



MINISTRY
COMMUNICATIONS AND DIGITAL TECHNOLOGIES
REPUBLIC OF SOUTH AFRICA

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**Speech by the Minister of Communication and Digital Technologies, Hon.
Solly Malatsi (MP), on the occasion of the 2024/25 budget vote, parliament
(Cape Town), 15 July 2024**

House Chairperson

The Deputy Minister, Mr Mondli Gungubele

The Chairperson of the Portfolio Committee, Ms Khusela Sangoni and members of the
Portfolio Committee

The Director-General and all officials of the department

The leadership of our entities.

INTRODUCTION

It is a massive honour to deliver my maiden Budget Vote for the Department on behalf
of the Government of National Unity.

From the onset, I want to recognize the significant strides made by my predecessor,
Deputy Minister, Mondli Gungubele who has laid a solid foundation which we will build
from.

DCDT IN THE 7TH ADMINISTRATION

I would like to begin by taking time to reflect on the characteristics by which I hope the Department in the 7th administration will come to be defined.

Stability

Politics is by nature a volatile business, which is why stability is a feature that needs to be actively fostered. As this budget vote will reflect, the aspirations of this Department are broad and the path to be walked narrow. Constrained by both time and resources, which are not on our side.

For this reason, constant changes in the political and administrative leadership often make efficient progress towards our goals impossible. Since 1994, the Department has had 16 ministers (19 if you counting Acting Ministers) and 14 DGs. It is currently operating at a vacancy rate of 18%, well above the vacancy target rate of 9 percent as set by the Department of Public Service and Administration (DPSA).

Furthermore, several terms of boards are coming to an end between now and November. To this end, we will move quickly to initiate processes to fill these vacancies.

It is critical that we work together with the Portfolio Committee and Parliament to ensure that these processes don't cause delays which may leave these entities leaderless for prolonged periods.

Clear communication

Physicist Albert Einstein famously said, *"If you can't explain it to a six-year-old, you don't understand it yourself"*. Clear and simple communication that is free from technical jargon is important in articulating our work in a manner than the public understands.

This will not be achieved overnight, but I am determined to communicate our work in a way that is accessible, transparent and meaningful. The work we do is far too important to be allowed to become lofty or ambiguous. Every ministry, department,

industry, NGO, and household must understand what our goals are, what progress we have made, and what remains to be done.

Meaningful timelines

Over the years the Department has committed to numerous timelines including analogue switch off, spectrum auctioning and digitisation of the state. Some of which we were able to honour, and many we could not.

This is not the moment for excuses or justifications. And whether or not it has always been our fault, it is now our responsibility to fix.

We cannot afford for timelines to become meaningless. I will provide direction on many of these once the GNU finalizes its policy priorities and programme of delivery.

Policy credibility and certainty

It of great importance that policy credibility and policy certainty become the cornerstones of the environment we create. In other words, that we promote and protect the soundness and predictability of the policy space to allow us to unlock the enormous investment and job creating potential of the ICT sector. This means we must become obsessive about developing evidence-based policies and that policy direction does not change arbitrarily.

Collaboration

Becoming a Department capable of steering the country into a digitally connected future will require us to be adept at also building and nurturing networks of a human nature. None of us, as individuals or organisations, have all the answers. My door will always be open to ensure that as many of your inputs as possible can be actioned, especially where they help us to move smarter and faster.

BUDGET ALLOCATION CONTEXT

This budget takes place in a fiscal context that requires us to stabilise public finances while ensuring that we promote economic growth and support the most vulnerable members of society.

Stabilising public finances

The total budget for the 2024/2025 financial year is R3.969 billion. Compensation of employees totalling R315.3 million, accounts for 8% of the budget, a slight improvement compared to 8.6% in the 2023/2024 financial year.

Reducing fiscal and economic risks

The fiscal risks articulated by Treasury include weak economic growth, wage pressures, and the deteriorating balance sheets of SOEs.

We must take care to ensure that entities under this Department are not contributors to the country's financial woes. Given the reality that budget allocations are unlikely to increase in the future, the SABC's new turnaround plan and the business rescue currently underway at Post Office will need to ensure the financial stability of these entities.

A total of R1,6 billion has been allocated for transfers and subsidies for ICT Enterprise Development and SOE Oversight to ensure effective monitoring of initiatives such as SAPO business rescue plan, SABC strategy, and ICASA's regulatory compliance operations.

Promoting economic growth and supporting the most vulnerable

The Department has a responsibility to ensure that as we move into an increasingly digitised economy that nobody is left behind. In part, we fulfil this responsibility by widening access to broadband connectivity via SA Connect. To achieve this, the budget allocates R1.858 billion to SA Connect Phase 1 and Phase 2 project.

PROGRESS ON INHERITED POLICY PRIORITIES

Digital inclusion

During the 2023/24 budget vote speech, my predecessor announced a plan to instal almost 32 000 Wi-Fi hotspots in 16 districts across the country over 3 years. I am pleased to report that over 860 000 households have coverage from 5 400 hotspots.

The programme's target this year is to establish an additional 5,986 Wi-Fi hotspots covering over 1 million households, and leading to nearly 2 million connections by the end of this financial year.

Over the 36 months, we will be in a position to connect 21 878 government sites, namely: (Health: 4232; Schools 16139; traditional authorities 937; libraries 570).

Digital Skills

On the 26th and 27th of October 2023, the Department convened the National Digital and Future Skills Conference as a platform to strengthen meaningful partnerships between the public and private sectors to explore opportunities for joint initiatives. This resulted in several companies making significant pledges to train SMMEs and young people on digital skills to empower them into participating in the digital economy.

The conference was preceded by our first Digital Skills Forum, gathering leaders in academia and captains of industry to lead, oversee and coordinate the implementation of the National Digital Skills Programme. Emanating from these engagements, the Department will coordinate training for 90,000 beneficiaries in digital and future skills in the 2024/25 financial year. These include courses such as Cell Phone Repairs, Broadband Digital Installations and Aftercare, Cloud Knowledge and Skills, etc.

The aim is to create an environment conducive to developing innovative digital solutions that can be commercialized, thereby supporting livelihoods.

Digital Economy Masterplan

The Digital Economy Masterplan (DEM) developed by this Department, represents a collaborative initiative between government and industry players to create and develop a sustainable digital economy.

The plan has been revised to align with the evolving technology-driven environment to ensure it remains relevant.

According to a recent Digital Council Africa report, South Africa's data centre market is experiencing significant growth, expected to capture a substantial portion of the projected \$5 billion investment in the African data centre market by 2026. Of this amount, an estimated \$3.1 billion is earmarked specifically for South Africa, solidifying the country's position as a key hub for data infrastructure investment and technological advancement in the region.

South Africa's international connectivity landscape has been significantly enhanced by the arrival of the transformative 2Africa submarine cable, boasting a design capacity of 180 Terabits per second. This development promises faster and more reliable internet services nationwide.

We are following with interest the developments in the terrestrial fibre market to the extent that they can ultimately contribute to the growth and modernisation of South Africa's broadband infrastructure. We are however mindful that these activities need to be carefully managed to balance with potential risks and regulatory concerns.

Digital migration

I am pleased to report that the Department has successfully ensured that, as part of the Broadcasting Digital Migration and Analogue Switch-off Programme, all analogue transmitters above 694MHz were switched off by 31 July 2023 in the remainder of the provinces where this spectrum was still used for broadcasting services.

As a result, Mobile Network Operators (MNOs) are now utilizing the newly available spectrum for broadband services, leading to improved internet penetration, enhanced connectivity, and the potential reduction of data costs.

The Broadcasting Digital Migration (BDM) programme has, since its inception, registered 1.7 million households for government-subsidized set-top boxes across the

country. To date, almost 1.3 million of these registered households have been migrated through the installation of set-top boxes.

While the work to install the remaining 400,000 continues, we are committed to supporting ongoing registrations for government subsidies. To date, 810 analogue TV transmitters have been switched off, and work to switch off the remaining 184 transmitters underway.

I will be convening a series of stakeholder engagements with all key role players to assess readiness towards the scheduled analogue switch off deadline. It is important to consider the progress that has made so far and all of the difficulties that have emerged since the deadline was announced. Our final determination must strike the right balance between the urgency to meet overdue deadlines and the potential risks the sector faces.

Digitisation of government services

My predecessor reported in this House last year that “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 to facilitate seamless exchange of citizen data across departments for effective and efficient delivery of government services.”

To this end, SITA has launched several digital platforms to streamline government services. Services such as the Indigent Household digital platform, which allows low-income households to apply for and access benefits electronically. This platform integrates data from multiple departments, improving the verification process and enriching service delivery through advanced data analytics.

The electronic Deeds Registration System (eDRS) is a multi-year project that aims to digitize the deeds registration process, transforming it from a manual, paper-based system, to a digital service.

The South African eServices Portal has seen a significant increase in usage, with over 1.5 million registered users as of March 2024. It offers a wide range of e-services, enhancing the accessibility and efficiency of government service delivery. In the end,

we must have fully digitised, efficient, integrated government-online platform for citizens to interact with government and business; and for government to delivery services.

STATE OF SOEs/STRENGTHENING SOE GOVERNANCE

Approximately 53% (R4.9 billion) of the department's budget over the MTEF period is allocated to transfers to entities for their operations and project-specific funding.

- Of this amount, R1.7 billion is allocated to the South African Post Office for its universal service obligations to provide postal services.
- R1.5 billion is allocated to the Independent Communications Authority of South Africa for regulating the ICT and postal sectors.
- R672.4 million is allocated to the South African Broadcasting Corporation for various activities.

SABC

The priority for the SABC is to fulfil its mandate in a manner that is financially sustainable in a highly competitive broadcasting environment while guarding its editorial independence.

In all fairness, the early signs from the tenure of the current leadership are encouraging as more effort is being placed on compelling content offering and good governance. This has led to increasing viewership on its relaunched online platform, SABC Plus.

On the other hand, the SABC's News Channel remains South Africa's leading news channel with 35% of the market share. In addition, the SABC's excellent coverage of the 2024 elections garnered widespread accolades from different stakeholders across the board.

While the SABC is contributing to processes to create a more conducive environment for free-to-air sports broadcasting, it is facing serious challenges.

It is for this reason that I will be meeting with the Minister of Sports, Arts and Culture and the three broadcasters (SABC, eMedia and MultiChoice) this week to explore ways that can help resolve some of the impasse regarding sports broadcasting rights.

In an effort to resolve the ongoing dispute between the SABC and Sentech regarding the signal transmission fees and the SABC's historic debt, we will be appointing a mediator in the next few weeks.

We are determined to ensure that disputes and deadlocks amongst our entities are resolved in-house rather in courts.

South African Post Office

While the Post Office is currently under business rescue, securing its future as a highly competitive postal and courier service will require striking the right balance between maintaining some level of state ownership and opening the space for private investments and partnerships.

We are convinced that SAPO can still operate optimally. The Deputy Minister will unpack some of the strategies intended to make the SAPO a competitive e-Commerce and Logistics platform.

ICASA

In this financial year, ICASA is committed to finalizing the amended Regulations on Call Termination. This effort aims to promote effective competition among operators, reduce call termination rates, and ultimately lowering voice call rates for consumers.

The Authority is also set to publish the Roadmap for International Mobile Telecommunication (IMT) Spectrum. This will provide clear timelines for the release of high-demand spectrum, facilitating citizens' access to broadband services.

SITA

The State Information Technology Agency (SITA) is expected to play a crucial role in driving the digital transformation of government and society while advancing the government's strategic objectives in the digital arena. However, SITA faces significant challenges, particularly regarding procurement backlogs and associated irregularities. These issues have led to considerable reputational damage to the agency, hindering its ability to effectively fulfil its mandate.

Interventions are currently underway to clear the procurement backlogs and maintain efficiency. One of the key strategies being implemented is the decentralisation of transactions valued at less than R10 million to regional offices. This approach aims to enhance efficiency and reduce turnaround times in procurement processes.

KEY POLICY & REGULATORY DEVELOPMENTS

We are committed to leveraging policy and regulation in order to open up opportunities for market competition in the ICT sector and to enable SOEs to become financially sustainable.

Policies need to be developed in a way that keeps us up to date with technological developments, changes in consumer behaviour, as well as learning from international best practice.

From feedback received in various consultations, we are aware that some of the policies and Bills under development may not yet meet these standards and we want to work quickly to ensure that we address salient concerns so that the next and/or final versions are reflective of the input of a wide community of stakeholders.

We will also embark on development of new policy landscape for the country, which focuses on digital transformation, addressing developments in the sector (especially mergers and acquisition, new technologies and new digital platforms, which have redefined the ICT policy landscape. The focus is on ensuring meaningful connectivity, access to market, digital inclusion and equitable access.

CONCLUSION

South Africa has the largest digital infrastructure in Africa. We must leverage this to unlock private public partnerships that can create jobs and help us fulfil our mission to build a digitally inclusive society.

We will do this through inclusive stakeholder engagement and pragmatic decision making supported by evidence-based research to empower us to make the best decisions.

We will not dither. Neither will we oscillate.

I'd like to quote from the scripture: "To whom much is given, much is expected." We understand the weight of the mandate of this Department. We will execute it ethically, diligently and excellently.

In conclusion, I like to thank Deputy Minister Mondli Gungubele for his support and unmatched team spirit since my appointment. I'd also like to thank Director-General, Nonkqubela Jordan-Dyani and all the wonderful staff at Team DCDDT for their warm welcome and their work hard.