



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# **ICASA APP 2019/20FY**

## **3 JULY 2019**

**Dr K Modimoeng**  
**Acting Chairperson**



ICASA is established pursuant to section 192 of the Constitution and in terms of the ICASA Act of 2000

ICASA is mandated to -

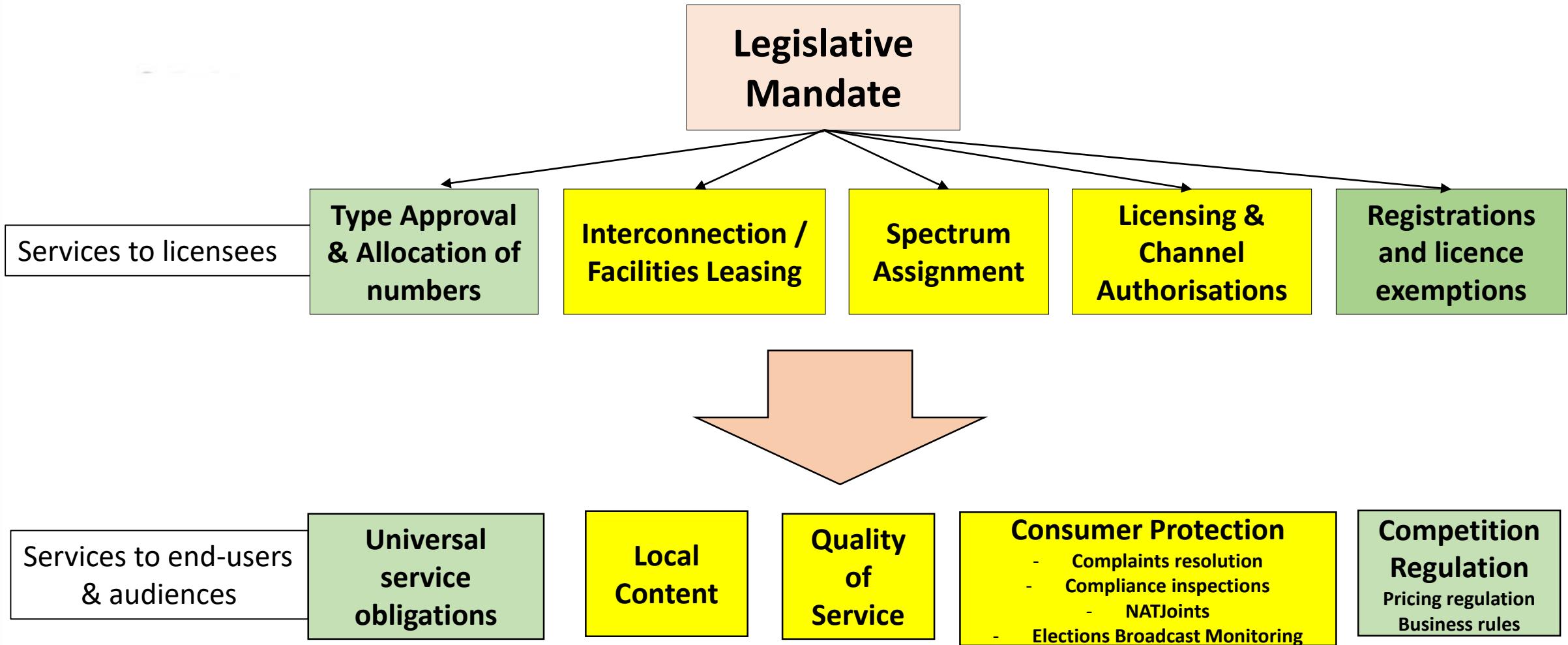
- regulate electronic communications, broadcasting and postal sectors in the public interest
- ensure affordable services of high quality for all South Africans

**ICASA's mandate is derived from:**

- ICASA Act, 2000**
- EC Act, 2005**
- Broadcasting Act, 1999**
- Postal Services Act, 1998**
- ECT Act, 2002**



# ICASA Services to the Sector





## Investment in and access to broadband infrastructure

1. Facilitate investment in broadband infrastructure
2. Increase access to broadband spectrum from 566MHz to 958MHz by 2020

## Promote competition

Promote competition and reduce costs of electronic communications, electronic communications networks, postal and broadcasting services by 2019/20

## Common national identity and social cohesion

Increase television broadcasting platforms from three to seven Digital Terrestrial Television Multiplexers and develop a regulatory framework by 2020

## Independent and credible regulator

Adherence to regulatory principles of transparency, accountability, independence, integrity and predictability in the public interest

## Improve stakeholder and consumer experience

Monitoring of quality of services, and improve stakeholder engagement from 10% to 80% by 2020



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# **PRIORITIES**

## **(2019/20)**



## **Economic transformation and job creation**

*IMT licensing process (broadband infrastructure)*

*Cost to Communicate*

## **Education, skills and health**

*Connectivity for public institutions (universal service obligations)*

**REGULATING THE ICT  
SECTOR IN THE PUBLIC  
INTEREST**

## **Social cohesion and safe communities**

*Regulatory processes pertaining to broadcast sector*

## **A better Africa and the World**

*Preparations for WRC-19*



## Outcome 4: inclusive economic growth

- Licensing and regulation that facilitates investment in the ICT sector, thus contributing to job creation
- Promotion and advancement of previously disadvantaged individuals to fully participate in the ICT sector.

## Outcome 6: economic infrastructure

- Promote and facilitate deployment of ICT infrastructure
- Market reviews and where relevant prescription of procompetitive remedies to encourage efficient infrastructure investment
- Promote competition in the ICT sector

## Outcome 12: empowered and inclusive citizenship

- Implement transparent and fair processes by adhering to administrative due process
- Promote and enforce consumer protection
- Capacity building and development of employees and stakeholders

## Outcome 14: social cohesion and common national identity

- Promote diversity and plurality of views through *inter alia* licensing of community, commercial and public broadcasting services and broadcast content regulation
- Implement regulation that contributes to democracy and nation building



## Licensing of IMT Spectrum

- The project initiated in 2016 for 700 MHz, 800 MHz and 2.6 GHz bands but was interdicted
- The process currently underway for promulgation of Policy Directive by Minister: DOC&DTPS
- ICASA working on its state of readiness to commence licensing process (upon issuance of Policy Directive)

## Data Services Market Review

- Multi-year project that started in 2016/17FY in response to “DataMustFall”
- The target for this year is a Findings Document (findings of the market review inquiry)
- The process will run parallel to the Data Market Inquiry undertaken by Competition Commission

## Elections Broadcast Monitoring (the 2019 Elections Report)

- ICASA performed monitoring of elections broadcast in terms of Regulations on Party Elections Broadcast, Political Advertisements and Equitable Treatment of Political Parties by Broadcasting Licensees during the 2019 elections
- The Report will be published during Q3

## Preparation for WRC-19

- WRC takes place every four years, next one is scheduled for Nov/Dec 2019 in Egypt
- Review of regulatory instruments of spectrum including IMT Roadmap and Spectrum Assignment Plans
- Ongoing work on 5G readiness through the 5G Forum

## Regulatory processes pertaining to broadcasting sector

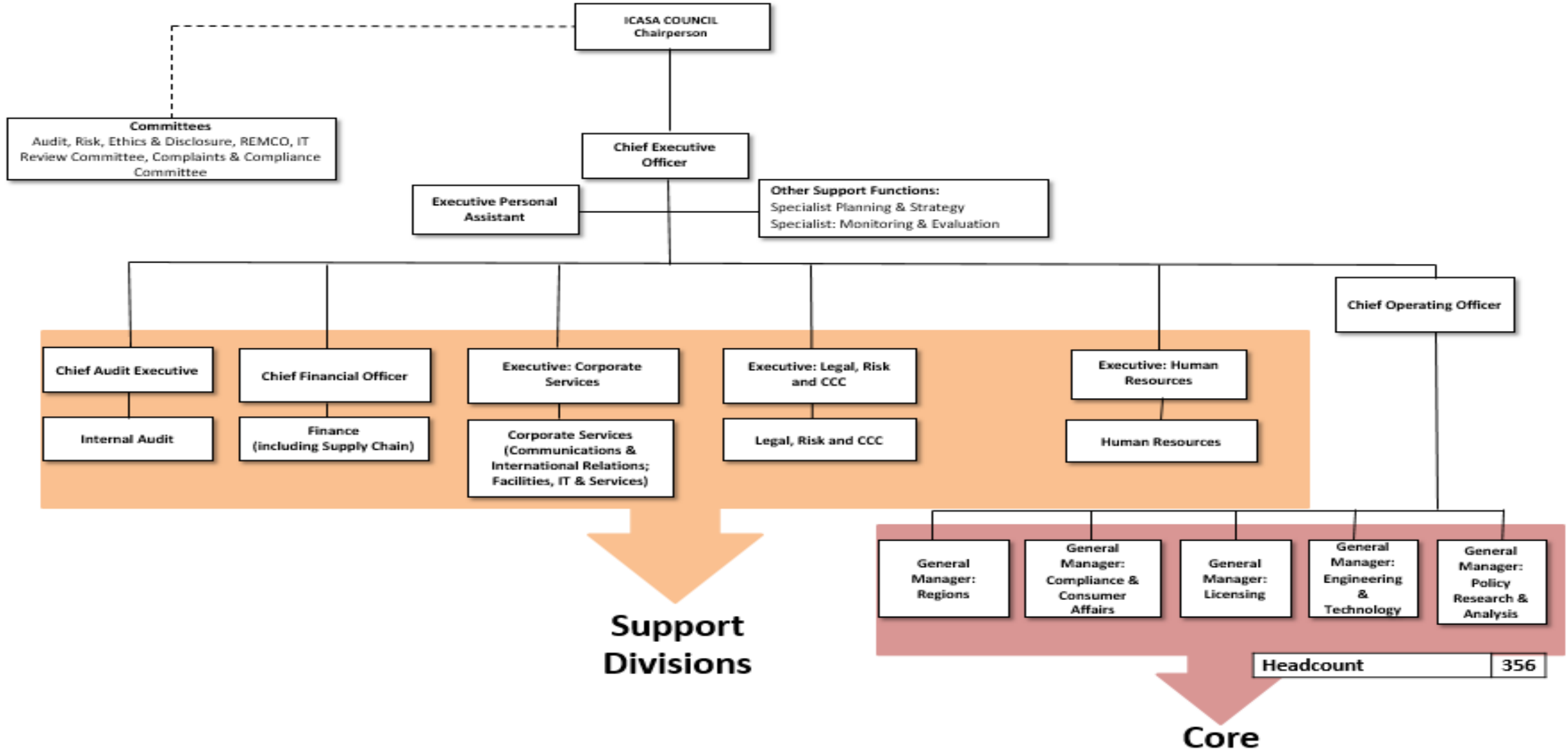
- Subscription Market Review
- Review of Must Carry
- Review of Regulations on Sports Broadcasting Rights





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# ORGANISATIONAL STRUCTURE





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# **Governance and Statutory Committees**



## Governance

- **Audit Risk Disclosure and Ethics Committee**
- **Information Technology Review Committee**
- **Remuneration Committee (REMCO)**

## Statutory

- **Complaints and Compliance Committee established in terms of section 17A of the ICASA Act No 13 of 2000**



## AREDC

Provide oversight support to ensure adequacy and effectiveness of systems of internal control and risk management; review annual/integrated reports (including financial statements) in compliance with all applicable legal and regulatory requirements and accounting standards, and exercise oversight over the CAE functions

## HR&REMCO

Oversight and support regarding overall corporate governance on remuneration policies and practices that supports the strategic mandate of ICASA, which aims to attract, motivate, retain and drive performance of the calibre of employees needed to achieve ICASA's strategic objectives

## ITRC

Provides oversight support and guidance to ensure ethical IT governance and culture, advise Council on alignment of IT strategy and processes for achievement of organisational strategic objectives



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# **CORE DIVISIONS APP TARGETS (2019-20FY)**



(1) To facilitate investment in and access to broadband infrastructure for sustainable socio-economic development

(2) To promote competition and facilitate access to a broad range of communication services at an affordable cost

(3) To promote respect, social integration, inclusivity and nation building through the regulation of broadcasting services

(4) To position ICASA as an independent and credible regulator that inspires the confidence of consumers and other stakeholders

(5) To enhance ICASA's capacity to fulfil its mandate through professionalism and improved organisational performance



**ADMINISTRATION**

**LICENSING**

**POLICY RESEARCH &  
ANALYSIS**

**ENGINEERING &  
TECHNOLOGY**

**COMPLIANCE &  
CONSUMER AFFAIRS**

**REGIONS**

An ICASA Office in each Province by 2020





# LICENSING



<b>Strategic Objective 1.1</b>	<b>Access to broadband spectrum</b>
<b>Objective Statement</b>	Increase access to broadband spectrum from 566MHz to 958MHz by 2019/20
<b>Baseline</b>	566MHz
<b>Strategic Objective 3.1</b>	To foster the creation of common national identity
<b>Objective Statement</b>	To foster the creation of common national identity through necessary regulatory frameworks for ICT platforms by 2019/20
<b>Baseline</b>	None
<b>Strategic Objective 5.2</b>	Improve organisational performance
<b>Objective Statement</b>	To improve organisational performance from 29% by 20 percentage points by 2019/20
<b>Baseline</b>	89%

Sub-Strategic Objective		Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1.1.1	To complete licensing processes for broadband (IMT) spectrum		25% (Publication of the invitation to Apply (ITA) for the first phase of International Mobile Telecommunications (IMT) licensing process)	50% (Decision of Council on the first phase of IMT licensing process)	75% (Publication of a notice on the second phase of IMT licensing process)	100% (Decision of Council on the second phase of IMT licensing process)	-	-
3.1.1	Percentage of the process for the licensing of Individual Electronic Communications Network Services					25% (Publication of a notice on the process for the licensing an Individual Electronic Communications Network Services	50% (Publication of the notice regarding received applications for the licensing of Individual Electronic Communications Network Services	100% (Decision of Council on the Licensing of Individual Electronic Communications Network Services
3.1.2	To Complete licensing process for digital community television broadcasting services on MUX 1		-	-	-	25% (Publication of the ITA for licensing of digital community television broadcasting services on MUX 1)	50% (Publication of the notice regarding applications for digital community television broadcasting services on MUX 1)	100% (Decision of Council on the Licensing of community television broadcasting services on MUX 1)
3.1.3	Percentage of the process to develop Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups completed		Published Discussion Document on Equity Ownership by Historically Disadvantaged Groups	Public Hearings on representations submitted in response to the Discussion Document on Equity Ownership by Historically Disadvantaged Groups	Publication of position paper on Equity Ownership by Historically Disadvantaged Groups	50% (Publication of Draft regulations on Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups completed)	100% (Publication of Final regulations on Regulations on Limitation of Ownership and Control and Equity Ownership by Historically Disadvantaged Groups completed)	
5.2.1	Percentage of the process to review the Standard Terms and Conditions Regulations for Individual Licences completed	Amended regulations on Standard Terms and Conditions for Individual Licences					50% (Publication of Draft amendment regulations on Standard Terms and Conditions for Individual Licences)	100% (Publication of Amended regulations on Standard Terms and Conditions for Individual Licences)
5.2.2	Percentage of the process to review the Standard Terms and Conditions Regulations for Class Licences completed	Amended regulations on Standard Terms and Conditions for Class Licences				50% (Publication of Draft regulations on Standard Terms and Conditions for Class Licences)	100% (Publication of Amended regulations on Standard Terms and Conditions for Class Licences)	
5.2.3	Percentage of the process to review Processes and Procedures Regulations for Individual Licences completed	Amended regulations on Processes and Procedures for Individual Licences					50% (Publication of Draft amendment regulations on Processes and Procedures for Individual Licences)	100% (Publication of Amended regulations on Processes and Procedures for Individual Licences)
5.2.4	Percentage of the process to review Processes and Procedures Regulations for Class Licences completed	Amended regulations on Processes and Procedures for Class Licences				50% (Publication of Draft amendment regulations on Processes and Procedures for Class Licences)	100% (Publication of Amended regulations on Processes and Procedures for Class Licences)	
5.2.5	Complete process for the development of a conformity assessment framework for equipment authorisations		Regulatory Position Paper on the Equipment Type Approval Exemption		50% (Stakeholder consultation on conformity assessment framework for equipment authorisations)	100% (Conformity assessment framework for equipment authorisations developed)		



<b>Strategic Objective 2.1</b>	<b>Promote competition and reduce cost of communication</b>
<b>Objective Statement</b>	To promote competition and reduce cost of electronic communications, electronic communications networks, postal and broadcasting services by 2019/20
<b>Baseline</b>	
<b>Strategic Objective 3.1</b>	<b>Foster creation of a common national identity</b>
<b>Objective Statement</b>	To develop necessary regulatory frameworks for Community Broadcasting, National Elections Broadcasting and National Sporting Events Broadcasting by 2019/20
<b>Baseline</b>	4
<b>Strategic Objective 4.1</b>	<b>Protect the rights of consumers</b>
<b>Objective Statement</b>	To protect the rights of consumers through tariff analysis, cybersecurity studies, policy changes analysis by 2019/20
<b>Baseline</b>	1
<b>Strategic Objective 4.3</b>	<b>Protect the rights of consumers</b>
<b>Objective Statement</b>	To protect the rights of consumers through influencing of policy and legislation through advocacy initiatives by 2020
<b>Baseline</b>	1
<b>Strategic Objective 4.4</b>	<b>Protect the rights of consumers</b>
<b>Objective Statement</b>	To protect the rights of consumers through conducting of impact assessment studies by 2019/20
<b>Baseline</b>	1

Sub-Strategic Objective		Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
2.1.1	Develop Position Paper on Subscription Broadcasting				1 (Findings Document on Subscription Broadcasting)	1		
2.1.3	Conduct a market review in terms of section 67(4) of the ECA				1	1		1
2.1.4	Conduct a study on SAPO annual tariff increase	1	1	1	1	1	1	1
2.1.5	Review of the Unreserved Postal Services Regulations				1 (Position Paper on Unreserved Postal Services)	1		
2.1.7	Produce a report on the review of the SAPO Price Cap Regulations					1		
3.1.1	Review on the broadcasting of national sporting events regulations				1	1		
3.1.2	Produce a Findings Document on Must Carry Obligations					1		
4.1.2	Develop a Position Paper on the Role of the Authority on Cybersecurity				1 (Findings Document on the Authority's Role on Cybersecurity)	1		
4.3.1	Influence policy through advocacy		1	1	1	1	1	1
4.4.1	Conduct impact assessment studies			1	1	1	1	1



<b>Strategic Objective 1.1</b>	<b>Access to broadband spectrum</b>
<b>Objective Statement</b>	To increase access to broadband spectrum from 566MHz to 958MHz by 2019/20
<b>Baseline</b>	566MHz
<b>Strategic Objective 1.2</b>	A regulatory framework for the use of dynamic and opportunistic spectrum
<b>Objective Statement</b>	To develop one (1) regulatory framework for the use of dynamic and opportunistic spectrum by 2019/20
<b>Baseline</b>	Research reports on dynamic and opportunistic spectrum (2015/2016, 2016/2017 and 2017/2018)
<b>Strategic Objective 2.1</b>	Promote competition and reduce cost of communication
<b>Objective Statement</b>	To regulate for effective competition and compliance in the broadcasting, electronic communications and postal services by 2019/20
<b>Baseline</b>	National Radio Frequency Plans (2018)

Sub-Strategic Objective		Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1.1.1	Revision of the Frequency Migration Plan	Frequency Migration Plan 2013	Council approved National Frequency Plan 2017	50%	100%	100%	100%	50%
1.1.2	Revision of the International Mobile Telecommunications (IMT) Roadmap	IMT Roadmap 2014 and Radio Frequency Spectrum Assignment plans 2015	Council approved National Radio Frequency Plan 2017	30%	100%	100%	100%	30%
1.1.3	Radio Frequency Spectrum Assignment Plans (RFSAPs) produced	9	0	4	4	4	4	4
1.1.4	Reports with recommendations on South Africa's readiness for 5G produced	Project had not started	Approved Council submission on the 5G concept and motivation for a South African Forum	Report on establishment of South African 5G Forum	1	1	1	1
1.2.2	Regulatory frameworks on the use of TV Whitespace spectrum developed and implemented	0	1 draft TV Whitespaces regulations	1 set of TV Whitespace regulations	1	1	1	1
2.1.1	Documents on regulatory aspects of digital sound broadcasting for introducing the latter in South Africa produced	National Radio Frequency Plan 2013	National Radio Frequency Plan 2017	1 discussion document	1 findings document	1 draft regulation	1	0



<b>Strategic Objective 4.1</b>	<b>Protect the rights of consumers</b>
<b>Objective Statement</b>	To promote the delivery of quality services to consumers and other stakeholders by 2019/2020
<b>Baseline</b>	Consumer protection regulations



Sub-Strategic Objective		Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
<b>4.1.1</b>	Resolve Radio Frequency interference cases	100%.	99.26%	99%	95%	96%	97%	98%
<b>4.1.8</b>	NATJOINTS instructions executed		100% execution of relevant NATJOINTS instructions received	6	4	4	4	4





# COMPLIANCE & CONSUMER AFFAIRS



<b>Strategic Objective 4.1</b>	<b>Protect the rights of consumers</b>
<b>Objective Statement</b>	To promote the delivery of quality services to consumers and other stakeholders by 2019/20
<b>Baseline</b>	CAP Regulations and 85% Complaints Resolved
<b>Strategic Objective 4.2</b>	<b>Protect the rights of consumers</b>
<b>Objective Statement</b>	To protect the rights of consumers through regulation of licensees' compliance in the broadcasting, electronic communications and postal services by 2019/20
<b>Baseline</b>	2015/16 Municipal Elections Report



Sub-Strategic Objective		Audited/Actual Performance			Estimated Performance 2018/19	Medium-Term Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
4.1.1	Consumer Advisory Panel Report		0	0	1	1	1	1
4.1.2	Resolve consumer complaints		92%	93%	85%	85%	85%	87%
4.2.1	Monitor compliance of broadcasters' coverage of 2019 national elections		0	0	0	1	0	1



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# **MID-TERM EXPENDITURE FRAMEWORK BUDGET**



# MTEF Budget



	2018/19	2019/20	2020/21	2021/22
<b>Rand thousand</b>	<b>Approved budget</b>	<b>Medium-term estimate</b>		
<u>Objective/Activity</u>				
Administration	252 254	244 619	258 253	272 648
Licensing	61 395	63 785	67 293	70 994
Engineering and technology	21 041	21 860	23 062	24 330
Policy research and analysis	29 479	30 626	32 310	34 087
Compliance and consumer affairs	30 943	32 148	33 916	35 781
Regions	77 501	80 518	84 946	89 618
<b>Total</b>	<b>472 613</b>	<b>473 555</b>	<b>499 781</b>	<b>527 460</b>



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# **MTEF BUDGET REDUCTIONS**



Description	Audited Results		
	2015/16	2016/17	2017/18
Funds Surrendered back to NT	R 41.4 million	R 124.7 million	R 10.2 million

The Authority's request to retain cash surplus for the 2017/18 financial year was declined by the National Treasury and the Authority was requested to return a total amount of R10.2 million. The total amount due was transferred back to the National Revenue Fund before 31 November 2018 as required by National Treasury Instruction note 6 of 2017/18.



R thousand	Total Baseline Reduction	2019/20	2020/21	2021/22
		R'000	R'000	R'000
Initial Allocation		480,845	507,291	513,372
Baseline reduction – 2017	(51,670)	(19,604)	(20,682)	-
Revised Allocation		<b>461,241</b>	<b>486,609</b>	<b>513,372</b>
Baseline reduction – 2018	(26,670)	(8,596)	(8,888)	(9,186)
<b>Revised Allocation</b>	<b>(73,536)</b>	<b>452,645</b>	<b>477,721</b>	<b>504,186</b>

On the 13th of December 2018, the Authority received a revised Mid-Term Expenditure Framework (MTEF) budget allocations letter which stipulated that the Authority's MTEF Budget allocation was reduced by a total amount of R26,670 million (R8.596 million in 2019/20, R8.888 million in 2020/21, and R9.186 million in 2021/22) over the MTEF period.

This decision means that the Authority is facing serious financial constraints for the 2019-20 financial year and the remainder of the MTEF period. The budget reduction left the Authority with a huge budget deficit which will have a negative impact on the implementation of the targets as per the approved Annual Performance Plan and Strategy.



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# CONCLUSION





## Funding:

The funding model of ICASA is not optimal. As a result the organization is not able to effectively execute its mandate due to lack of resources (systems and people). As a regulator of the ICT sector, it is critical that ICASA be adequately resourced in order to keep abreast of technological developments

## Institutional arrangements:

ICASAs independence has been on the agenda in the recent past. It is internationally recognized, that having an independent regulator (meaning independent from interference in particular from the industry - which includes the Minister as shareholder representative of government in the ICT sector), provides investor confidence and enables the regulator to act in the best interest of the public. Decisions by a regulator should be informed by input from the industry and public, information from impact assessments and the state of the market at the time, therefore a regulator should have independence and flexibility to make decisions.

## Policy:

The delays in finalisation of the Policy Directive on the High Demand Spectrum may hamper the Authority's efforts to initiate / finalise the licensing process for spectrum.

It is of critical importance, that a policy is future proof, and will withstand the ever changing landscape of a technologically driven industry. Therefore, it should provide overall guidance rather than detailed instructions.



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**THANK YOU**