<u>**Questions on SA Connect report:**</u>

<u>Honourable Shinn</u>

1:      What is the budget for the last-mile connectivity that will be done by Access Network Providers?

Response: Access Network Providers (ANPs) connect government facilities to the nearest BBI Point of Presence (PoP), refer to slides 11 & 12 . Together with BBI's core network, ANPs access networks (last-mile) create full network connectivity over which SITA's internet services are provided. The Department procures full network connectivity services from BBI who in turn procures last-mile connectivity from ANPs. The Department thus does not directly deal with ANPs.

- Over 3 years for 313 sites, BBI's budget is R90 million.

2:      Who are these ANPs. How were they chosen? Who will manage them?

a)  The following is the list of successful ANPs:
    1. 3H Consulting Services (Pty) Ltd;
    2. Altech Radio Holdings (Pty) Ltd;
    3. Brightwave Technologies (Pty) Ltd;
    4. Galela Telecommunication Holdings (Pty) Ltd;
    5. Maredi Telecoms and Broadcasting (Pty) Ltd
    6. Mavoni Consortium;
    7. Mobile Telephone Network (Pty) Ltd;
    8. Safricom North West (Pty) Ltd;
    9. Sentech SOC Ltd;
    10. Singa Tel (Pty) Ltd;
    11. Telkom SA SOC Ltd; and
    12. TWK Communications (Pty) Ltd.

b)  For Phase 1: The ANPs were appointed following a competitive tender process. Tender RFP INF/TEN/0219 was advertised on the National Treasury e-tender portal and on the Broadband Infraco website; and in the Sunday Times and City Press.

    Sekela Xabiso (Pty) Ltd was appointed to conduct an audit of the SA Connect Phase 1 tender and the evaluation process, to ensure that the evaluation process is compliant with the relevant policies and legislation/regulations prior to the awarding of the contract.

c)  During the implementation phase, the ANPs are managed by the Broadband Infraco PMO (Project Management Office). For the operations and maintenance (O&M) phase of the network, the ANPs will be managed by the Broadband Infraco Network Operations Centre (NOC), as well as the O&M Department.

3:      a) Has the 3rd party router for the aggregation network been chosen?
        2.  If so how and at what capital cost and operating cost for the MTEF?

a) Currently BBI use existing infrastructure for the aggregation sites. But for future expansion, BBI intend to use carrier class devices that can do VLAN translation (can merge all different sites into one service, thus saving on management resources). Such devices will also have high density ports (optical and electrical, 1G, 10G mixture), with dual power. The cost for these devices will only be confirmed once Broadband Infraco has issued an enquiry to the market, and received responses with prices. Normal procurement processes will be followed for the upgrade.

b) DTPS will pay for services.

4:      How are local communities "stakeholders" in these municipal networks?
Local communities will have ready access to these networks since the services will have been extended to these sites.

ANPs have been contracted to use local community services by Broadband Infraco. An audit will be done to check to what extent this is happening.

5:      Will outside parties (ie SMMEs in these communities" be able to become customers of this network? If so how and at what cost?

Response: BBI's network is operated on an open-access basis, and so do ANPs', meaning that the networks are open to all licensed service providers, including local SMMEs. The cost to use these networks will be market related.

6:      Will the national government network be open to ISPs/service providers outside government on which they can run their own businesses?

Yes, it is possible, dependent on the case by case (terrain, distance, etc.). Some investment to extend the connection may be required.

ISPs that have been enabled can provide services to end customers.

7:      What is the total approved budget allocation from 2017 – until 2020/21? I add it up to be R750,9 million. Is this correct? How much of it has been approved by National Treasury. Has NT put conditions on the deliverables before the next year's tranche of money is released? Does any of this budget include the Western Cape/Gauteng rollouts? If so, How much per province?

Response: Yes, it is correct (Slide 14). The approved baseline allocations for 2017/18 – 2020/21 is R750,9 million (inclusive of R110 million rollover approved). Submission of quarterly progress reports (planned vs achieved connectivity and amount spent) is a requirement of NT to ensure continued baseline allocation for Phase 1.

Phase 1 rollout excludes Gauteng and Western Cape provinces. The two provinces will be included in the Phase 2 rollout to cover any gaps that may exist in these provinces (Slide 6).

8:      How are the numbers for site installations split between USAASA and SITA? What contribution has BBI made to these installations so far?

Response: Under the SA Connect Phase 1 rollout the two entities mandated to carry out the broadband rollout are BBI and SITA.  In this financial year, two government orders were issued to BBI to install network connectivity to 915 sites (313 + 602 sites). Four government orders have been issued, in this financial year, to SITA to upgrade internet services to 257 sites (63 + 194 sites) and to activate internet services to 915 sites (313 + 602 sites) where BBI installed network connectivity. BBI has to date installed network connectivity to 312 sites.

9:      Slide 16: .Core network can accommodate only 570 sites. By the end of the year will 882 sites be up and running (63+507+312). Please explain.

Response: SITA's core network has been optimized to accommodate the initial internet services to 570 sites (63 + 194 + 313 sites) (Slide 16). The core network capacity has also been increased to accommodate internet services to additional 602 sites. In total the core network will accommodate 1172 sites (570 + 602 sites) (Slide 19)

10:     4 Phase 1 rollouts is for (slide 9) for total 6135 sites. How many of these sites have been/are being implemented by the Western Cape and Gauteng governments? From which budgets are these two provinces being funded?

Response: Phase 1 rollout excludes Gauteng and Western Cape provinces. The two provinces will be included in the Phase 2 rollout. The roll-out for the two provinces is from their provincial budgets which have been re-prioritised to focus ion broadband roll-out.

We include their programmes when reporting because they contribute to SA Connect target of connecting government  facilities at prescribed speeds and quality as outlined in the policy.

11:     How much has been spent on upgrading the 63 sites of Phase 1A? How much was spent on the 312 new sites. (slide 16).


Response: For the current financial year R6,8 million has been committed to upgrading 63 sites, while R53 million is committed to network and service connectivity for 313 sites.

To date
SITA invoice value: R 2,3 million
BBI payment: R4,9 million

SITA invoice verification is underway with site audit being conducted in parallel before payment is made. BBI site handover is also underway before additional payment can be processed.

12:     Why are so few Thusong centres being connected (1B – Slide 20). Is this all there are in these districts?

There are more Thusong centres in these Districts, however the site selection is constrained by considering those site that are close to existing BBI infrastructure to minimise cost and increase the chance of completion within the remaining short period until the end of the financial year.

13:     What is the estimated cost to DTPS and its entities of implementing Phase 1 to completion in 2022?

Response: Phase 1 is implemented in line with the MTEF base allocations. The base allocations to 2021/22 is R945,4 million (inclusive of R110 million rollover granted)

14:     What is the business case presented to DBSA? How much money is needed to connect all 35 211 sites in Phase 2? And the timeframe to completion?

Response: Department has signed MoU with DBSA to conduct a feasibility study to determine cost-effective and efficient roll-out of broadband for Phase 2, including to determine the total cost of rolling out connectivity to 35 211 sites. DBSA estimates that the study will be concluded in 2019/20 financial year.

15:     What is the estimated support cost of Phase 1. Who will bear the cost of keeping the network active?

Response: The Department procures services from BBI and SITA. The service costs are inclusive of support costs. The costs to operate and maintain the networks are borne by BBI and SITA.

Broadband Infraco will be responsible to maintain the core network and the ANPs to maintain the last mile network. For example, Broadband Infraco's internal estimated support cost over the 10-year project period will be R148.1 million.

16:     What steps are being taken to ensure the departments (health/education/home affairs et al) are budgeting for and developing applications to make efficient use of the network.

> Discussion with Department of Health confirms that once SA Connect project provides broadband connectivity to health institutions, DoH will utilise this connectivity to rollout ICT applications which they have already piloted to support the NHI initiatives.
>
> Department of Education has plans to rollout the electronic Leaner Management (e-LMS) solution which has been developed as part of FIFA 2010 legacy project. This e-learning platform will enable leaners and educators to use ICT applications for teaching and learning in the classroom. The Department also confirmed that the Basic Education Department (National, Provincial & district) will take care of end user devices.

For Home Affairs, the increase broadband speeds will enable roll-out of Smart ID and associated capability.

**Honourable Tsotetsi**

1. Broadband to reach a critical mass of S.A
   - what progress you have made i t.o infrastructure in rural areas as it has been a challenge.
   Reponses: The majority of sites being connected are in rural areas. The current rollout scale is however still significantly small to achieve the desired impact.

2. Budget cuts
   a) what informs the budget cuts. Is it a decision from Treasury or negotiations DTPS.
   Response: DTPS did not have input on the budget cuts, we were informed once a decision was taken by Cabinet. The budget cuts affected all in not most government departments which are running a major project. According to NT budget cuts were informed by national priorities.

   b) To what extent will the budget cuts affect your targets .
   Response: The budget cuts affected the SA Connect targets significantly, For example, the number of sites to be connected in 2018/19 had to be drastically reduced as there was only R9,7m available, (See slides 14 & 15)

3. Connectivity
   -are all facilities which are tested activated.
   Response: Sites being installed with infrastructure by BBI's partners are the ones being tested to ensure compliance with SA Connect network requirements before services are activated by SITA. Due to the funding for services becoming available in late August 2018.

   SITA's plan to activate services as follows.

4. Risks
   a) are there mechanisms in place to mitigate the risks effectively.
   Response: Operationally there is governance framework to address, strategic, operational, and technical risks. Financially however the risk mitigation is limited.

   b) elections campaigns are always threatened by protests which are sometimes violent and cause damage to public property. In light of this information, how realistic are your time frames

   Response: As indicated on Slide 13, service delivery protests have the potential to impact the project. So far, we have been fortunate that the protests that were encountered did not impact the project. The plans factor in some of the major issues such as 3rd party approval of high sites, equipment delivery delays etc, however, the Department and the entities have been working hard and go through a detailed process to shorten some of the timelines in order to complete the work. Therefore, if the were prolonged service delivery protests or there was damage to important

equipment during the protests, the timelines will definitely be affected.

5. Do you anticipate further cuts in the budget.

    Response: We do not anticipate further budget cuts, the budget increase night also be to high, which have a serious impact on the roll-out broadband. The positive progress and impact should also encourage National Treasury not to cut the budget. There is general agreement that ICTs in particular, broadband roll-out is crucial for economic growth including the Fourth Industrial revolution.

**Honourable Chairperson**

1. Need demonstrate live, the monitoring of connectivity?

    Response:  a) Connectivity to the 63 Facilities
              b) Connectivity to the 312 (now 313 facilities)