SPEECH BY DR. SIYABONGA CWELE, MINISTER OF TELECOMMUNICATIONS AND POSTAL SERVICES ON BUDGET VOTE 32

17 May 2018, National Assembly, Cape Town

Honourable House Chairperson, Honourable Members, Invited Guests, Fellow South Africans. It is a great honour to present a R923 million budget for the Department of Telecommunications and Postal Services in this centenary year of President Nelson Mandela and Albertina Sisulu. In 1995, Madiba addressed the ITU Telecoms meeting in Geneva and highlighted the importance of bridging the digital divide and the potential of ICTs in improving the quality of life of all humanity. He went on to say "Given the fundamental impact of telecommunications on society and the immense historical imbalances, telecommunications issues must become part of the general public debate of development policies. Telecommunications cannot be simply treated as one commercial sector of the economy, to be left to the forces of the free market."

In September 2016 the ANC government finalised the National Integrated ICT White Policy Paper. In 2017, we consulted stakeholders on the implementation and complete three critical strategies namely; ICT SMME Development strategy, E-Government Strategy and the National E-Strategy. The ICT SMME Development Strategy seeks to accelerate the development, growth, and sustainability of small and medium enterprises in the ICT sector with the objective of job creation and economic inclusion. The Strategy aims to enhance entrepreneurship, increase the usage of ICT tools by all small businesses, and improve their profitability and competitiveness. In this financial year, the State Information Technology Agency (SITA) will spend 40% of ICT acquisitions on small businesses. The E-Government Strategy is our guide for digital transformation and modernising the public service to improve service delivery to our citizens. This year, SITA will finalise the development of the National e-Services Portal and deploy 50 e-services in line with the needs of client departments. This will ensure that government can deliver services, transact and communicate with citizens and businesses in real time. Earlier this year Cabinet approved the framework for repurposing and repositioning of SITA to provide services to the government in a reliable, efficient and cost-effective manner. The transformation of SITA includes rooting out corruption in the procurement environment.

We will not be intimidated by rogue employees and their corrupt business associates. Honourable Members, The National E-Strategy seeks to prepare South Africa for fundamental changes, opportunities, and challenges brought by the Fourth Industrial Revolution. To facilitate greater societal response, His Excellency President Ramaphosa, in his State of the Nation Address emphasised that "Our prosperity as a nation depends on our ability to take full advantage of rapid technological change…..we will soon establish a digital Industrial Revolution Commission." We are working closely with the presidency to establish this Council or commission to be a national advisory body comprising of government, the private sector, and civil society. The Council will be our National response in developing action plans and interventions for South Africa to leverage on the benefits of the 4IR, focusing on developing a digital society, advanced manufacturing, innovation, research & development as well as skills for new job opportunities. We have put into operation the National Rapid Deployment Coordinating Centre, which comprises of representatives from all spheres of government

and industry. Gauteng and KwaZulu-Natal provinces are leading in facilitating this developmental approach to broadband deployment. Gauteng will launch its pilot at Emfuleni Local Municipality. KZN Provincial Government is utilising its coordinating structure with municipalities to facilitate rapid deployment. In this regard, we will soon finalise the MOU with SALGA. The Centre will amongst others, establish a common automated way-leaves application system, create a geographic mapping information database of all fibre and other electronic communication network facility deployments.

In short, it will assist network providers to reduce time and costs for deploying their telecommunication infrastructure. Chairperson, Fibre infrastructure is critical for mobile services and 5G networks. The Fibre to Home (FTTX) Council reported an increase in the number of houses passed by fibre from 439 000 in 2017 to 933 000 by March 2018, while the houses connected to fibre grew from 89 000 to 280 000. The mobile 3G coverage remained stable at 99% of the population while 4G/LTE coverage increased from 75% to 77%. In the second quarter of 2018 we will submit the ECA Amendment Bill to Parliament, which has the following objectives:

- Address the impact of high levels of concentration and ineffective competition,
- institutionalise enabling provisions for Wireless Open Access Network (WOAN) and the rapid deployment of telecommunication infrastructure, and
- Clarify the roles and responsibilities of the ICT regulator and the Minister concerning radio frequency spectrum. Fellow South Africans, Last year we consulted widely on the implementation of spectrum policy and found consensus on the way forward in relation to scarce high demand spectrum. The current operators licensed with this spectrum, appealed not to return it until the end of the license period in 2027/28. In return, they committed to buy at least 30% of WOAN capacity. They also asked us to conduct a study on the actual need of a sustainable WOAN based on the fact that in the last two years, the industry has invested significantly in the 4G/LTE networks.

They further appealed that if there is additional spectrum left, we license it to operators to reduce current capacity and congestion challenges. In return they committed to buy up to 50% of WOAN capacity depending on the amount of spectrum available for their licensing. I commissioned CSIR to conduct the study and have concluded it. The outcome of the study is in the Cabinet process for consideration and approval and will be published after the conclusion of the Cabinet process. All these measures are meant to ensure investor certainty and facilitate further infrastructure investment and inclusive growth in the ICT sector. This sentiment is in line with President Ramaphosa's call for all of us to lend a hand in attracting investments in South Africa. Honourable Members, BROADBAND INFRACO (BBI) and SITA have been mandated to implement phase 1 broadband rollout to overcome delays in the procurement process. In 2018 we will focus on connecting 570 sites, of which 327 will be completed by the end of June 2018. In this financial year, BBI will expand its fibre network by a further 1000km and increase its Points of Presence (POPs) to 176.

SENTECH will conclude its business plan and funding model for a South African owned communication satellite by building on our national capabilities and partnerships. The aim will be to reduce our current leasing costs to government and develop our technical skills. We are concerned about the non-payment to SENTECH by the public and community broadcasters. We are working with the Minister of Communications Honourable Mokonyane, ICASA, and MDDA to find a lasting solution to this challenge which is threatening the sustainability of SENTECH.

INTERNET-FOR-ALL PROJECT

House Chairperson, According to 2016 STATS SA General Household Survey, 59% of households use the internet. Last year, together with World Economic Forum (WEF) we launched the Internet-For-All South Africa partnership programme in Soweto with more than 80 stakeholders from the public, private and community sectors. We have established the secretariat with the kind secondment from MTN. We have made progress, for example:

- The CSIR in partnership with ICASA is currently carrying out infrastructure gap analysis mapping by focusing on identifying areas where there is no infrastructure for internet access.
  • SENTECH, Intelsat, and Didusec began a pilot connectivity project in Alfred Nzo District municipality which we are now expanding to Amathole, Ukhahlamba, Sekhukhune, O.R.Tambo, Umzinyathi, Sisonke, Dr. Ruth Mompati, Chris Hani, Pixley ka Seme and Vhembe District Municipalities. This infrastructure project is premised on supporting local SMME entrepreneur's kiosks to provide affordable internet connectivity services to the local population.
- The South African Central Registry (ZACR) for internet has commenced with the translation of Wikipedia content to all South African languages beginning with IsiXhosa and iSiSwati for learners in Eastern Cape and Mpumalanga Provinces.
- Many companies are accelerating their digital skills training programme of millions of our people. Honourable Deputy Minister Ndabeni-Abrahams will deal with other aspects of skills training, SMME development, cybersecurity and broadband rollout. COST TO COMMUNICATE Fellow South Africans, The costs of data in South Africa is still relatively high. The ICASA 2018 report demonstrates some worrying trends of duopoly market dominance, such as: • Operators with large market share charge us more for services than small operators.
- Some dominant operators charge South Africans 8 times more per data bundle than their bundle cost in other African countries. • Poor people pay more for data bundle than the rich because in-bundle rates decrease as the value of data bundle increases. Meaning the poor people who can only afford to purchase 50 MB pays 50 cents per megabyte, while a customer who buys 20GB pays only 4 cents per megabyte. However, there are also positive trends. Despite recent low GDP growths, the ICT sector has been growing, demonstrating confidence and investing in our economy;
- In 2017 the employment numbers increased by 2.2%,
- The total revenue increased by 9.1% from R187 billion to R204 billion. Of particular note is Pay TV revenue increased by 21.2%, while postal revenue declined by 0.6%, and • In the last 3years the telecommunication component of investment increased by 41.9%. On the demand stimulation, our cost to communicate programme is progressing well. In August 2018 the Competition Commission is expected to release its final report. In June 2018 ICASA will release the Priority Market Study findings document listing markets that are prone to ex-ante regulation and priority markets to be subjected to market review processes. We have urged ICASA to prioritise the broadband data market so that DATA MUST FALL.

On 26 April 2018 ICASA released the final regulations on end user and subscriber charter regulations addressing the following:

1. All licensed operators must now send notifications to customers at regular intervals of usage (50%, 25%, 0%) to assist them to manage and control spend on voice, SMS and data services,

2. Operators must allow customers to roll over their unused data, i.e. no more data expiry!
3. Operators must enable customers to transfer data to other customers or relatives on the same network
4. Operators are no longer allowed to automatically charge customers expensive out-of-bundles usage rates without their expressed permission. This will enable customers to top up their data bundles. SAPO SUSTAINABILITY Honourable Members, Digital technologies and financial services offer new opportunities for SA Post Office. We are partnering with the Universal Postal Union (UPU) to make SAPO one of the three e-commerce hubs in Africa.

This will create a digital platform for our people and SMMEs to trade in the global market. We are on track to corporatise the Postbank. On 26 June 2017 we lodged the banking license application with the South African Reserve Bank, in terms of section 16 of the Banks Act. We have finalised the options for establishing the Bank Controlling Company. What is outstanding is for the National Treasury to submit a minor technical amendment to align the Banks Act with the Companies Act. We will appeal to Parliament to expedite this legislation once tabled. Fellow South Africans, Postbank has replaced CPS in providing the electronic payment solutions for SASSA social grants.

We are also responsible for the production of new cards which will replace the old SASSA cards as well as CPS /Grinrod cards. This new card will offer more benefits to recipients and reduce unfair deductions. SAPO and SASSA will make it easy for beneficiaries to obtain new cards free of charge at pay-points as well as SAPO and SASSA offices. We plan to conclude this replacement by August 2018. SAPO has committed to assist IEC by rolling out 3.5 million addresses before the 2019 general election. This project is on track and gaining momentum as almost 2 million addresses have been rolled out to date.

INTERNATIONAL ENGAGEMENTS AND PARTNERSHIPS

House Chairperson, During our current tenure as the chair of SADC, we are making progress in the SADC Roam Like at Home Initiative. On 10 - 13 September 2018, we will be hosting the ITU Telecom World in Durban, showcasing African capabilities in IOTs and next generation networks. The key legacy project of this conference will be the establishment of 'The African Centre for the Fourth Industrial Revolution' in South Africa. This center will assist with research, innovation and conformance standards testing to enable us to be competitive participants as the continent. This ITU conference will be followed by South Africa hosting the BRICS ICT Ministers meeting on 13-15 September 2018 in Durban under the theme "Advancing Growth and SMME Participation." In October/November 2018 we will attend the ITU Plenipotentiary Conference in Dubai which will approve spectrum for 5G Networks. This conference is a supreme body of ITU that meets every four (4) years. South Africa is campaigning to be elected to the ITU Council and Radio Regulations Board.

CONCLUSION

Let me conclude by recognizing our special guest EDWARD (EDDIE) NDOPU, one of South Africas outstanding citizens who is an embodiment of Madiba's motto of "It always seems impossible until it is done." At age 2, doctors said he only has 5 years left to live because of his disabling illness. Yet, he is now 27 years old. He is the first African with a disability to graduate from Oxford University where he obtained a Master's Degree in Public Policy. As a lifelong activist for 'not living anyone behind, he is saying ' Thuma mina' in his aspiration and working hard on being the first person with a disability to travel to space and address the United Nations on the importance of inclusion for all—as part of the

memory and the legacy of NELSON MANDELA in the digital age. Let us all lend a hand in making his dream come true. Let me thank;

- The Deputy Minister Ndabeni-Abrahams for hard work in areas of delegation,
- The Chairperson, Cde. Jabu Mahlangu and members of the portfolio committee for oversight and guidance; • Director General Nkuna and Team DTPS for hard work;
- The board members and executives of our State Owned Companies as well as the whole ICT sector for investing and creating jobs;
- The private sector and civil society partners in our programmes to create an inclusive information society and a knowledge economy,
- The workers who makes this industry tick, • My family and friends for support,
- The President, Deputy President and cabinet for guidance,
- The African National Congress for continuously focusing our programmes on uniting and improving our people's lives. Yes, we are in the period of renewal and hope for the future. Let us all 'lend a hand.' I move the house approve budget vote 32.

I thank you.