broadband roll-out across the country, encourage Fibre To the Home roll- out and adoption, which is currently at 10%, rollout of 5G and other high-demand spectrum in order to guarantee that internet is not the preserve of the few.

I thank you!