MINISTER STELLA NDABENI-ABRAHAMS-BUDGET VOTE SPEECH OF THE FINANCIAL YEAR 2021/22

DATE: 18 MAY 2021

Theme: "Championing Digital Economy for Societal Transformation".

Hon. Madam Speaker,
Hon Deputy Minister, Ms Pinky Kekana
Chairperson of the Portfolio Committee on Communications, Mr Boyce Maneli
Hon Members of Parliament
Esteem Guests
Ladies and gentlemen
Comrades and friends

Since the beginning of time humanity has always had the edge to reach out and communicate, from smoke signals,rock art and the sounds of beating drums. SA has evolved with speed with each generation of telecommunications infrastucture better and faster than the previous. From the 1st use of telecommunication with a single line of telegraph connecting Cape Town and Simon's town, to the first telegraph launched in 1859, telephones in May 1882, radio in the 1920s, Post office in the 1970s, Television in 1976 and the 1990s with the introduction of cell phones   with 1991 seeing the first IP in South Africa. Who can forget the iconic "Mholo Mhlobo wam"in 2000.   The department celebrates the evolution of telecommunications and creation of an inclusive information society in South Africa. Yesterday I had an opportunity to address the celebration of the World Telecommunication and Information Society Day (WTSD) under the theme: WTISD "Accelerating Digital Transformation in challenging times". Honourable members, there is a silent revolution, the world is changing before our eyes. Science and technology has created an opportunity for our continent to leapfrog and enter international affairs as an equal.

Hon Members,

I take this platform at the time of convergence between two opposing forces namely, the crisis and despair, brought about by the outbreak of the COVID-19 pandemic and the advent of the Fourth Industrial Revolution.

We must agree that every crisis brings shock and new opportunities. While the pandemic has brought about social and economic shock in our country and our people, we must look into the need to navigate these difficult times through identification of opportunities to take our country and our people to a greater pedestal.

2019 COMMITMENTS

Honourable House Chairperson, in 2019 during our Budget Vote debate we made

several commitments to this house. It is therefore my pleasure to provide progress on the work we have done thus far.

Presidential Commission on the 4IR PMO

As honourable members would remember, Cabinet approved the report on the PC4IR. I am now pleased to inform you that the Project Management Office has developed the Consultative Strategic Implementation Plan (SIP) in order to ensure that the recommendations of the Report are implemented by all critical stakeholders to position South Africa globally.

Policy Review for the Digital Economy

Honourable Chairperson;

We also made a commitment to overhaul our policies and legislation in order to enable digital transformation. We have since reviewed the following:

• The Electronic Communications Amendment Bill
• South African Broadcasting Corporation SOC Ltd Bill
• The South African Postbank Amendment
• Data and cloud policy
• Audio- and audio-visual policy

In 2019 we were tasked with creating a new department to drive digital transformation. In this regard, a new 5 year strategy, a Service Delivery Model and new organisational structure has been developed.

We further undertook to reconfigure the State-Owned Entities under our portfolio to be in line with our new mandate.

We have commenced with the establishment of the State Digital Infrastructure Company through which we have developed its Business Case and the draft Bill which is in the consultation stages.

Similarly, we have progressed with the reconfiguration of State Information Technology Agency (SITA) into forming the State Digital Infrastructure Company. Likewise, the Business Case and the draft Bill has been developed and are in consultation stages.

Broadband Rollout – Connecting South Africa

House Chair, on Broadband rollout, which is a critical project in trying to eliminate digital divide, we committed to connect additional 400 government sites to make 970 in overall. We are pleased to announce that all have been connected and we continue to monitor them. The feasibility study for Phase II has been conducted to explore funding models for connecting the remainder of the government sites across the country.

High Demand Spectrum Licensing

We also committed to issue the Final Policy and Policy Direction on high demand spectrum to ICASA.

Indeed, the policy direction was issued. ICASA subsequently issued Invitation to Apply (ITA) for licensing of the High Demand Spectrum and WOAN.

Hon Chairperson of the house as we begin our second year under Covid19 way of life we have set ourselves 7 ambitious priorities namely.

1.Fastracking the Broadcasting Digital Migration
2. Release of Spectrum
3. Infrastructure Investment & mass employment programme
4. Re-Industrialisation of economy with focus on SMMEs
5. Digital economy Masterplan & it's implementation
6.Digital & Future skills
7. Repurposing of SOCs

Honourable Speaker,

1. BROADCASTING DIGITAL MIGRATION (BDM)

The Analogue Switch off (ASO) process commenced in March as planned following the President's announcement during the SONA in February. We started with the Free-State, then progressed to the Northern Cape and the Northwest provinces.
Honourable members, to-date, we have switched-off a total of 32 sites in the three priority provinces, this is 40% of the planned sites in the 3 Priority provinces.
On each of the 3 provinces our progress is as follows;
• Achieved 96% ASO progress in the FS province, which is 22 of the 23 planned sites
• Achieved 26% ASO in the Northern Cape province, which is 7 of the planned 27 sites.
• Achieved 10% ASO in the North- West province, which is 3 of the planed 29 sites

We are targeting to have majority of the sites in the three provinces switched off by the middle of July this year.

Digital Dividend:

The ASO process is targeting to release the much-needed 700MHz and 800MHZ digital dividend spectrum. The spectrum will be released in a phased provincial manner across the country towards our goal of end of March 2022. This process combined with the Digital-to-Digital migration will make available a total of 168MHz spectrum in each of the provinces.

Finally,
We are working with the TV broadcasting industry to ensure that the target of March 2022 is realised . This will allow spectrum availability for IMT(International Mobile Telecommunications) services on Broadband which ICASA is in the process of licencing .The remaining 5 provinces will have a voucher-system model. We are looking forward to the effective partnership with the industry and support when we begin to rollout the voucher system towards realising successful migration process. We call upon everyone across the country to rally behind us when we pave a way for the better South Africa for ourselves and the future generation.

2. SPECTRUM

The release of spectrum has major economic and social benefits. As government, our focus is on economic recovery, building on the successes to restart the economy and stimulate employment by leveraging on the ICT network, digital platforms, and data analytics capabilities to deliver economic value for society. It must be stated that spectrum, like the land question in SA is a highly contested space. In our policy and policy direction we tried to address some of the challenges like competition, transformation, and opening space for new entrants in the industry.

The current litigations on spectrum auction and licensing of WOAN, hamper our determination to re-build our economy. We have, and continue to implore parties involved, including the regulator (ICASA) to find amicable solution to the ongoing impasse. I believe that it is within the industry's ability to find an out of court Dispute Resolution mechanism and avert the delays and stagnating economic impact.

3. INFRASTRUCTURE INVESTMENT AND MASS EMPLOYMENT PROGRAMMES

We believe that Partnerships and collaborations are key to taking our sector to greater heights. I am therefore pleased to announce that R27 billion is being pledged collectively by the operators and vendors to expand the 4G network and to deploy the 5G and fibre technologies in South Africa of which has been tested by some operators.

This network expansion is also extending to rural and underserved areas, which will benefit communities and create jobs. As such, I hope that the licensing of the WOAN and the High-Demand Spectrum will complement these roll-out plans.

In line with the government's vision of connecting 80% of public buildings by 2024, our entities will connect 6687 sites across the country.

Household Broadband Connectivity:

As part of the Presidential Employment Stimulus Initiative, we have in collaboration with the Presidency submitted a bid for funding to support digital access for low-income

households and stimulate job creation and economic growth through household broadband connectivity and public WiFi access. It is hoped that the funding of R340 million can be made available for the programme to commence in the current financial year, and we will roll out in both township and rural areas.

USAASA will proceed with the connectivity of OR Tambo and as such an amount of R60m has been allocated.

Job Creation

Through investment in digital infrastructure expansion, 5920 jobs have already been created by the sector and it is envisaged that there will be an increase of at least 25% of this target.

4. Re-Industrialisation of economy focusing on growing small business.
The Department and its entities always endeavour to support SMMEs through various procurement opportunities. To this end our Department has supported 393 SMMEs. Furthermore, our entities are as equally committed to support our SMMEs hence an amount of R2.6bn is committed.

Soon the ICT Sector Council will publish its sector code to provide for 50% target procurement from majority Black Owned suppliers, an increase from 40% in the current code.
ICASA has recently announced new regulations aimed at promoting historically disadvantaged South Africans in the ICT sector. Amongst the changes is the requirement for licences to comply with the mandatory equity ownership requirement of 30% by black people and level 4 BBBEEE status.

5. Digital Economy Masterplan

The Department's vision is to see all South Africans digitally empowered to create and participate in tech-enabled opportunities that drive inclusiveness, employment and economic transformation across our cities, towns and provinces. To this end, the Department has finalised a digital economy masterplan and is currently engaging various stakeholders in the development of the implementation plan. Chairperson, it is envisaged that the implementation of the Digital Economy Masterplan will see the achievement of economic contribution upwards to 4.5% of GDP per annum, creation of 1 million jobs over the next 10 years, create massive opportunities for SMMEs.

6. UNDERSERVICED AREA LICENSES (USAL)

In line with the drive for transformation of the ICT industry and reduction of digital divide we will revisit the now obselete USAL policy with the aim to facilitate access to internet even in the far remote areas.
In this regard a policy and policy direction will be developed for ICASA to further develop relevant regulations to guide implementation.

7. DIGITAL & FUTURE SKILLS

The speed of change in science and technology demands an equal speed in acquiring the skills that the industry demands. We have since developed the National Digital and Future Skills strategy whose objective is to establish an education and skills development ecosystem that provides all South Africans with the required skills to create and participate in the digital economy.

We are partnering with both public and private sector, with the intent to bridge the digital divide. For this reason, our training programmes will be conducted everywhere in South Africa including the remote areas.
Chairperson,
we are partnering with the Department of Higher Education and Training to train
• 20 000 young people in 4IR and related skills.
• 6 TVET colleagues situated in the Eastern Cape, Mpumalanga, Limpopo, North West and KwaZulu-Natal will be targeted this year.   We are deliberate in exposing and stimulating the young minds in these TVET colleges to be innovators and not just end users of technologies. Google through Google For Education Program will be training teachers in digital teaching.

We are also working with the Department of Employment and Labour to train 73 000 unemployed youth. Our model pools together a given craft, skill and entrepreneurship such that every leaner finishes their training already having exit strategy.

Digital Council for Africa has also heeded our call and committed to train young people from Eastern Cape, Mpumalanga and Limpopo in fibre splicing.   Never again, shall our youth be only trench diggers.   Already we have trained 12 young people, and the Council is in a process of placing them in various companies.   More of these young people will be benefiting from this partnership.   Watch the space!

The Department has partnered with Huawei. So far, 50 students from disadvantaged Universities have been trained through the Seeds of the Future Programme. These young people are trained in IoT, 5G, AI and have been exposed to various technologies in Shenzhen and Beijing. Today the company has commenced with a training of 1000 ISPs in partnership with the ICT youth council. The partnership continues, and we are getting more students participating because these trainings are now held virtually.

With NEMISA and COURSERA we will offer 60 000 free online training opportunities; additionally we also have 82 000 slots available in the co-labs situated around the country

Through the partnership with GIZ estimated at R49 million, the Department will train 3000 young South Africans and support 150 SMMEs for Future of Work

Through our partnership, Microsoft has launched the Microsoft Artificial Intelligence

University wherein the curriculum will develop the skills employers' value by teaching them to explore, transform, model, and visualize data, and to create the next generation of intelligent solutions.

Ericson is also rolling out Digital Labs. Ericsson continues to support the digital lab program in Diepsloot (Ericsson and Wot-if Trust roll out Digital Lab Program to children from Johannesburg).

The Department has allocated R9.5 million for this digital skills programme.

8. DELIVERY OF SOCS - SAPO AND ITS CRUCIAL ROLE IN SERVICE DELIVERY

Honourable Members,
We know that the State Owned Entities have not been performing as desired: however we remain committed to address this.
As part of the income generating strategy, SAPO has partnership with the US e-commerce giant WISH. Over and above, the Post Office continues to successfully pay Social grants to citizens despite the Covid19 pandemic challenges.
Over 10 million SASSA social grants beneficiaries get paid monthly and this includes the SRD grants. The financial sustainability of SAPO remains our top concern, the department is putting a team of experts to assist with strong business plan for SAPO.

COST TO COMMUNICATE

As part of the enabling environment to attract investment,

The Department is working closely with Competition Commission, ICASA and MNOs to monitor and reduce the cost to communicate, especially data. There has been a reduction of data by all mobile operators by 33%, with the average 1 GIG data costing R99 rands or less. The Department will continue to monitor this, to ensure not only further reduction of costs but also ensure good quality of services.
The Department has allocated R3 million for the Cost to Communicate programme.

ICASA published draft regulations on mobile broadband services inquiry on 26 March 2021.The closing date for submission of representations on the draft regulations is 28th MAY 2021. The Authority will, upon consideration of various stakeholder representations, aim to promulgate the final Regulations by end of Q2 of the current FY.

ENABLING POLICY ENVIRONMENT

Hon Chairperson of the House to conclude my address, I would like to refer to some of the regulatory and legislation reviews we will submit in the course of this year. It is imperative we should keep our prescripts in line with the global changes especially on matters relating to the fast changing ICT sector.

This year we published the draft Data and Cloud Policy, which is aligned to government's objectives of economic inclusion. The policy seeks to enable South Africans to realise the socio-economic value of data through the alignment of existing policies, legislation and regulations, as well as ensuring that there is a conducive enabling environment for the data ecosystem to thrive through skills enablement and the establishment of a supportive regulatory environment.

The sourcing of locally manufactured products remains key priority focus under the Department's Digital Economy Masterplan and the 4IR Programme. Together with the industry, we have identified a number of products that can be locally produced: these include phones and accessories; manufacturing of components for infrastructure / 5G network expansion; sensors and telematics which includes lidar, smart metres for water and electricity and other tracking applications; and satellites and drone components. As part of the implementation of these programmes, the Department is working with the DTIC to facilitate the establishment and operationalisation of an ICT Special Economic Zone (SEZ). To date, a suitable land has been identified where this SEZ will be situated. The two Departments are working towards the digital products I mentioned for local manufacturing, with government procurement capacity being utilised as a lever to enable the sector.

One of the most critical projects relates to ensuring that the sector is able to deploy rapid infrastructure to enable digital communications. There is an urgent need to avoid duplication and frustrating processes that slow down infrastructure deployment that is meant to South Africa to be amongst the best in 5G and other digital infrastructure deployment. In this regard, the policy on Rapid deployment of electronic communications facilities is in final stages. This follows on the memorandum of understanding entered into between the Department of Communications and Digital Technologies (DCDT) and the Department of Co-operative Governance and Traditional Affairs (COGTA) finalised in July 2020 which allows and facilitates rapid deployment of electronic communications infrastructure necessitated by the COVID-19 crisis.

Chairperson and Honourable Members, currently Public hearings on the Draft White Paper on Audio and Audiovisual Content Services Policy Framework: A New Vision for South Africa 2020 started on 10 May and will end on 14 June 2021. The proposed policy
• promotes capital investment in the audio and audiovisual content industries and infrastructure;
• repositions the industry for further skills development; modernises the South African broadcasting landscape;
• ensures access to broadcasting services by all the citizens, including people with disabilities; and
• strengthens the public broadcaster.
The Draft Audio and Audiovisual Content Services Policy will ensure universally accessible broadcasting services in all official languages and across the country.

We are currently finalising the South African Broadcasting Corporation SOC Ltd Bill, which will amend the Broadcasting Act of 1999. The Bill will ensure that the Public Broadcaster is aligned to terrain of PaaS (Platform as a Service) in development of digital content; enhance productivity and functionality of SABC in supporting people centred service delivery and supports good governance. I am now confident that the Bill continues to protect the independence of the SABC in line with our Constitution.

In the face of the challenge of the fiscal constraints it is necessary that we should devise innovative ways of realizing some of programmes we are charged with. It is this regard that we have decided to enter into partnerships with the private sector for the execution of some of these programmes.

ANNOUNCEMENTS: DIGITAL ECONOMY INVESTMENT CONFERENCE

In closing allow me to announce that in the second half of this year, the DCDT will host a Digital Economy Investment Conference. To grow this sector, we need to attract partnership and investment to support the priorities mentioned above.

BUDGET ALLOCATION

Hon Members I am pleased to present to you the Budget vote for the department for the financial year 2021/22 which is R3, 7 billion.

I Thank you!