



communications
& digital technologies

Department:
Communications & Digital Technologies
REPUBLIC OF SOUTH AFRICA

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2022/23 BUDGET VOTE 30 OF THE DEPARTMENT OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES

Honourable Speaker

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

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

Honourable Members of Parliament

The Acting Director-General, Deputy Directors General, Ms Nonkqubela Jordan-Dyani and officials of the Department of Communications and Digital Technologies

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

Ladies and Gentlemen

Good afternoon

Introduction

This 2022/23 Budget Vote takes place a day after the World Telecommunication and Information Society Day (WTISD). The World Telecommunication Day has been celebrated annually every 17th May since 1969, to mark the founding of International Telecommunications Union (ITU) and the signing of the first International Telegraph Convention in 1865. The main objective of the Day was to raise global awareness of social changes brought about by the Internet and new technologies and the reduction of digital divide. In addition, Agenda 2030 for Sustainable Development acknowledges

that the spread of information and communication technology and global interconnectivity has great potential to accelerate human development and bridging the digital divide.

As a country, we aspire to have all South Africans to be connected through cost effective solutions that are also enablers of other sectors and business growth. We live in an era that demands that we create efficient and reliable Telecommunications capacity to enable Human-Human, Human-Machine and Machine-Machine communications capacity.

This budget vote outlines the work the Department of Communications and Digital Technologies and its entities will undertake to bridge the digital divide and build an inclusive digital economy.

Budget

Total budget for the Department (Vote 30) is R2.7 billion (2 717 182)

Economic Classification	Budget	% of budget
Compensation of Employees	302 941	11%
Goods & Services	440 338	16%
Transfers & Subsidies	1 960 420	72%
Payment of Capital Assets	13 483	Less than 0%
Payment of Financial Assets	•	0%
Total	2 717 182	100%

Transfers	2022/23	2023/24	2024/25	MTEF
	R'000	R'000	R'000	R'000
Provinces and Municipalities	26	26	27	79
ICASA	769 431	473 947	495 232	1 738 610
FPB	102 870	103 860	108 524	315 254
National Electronic Media Institute of South Africa	102 121	103 104	107 734	312 959
Universal Service and Access Agency of South Africa	86 033	86 860	90 761	263 654
Universal Service and Access Fund	66 777	67 419	70 447	204 643
USAF: Broadcasting digital migration	59 406	59 978	62 672	182 056
SABC: Channel Africa	66 581	67 368	70 393	204 342
SABC: Public broadcaster	133 821	135 403	141 484	410 708
SABC: Programme productions	15 680	15 865	16 577	48 122
South African Post Office	519 273	524 270	547 815	1 591 358
Sentech: Migration of digital signals	-	-	-	-
Sentech: Dual illumination costs relating to the digital migration	-	-	-	-
Foreign governments and international organisations	38 401	41 153	42 926	122 480
TOTAL	1 960 420	1 679 253	1 754 592	5 394 265

Goods and Services

Infrastructure Project	Allocation
SA Connect (phase 1- maintain connected sites)	239.8 million
BDM	88.7 million
Total	328.5 million

Remainder of goods and services: R111.8 million

Phase Two of the SA Connect will be funded through the Infrastructure Fund.

Broadcast Digital Migration

The budget does not make transfer provisions to SENTECH for the migration of digital signals and dual illumination costs relating to the digital migration because we have achieved 100% digital network coverage and satisfied all Broadcast Digital Migration (BDM) Policy conditions and Regulatory requirements that warrant the end of dual illumination period.

The Broadcast Digital Migration (BDM) process is a critical digital transformations step that redefines the ICT path for South Africa. We are happy to update honourable

members that we are working towards concluding the analogue switch-off by the 30th of June 2022, and this is after the Gauteng High Court ruled in support of the conclusion of the Programmes but extended time for the Minister to complete the installation of Set-Top-Boxes (STBs) for qualifying households who applied for government support by the 31st October 2021. In addition to the 100% digital network coverage in South Africa, the BDM programme has also achieved the following critical milestones:

1. Switched off 100% or 84 MNET analogue sites; 52% or 163 (of 314) SABC analogue sites and 9% or 8 (of 93) eTV analogue sites.
2. Concluded analogue switch-off in 5 Provinces being Free State, Northern Cape, North-west, Mpumalanga and Limpopo.
3. In the 5 provinces where analogue has been switched-off, we have concluded re-arranging spectrum (Restacking) thereby giving a way for the spectrum to be assigned for future technologies and by ICASA to the mobile operators as from 1st July 2022 (in line with the outcomes of the recent spectrum auction).
4. Set Top Boxes (STBs) installations are currently underway in all 9 provinces, we aim to completed by end of May installations of STBs in additional 3 provinces for the 507,251 targeted for the end of June 2022 have been installed, as we have already completed installation of the STBs in the Provinces of Gauteng and Northern Cape.
5. We have also commenced with the installations of STBs that were targeted to be completed by end of September in Gauteng and we are planning to complete the installations of the September 2022 targeted 260 000 STBs way before the end of September.
6. To compliment the work of my colleague, the Minister of Trade, Industry and Competition on the Directives to prohibit the importation and distribution of analogue TV sets in South Africa, we will gazette a framework for IDTVs (digital TV sets) and STBs to qualify to carry the Go Digital Logo in a quest to protect South Africans to identify correct digital TVs in the retail market.

The Analogue Switch Off programme is supporting more than 987 installer companies and has created more than 14,800 jobs for locals, predominantly young installers.

Spectrum Auction

The completion of analogue switch-off by 30 June 2022 is of national importance because the Communications Regulator (ICASA) has successfully completed the auction for the high demand spectrum and committed to the licensee that they will have access to the relevant spectrum from 1 July 2022. ICASA concluded the high frequency communication spectrum auction in March 2022 as per the target set by President Ramaphosa in his 2022 State of the Nation Address. I congratulate ICASA on reaching this significant milestone in our country.

The 1st of July 2022 date for the availability of the high demand spectrum to the licensee is also important for the National Treasury (National Fiscus) to have access to the much-needed R14.4 billion that was raised during the spectrum auction.

The release of the high demand spectrum will improve the ability of mobile telecommunications operators to build robust telecommunications with better penetration and reach as we chase our goal of ensuring that all South Africans have access to the internet by 2024. To this end, the mobile telecommunications operators are starting to upgrade the telecommunications network and to build robust 5G telecommunication networks. In the immediate, through ICASA we have installed social obligations that will see the telecommunications operators connecting 18,520 schools, 5731 clinics and hospitals, 8241 traditional authority offices, 949 libraries and Thusong Service Centres over the next 36 months. The Department working with ICASA will monitor the progress on the connection of these sites.

Furthermore, the availability of spectrum must also result in the reduction of the cost of communication. We will progressively work on policy instruments to drive the reduction of cost to communicate in South Africa including the classification of data as a new basic utility at the same level as water and electricity. The importance of data is because it has become the enabler of innovation and wealth creation for any country. In this regard, we will publish for public comment a revised Spectrum Policy no later than July 2022. The draft Policy will include proposals of spectrum for SMMEs, and network and data services in a manner that drives meaningful SMME participation in the telecommunications sector, amongst others. In the meantime, ICASA is undertaking a

market study on the call termination review. The outcome of this market study will have a determining factor in the reduction of the average data price.

South Africa (SA) Connect

To reach the end goal of a truly digital South Africa with full digital inclusion of all its people, emphasis must be placed on the Digital Government, Digital Economy, Digital Industry and Data Sovereignty. The most fundamental requirement for a digital South Africa is access to connectivity networks by all, irrespective of geographic location and economic standing. To ensure access to broadband connectivity by all, Cabinet approved revised model and implementation plan for the SA Connect Phase 2 programme that will ensure South Africa achieves a goal of universal access to internet by all 2024.

In terms of the revised SA Connect model, Sentech and Broadband InfraCo and (BBI), working with the SMMEs that are Access Network Service Providers, Internet Service Providers and Mobile Virtual Network Operators will roll out 33 539 community Wi-Fi hotspots to cater for 5 830 208 households over a 3-year period. The partnership with SMMEs in the telecommunications sector is part of government's commitment to the transformation of the telecommunications industry by supporting emerging telecommunications players. The SA Connect drive will expand from the core network owned BBI, other state-owned entities and telecommunications infrastructure operators as well as the satellite service of Sentech.

The SA Connect project is estimated to provide opportunities to approximately 120 SMMEs for core network build, and create employment opportunities of more than 3 700 people, both skilled professionals and semi-skilled labour force. The implementation has commenced in the Eastern Cape and Northern Cape with work to connect 412 sites in both Provinces. The National Treasury is in the process of finalizing mechanisms for availing additional funds to roll out to the other provinces in the 2022/23 financial year, as provisions have already been made for the outer years.

Similarly, SITA in line with its legislated mandate, will provide and maintain connectivity to 15 691 government sites over the next 3 years, with 4706 targeted for the current financial year. The funding for connecting government sites is provided for in the ICT budgets of respective government departments including provincial governments.

To enhance our broadband connectivity reach and in line with the 2016 Cabinet

decision, South Africa is now ready to launch its our own Communications Satellite through Sentech in partnership with the National Space Agency and all other key stakeholders. The communications satellite will address both media and broadband connectivity objectives and will entrench our technology and data sovereignty. This will reduce satellite capacity leasing costs, not only for government but other industries reliant on communication satellite technology for their businesses and improve information security for our country.

Digitization of Broadcasting

The completion of the broadcast digital migration further gives us an opportunity to trigger growth of the broadcasting and entertainment sector, commonly known as the creatives industry through the licensing of new broadcasters and creating platforms of the future to deliver content to South Africans.

In this regard, SENTECH is developing a cloud-based Hybrid streaming platform for content distribution which will be available by no later than the 3rd quarter of this financial year. This platform will support distribution of content through broadband, satellite, and terrestrial distribution networks. The platform will enable access to commercial, community and public broadcast services (Radio and TV channels) and has the capability to provide information to the public as and when required. Access to the platform will also support mobile applications for both iOS, Android and Harmony devices. Furthermore, the Deputy Minister will announce a programme by NEMISA to support emerging content producers.

During the SONA debate earlier this year, I announced that we are going to issue Policy Directives for the availability of additional multiplexes for both DTT and DTH in order to avail additional TV channels, capacity for 102 TV channels by 2025, to boost the growth of the creatives industry. Engagements with the SABC are underway about additional channels it requires to support its competitiveness and profitability, and with community broadcasters and other emerging and new broadcasters to utilise available and additional channels.

Given the current onerous and burdensome requirements on local broadcasters, new entrants (local) in the broadcasting sector and restrictions on the community media that renders local broadcasting players uncompetitive, the Department will finalise the Draft Audio and Audio-Visual Content Services Policy and Bill to protect the competitiveness

and growth of the South African broadcasting and creative industry and amending the requirements for entry to advance media diversity whilst enabling the participation of South Africans.

In addition, technological convergence has created regulatory overlaps and duplications where they did not exist before. To deal with this fragmentation a single content regulatory system that is tech- and platform neutral, that includes a single content rating system is needed to create a harmonised system. The Films and Publication Amendment Act (Act no. 11) of 2019 which the President operationalized on 1 March 2022, has significantly extended the scope of the Films and Publication Board towards this objective and we will work to align the responsibilities of the codes of conduct governing content matters between ICASA and the FPB to support the provisions of the Films and Publications Amendment Act. This alignment is necessary to address the concerns from traditional broadcasting or audio-visual services licensees regarding the how the Big Tech companies are impacting on their revenues without contributing much to the development of the industry and local economy owing to lack of regulatory parity. Content creators, including news are concerned about the usage of their content by the Big Techs without payment without any regulatory intervention.

South African Broadcasting Corporation (SABC)

As we table this Budget Vote, we remain concerned about the focus of the SABC on taking advantage of the technological advances and thus driving its competitiveness and sustainability. Basically, the SABC remains stuck in the past in an era where technological advances have changed how viewers consume their media content and the predominately youthful population demand compelling and informative content. The traditional television box is the past as viewers consume content on the go, and viewers want to watch and hear themselves or their peers or content that is value adding to their development. We have given the Board and management of the SABC until 30 June 2022 to submit a Plan on how the public broadcasters is going to commercialise and monetize the opportunities availed through the broadcast digital migration. The SABC has also been directed on the prioritisation and promotion of local content. On our part we continue to advance Policy and Ministerial interventions that support the competitiveness and sustainability of the SABC. To this end and through the Minister of Finance, we secured a PFMA exemption for the SABC and we continue to work with the Minister of Finance on the TV licensee waiver. The Regulator ICASA has published

the Must-Carry Regulations for the broadcasters that utilise the SABC content to have viable commercial agreements with the SABC.

We also finalizing the draft South African Broadcasting Corporation SOC Ltd Bill for Cabinet approval before submission to Parliament. The draft Bill positions the SABC as a multimedia organization capable of offering services across all platforms. The Bill proposes provisions that will improve the governance of the SABC to make it commercially competitive whilst protecting its role as a national broadcaster. A weak SABC is not beneficial for the South African broadcasting and creatives industry. The SABC will rise again to be a broadcasting giant in our country and region.

Digitizing Government

By digitizing processes, government can enhance services, save money, and improve citizens' quality of life. By digitizing, governments can provide services that meet the evolving expectations of citizens and businesses, even in a period of tight budgets. Digitizing a government requires attention to two major considerations: the core capabilities for engaging citizens and businesses, and the organizational enablers that support those capabilities. This prescribes to us to stop boiling the ocean.

SITA in consultation with the Departments of Public Service and Administration and Communications & Digital Technologies, will finalise a Government Digitization Plan. We have, through SITA commenced with some of the programmes to digitize the South African government. These include:

Single View of the Indigent project

This system is built on the database created by SITA to enable SAPO to receive applications for government Set-Top-Boxes, (the STB registration system) for the BDM project. The system has now been expanded for use to manage housing subsidy beneficiaries by the Department of Human Settlement with back-end integration to the Housing Subsidy System (HSS). The Department of Human Settlement will immediately use this system in the management of housing beneficiaries of the KZN and Eastern Cape flood disaster. Engagements are similarly underway with the Department of Health and Basic Education to expand the system to their environments.

To support this programme, the department will recruit approximately 2 500 unemployed graduates from the 44 Districts and 8 Metros as Data Capturers to convert the current paper records into the system.

Towards e-Learning

To expand the work of bridging the digital divide through digitizing South Africa, zaDNA is partnering with the Department of Basic Education to deploy domain names in public schools through the provision of websites and email addresses to learners and educators. The Deputy Minister will expand on this catalytic project as the Department supports the Department of Basic Education in their path towards e- Learning for all.

Paperless Government

The Covid-19 pandemic has propelled to move electronic communications, even the National Cabinet has experienced an increase of Ministers and Deputy Ministers using an electronic Cabinet record system. Within the existing technologies and Framework agreements, the Department will work with SITA and the DPSA to ensure that, at a minimum, all national Departments go-paperless by using electronic workflow by the end of current financial year. This will improve the efficiency of government and maintain the integrity of government records.

e-Government

The Department and SITA in consultation with the DPSA and the Presidency will revise the current implementation of the National e-Government Strategy to align the government digitisation plan. The focus of the roll-out of e-services will remain on prioritising high impact public services that meet the evolving expectations of citizens and businesses. Citizens must be able to access bulk of government services without the need to travel or braving the long queues.

Digitech Platform

Yesterday, as part of the World Telecommunications and Information Society Day celebrations, I unveiled the DigiTech platform which a platform for digital products/applications (Apps) developed by SMMEs in South Africa. DigiTech serves as a digital distribution service developed, maintained, and operated by the South African government. The platform allows users to browse and download apps developed across operating systems. It promotes South African developed digital products/apps for purposes of expand their adoption and use.

We are currently exploring how the current SITA and Supply Chain Management Regulations can be utilised to ensure that government is the first consumer of South African made systems and applications, in particular those registered on the DigiTech

platform. The DigiTech is also our affirmation that South Africa will not remain a net consumer of digital products developed in other continents but enable our entrepreneurs to become competitive contributors to the digital economy.

Digital Economy Artificial Intelligence Hub

Last year, South Africa spearheaded the Artificial Intelligence Blueprint for Africa through the Smart Africa Alliance with the contribution of our academia, research institutions and leading industry players. This financial year, we will launch the SA Artificial Intelligence Hub in partnership with academic institutions and industry players. It is my honour to announce that the catalytic projects of this SA AI Hub/ Institute will include some of the Apps that are registered on the DigiTech Platform. This work is part of Department's implementation of the recommendations of the Presidential Commission on 4IR.

Postbank

The success of the Postbank is to an extent dependent on the viability of SAPO. The Deputy Minister will detail the work we are undertaking to implement the Strategy for the Post Office of Tomorrow and the small achievements we are starting to register although the road ahead remains challenging

Access to funding is a major contributor to participation in economic activities. During the Covid-19 pandemic, South Africans witnessed the reluctance of the commercial banks to assist the poor and marginalised (both businesses and individuals) to financially recover despite government guarantees. In addition, banks including in South Africa have played a catalytic role in the adoption of technology.

The Postbank as a State Bank can therefore play a significant role drive adoption of technology but also to extend banking services in terms that promote inclusion and banking all South Africans. We are working in determined manner to ensure that the corporatisation of the Postbank is concluded within the current financial year. However, to achieve this, we will require the assistance of Parliament to prioritise the finalisation of the Postbank Amendment Bill that is already submitted for consideration.

In addition, we are working with the relevant authorities to complete the appointment of the full complement of the Postbank board in line with applicable Rules. We will also complete the Strategy and Implementation Plan for the Postbank as a State Bank.

We are aware of the challenges of system weaknesses facing the Postbank and are working with the Board to resolve them including holding those liable accountable. We must appreciate the support of the Minister of Finance on the work we are doing to ensure successful corporatisation of the Postbank.

Conclusion

The work we do is not for us, it is an investment for future generations. Therefore, we cannot aim low, no matter how daunting the tasks and how big the obstacles. The tasks at hand and those that lie ahead demands that we remain resolute, focused, and intentional. We have the calibre of people both in the department, our entities and sector emerge victorious on the other side. In any case, we were raised to know that Muntshimbidza vhusiku, ndi mutenda lotsha! Montsipitsa bosego ke mo leboga bosele! Munhu u fambaka na yena vusiku u nwi Khensa rixile.

We will act well our part!!!

Ro livhuwa

-End-