



MINISTRY
COMMUNICATIONS AND DIGITAL TECHNOLOGIES
REPUBLIC OF SOUTH AFRICA

Budget Vote Speech – Minister Solly Malatsi

12 May 2026

Honourable Speaker,
Honourable Members,
My fellow South Africans.

Our primary focus is on actions that will unlock faster, reliable, and cheaper internet for all, especially poor South Africans in rural areas, those who need it the most to get jobs and provide for their families.

This mission aligns with this year's theme of the World Telecommunications and Information Society Day: "Digital Lifelines: strengthening resilience in a connected world."

It reflects the importance of digital infrastructure in the modern economy: public services, education, communication, commerce, and emergency response increasingly depends on digital systems.

If these systems are not resilient, they pose a foundational risk to our day-to-day lives.

South Africa has made commendable progress in the delivery of digital infrastructure.

According to the recently released Digital Infrastructure Investment Study commissioned by the Development Bank of South Africa, the true connectivity access gap is now only 2.2% of all South African households.

But - there is a critical question we must ask ourselves: is access itself enough?

The answer to that, fellow South Africans, is clear: NO, it is not enough.

In South Africa's context, digital lifelines are only true lifelines if people can reach it, afford it, understand it, and use it.

What we need, if we wish to truly leverage the full potential of connectivity, is that access must be meaningful, not only universal.

To this end, low earth orbit satellite services also form part of South Africa's digital future. Rather than wait a decade to develop domestic LEO capacity, we must create conditions for international operators to serve our people now, in a manner that supports national interests and regulatory compliance.

Our responsibility is to ensure that new technologies expand inclusion rather than deepen inequality.

Colleagues,

We do this by reflecting honestly on the DCDT's mandate as an ecosystem enabler. Our role is not to build every tower, lay every fibre line, regulate every transaction, or deliver every digital service.

It is to create the enabling environment for the growth of the digital economy, through policy, legislation, and coordination of government and sector efforts, so that we all work towards a common goal.

We cannot approach this role from a perspective of control, but from a perspective of unlocking the potential of being online, while protecting the vulnerable from abuse and exclusion.

Where the state does have a role to play through state-owned entities, we must approach our oversight role with extreme care, act decisively where wrongdoing takes place and provide strategic guidance to steer them towards sustainability.

The digital economy is not only a standalone sector that contributes directly to economic growth but serves as a horizontal enabler of economic productivity across all sectors.

When policy is clear, regulation predictable, and state-owned entities are well governed, we create the conditions for growth that no single project or programme can replicate.

To unlock growth, we must stabilise the fundamentals. This work is neither glamorous nor easy. Its results are not always immediate, but their impact will stand the test of time.

Speaker,

Before I continue to share our plans for the year ahead, I would like to take a moment to reflect on our progress over the past year.

Last year, government removed the ad valorem excise duty on entry-level smartphones. The Department partnered with the GSMA to measure the impact of this tax break: in the nine months prior to the tax removal, month-on-month entry-level smartphone sales declined by 7.9% per month.

Between April and December of 2025, this decline was reversed, and month-on-month sales in this segment grew by 3.7%, with a clear indication that people can now afford to substitute their feature phones for smartphones.

We will use the outcomes of this study to consult with National Treasury to continue utilising other fiscal tools to increase device access.

We also committed to convening a policy colloquium. This colloquium was held in October 2025 and led to the development of a comprehensive report capturing the views of industry, government and civil society stakeholders. This report continues to inform decision-making within the Department.

We continue to work towards the stabilisation of our entities. SITA, in particular, has shown commendable improvement, with an unqualified audit finding now a realistic possibility. To this end, I want to thank the interim board under the leadership of Ms Sendzani Mudau to steering the ship through rough seas.

We have now finalised the new board that will be chaired by Dr Stella Bvuma. For the first time in years, SITA also has a permanent Managing Director.

The SABC has for the second consecutive year achieved an unqualified audit opinion, a remarkable improvement after years of governance instability.

The funding model study has been completed, and we are currently consulting with National Treasury on the most suitable model to ensure that the SABC is empowered to balance its commercial operations and public broadcasting mandate.

In the 2025/26 financial year, we successfully launched eight cyber-labs in collaboration with our entities and various private sector partners, providing opportunities for transformative digital skills development for thousands of young people.

For the current financial year, we will build 10 more cyberlabs.

However, the past year has not been a story of success alone.

While the Department is making steady progress towards fully operating at the standard required to play the critical role it must play in our digital economy, challenges remain.

The long-standing issue of the analogue-switch off and digital migration remains unresolved for now.

We have teams across the country working on installations to ensure registered households maintain access to broadcasting services, and engagements with the broadcasters on our next steps will continue.

Over the past year, we initiated several investigations into USSASA, Nemisa, ZADA and SITA to restore good governance practices, uphold accountability and enforce robust oversight.

To continue with the GNU's efforts to build an ethical and capable state, we will be introducing measures to conduct lifestyle audits for the executive and board leadership across our entities and within the Department.

Despite seeing dividends from governance reforms implemented in the last financial year, several of our entities continue to be in a battle for survival.

Speaker,

The Department's expenditure allocation for the 2026/2027 financial year is R2.549 billion. Of that, R1.749 billion is transferred to portfolio entities.

ICASA receives R505million, the Film and Publications Board R112 million, and the South African Post Office R595 million, allocated to the universal postal obligation.

The SABC receives R234 million.

Speaker,

The budgetary constraints within our portfolio are clear and have a serious impact on the Department and portfolio entities' ability to deliver on our joint mandate.

But we are not the only portfolio that is in this position. Fiscal constraints are the reality that we must deal with.

We can no longer hide behind the lack of funds to explain why we fall short of what is expected of us.

Rather, we will be thinking differently about how we use what we do have available to us to fulfil our mandate as best as we can.

One of our greatest assets is our private sector. When working alone, our impact will always be limited. But when we partner with private sector, we open the door to multiply our impact.

To be clear, partnership is not the same as privatisation, but partial privatisation makes sense in certain situations.

We must acknowledge that we find ourselves in a position that is becoming impossible to avoid the hard truth that 100% state ownership of our portfolio entities is no longer sustainable in the context of our fiscal reality.

So, we must honestly assess the need and fitness-for-purpose of some of the state-owned entities. Where we need them, they must be well run and financially sustainable.

But partnering with the private sector is more than just about ownership. Where we can create mutually beneficial commercial agreements where private sector players leverage state-owned assets to deliver services at cost-effective prices, we will get more South Africans connected to the internet and out of poverty.

I believe it is time for us to acknowledge that it is much more important to get people connected and ensuring that they have access to affordable, reliable and secure connectivity, than who delivers that connectivity.

Speaker,

A look at the scope of investments being made in the digital sector just confirms my point that the government's role in connectivity provision is ripe for review.

At the South African Investment Conference, private sector institutions committed R56.4 billion's worth of investment across nine confirmed mega-projects in the ICT sector.

This number does not include the hundreds of smaller unannounced investments.

South Africa's appeal as a destination for digital investments is illustrated through other key statistics: South Africa ranks first on Fitch/BMI's Sub-Saharan Africa Telecommunications Risk/Reward Index.

We are, by some distance, Africa's most advanced data centre market.

But investors still view our policy environment as interventionist and protectionist, and the fragmentation of mandates and responsibilities across the portfolio creates opacity that hinders investment.

If our goal is to be seen the genuine entry point into Africa, we need predictable regulation, investment-ready infrastructure, and a clear policy framework. Without getting these fundamentals right, we are robbing ourselves of the full potential of our digital economy.

Speaker,

While we work on stabilising the fundamentals, we are also continuing to seek innovative ways to stimulate investment in the sector,

One such opportunity is the treatment of digital infrastructure under the Real Estate Investment Trust regime. Cell phone masts, fibre networks, and data centres are no longer peripheral assets, but core infrastructure on which the modern economy operates.

Allowing companies that own digital infrastructure to participate in the REIT regime could unlock long-term capital, attract foreign direct investment, and provide a much-needed injection into the ICT sector.

The sector has already engaged extensively with National Treasury and SARS on this matter. As the Department, we support the extension of section 25BB of the Income Tax Act to cover digital fibre, tower, and data centre infrastructure.

This is a practical reform that can help us mobilise investment, expand infrastructure, and move South Africa closer to universal meaningful connectivity.

Speaker,

The work of stabilising the fundamentals and investments must now be matched by a focused policy agenda for the year ahead.

The central question guiding this agenda is simple: what must we do to ensure that connectivity becomes meaningful for more South Africans?

The answer is that we must modernise our policy and regulatory environment so that it speaks not only to infrastructure coverage, but also to affordability, device access, digital skills, active usage, trust, and economic participation.

One of the most important shifts we are making is in how we measure connectivity. Coverage metrics remain important, but they no longer tell the full story.

With support from the World Bank, we are reviewing South Africa's connectivity targets to better reflect affordability, device penetration, active and productive usage, and meaningful participation in the digital economy.

We cannot discuss the issue of policy without discussing the matter of the Draft National Artificial Intelligence Policy, and the revelation that generative AI was used irresponsibly during the drafting of this policy.

This series of events adversely impacted the policy document, and withdrawing the policy was the only way to ensure that we reintroduce a credible policy for this critical area.

We will be enforcing an internal responsible AI use policy, and review our policy development process, to ensure that this type of occurrence does not happen again. South Africa deserves better.

I am today also announcing that we are appointing an Independent Expert Review Panel to assist us with reviewing the policy. The panel will be chaired by Professor Benjamin Rosman and will be made up of distinguished experts spanning AI research, law, and governance:

- Professor Vukosi Marivate
- Professor Alison Gildwald
- Ms Heather Irvine
- Dr Tshepo Feela
- Dr Jabu Mtsweni, and
- Advocate Lufuno Tshikalange

This distinguished group of experts will ensure that the policy we reintroduce for public comment will be based on the best available evidence and aligned with South Africa's priorities.

In addition to reviewing the National AI Policy, we are in the process of finalising the Audio-Visual Services and Media Policy, after receiving valuable feedback from the public.

I would also like to acknowledge the valuable role that the Portfolio Committee on Communications and Digital Technologies has played in hosting a roundtable on the regulation of podcasts, where we heard how important it is to avoid over-regulation of a sector that has such great potential for young people to access economic opportunity.

Our legislative programme must support this shift. The Electronic Communications Amendment Bill will be advanced to modernise the licensing framework, address convergence in the sector and strengthen competition.

We will also pursue legislative amendments that will enable equity equivalent investment programmes to complement ownership requirements in telecommunications.

My mission in this job is to ensure that every person in South Africa has access to affordable and meaningful connectivity that they can use to improve their lives.

That is why we have also issued a draft policy direction on the rapid deployment of electronic communications facilities, which aims to reduce the costs of building new infrastructure.

We are equally committed to finalising a policy direction on Wireless Open Access Networks to create greater competition and more affordable data for all South Africans. As well as a policy direction on the renewal of Individual Electronic Communications Network and Service (ECNS and ECS) licenses to ensure regulatory certainty for the large number of licenses that are up for renewal in the near future.

A modern digital economy cannot be governed by frameworks designed for an older communications environment.

Speaker,

I would like to express my appreciation to the Deputy Minister and Director-General for their support in pursuing our agenda.

I also want to thank the men and women of integrity in the Department and entities who continue to do their jobs in difficult environments, where the odds may often feel stacked against us.

There are officials who truly embody the ethos of ethical and professional service, and I thank you for that.

We must now move from coverage to participation. We must move from access to use. We must move from isolated programmes to a coherent digital ecosystem.

That is the work before us. And that is the work this Department will now lead.

I thank you.