Budget Vote Address by Minister of Communications General (Ret) Siphiwe Nyanda

23 June 2009

Honourable speaker

Honourable Cabinet colleagues

Honourable members

Captains of industry

Distinguished guests

Ladies and gentlemen

In acknowledgement of Youth Month I wish to salute our youth, and to recognize the sterling role they played in our liberation struggle.

I deliver this budget vote against the background of the challenges put forward by the President of our country in his State of the Nation Address. With the adoption of the Medium Term Strategic Framework, which is based on the electoral mandate, the path that government must travel is spelled out clearly.

It is the responsibility of each ministry and department, to identify our particular contribution to achieve the priorities espoused in government’s strategy. I will endeavour to indicate what the Ministry of Communications intends to contribute in this regard.

In his State of the Nation Address, the President made it clear that the fight against poverty remains the cornerstone of government policies. The question that we have to answer is: How do Information and Communication Technologies (ICTs) assist as a tool to support national imperatives as outlined by the President?

Honourable speaker

The policy choice we made as a country with regard to Broadcasting Digital Migration will ensure that the process is not only about modernising technology, but that it also addresses key socio-economic, developmental and infrastructure challenges facing us.

While we recognise the complexity of the digital migration process, significant progress has been made to meet on 1 November 2011 analogue switch off date.

I am happy to inform the house that on 30 October 2008, the digital signal was switched on. This milestone marked the commencement of the dual illumination period for South Africa. During this period, both the analogue and digital signals will broadcast simultaneously. I have been informed that the pilot which is currently running is progressing well.

In line with government’s decision to support poor Television (TV) owning households, we are finalising the details regarding the implementation of the Scheme for Ownership Support for set top boxes for submission to the Cabinet soon.

As part of building excellence in the electronic industry, we are at an advanced stage to finalise the Set Top Box Manufacturing Sector Development Strategy. This strategy will promote collaboration between government and the industry, and amongst the various industry players, in the local manufacturing of the set top boxes. It is envisaged that the migration programme will assist in re-skilling, job creation, and the transformation of the sector.

However, much still needs to be done to ensure that the broader South African public understands this process, how it will impact on them, and what they have to do. During this year, the implementation of the public awareness campaign, though under funded, will be intensified.

I am aware of the challenges of meeting some of the targets, due in part to the funding concerns and the economic downturn. I will, however, appeal to all role players to continue to work together through the Digital Dzonga to realise the goal of this critical programme. I also wish to acknowledge the support from the National Treasury in making the funding available for various activities such as the dual illumination through Sentech, and the scheme for ownership support of set top boxes. We are continuing with engagement with the treasury for additional funding.

Honourable speaker

Although this Budget Vote is delivered against the backdrop of the economic challenges facing the world, one of government’s priorities is to ensure a massive programme to build economic and social infrastructure.

We need to respond to this reality cognisant of our people’s expectations of a better life. We dare not fail them. Like other sectors of the economy, the ICT sector has to respond appropriately, to ensure that we continue delivering better services to all the people. During the past 15 years, the ICT sector contributed close to seven percent to the gross domestic product of the country which is a significant contribution, given its size. The policy choices we made as a country enabled the development of a robust, vibrant and competitive ICT sector that has seen the emergence of strong mobile technology companies, the roll out of wireless broadband service offerings, and an increased diversity in ownership.

To consolidate on these gains, the country needs to constantly review its policy and regulatory environment, to assess whether it appropriately supports the future growth of the sector. I believe that the time has come to outline the country’s long term vision for the sector, to direct future interventions by all spheres of government and relevant role players, and to provide policy certainty for the industry and investors. We will therefore develop an Integrated National ICT Policy Framework, which will be ready by the end of the financial year.

This policy framework will seek to promote the convergence of technologies, and to stimulate the growth of the economy, in line with the objectives of the National Industrial Policy. It will furthermore encourage e-commerce activities and expand ICT infrastructure, linking rural and urban communities as well as uplift the poor.

Honourable speaker

The Universal and Access Agency is currently concluding a ten month consultative process, in terms of its mandate, on the definitions of universal service and universal access, together with suggested targets for the achievement of these goals. The process that Universal Service and Access Agency of South Africa (USAASA) has undertaken also includes definitions of under serviced areas and needy persons, which will serve as recommendations to Independent Communication Authority of South Africa (ICASA) and the ministry. The outcomes of the definitions process will lay a firm policy foundation going forward in addressing the challenges of the digital divide.

This will also enable a review of the Universal Service Obligations as imposed by ICASA on communications licence holders to be more cognisant of national priorities, achievements of the Millennium Development Goals and targets of the World Summit on the Information Society (WSIS) which seek to have community ICT access and content development.

Also the definitions will assist in having more holistic obligations incorporating infrastructure / facilities, training, applications, connectivity and usage costs amongst others. It is anticipated that the recommendations will be tabled with the minister during July 2009.

The targets which will be reviewed every two years will establish goals and priorities for the achievement of Universal Service and Universal Access in South Africa. The policy framework will also assist in the full utilisation of the Universal Service and Access Fund (USAF) in support of the deployment of ICT infrastructure and connectivity to needy people in

under serviced areas.

To date access to electronic communication and network services, especially broadband and the internet, remain unaffordable and thus beyond the reach of large sectors of our people.

Honourable speaker

Much work has been done to implement the key objectives of the ICT policy as enshrined in the white paper on telecommunications.

Amongst the policy objectives has been the need to create and increase the equity ownership of the telecoms market share by the previously disadvantaged groups. In this regard, the Under Serviced Area Licensees (USALs) were awarded licenses to provide telecommunications services within designated districts. To date, none of these operators are providing these services fully, due to various challenges. This despite the subsidies received.

The previous budget vote speech of the late Minister of Communications suggested a provincial merger of the USALs into Provincial Under Serviced Area Network Operators (PUSANO) as an intervention. However, the complexities of competition, merging companies, the licensing regime and the dynamics within the ICT industry pose a huge challenge with regards to the implementation of such intervention. The USALs programme and business model will therefore be reviewed in line with the current realities of the ICT industry and the developments taking place in a converged environment. A policy directive will be issued from the office of the Minister in due course, to provide direction on the Under Serviced Area Licences.

Honourable speaker and members

Many of us did not foresee the profound impact that the rollout of electricity would have on our lives. We have seen that through electricity many new industries have flourished and services have improved standards of living across the country. Digital technologies too, will have a major influence on our lives, and on generations for many years to come.

The availability of and access to broadband services can be of great value to the developmental programmes of many countries. The availability of universal, affordable broadband brings with it a number of benefits. It improves the delivery of public services through the transformation of the public sector, by increasing access for citizens to online information, and services in areas such as e-health, e-education and e-government, it enables and drives the development of entirely new technologies and content, thus providing opportunities for job creation such as website design, and new content development, it revolutionises the delivery of multimedia services to households, for example new telephony, entertainment, Internet, and education. In essence, broadband acts as a catalyst to a more robust economy, thus contributing towards increasing the gross domestic product.

I am aware that significant barriers still exist to extend broadband coverage to all parts of the country, particularly to remote rural areas.

While the number of new broadband subscribers continues to grow, the rate of broadband deployment in urban and high income areas outpaces deployment in rural and low income areas.

Markets are not likely to deliver to the majority of the population in the near future without some form of government intervention. Government will be required to ensure coverage particularly to rural areas.

Many broadband initiatives exist on national, provincial and local spheres. To ensure coordination of these initiatives, we have commenced consultations with provinces and municipalities regarding the rollout of broadband infrastructure in those areas. In this regard, a National Broadband Policy will be finalised by March 2010. The policy will provide a holistic, coordinated national approach to the provision of affordable, reliable and secure broadband infrastructure and services.

It will also outline targeted interventions to encourage the uptake and usage of broadband services across the country, particularly in remote rural and under serviced areas.

I believe that this is in line with our President’s call to contribute, more than ever before, to the development of the rural areas in our country.

To this end we also have to ensure that, as the country moves to the information society and knowledge economy, driven by modern technologies, the poor are not left behind. In particular, we must ensure that remote rural communities and under serviced areas are an integral part of the planning from the start, and not as an afterthought.

People need access to information and services, irrespective of their social or economic status, without them having to travel long distances to access these. We will work together with other government departments and spheres of government to achieve this goal.

Honourable speaker

When referring to broadband, it actually talks to the national backbone, the last mile and submarine cables. I am fully aware of the confusion that exists with regards to government’s position on submarine cables. Let me clarify this matter by saying that government supports both the New Partnership for Africa’s Development (NEPAD) broadband as well as the Infraco initiatives.

The NEPAD broadband project is a continental initiative that is aimed at connecting African countries to one another and to the rest of the world through a fibre optic cable network that will result in the provision of affordable broadband capacity to the continent. This would require no financial investment from government. Infraco was established to provide affordable broadband to South Africa with direct connectivity to Europe. Therefore there is no contradiction in government supporting both initiatives.

Honourable speaker

We cannot speak about ensuring access to information and services by all the people of our country, without addressing the issue of the cost thereof. South Africa’s high telephony costs have been a subject raised consistently in the recent past.

In 2008 the department commissioned an independent benchmark study to look at cost, quality, access and usage with comparative countries, namely: Malaysia, India, Chile, Brazil and South Korea. The study confirmed that our telecommunication prices are still high compared with those countries.

The department will be developing a programme of action aimed at the improvement in cost, quality, availability and usage of ICTs. In addition, I will be appointing an independent panel of experts, whose recommendations will assist me to design appropriate interventions to address the cost to communicate effectively. We will also continue to develop policies which will contribute to, among other things, reducing the cost to communicate.

Honourable speaker and members

One of the ten priorities that form the basis of the Medium Term Strategic Framework is sustainable resource management and use. In this regard I wish to inform the house that within the ICT sector we deal with the radio frequency spectrum, which is a natural and finite resource just like land or water. It is therefore important that this resource is managed efficiently for the development of the country.

In accordance with section 3(1) (a) of the Electronic Communications Act of 2005. The department will finalise the Radio Frequency Spectrum Usage Policy by March 2010.

The Policy will provide guidance on the allocation of frequencies to the different radio communication services in the country. The allocation will prioritise issues of national interest, security, and spectrum for public use. As part of this process an audit on the spectrum occupancy and usage will also be conducted.

Honourable speaker

As we embrace a plethora of new technologies, which by their very nature and design are globally interconnected and interdependent, we must remain vigilant to the inherent ills and risks associated with the usage thereof. This situation creates risks that need to be managed at national, regional and international levels.

The enhancement of cyber security and protection of critical information infrastructures is essential to our country’s economic and social well being, and the maintenance of the national security. A national cyber security policy will be finalised by the end of the year. This initiative is our contribution towards combating crime in our country, another government priority.

The policy will ensure a harmonised and coordinated approach to cyber security and to build confidence for secure use of ICTs. The policy will also facilitate the development and implementation of strategies to raise awareness at all levels of society, enhance law enforcement and foster public private partnership on matters regarding cyber crime.

Honourable speaker and members

The department is committed to improved service delivery. The State Owned Enterprises in this portfolio will remain important delivery arms for the department. It is therefore critical that there is alignment between their programmes and activities and the government’s programme of action. Where disjuncture exists, measures will be put in place to ensure policy coherence and programme alignment.

Sentech remains a national strategic asset. I congratulate them on their achievements in signal distribution and the excellent work done with regard to the ICT guarantees for the 2010 FIFA World Cup. Sentech was able to deliver timeously to the Local Organising Committee, despite very trying circumstances. I’ve also noted the funding challenges that it has with regard to the rollout of the national wireless broadband. I have engaged with the leadership of Sentech and have committed to resolving the key areas of concern as a matter of urgency.

Honourable speaker

I will accelerate the corporatisation of the Post Bank to provide a wider range of affordable financial services for the unbaked, particularly the marginalised and the poor. In this regard the Post Bank Bill will be tabled before this House before the end of this year. The Bill aims to provide for the establishment of a stand alone public company to be known as the South African Post Bank.

I want to use this opportunity to commend the South African Post Office (SAPO) Board and Management. Under difficult trading conditions, they have managed to produce positive financial results. SAPO was assigned as the preferred channel for all new social grant applications from the beginning of this year, a step towards being the government’s preferred delivery agent of choice. I also wish to congratulate SAPO on winning the Centre for Public Service Innovation Award, for the innovative deployment of systems in government.

Honourable speaker

I have looked at the challenges facing the public broadcaster, which include governance, management capacities, and financial management challenges. A new vision and mandate for public broadcasting services in line with South Africa’s developmental agenda is required, and the governance of the South African Broadcasting Corporation (SABC) needs to be strengthened. The department will therefore amend the Broadcasting Act, in consultation with all relevant stakeholders, and rename it the Public Services Broadcasting Act. The amendment will bring the charter in line

with international best practice, and ensure that the public broadcaster is best suited to our young democracy. The amendment will also introduce an appropriate funding model to ensure that the public broadcaster is not left to the vagaries of the markets.

I have set up a task team, comprising my department, National Treasury and business turn around strategists, with a view to effecting the successful functioning of the public broadcaster. This task team will also look at Sentech’s strategic thrust going forward and advise me accordingly.

Honourable speaker and members

At this point I would like pay tribute to my predecessor, the late Minister, Dr Ivy Matsepe-Casaburri. Dr Matsepe-Casaburri served this portfolio for close to ten years, with true dedication and commitment. She was one of the longest serving Ministers of Communications on the African continent. During her tenure, she provided leadership with regard to the development of a policy and institutional framework which responds to the rapid changes in the information technologies. This House would be faulting history if it failed to formally recognise the foundation established by the late Dr Matsepe-Casaburri.

In conclusion, let me remind all of us in this House today that the world is moving on, and the nature of ICT production is changing. Increasingly, ICTs are being imbedded in many products and services, and we must ensure that South Africa gets a share of this market. I would therefore like to invite all stakeholders to work together in making ICTs relevant to our people.

I wish to express my appreciation to my Deputy Minister, as well as the Acting Director-General and the top management for their support.

I request this house to adopt this budget.

I thank you.

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