

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION NO 2884**

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**The Leader of the Opposition (DA) to ask the Minister of Economic Development:**

Has his department commissioned any (a) research or (b) academic studies into the link between the three aspects of internet access, job creation and economic development; if not, why not; if so, what were the findings of the specified research or studies?                                                                      NW3357E

**REPLY**

Research studies undertaken in other economies and the experience of a number of countries have established strong and positive relationships between internet access, job creation and economic development.

The benefit of internet access is clear for individuals and enterprises.

For individuals, the internet provides access to a vast array of information through which citizens and workers can become more productive and effective at their workplaces. Businesses are often dependent on the opportunities that can be accessed through the internet inter alia to access information or market, buy or sell their products (e-commerce) and through improving business processes that enhances productivity. The benefits are not confined to large enterprises: many small companies are able to cut costs and improve their product offerings through access to the internet.

A study by the International Telecommunications Union (ITU) of the impact of broadband on the economy noted the following

"The economic impact of broadband manifests itself through four types of effects.

The first effect results from the construction of broadband networks. In a way similar to any infrastructure project, the deployment of broadband networks creates jobs and acts over the economy by means of multipliers. The second effect results from the “spill-over” externalities, which impact both enterprises and consumers. The adoption of broadband within firms leads to a multifactor productivity gain, which in turn contributes to growth of GDP. On the other hand, residential adoption drives an increase in household real income as a function of a multiplier. Beyond these direct benefits, which contribute to GDP growth, residential users receive a benefit in terms of consumer surplus, defined as the difference between what they would be willing to pay for broadband service and its price. This last parameter, while not being captured in the GDP statistics, can be significant, insofar that it represents benefits in terms of enhanced access to information, entertainment and public services."

UNCTAD publishes annual reviews of the information economy that set international benchmarks and challenges.

Because the positive link between internet access and economic performance is so well-established. EDD has focused on advocacy of, and supporting measures to, enable more South Africans to have access to quality, affordable internet access, instead of conducting more research to simply confirm that positive relationship.

Access to the internet is a function of the backbone infrastructure laid by the public and private sectors, as well as the 'last-mile' connectivity that brings internet access to users and support for ICT-intensive industries.

There has been a significant increase in access to the internet in both urban and rural areas, through the availability of increased broadband facilities that has led greater broadband penetration (through lower prices and better quality of access) and improvement in smart-phone technologies that enables handset access to the internet.

Since 2009, 41 a significant of cable have been laid and maintained principally by Telkom, Eskom Transmission, Dark Fibre Africa, Broadband Infraco, FibreCo and the NLD Consortium. Broadband rollout is now monitored and supported through the work of the Presidential Infrastructure Coordinating Commission. The CSIR has been appointed to coordinate the work of Strategic Integrated Project 15 on Information and Communication Technologies

According to the 2014 General Household Survey, 37% of South African households have access to mobile broadband, and 11% have fixed broadband. But the figures vary substantially by area. While 43% of people in the urban areas have access to mobile broadband and 15% to fixed, in the rural areas the figures are just 3% mobile and 25% fixed.

Many South Africans access the internet from their phones, personal computers (using home telephone or data lines) and portable devices such as laptops (using 3G and 4G cards). Though prices fell, cost is still a constraint for a considerable number of potential users.

In order to avoid the development of a digital divide where access is only available to those who can access private facilities, government has partnered to provide greater levels of public access to broadband. Though such initiatives are still fairly new, they have provided access points at schools, universities and some public transport and government facilities. We provide a few examples below.

A partnership between the Department of Telecommunications and Postal Services (DTPS),Telkom and the Department of Basic Education has resulted in 1650Dinalediand District schools connected (as at December 2014) at a cost of R375 million. By March 2015, 1148 of the targeted schools (70% of the total) are using the connection points.

USAASA is charged with extending broadband coverage and installs connection points to clinics, TVET colleges and libraries in rural areas with limited internet and television access. In the past two financial years, four rural municipalities with 493lic access to broadband. Though such iMorolong (Northern Cape); Ratlou (North West); Msinga (KwaZulu Natal) and Emalahleni (Eastern Cape). USAASA provided a subsidy of R46,7million. In 2015/16, a further two municipalities - Mutale in Limpopo and Albert Luthuli in Mpumalanga - will be connected, at a cost of R23 million, to provide coverage to 277 000 people.

A number of municipalities are extending broadband to their citizens. For instance, Tshwane has 673 live sites in schools, clinics and other public buildings, with 72023 million, to 493lic access to broadband. Though shrough smartphones.

A further priority is to ensure that broadband supports higher education and knowledge management. For this reason, government has prioritised improving ICT for universities.

Almost a million students at South African public universities have access to the Internet, either through their own computers or through the computer labs at the universities.

The current South African National Research Network (SANReN) backbone consists of a 10Gbps ring between Tshwane, Johannesburg, Mangaung, Cape Town, Port Elizabeth, East London and eThekwini, extensions to more remote towns with university campuses, and several metropolitan rings.

All 26 public universities are connected to the internet.

During the 2014/2015 financial year the CSIR was tasked by the Department of Science and Technology (DST) to expand the SANReN (South African Research Network) reach by 25 new connections and upgrade the networketworkchnology (DST) to expand the sburg, Mangaung, the computer labs aGbps) per connected site. Construction and commissioning work on 29 new broadband connections are also currently in various stages of completion.

The activation and backhauling of two 10Gbps channels of the recently procured West African Cable System (WACS) capacity right-of-use was completed in August 2014. This effectively doubled the available capacity for all South African universities and science organisations connected to the SANReN to transfer data between South Africa and the rest of the world.

In order to achieve more of the digital dividend for the economy, the National Infrastructure Plan provides for an increase in the rollout of broadband through additional fibre-optic networks.

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