

Budget Vote 2007/08 delivered by the Minister of Communications Dr Ivy Matsepe-Casaburri, National Assembly

24 May 2007

Madam Speaker

Honourable members

I would like to start by recognising our special guest from the Uganda Communications Commission. I would also like to take this opportunity to recognise the special relationship that I had with my previous and current counterpart ministers in Uganda.

In addition I wish to acknowledge presence of:

- * the principals, educators and learners of the six New Partnership for Africa's Development (Nepad) e-schools
- * representatives of the e-co-operatives from each of our nine provinces
- * girls from the "take a girl child to work"
- * Professor Mphahlele of the Tshwane University of Technology

Chairperson,

This budget speech is given during the mid-term of the current government. As always, it is delivered against the background of the President's State of the Nation address this year.

The President in his State of the Nation Address this year asked us, as South Africans, a soul-searching question, what has happened to the South African mind in the last 13 years? And he suggests perhaps we are reluctant to honestly answer this because we would shatter the beautiful image of a rainbow nation.

The sector over which we preside and report on today, is indeed a stark reminder of the social contradictions of our democratic experience and the conditions under which our transition occurs. What the Italian political theorist Gramsci says viz. "the old is dying but the new cannot be born" seems to be very relevant to our situation.

Chairperson, Honourable members, I am convinced that what I said at the opening of International Telecommunications Union (ITU) Telecom Africa 2001 Forum is as relevant today as it was then.

And this is what I said, "Had President Mbeki addressed us last night, he would not have failed to point out the economic divide that still exists in our country. He would have invited us to take a walk just around the corner from the world class complex of Gallagher Estate where we are, to see the other side of our beautiful South Africa."

Now, six years later, I was made painfully aware of this divide when I was reminded by an interviewer that, in Sandton, a business man or housewife complains about not being able to get 64 kilobits/second of broadband speed at home when, down the road in Alexandra township, the majority of its residents don't even have a telephone to call for medical help or police assistance.

Equally, the Minister of Finance, in his budget speech this year reminded us that we should remember to do whatever is necessary to ensure that "human life has equal worth".

The new South African society where "human life has equal worth" is still struggling to be born.

Chairperson, honourable members

This year started on a high note for the development of the information society in our country and continent. The Cabinet made a number of major and historic decisions that are bound to put our country on a new trajectory and connect us to the future.

The Cabinet approved as the country's vision "the establishment of South Africa as an advanced Information Society in which information and Information and Communication Technology tools are key drivers of economic and societal development."

The approval of the Information Society and Development (ISAD) Plan by the Cabinet provided the country with a comprehensive framework for the development of an inclusive Information Society.

The Cabinet also approved the establishment of the Ministerial ISAD Committee and its corresponding Forum of South African Directors-General (Fosad) Information Society and Development (ISAD) Cluster. The ISAD Inter-governmental Relations Forum (IGRF), which was launched in December last year, was also approved as one of the national Institutional Mechanisms for building an inclusive Information Society in South Africa.

Chairperson and honourable members

Government has accepted our strategic focus of building a robust, reliable and affordable information and communication technology (ICT) infrastructure so as to increase access, uptake and usage of ICTs.

In this regard, last month the Cabinet approved the establishment of a broadband infrastructure company (Infraco). I intend to make representation aimed at regarding Infraco as a deemed holder of an individual electronic communication network services licence. I intend to implement this through the parliamentary hearings on the Infraco Bill. The Cabinet also affirmed the strategic role of Sentech as the core wireless broadband provider, especially to government institutions.

International connectivity is critical to supporting our investment objectives. It is government policy that the cost of access to international connectivity is affordable and that all arrangements regarding access or use of international cables and/or facilities do not unfairly exclude others from use of or access to the cables.

Honourable members, in a few days time we expect to bring the Protocol for Nepad ICT Broadband Network for ratification by Parliament. This network, which is planned to be operational by mid 2009, represents the spirit of self-determination of Africa represented by President Kwame Nkrumah and the fiftieth anniversary of Ghana that we celebrate this year. It is for this reason that I am happy to inform the house that all our telecommunications companies and others have committed to participate in this project.

I have therefore directed the Independent Communications Authority of South Africa (Icasa), to prioritise and urgently prescribe a list of essential facilities as envisaged in section 43(8) (b) of the Environment Conservation Act (ECA), ensuring that the electronic communications facilities connected to the SAT-3 submarine cable can be accessed soon. Taking into account the balance of forces in international submarine connectivity and the objectives of this Act, the Authority should pay particular attention to section 43(5)(b).

I have also taken the policy decision that, given the complexity of local loop unbundling process on the one hand and the urgency for South Africa to enable all operators appropriately licensed to have access to the local loop on the other, the unbundling process in South Africa should be urgently implemented.

The experience learned from other countries in the implementation of the LLU is that most issues were resolved through bilateral negotiations between the regulator, incumbent and the new entrants.

In addition, the Authority should, as appropriate, take advantage of the report of the Local loop unbundling committee and its recommendations on the proposed unbundling models. The unbundling process should be completed by 1 November 2011.

I wish to take this opportunity to express my appreciation to Professor Marwala and the Local Loop Unbundling Committee for their hard work and commitment.

Icasa has commenced with the conversion of existing licences to be in line with the ECA. The authority informs me that it has mapped out the licence conversion process and issued a gazette which sets out the licensing framework as well as terms and conditions for individual and class licences. This will bring about an increase in the number of operators that can have direct access to international connectivity and have a major impact on lowering costs to communicate.

I have therefore directed Icasa, to urgently consider whether none, or only certain, of the existing vans licences can be authorised to provide services as well as to provide and operate electronic communications facilities or networks to ensure that such licencees are issued electronic communications network service licences in addition to other licences specified in the relevant section of the ECA, if applicable.

With regard to the Digital Migration process, I am happy to say that the Cabinet has approved that the digital signal be switched on 1 November 2008. The analogue signal should be switched off on the same date in 2011. The Broadcasting Digital Migration Policy will be gazetted on the 1st of June 2007.

I am pleased to inform the honourable members that Sentech is on schedule to meet government's commitment by providing about 80% Digital Terrestrial Television (DTT) coverage by 2010 FIFA Soccer World Cup. Further, Sentech intends to launch at least one high definition television (HDTV) satellite channel, in time for the 2010 Soccer World Cup. Sentech will also build a second teleport to provide additional capacity needed for the 2010 satellite uplink requirement.

On the other hand, the South African Broadcasting Corporation (SABC) plans to have six more High Definition units in place by end of 2009, in line with the technology plan for 2010.

The implementation of this strategy will meet a number of Accelerated and Shared Growth Initiative (AsgiSA) objectives as well as delivery of service to under serviced second economy areas. We have established a body to oversee the roll-out of digital migration in South Africa and we have called it the Digital Dzunga (South). I am pleased to announce that I have decided to appoint Ms Lara Kantor as the chairperson of Digital Dzunga.

There will be Set Top Boxes in order to give all people access to digital signals using their analogue television. South Africa will begin growing Set Top Box manufacturing capability, and create jobs also in the installation, maintenance and repair of these. It would also allow for the expansion of job creation through call centres.

New television channels that will be available as a result of Broadcasting Digital Migration will require us to develop local content that is relevant to and appropriate to our needs and national identity and social cohesion. Therefore the development of creative industries, is most likely to be seen burgeoning. New industries such as animation will flourish. Already our own Magic Cellar children's program has found resonance in the United State of America (USA) where HBO has already indicated interest.

In 2007, as part of its new vision and deliverables, National Electronic Media Institute of South Africa (Nemisa) will utilise its state of the art production facilities at ISSA to establish a digital content hub with a view to producing animated and e-learning products and services.

The project on will spawn a great deal of local content production and South Africa will become the digital repository of its own historical and cultural content. The future of youth in this is brighter and we will, through them and their work, connect to the future.

The social appropriation of ICTs by the majority of the marginalised in our society is now nearer than before. The Universal Service and Access Agency of South Africa (Usaasa) has been restructured and repositioned to assist in this work.

Many of the citizens of South Africa are disconnected from their telephone service for non-payment. As part of our universal service agenda, the government aims to minimise disconnections due to non-payment by reducing the cost of communications. The government further aims to ensure continued access to emergency services during the period of disconnection.

I have therefore directed Icasa, in terms of Section 2(c) and (o) and Section 3(2)

* To prescribe for immediate implementation, a list of emergency numbers to which the public would have continued access even during a period of disconnection.

Early this year the President wrote to the five South African telecommunications operators as well as Sentech. He informed them that he had been contacted by a young South African who had an idea. She proposed a toll free number through which citizens could contact government using any phone to raise issues of service delivery. I am happy to announce that all the operators have

committed to making this idea a reality by the end of June. In this way we can assist in creating a sense of all being of equal worth in accessing government.

Mme Chairperson, as the honourable members would know, one of the areas where we have faced challenges has been with the Under Serviced Area Licences (USALs). In an effort to address this, the structure of ownership and control of Under Serviced Area Licences will be reviewed.

I have therefore accordingly directed Icasa, that (a) where there is more than one licence in a province, the Authority should merge these and issue one Provincial Under-Serviced Area Network Operator (Pusano) licence. Each Pusano would be licensed for individual electronic communications networks and services.

* Ensure that the percentage of equity ownership and control to be held by persons from historically disadvantaged groups residing in the designated licence area, must not be less than 51%, or such higher percentage as may be authorised by the Minister.

* Further ensure that ownership and control by persons or companies interested in investing in the licensed entity shall be restricted to 49% or less.

All of the above-mentioned steps will assist us in addressing not only the need to reduce costs to communicate but also to focus on the needs of the most vulnerable groups in our society so we can achieve the Millennium Development Goals (MDGs) while at the same time improving service delivery across all government departments especially Education, Health, Home Affairs, Social Development, Public Service and Administration and e-Government.

I have taken the policy decision to prioritise access to educational and health institutions, the Post Office, government offices and the Thusong centres -previously known as Multi-Purpose Community Centres - in the roll-out of Sentech's electronic communications networks and services for the provision of wireless broadband communication.

I have also taken the policy decision that, South African Post Office (SAPO) post offices will be transformed into Thusong Post offices, providing access to a variety of government and other services, especially faster, secure and easier access to enabling documents, grants and unemployment insurance.

Chairperson and honourable members, I am happy to inform the house that yesterday the Departments of Social Development and Communications together with their agencies South African Social Security agency (SASSA) and SAPO (Post Bank) signed a memorandum of

understanding which will allow delivering of social grants to beneficiaries on any working day, at their own convenience, with dignity. SAPO will soon sign similar agreements with the Department of Housing's National Housing Finance Corporation and the Department of Trade and Industry's Micro Finance Apex Fund to address the needs of the lower income groups and the poor.

I have taken the policy decision, which mobile broadcasting services will be provided on a single network with national coverage, using the digital video broadcasting-handheld (DVB-H) standard. The network, which will form an integral part of the national ICT backbone infrastructure, will accordingly be operated on the basis of open and non-discriminatory access principles.

Accordingly, I have directed Icasa to allocate spectrum for a single network with possibility for national coverage for the provision of digital mobile broadcasting services.

We are also envisaging the provision of services like digital mobile broadcasting (DMB) in vehicles whether buses, cars, etc. Icasa will also publish the frequency spectrum bands and make spectrum available for advanced mobile services and disaster management. All of this creates opportunities for content development and access to content, including government related content. This will indeed connect us to the future. The policy directives will be gazetted tomorrow, 25 May which is Africa Day and launch Africa into the future.

As you will recall, in his State of the Nation address, the President announced that Telkom would provide a special rate for ten development call centres. These centres, to be located at economically-depressed areas, would be identified by government. Each one of them should have a capacity of at least 1 000 seats. Work in this regard is underway. A working group of the operators has been established. Co-ordinated by my department, it is finalising the communications cost-related incentive. This is in support of the government objective of developing South Africa into a major and globally competitive Business Process Outsourcing and Off-shoring (BPO&O) destination. Recommendations on this will be submitted to me by the end of June.

Chairperson, honourable members

You may remember that World Space was started in 1990 by Noah Samara, a son of Africa, to promote information affluence by using a new satellite based infrastructure. The objective of World space is to ensure programming to the portion of the world's population that lacks adequate radio reception and programme choice and that want high quality news, knowledge and entertainment at an affordable cost.

I have taken the policy decision that, in recognition of the innovative and unique service provided by this initiative, it is in the interest of our country and continent that the services of world space, provided from South African soil should not be discontinued. Accordingly, Icasa is requested to consider the continuation of this service under the current arrangement until a long-term solution has been found.

Chairperson and honourable members, the .za Domain Name Authority, established in terms of the Electronic Communications Transactions (ECT) Act has over a period focused its efforts on developing suitable policies and procedures for an improved management of the .za domain space. Consultation, including a public discussion document that took into account stability and growth of the Domain Name System (DNS), adoption of best global practises, promotion of new entrants as users and entrepreneurs has informed the Authority's proposal to my department.

I have accordingly taken a policy decision that a single registry model be adopted for South Africa and that role players be invited to apply for licences as registry operators and registrars. Whilst many of our citizens may be considered to be [nobody@nowhere](#), the Authority is confident that not only will the proposed DNS model promote economic and electronic growth, more South Africans will become [somebody@somewhere](#) !

I wish to use this opportunity to confirm that my department continues to contribute to the government's international and African agenda. In this regard I wish mention that the SABC has embarked on an ambitious programme to expand its news gathering network by establishing the bureaus in various parts of Africa and the world. As part of the SABC's contribution to the government's African agenda, the SABC has concluded a number of important co-operation agreements with strategic broadcast partners including Algeria and Nigeria.

Furthermore, Icasa has granted the Pan African Parliament licence. In addition Icasa will host a workshop of communications regulators from Southern and Eastern Africa in June 2007, to deliberate on regulatory challenges emanating from technological convergence, as part of efforts to harmonise regional policies. This opportunity will allow Icasa to share our recent experiences since the advent of the ECA, while also drawing lessons from the experiences of other regulators in the region. This engagement is expected to go a long way in creating a stable, predictable regulatory environment in the region, thus consolidating the role of ICT as a facilitator of social and economic development in Southern Africa.

Icasa is also involved in other regional and continental ICT policy processes such as its current position as the Chairperson of the Southern Africa Postal Regulators Association and as the Chairperson of a Special Committee charged with reviewing the strategic direction and

sustainability of the Communications Regulators Association of Southern Africa, an organisation which continues to play an important role in the development of regional ICT policy. The Authority is also gearing itself to actively participate in the development of the Nepad ICT Broadband initiative through a forum of regulators from the participating countries in East and Southern Africa.

Chairperson I wish to make special mention of the role played by the Nepad e-Africa Commission in advancing the Nepad agenda.

I would also like to take this opportunity to commend Icasa for the work it is doing, particularly in implementing the ECA. I trust that the honourable members will find some time in their busy schedule to be briefed about this work. On our part, we remain committed to finding ways of strengthening the capacity of this important institution of our democracy.

Furthermore, I wish to express my appreciation for the support and contribution of my Deputy Minister Roy Padayachie. I would also like to thank the Portfolio Committee of Communications for their support and their special attention to the matter of USALS.

A word of thanks as well to the department's Audit Committee under the leadership of Ms Faith Moja.

In conclusion, Chairperson and honourable members

In my budget speech of 2002, I observed in closing that "Tsela e telele, empa re tla fihla (The road is long but we will arrive)". The road has indeed been long, and, although we have not yet arrived, there is light at the end of the tunnel.

The birth of a new South Africa, where all are of equal worth is closer. In terms of our theme last year, the streams are beginning to fill the river. The young people in the e-co-operatives and those involved in the Nepad e-schools are indeed those streams that will fill our river.

I am therefore confident that, in accordance with the theme of the Information Society day this year of connecting the young, we are ready to connect to the future.

I thank you.

Issued by: Department of Communications

24 May 2007