



MINISTRY
COMMUNICATIONS AND DIGITAL TECHNOLOGIES
REPUBLIC OF SOUTH AFRICA

**BUDGET VOTE SPEECH BY MR MONDLI GUNGUBELE (MP), MINISTER OF
COMMUNICATIONS AND DIGITAL TECHNOLOGIES AT THE
NATIONAL ASSEMBLY, PARLIAMENT, CAPE TOWN**

***Theme: Accelerating Universal Connectivity and Massifying Digital Skills towards an
Inclusive Digital Economy***

17 May 2023

House Chairperson

Honourable Deputy Minister of Communications and Digital Technologies, Mr Philly Mapulane;

Ministers and Deputy Ministers present

Chairperson of the Portfolio Committee on Communications, Mr Boyce Maneli and members of the Portfolio Committee

Honourable Members of Parliament

The Acting Director-General of the Department, Ms Nonkqubela Jordan-Dyani

Deputy Directors-General, and officials of the Department of Communications and Digital Technologies

The leadership and management of the State-Owned Enterprises within the Communications and Digital Technologies portfolio

Ladies and Gentlemen joining us from various platforms

Good afternoon

Growing up as a young man in eNgcobo, in the Eastern Cape, I could never have imagined a time when my fellow villagers would be able to sit in the comfort of their homes in eCaba and watch a live budget vote debate taking place in Cape Town through their televisions, radios, and various online digital platforms. It is astounding how far the communications and digital technologies have come over the years. Today, my daughter Lihle Gungubele is currently following this very debate on her mobile phone via the SABC Plus App while she's abroad - it's simply remarkable. As a

ci4zen, I am happy to see this advancement in our society, and how technology has made it possible for people to stay informed, regardless of their loca4on.

As the Department of Communications and Digital Technologies (DCDT), our goal is to enable the digital sector to grow to its full potential while guaranteeing that everyone has access to reliable, affordable, and high-speed connectivity. To ensure an inclusive digital economy, we will massify digital skills creation and create an enabling environment that support the creation of innovative digital solutions that can be commercialised to support livelihoods.

This budget vote debate coincides with the commemoraPon of World Telecommunication and Information Society Day (WTISD), observed annually on May 17th worldwide since 1969. The main objective of the WTISD is to reduce the global digital divide by promoPng awareness of the socio-economic impacts of the Internet and new information and communication technologies.

Ladies and gentlemen, it is imperative that we provide policy certainty to allow growth of our digital economy. As such, we must shift from the traditional 'one-size fit all' regulations that sometimes inhibit innovation and global competitiveness, as well as deny agility, to new entrants and small enterprises.

Our philosophy should be to implement smarter policies and regulations that will significantly increase the sector's growth, whilst protecting the digital sovereignty of our nation, and our inclusivity imperatives.

Honourable Members,

In his 2023 State of the Nation Address, President Cyril Ramaphosa highlighted the country's *vision of providing affordable, high-speed internet access to all*. As a department, we are committed to realising this vision through various programmes and legislative interventions.

Connecting South Africa

South Africa is widely recognised as having one of the most advanced digital ecosystems in the continent. Its key features include over 300 000 kilometres of fibre distributed across the country, which is the result of significant investment by both the public and private sectors.

This country has the advantage of being connected to eight undersea cables that physically connect this continent to neighbouring continents. We want to acknowledge the landing of the 2Africa submarine cable by Vodacom in the Eastern Cape earlier this year. We also want to highlight the Equiano cable by Google, working with Telkom which will provide exponential capacity to the digital ecosystem. I recently visited its location here in the Western Cape and it is exciting to know that this cable alone will triple the internet speeds in the country and significantly reduce the cost of data.

Through our flagship programme, SA Connect, we are dedicated to bridging the digital divide by providing Wi-Fi access to communities and ensuring universal access to the internet. This year, we plan to deploy 9,900 hotspots in 16 districts across the country. We aim to reach 80% connectivity by 2024. To fund this project, we have allocated R1,3 billion.

In the previous financial year, the Department was successful in maintaining its 970 connected sites. In addition, during that period, SITA connected 781 government sites in Eastern Cape, while BBI connected 110 USAASA sites. Furthermore, the Department played an instrumental role in facilitating the development of the SA Connect draft Implementation Plan.

Our aim is to enhance connectivity to government facilities such as schools, health facilities, and government offices with high-speed internet access, which enable them to serve as connectivity hubs for their users and surrounding communities.

Complementing the SA Connect programme, SITA will launch a National Broadband Project worth at least R6 billion, that will be awarded per region and ensure that government reduces the cost and duplication of connectivity infrastructure from municipalities up to national government level.

This project must also ensure that designated groups such as enterprises owned by women and youth are empowered with at least forty percent (40%) value of this project, whilst creating opportunities for innovative locally developed solutions to find traction in our market.

It is important to note that while big business plays a significant role in driving growth and innovation, we should not overlook the potential of small start-ups to be game changers in innovation, as demonstrated by success stories like Steve Jobs and Elon Musk. Lessons from Silicon Valley show that new small enterprises can become the basis for new digital “unicorns”. Therefore, inclusion is not just a moral imperative, but it is also an economic necessity.

Furthermore, I would like to add that we have witnessed significant investments in data centres and cloud services providers, which will contribute significantly to the economy by enabling efficient storage and dissemination of data, as well as access to digital solutions. The country has a total of 65 data centres, making us the leading African digital economy.

As a department, we are committed to maximising the benefits of this investment by ensuring policy certainty through launching the National Cloud and Data Policy later this year. The policy will outline guidelines for government departments to consume cloud services appropriately while adhering to data privacy and security measures agreed upon with relevant providers. This will help the government to make informed decisions and choose the best cloud services in line with our requirements and standards.

Next Generation Spectrum

Ladies and gentlemen, Spectrum is a very important resource in the digital economy. It allows for the transmission of radio frequencies that allow wireless signals travel. These signals are essential in enabling us to make calls, chat on social media, and supporting digital communication in areas such as defense, aviation and maritime.

In essence, Spectrum is the backbone that supports our connected world and without it we would not be able to stay connected with each other.

I am pleased to inform you that the Department has published the draft Next Generation Spectrum Policy for public comment in September 2022. The Policy aims to allocate as much of the spectrum as possible to support the modernisation of the economy.

The new set aside provisions for allocation of spectrum for women, youth and SMMEs are a game changer for this policy. It allows new entrants for, to participate in the economy and stimulate growth. I will be issuing the final Spectrum policy by September 2023, and after that, ICASA will be responsible for the licensing.

Honourable Members, we understand that South Africa has some of the most expensive mobile data plans in the world. In fact, the country ranks 136th out of 233 countries. To address this issue, ICASA will be publishing the outcomes of the Call Termination Rate and Data Market study this financial year. This will give more transparency and help to respond to the public outcry regarding the high cost of data in South Africa. We are committed to the struggle for #DataMustFall.

Broadcast Digital Migration

When delivering the 2023 SONA, the President announced, said that “During the course of this year, we will migrate the remaining households to digital television signal and complete the switch-off of analogue transmission. This will release valuable spectrum for the roll-out of 5G mobile networks and will reduce the cost of data.”

A total of five of our nine provinces (Free State, Northern Cape, Northwest, Limpopo and Mpumalanga) have already successfully switched off and are currently receiving television broadcast on digital platform.

Despite the successful switch-off of the five provinces, the Minister of the DCDT faced legal action from stakeholders who argued that the switch off process should not be concluded without greater engagement with stakeholders. The court ruled that further consultation with stakeholders was necessary before proceeding with the analogue switch off.

In December 2022, the Minister proposed March 31, 2023, as the date for the analogue switch off, and stakeholders who would be affected by this were invited to provide their feedback and suggestions. On December 9, 2022, a Government Gazette was published, which notified and invited the industry, affected parties and members of the public to make substantive submissions.

The Department is extensively engaging with the various stakeholders and role-players to ensure broad and substantive consultations regarding the transition from analogue to digital broadcasting. In the meantime, we are continuing to install set-top boxes for outstanding households. Once this consultation process is completed, we will announce the final date for analogue switch-off, which will free up much needed spectrum in accordance with the President's directive.

We must state that there is consensus in the sector, that it is deemed necessary to conclude the BDM project. Hence, we have decided to switch-off the remaining 151 transmitters in Eastern Cape, Western Cape, KwaZulu Natal and Gauteng during this year.

The department aims to conclude the distribution of available set top boxes to registered indigent households as soon as possible.

Digitalisation of the State

House Chairperson,

The department welcomes the initiatives by government departments, including Home Affairs, the South African Police Service, and others towards digitizing their paper-based records into digital format. However, our department and its entities remain committed to ensuring that government fully digitalise its services in the Medium-Term Expenditure Framework (MTEF).

The State Information Technology Agency (SITA) needs to re-establish itself as the leading expert on ICT matters in government, rather than just being an IT procurement shop. To achieve this, the agency must prioritise the integration of core government services within this financial year, to facilitate seamless exchange of citizen data across departments for effective and efficient delivery of government services. Additionally, SITA needs to ensure full digitalisation within the MTEF.

Currently we have 120 Batho Pele e-services on the e-government portal ranging from agro-processing, exam queries, licensing and permit platforms, and SARS e-filling. The priority in this financial year is to ensure that the department, working in conjunction with SITA, scales up these e-services and ensures full utilization by citizens.

Despite the challenges posed by a tough economic climate and ongoing social struggles, the ICT sector in South Africa has continued to demonstrate steady growth. In 2021, the sector recorded R243.6 billion in revenue, representing an increase from the R243 billion in 2020. South Africa therefore remains an attractive destination for investors seeking to engage with the ICT Sector.

The Post Office of Tomorrow

Honourable Members,

We are all aware of the challenges facing the South African Post Office (SAPO). We want to assure you that we have been working tirelessly with the entity to explore various options to find an optimal approach within the legal framework and under the provisional liquidation order. Our aim is to save the entity and ensure business continuity. We have also engaged with Cabinet, as we previously reported to this house, to find an optimal approach to ensure business continuity.

It is important to note that the South African Post Office (SAPO) remains fully operational and committed to delivering essential services to the people of South Africa. Despite the current challenges, the public can still expect to receive their letter posts, courier packages, renew their vehicle licenses, withdraw their social grants and receive their chronic medication through SAPO.

The Post Office of Tomorrow Strategy will also aim to improve the customer experience by simplifying and streamlining processes, as well as increasing accessibility and convenience. This will be achieved through innovative technology solutions such as online portals and mobile applications, as well as enhancing the efficiency of existing postal services. With these efforts, SAPO will be able to remain relevant and competitive in the rapidly evolving digital age.

Aligned to the MTSF framework 2019-2024, the Post Office of Tomorrow Plan revises the strategic role of the SA Post Office from a conveyor of letter-post to an integrated logistics and e-commerce service provider, including designation as the National Authentication Authority.

As announced by the Minister of Finance during the 2023 Budget Speech, SAPO has been allocated R2.4 billion to assist in bringing stability to this entity.

Towards A State-Owned Bank

Ladies and gentlemen, we are pleased to report that we are at an advanced stage with the corporatisation of the Postbank. The South African Postbank SOC Limited Amendment Bill was approved by the National Assembly in March 2023.

Once the Bill is signed into law by the President, it will enable the registration of the Bank Controlling Company (BCC) for the Postbank in terms of section 43 of the Banks Act.

This is the last step in the banking licence application process which is intended to see Postbank awarded the fully fledged banking licence by the South African Reserve Bank. This will enable the Postbank to fulfil its function as a fully licensed commercial bank owned by the State to render financial and banking services to the public.

Postbank has a unique position in serving a niche market as a state bank. Research indicates that **67%** of the adult population in our country agree that commercial bank fees are too expensive. Additionally, **23.5%** of the population remains excluded from the banking system due to inaccessibility of financial services. It is concerning to note that **62%** of SMMEs still cannot access credit facilities. Even those SMMEs who have access to a bank account (81%), still struggle to access other financial services, such as business banking services, credit and insurance. This indicates a clear gap in the market, which Postbank can potentially help fill.

The Postbank will ensure accessibility to affordable financial Products, services, advice, and guidance through a multi-channel approach, among others and thus solving the financial services needs of inclusion, serving our urban and rural communities, financial security and provision of financial education to our society.

Repositioning our Public Broadcaster

After a necessary process of cross checking and clarification, the SABC Board was appointed by the President on 18 April 2023. Our commitment is to support and guide the Board in their process of taking the SABC to great heights in their five-year term. I wish to commend the management of the SABC for keeping the public broadcaster afloat in the extended absence of the Board.

The SABC faces three critical imperatives to succeed as a public broadcaster: to establish trust, to showcase multilingual content, and to promote developmental quality programming. Additionally, it must successfully transition to the new digital landscape, and achieve commercial and financial sustainability.

The newly appointed board is tasked with finding an optimal strategy and business model that can meet all three of these objectives. However, this process also requires an enabling policy and regulatory framework that is both agile and balanced, which the government must provide. The resulting guidelines should inform the SABC's Corporate Plan for 2023/24- 2025/26.

Among the interventions we are making, is to improve how we acquire content to enable the SABC to compete for the best content with other commercial broadcasters. In addition, we have applied and have been granted for a limited period, exemptions from some of the public procurement regulations.

We will also be introducing the SABC Amendment Bill to Parliament, which aims to among other separate the public and commercial services of the SABC to enhance the monetizing of commercial opportunities. It will also allow the public broadcaster an expanded set of platforms for its execution of its public service mandate, which will include disseminating the content of community broadcasters.

I would like to congratulate the public broadcaster on the launch of the Over-The-Top Application that allows people to access SABC content from any digital device. I am sure that millions of viewers are excited that they are now able to access 24 hours news channels in all official languages and a dedicated sports channel. This shows how the public broadcaster is modernising and digitising.

A well-functioning public broadcaster is an important anchor for a vibrant arts and culture economy as a platform for the local creative industry. It also plays a critical role in keeping the public informed to exercise their civic rights and duties, in their own languages.

The Appropriation

The Department will use its budget to bridge the digital divide and build an inclusive digital economy. The total budget for the DCDT for 2023/24 is R3,5 billion of which R1,6 billion is for transfers and subsidies for ICT Enterprise Development and SOE Oversight.

The Deputy Minister will further elaborate on the work we are doing in relation to digital skills and the interface with various international bodies among other.

In Conclusion,

Honourable members, we have accepted the responsibility as the Executive and yourselves as Legislators, to be worthy custodians of the digital future of our country. If we fall behind in our execution, we will lose our ability to trade effectively. We would have especially betrayed our young people who are intended to be the biggest beneficiaries of a fast growing and inclusive digital economy. We dare not fail them.

The appropriation for the DCDT is hereby tabled and I invite members to support this budget.

I thank you.