

Report of the Portfolio Committee on Communications on the Revised Annual Performance Plan 2021/22 of the Department of Communications and Digital Technologies (DCDT), dated 30 August 2022:

The Portfolio Committee on Communications (the Committee), having considered the Revised Annual Performance Plan of the Department 2021/22 on 22 March 2022, hereafter referred to as “the Department”, and the amended Annual Performance Plan of USAF and the Corporate Plan of SAPO on 3 May 2022, reports as follows:

1. Introduction

The Department of Communications and Digital Technologies (the Department) is at the coalface of use of digital technologies to facilitate new ways of doing things in order to position South Africa to respond to the COVID-19 pandemic, which altered multitude sectors in different ways including disrupting the complex world economy and further entrenching the use of ICTs. It is the commitment of the Department therefore to take advantage and leapfrog South Africa into the digital future. For the technology sector, the effects of COVID-19 had and are still are having a significant impact, disrupting while also accelerating the way that digital technologies are effectively employed. Following the May 2019 National Elections, the President pronounced the establishment of the National Department of Communications and Digital Technologies through the merger of the Department of Communications and the Department of Telecommunications and Postal Services, the DCDT. Accordingly, the Presidential Proclamations in Government Gazette dated 14 August 2019 (President Minute: 372) confirmed the transfer of administration, powers and functions entrusted by legislation to the Minister of Communication in terms of Section 97 of the Constitution. The establishment of the Department of Communications and Digital Technologies (DCDT) in April 2020, resulted in a revised organisational structure, which has since been approved, is being implemented.

2. Background on Revision of 2020/21 Annual Performance Plan

DCDT have revised number of targets on the 2021/22 Annual Performance Plan to align to the new priorities to ensure that the mandate of DCDT is fully achieved owing to the budgets cuts and fiscal constraints.

The Department therefore undertook a revision of its 2021/22 APP, largely based on the following: ICT Investment Conference hosted – the Department opted to collaborate with the presidency and DTIC in the hosting of the SA Investment Conference rather than hosting a separate forum. SAPO SOC Ltd Amendment Bill submitted to Cabinet for approval to introduce to Parliament: DCDT spent time on SAPO Turn Around Strategy which needed to inform the Strategic repositioning of SAPO, following the separation from Postbank. Therefore, a SAPO Strategy of Tomorrow was developed which informs the re-tabling of the SAPO Amendment Bill, which will take place in 2022/23 Financial Year.

The Digital Master Plan has been affected as part of reviewing the APP, as the DCDT need to firstly conduct a baseline study in terms of the digital economy and it ICT Value Chain and take into consideration the industry players and stakeholder.

Work has been done with regards to on consultation with ICT SMMEs with a call for Government to create more opportunities to ICT enterprise development and innovation growth. Therefore, the department has started work to create an enabling environment to support SA innovation in tech. Business Case for the Regulatory Reform Bill and Electronic Communication Bill has been put on hold given the new direction the department has to take on this matter and subject to further clarity on the direction on the ECA e.g. absorbing the ECA in the Digital Transformation Bill or comprehensive review of the full ECA.

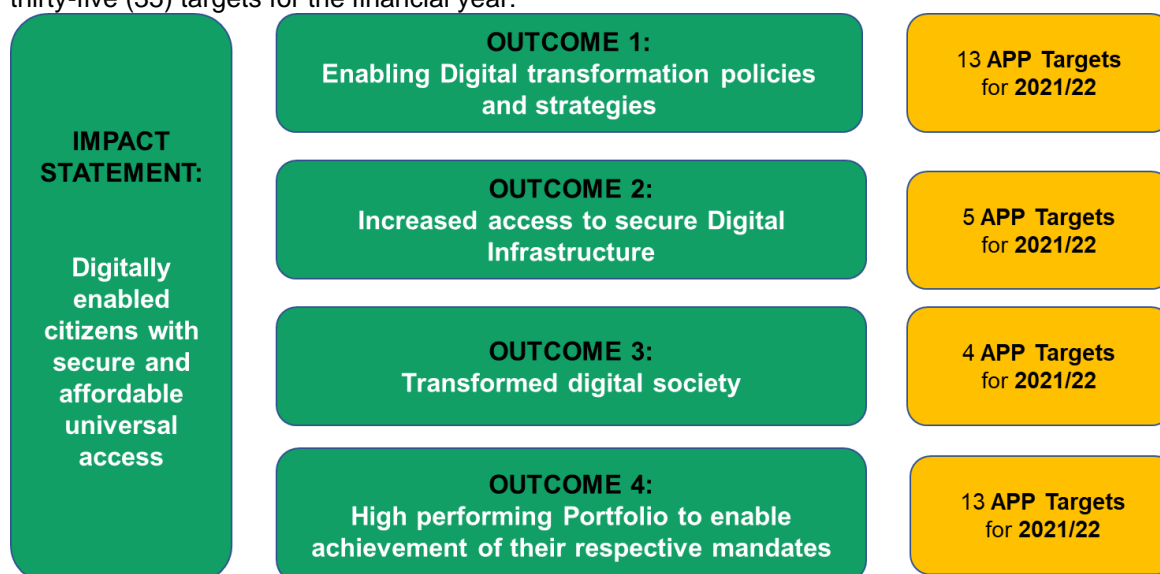
SA Connect: Cabinet approved a revised SA Connect implementation plan, set to connect SA in 3 years. The previous work done by DCDT on Feasibility Study for SA Connect Phase 2 required 57 billion which state was unable to fund. The Revised model requires state capital funding of 2.5 billion and will ensure that Government achieves its target of 80% broadband access by 2024.

With regards to the Establishment of the Project Management Office for SA Connect Phase 2, the project team been appointed which consist of representation from the entities within the portfolio and the department in order to implement revised SA Connect Phase 2 Model.

Broadcasting Digital Migration (BDM) projects target which deals with subsidized digital television has been reviewed, following Cabinet approval of the revised implementation. The new target consolidates the work towards Analogue Switch-Off by 31 March 2022.

3. Summary of revision of 2020/21 Annual Performance Plan

As depicted below, only three outcomes of the Department have been revised with the exception of a High Performing Portfolio to enable achievement of the respective mandates. The Department has thirty-five (35) targets for the financial year:



ORIGINAL TARGETS	REVISED TARGETS
OUTCOME: TRANSFORMED DIGITAL SOCIETY	
Operations of the BRICS Institute for Future Networks (BIFN-S) facilitated	National BIFN-S priority Programme developed to focus on the following three strategic priorities: <ul style="list-style-type: none"> • Broadband Infrastructure Roll-out, • Artificial Intelligence • Cybersecurity
ICT Investment Conference hosted	ICT investment initiatives developed to contribute to SA Investment Conference
OUTCOME: ENABLING DIGITAL TRANSFORMATION POLICIES AND STRATEGIES	
South African Post Office SOC Ltd Amendment Bill submitted to Cabinet for approval to introduce to Parliament	Draft South African Post Office SOC Ltd Amendment Bill revised and submitted to Cabinet for public consultation approval.
Implementation of approved Data & Cloud Policy monitored	Data and Cloud Policy developed and submitted for approval
Business Case for the Regulatory Reform Bill developed	
Implementation of Digital Economy Masterplan coordinated	Integrated report on Digital Economy Programmes developed
Revised ICT SMME Development Strategy submitted to Cabinet for approval	Revised ICT SMME Development Strategy submitted to Minister for approval
Study on cost to communicate conducted to inform the revision of the Cost to Communicate Programme	
White Paper on the Audio and Audio-visual Content Services Policy submitted to Cabinet for approval	White Paper on the Audio and Audio-visual Content Services Policy Revised
Electronic Communications Amendment Bill submitted to Cluster and Cabinet for public consultation approval	Electronic Communications Amendment Bill submitted to Minister
PC4IR Strategic Implementation Plan submitted to Cabinet for approval	PC4IR Strategic Implementation Plan submitted to Minister
	Rapid Deployment Policy finalised
ORIGINAL TARGETS	
REVISED TARGETS	
OUTCOME: INCREASED ACCESS TO SECURE DIGITAL INFRASTRUCTURE	
Phase 2 funding sourced	SA Connect Model revised and submitted to

	Cabinet for approval.
Funding for Household connectivity programme sourced	
Project Management Office for SA Connect Phase 2 established	
Operations of the Digital Transformation Centre facilitated	
840 000 subsidized digital television installations coordinated and monitored in four (4) provinces (Free State, Northern Cape, North West and Limpopo)	Switch-off of SABC analogue television transmitters coordinated across all Provinces by 31 March 2022
Distribution of 3.2 Million vouchers coordinated and monitored	
ORIGINAL TARGETS	REVISED TARGETS
OUTCOME: HIGH PERFORMING PORTFOLIO TO ENABLE ACHIEVEMENT OF THE RESPECTIVE MANDATES	
No Revision	No Revision

Herewith below are outcomes and the associated targets for the financial year:

Outcome 1: Enabling Digital Transformation Policies and Strategies

- 2 Country Positions developed to support the National ICT priorities focused on BRICS and WTDC-21
- Implementation of the International Relations and Engagement Strategy coordinated
- Draft South African Post Office SOC Ltd Amendment Bill revised and submitted to Cabinet for public consultation approval.
- Data and Cloud Policy developed and submitted for approval
- Integrated report on digital economy programmes developed
- Revised ICT SMME Development Strategy submitted to Minister for approval
- White Paper on the Audio and Audiovisual Content Services Policy revised
- Electronic Communications Amendment Bill submitted to Minister
- PC4IR Strategic Implementation Plan submitted to Minister
- Rapid Deployment Policy finalized
- Business Case for the State Digital Infrastructure Company Bill approved
- Postbank Amendment Bill introduced to Parliament
- Framework on Digital Transformation and Digital Inclusion submitted for approval and implementation plan developed

Outcome 2: Increased access to secure Digital Infrastructure

- National BIFN-S priority Programme developed to focus on the following three strategic priorities:
 - Broadband Infrastructure Roll-out,
 - Artificial Intelligence
 - Cybersecurity
- Preliminary technical and regulatory studies conducted to inform draft SA's position for WRC-23
- Provision of broadband services to 970 connected sites, sustained
- SA Connect Model revised and submitted to Cabinet for approval.
- Switch-off of SABC analogue television transmitters coordinated across all provinces by 31 March 2022

Outcome 3: Transformed Digital Society

- Partnership programmes to support the Digital Economy initiatives coordinated
- ICT investment initiatives developed to contribute to SA Investment Conference
- Implementation of the National e-Government Strategy and Roadmap facilitated towards digitalization of government services
- Implementation of the Digital and Future Skills Programme facilitated and monitored

Outcome 4: High performing Portfolio to enable achievement of the respective mandates

- Workplace Skills Plan (WSP), aligned to DCDT mandate, implemented and monitored
- 1 Digital Transformation priority intervention implemented (Collaboration Platform)
- 100% of valid invoices paid within 30 days from date of receipt
- Implementation of the Annual 2021/22 Communications Plan coordinated
- Implementation of recommendations from analysis of SOE Performance Reports coordinated
- Tabling of submitted Annual Performance Plans of SOEs in line with the MTSF facilitated
- Development of Shareholder compacts of Schedule 2 and 3B entities facilitated
- Performance Management System for ICASA Councillors tabled in Parliament
- Business Case for the State Digital Services Company Bill approved
- Implementation Plan for District Development Model developed and coordinated
- Departmental and SOCs Gender, Disability, Youth and Children (GDYC) Responsiveness programmes monitored in line National targets
- DCDT integrated plan of action in support of the implementation of National Strategic Plan (NSP) on gender-based violence developed
- Implementation of Stakeholder Relations Strategy coordinated

4. Adjusted Financial Information 2020/21 Financial Year

Adjusted budget allocation for 2021/2022 financial year as follows:

- R3,9 million additional COE for salary adjustments, and
- R200 million allocated under Goods & Services for the Broadband Access Fund from the Presidential Employment Stimulus Fund.

PROGRAMME	2021/22	2022/23	2023/24	TOTAL
	R'000	R'000	R'000	R'000
1. Administration	272 974	298 539	299 105	870 618
2. ICT International Relations and Affairs	56 499	58 862	59 557	174 918
3. ICT Policy Development and Research	51 173	48 303	46 217	145 693
4. ICT Enterprise and Public Entity Oversight	1 663 539	1 605 722	1 618 514	4 887 775
5. ICT Infrastructure Development and Support	1 760 443	338 263	337 425	2 436 131
6. ICT Information Society and Capacity Development	79 828	67 493	65 591	212 912
TOTAL	3 884 456	2 417 182	2 426 409	8 728 047

ECONOMIC CLASSIFICATION	2021/22	2022/23	2023/24	TOTAL
	R'000	R'000	R'000	R'000
Compensation of Employees	295 831	302 941	291 288	890 060
Goods and Services	612 630	444 854	448 648	1 506 132
Transfers and Subsidies	2 953 189	1 653 420	1 669 803	6 276 412
Payments for capital assets	22 806	15 967	16 670	55 443
TOTAL	3 884 456	2 417 182	2 426 409	8 728 047

Transfers are made in line with the pre-approved schedule between the Department, National Treasury and Entities. R15 million allocated to SAPO, was identified from savings within the Department in order to reduce the financial pressure faced by SAPO, see table on below:

Transfers	2021/22	2022/23	2023/24	TOTAL
	R'000	R'000	R'000	R'000
Provinces and municipalities	125	26	26	177
NEMISA	98 468	102 121	103 104	303 693
USAASA OPERATION	82 055	86 033	86 860	254 948
USAASA : Distribution costs for SAPO:BDM	95 000	-	-	95 000
USAF BDM	1 073 366	59 406	59 978	1 192 750
USAF OPERATION	64 165	66 777	67 419	198 361
ICASA	508 190	469 431	473 947	1 451 568
Film and Publication Board	100 937	102 870	103 860	307 667
Foreign governments and international organisations	32 254	31 401	31 703	95 358
SAPO	504 168	519 273	524 270	1 547 711
SAPO Operations	15 000	-	-	15 000
SENTECH BDM	69 746	-	-	69 746
SENTECH (Dual illumination)	100 000	-	-	100 000
SABC: Channel Africa	64 617	66 581	67 368	198 566
SABC: Public broadcaster	129 872	133 821	135 403	399 096
SABC: Programme productions	15 226	15 680	15 865	46 771
TOTAL	2 953 189	1 653 420	1 669 803	6 276 412

5. Entities reporting to the Department

5.1 South African Post Office Corporate Plan

5.1.1 Mandate

As per the Companies Act, No. 61 of 1973, the South African Post Office SOC Limited is a public company established on 1 October 1991. Schedule 2 entity of the Public Finance Management Act No. 1 of 1999 classifies the SA Post Office as a major state entity. While the South African Post Office Limited Act No. 22 of 2011 designates the entity as a state-owned company (SOC). The South African Government is the sole shareholder of the SA Post Office and is overseen on its behalf by the Minister of Communications and Digital Technologies.

The myriad of legal and regulatory restrictions have had a negative effect on the speed, agility and the SA Post Office's ability to respond quickly to changing market conditions and requirements.

Despite the declining revenues, the SA Post Office has not adapted its operating model and costs have continued to rise. Low levels of investment have resulted in outdated technologies, poor state of buildings and IT infrastructure failures.

Based on the diminishing business position, the SA Post Office has developed *The Post Office of Tomorrow* – which drives the organisation's turnaround and return to financial sustainability, business stability and growth.

The SA Post Office will leverage the strengths of the DCDT's SOC entities through collaboration to develop and launch services that improve the lives of all South Africans.

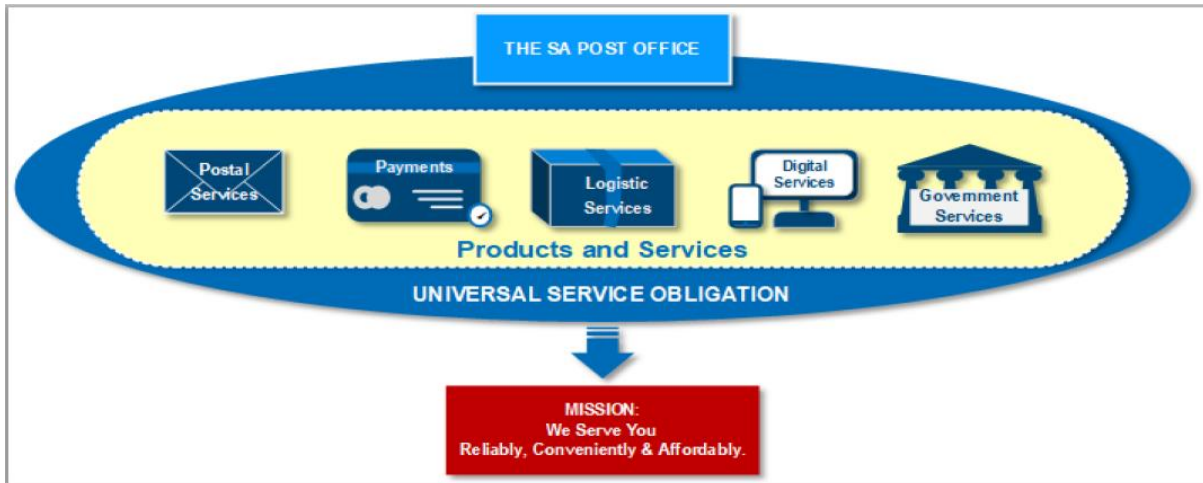
The Corporate Plan 2022/23 – 2024/25 sets out the goals the organisation aims to achieve, as well as the path it will take to turn this vision into reality.

5.1.2 Customer Value Proposition and Market Positioning

Customer Value Proposition

As one of the most recognized brands in South Africa, the SA Post Office is regarded as a public good and is an essential infrastructure to the economy. A critical socio-economic vehicle ensures the right to communication by facilitating the exchange of messages, the transportation of parcels and transmission of money.

Particular attention will be paid to regaining the trust of customers and stakeholders. Therefore, the SA Post Office will ensure a higher quality of service delivery and significantly strengthen its competitiveness in all markets where it operates. Diagram below informs the SAPO Service portfolio:



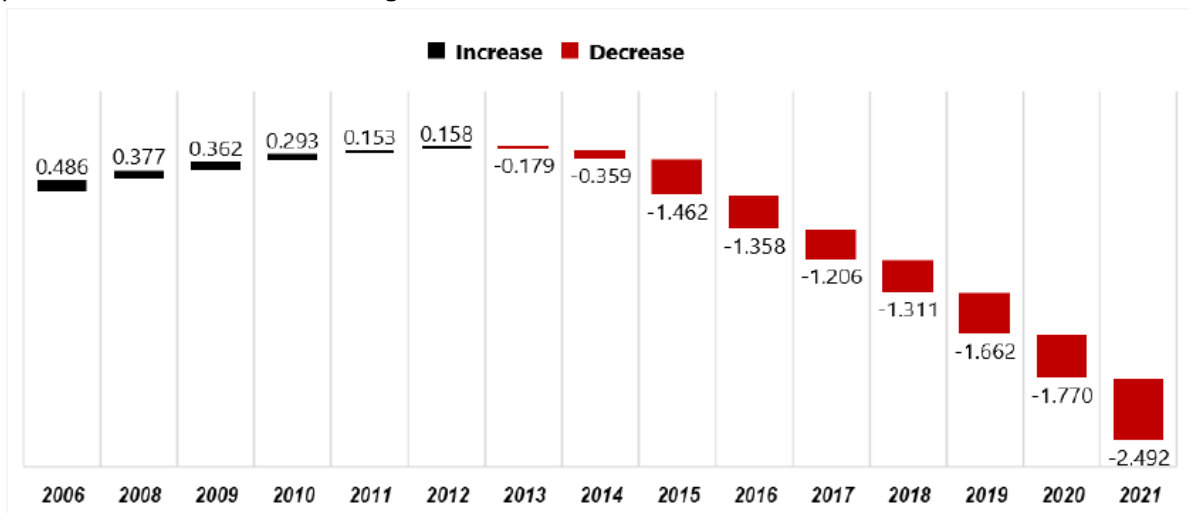
There are five value attributes that comprise the SA Post Office Customer Value Proposition. Of these, Trust and Price are the dominant attributes driving customer loyalty to the SA Post Office brand. Trust assures that all customer information, transactional data and mail items are handled ethically, securely and delivered safely. At the same time, Price drives the assurance that products/services are priced affordably and are of acceptable quality. While convenience ensures the ease of accessing the organization's products and services. While the attributes of reach and reliability provides for the delivery of service in-full, on-time to almost any address, locally and internationally.

Value ensures relevant products and services of acceptable quality, which fulfil the needs and expectations of customers while Reliability ensures a reliable, consistent and speedy service. Lastly, Reach ensures the availability of a point of presence network that is a convenient distance from home, work and social environments and ensures availability of the postal network in rural and outlying areas.

Having aligned its Corporate Plan to the DCDT strategy, the SA Post Office is well-positioned to contribute to the strategic objectives articulated in the DCDT Strategic Plan (FY2020-2025) (see Table 3-2). The SA Post Office will leverage the strengths of the DCDT's SOC entities through collaboration to develop and launch services that improve the lives of all South Africans. The support of the DCDT and cooperation with other SOC's reporting to the DCDT ensures that the SA Post Office becomes more competitive and is well positioned to be a market leader across its product portfolios. Therefore, the SA Post Office aims to modernize its infrastructure to increase access to secure digital infrastructure. At the same time, having a point of presence in most communities' means that the organization is well placed in harnessing access to government services to all citizens.

5.1.3 The Post Office of Tomorrow

The SA Post Office is currently in financial distress, with declining service delivery standards triggering a customer exodus. The Figure below highlights the severity of the SA Post Office net position which has been declining since 2013.



Based on the diminishing business position, the SA Post Office has, in conjunction with DCCT Ministry, developed a plan – *Post Office of Tomorrow* – which drives the organisation's turnaround and return to financial sustainability and business stability and growth.

The Corporate Plan for 2022/23 – 204/25 is based on the Post Office of Tomorrow strategy.

Aligned to the Medium-Term Strategic Framework 2019-20241, the Post Office of Tomorrow plan revises the strategic role of the SA Post Office from a conveyor of letter-post to an integrated logistics and e-commerce service provider, including designation as the National Authentication Authority.

Therefore, the repositioning of the SA Post Office comprises:

1. Leading Logistic Service Provider for South Africa and the Region;
2. Logistic service partner to other e-commerce and logistics players, including SMMEs and informal traders nationally and internationally based on its expansive postal network;
3. e-Commerce hub2 for South Africa and the Region;
4. Designated Authentication Authority that fulfils its role as a national Trust Centre in the age of digital identity and services; and
5. Digital Business Hubs that serve as digital hubs for communities.

These strategic outcomes initiate fundamental changes to the SA Post Office business model by:

- Firstly, re-engineering the organisation's product and services portfolio;
- Secondly, the contracting of services that can be optimally and profitably delivered through alternative channels;
- Thirdly, enhance the provision of the Universal Service Obligation;
- Fourthly, positioning SA Post Office as a service provider of other service providers (Logistic Integrator); and
- Lastly, building a delivery capability and capacity.

Ensuring the success of this Plan is dependent on the SA Post Office implementing necessary enterprise-wide adjustments focused on:

- Contracting of services that can be optimally and profitably delivered through alternative channels, thus lowering costs and increasing productivity;
- Re-engineering the organisation's product and services portfolio thus leveraging its assets and upskilling the workforce
- Enhance the provision of the Universal Service Obligation
- Positioning SA Post Office as a service provider of other service providers (Logistic Integrator); and
- Building a delivery capability and capacity.

The primary aim of the Modernization program is to resolve operating and productivity deficiencies by establishing an efficient technology-driven operating environment with an appropriately skilled workforce. This program also implements the critical and necessary capabilities to support the SA Post Office of Tomorrow.

Strategic Partnerships are a crucial enabler to the Post Office of Tomorrow to ensure that the strategic benefits are derived as envisaged.

5.1.4 Financial Plan

The financials has been prepared against a backdrop of increased financial pressures, difficult trading conditions and the COVID-19 pandemic that has resulted in a slowdown in SAPO's business activities during the 2020/2021 financial year, resulting in a loss of R2.4 billion. SAPO's financial difficulties have continued for the nine months ending 31 December 2021 with a loss of R1.6 billion; which has further exacerbated the cash flow position.

SAPO's cash flow position is dire, as creditors, medical aid contributions, pension fund contributions and SARS obligations remained unpaid and will continue not to be paid unless urgent financial assistance is provided.

Postal services declined by R1.2 billion in 2020/2021 financial year in comparison to the 2019/2020 financial year. The reduction in postal services volumes has been accelerated by the impact of the COVID-19 pandemic. The lower volumes have continued in the nine months of the 2021/2022 financial year and it is anticipated that this trend will continue for the remainder of the financial year. MTEF allocations to fund the public service mandate (excludes VAT).

- 2022/2023 FY - R452 million
- 2022/2023 FY - R456 million
- 2023/2024 FY - R476 million

The following revenue initiatives have been included in the budgets for the 2022/2023 financial year to the 2024/2025 financial year:

Revenue Growth Initiatives (R' millions)	2022/2023	2023/2024	2024/2025	Total
Hybrid mail	650	910	1,092	2,652
Courier and parcels	300	1,240	1,348	2,888
MVL	394	435	395	1,224
Payment Channel Services	100	150	165	415
Digital revenue	50	155	216	421
Infrastructure – service	100	105	110	315
Total	1,594	2,995	3,326	7,915

The following expense reduction initiatives have been provided:

- Reduction of staff costs of R758m during 2022/23, R940m during 2023/24 and R984m during 2024/25;
- Reduction of security costs of R118m during 2022/23, R236m during 2023/24 and R324m during 2024/25;
- Reduction of bank charges of R12m during 2022/23, R35m during 2023/24 and R56m during 2024/25; and
- Reduction of property costs of R25m during 2022/23, R40m during 2023/24 and R55m during 2024/25.

Expense Reduction Initiatives (R' millions)	2022/2023	2023/2024	2024/2025	Total
Staff costs reduction	758	940	984	2,682
Security costs reduction	118	236	324	678
Bank charges reduction	12	35	56	103
Property costs	25	40	55	120
Total	913	1,251	1,419	3,583

The quarterly targets for the 2022/23 expense reduction initiatives are indicated in the table below:

Expense Reduction Initiatives (R' millions)	2022/23				Total
	Q 1	Q 2	Q 3	Q 4	
Staff costs reduction	-	253	253	253	758
Security costs reduction	30	30	30	30	118
Bank charges reduction	3	3	3	3	12
Property costs	6	6	6	6	25
Total	39	291	291	291	913

5.2 Amended USAF Annual Performance Plan 2021/22

5.2.1 Mandate and Background

The Universal Service and Access Agency of South Africa (USAASA) was established under the Electronic Communications Act, 2005 (Act No. 36 of 2005 as amended by Act No. 1 of 2014) to promote the goals of universal access and universal service in the under-served areas of South Africa. Licensees are required to contribute to the Universal Service and Access Fund (USAF), which is intended for use in incentivizing and subsidizing the roll-out of electronic communications networks in under-served areas.

In response to the strategic priorities of the 6th Administration, and informed by instructing legislation and policy, the Universal Service and Access Fund (USAF) has defined its role/ purpose (primary object) in the 2020-2025 Strategic Plan as to:

1. Provide connectivity to primary health facilities, educational institutions and needy communities;
2. Provide incentives to network licensees to construct, operate and maintain networks in underserved areas; and
3. To broaden access to digital broadcasting services by qualifying households

In an effort to expedite and prioritise the much needed service delivery to the underserved communities in the country, the Ministry of Communications and Digital Technologies sought Cabinet approval to change the models of delivering key projects to expedite their implementation.

The key projects such as the Broadcasting Digital Migration (BDM) and Broadband rollout that are driven by the Entity were heavily affected. As a result, the related targets in the 2021/22 Annual Performance Plan had to be revised.

In light of the above and in compliance with the requirements of Section 10(1)(c) of the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009), the Minister re-tabled the Annual Performance Plan for 2021/22 Financial Year of USAF.

The Universal Service and Access Agency of South Africa (USAASA) is one of the entities identified in the Revised Managed Integrated Model on BDM approved by Cabinet on 30th September 2021 and Revised South Africa Connect Model on 28th October 2022 and these are part of key priority programmes, which have a direct bearing in the implementation of the structural reforms, which are crucial towards sustainable of the economic recovery and to address the underlying causes of low economic growth and high employment.

The changes that were introduced mid-year after the Annual Performance have been tabled affected the performance delivery environment of the Entity. USAASA planned to collaborate the implementation of the Gender-Based Violence and Femicide with a community-based organisation and further put in place outreach campaigns. These could not materialise as the resolutions of the National Integrated ICT Policy White Paper was fast-tracked and required the entity to develop a winding down strategy that will enable the entity to wind down activities by 31 March 2022.

The Entity was not able to fully implement the interventions on the Board approved implementation action plan as a response to the Gender-Based Violence and Femicide Strategy. The Entity could not commit to longer financial commitment and as such most of the procurement activities were well held in abeyance in preparation of the winding down.

The Universal Service and Access Fund is constituted by the following programmes and aligned business functions, which informs the packaging of this Annual Performance Plan:

Programme N ^o .	Programme Name	Sub-Programmes
<i>Programme 1</i>	<i>Business Operations</i>	<ul style="list-style-type: none"> ▪ <i>Broadband infrastructure in underserved areas</i> ▪ <i>Rapid deployment and connectivity</i> ▪ <i>Broadcasting digital migration programme</i>

5.2.2 Explanation of Planned Performance Over the Medium Term Period

The USAF Operations Division, which is one of the main directorates within USAASA is mainly responsible for the following 3 (three) outcomes:

- Outcome 1: Broadened access to broadcast digital services by qualifying households;
- Outcome 2: Increased access to broadband in underserved areas; and
- Outcome 3: A well-governed and high-performance organisation and the Fund delivering on its mandate.

In fulfilling its purpose, the Business Operations Programme will continue to enhance its project management capacity and capability to realise two (2) key pillars of work, namely:

1) Roll-out of adequate Information and Communication Technology (ICT) infrastructure and services to enable universal access in underserved areas, with a focus on:

a) Deployment of electronic communication infrastructure is crucial to delivering broadband services to South Africans, and to overcoming the so-called "digital divide" between connected urban citizens and those living in rural areas. To mitigate these issues, it is critical that electronic communication infrastructure is delivered and thereafter monitored; and

b) Facilitation and enabling of access to broadband internet services to identified municipalities and areas, to promote the universal provision of electronic communications connectivity.

2) Broaden universal access to Digital Broadcasting Services for needy households in South Africa, with a focus on:

a) Ensuring that vouchers are issued to qualifying households through the Universal Service and Access Fund, as part of the assigned responsibility to enable qualifying needy households to receive set-top boxes free.

The USAF undertaking in 2021/22 is two key infrastructure projects in form of Broadband roll-out and Broadcasting Digital Migration.

The planned outputs are aligned to the National Development Plan and Revised Medium-Term Strategy Framework 2019-2024 Priority 2: Economic transformation and job creation and the Outcome of the Improve competitiveness through ICT adoption and Priority 3: Education, Skills and Health. The Fund is administered and controlled by the Agency. The human capital employed by the Agency under operations is responsible for day to day operational running of the Fund.

5.2.3 APP Revised Interventions

The following interventions affected the Agency's execution of Annual Performance Plans:

Revised Managed Integrated Model on BDM, 30 September 2021

Managed Integrated Model on Broadcasting Digital Migration (BDM), 30 September 2021, which is intended to fast-tracking the implementation of the Analogue Switch Off to enable the date of 31 March 2022 by the State President as the date to conclude the digital migration process. The BDM programme has been delayed due to the litigations and the slow pace of installations, which are essential to migrate the qualifying households from analogue to digital platforms on the provisioned subsidy.

The Cabinet approved the adoption of a Managed Integrated Model on BDM on 30 September 2021 that actively involves all the broadcast media players to contribute to ramping up the Set-Top-Box (STB) installation capacity through the use of their boxes to ensure the rapid reach. The government has shifted from a staggered provincial approach towards a consolidated national approach, where Set-Top-Boxes installations and Analogue Switch-Off will happen simultaneously in all nine (9) Provinces.

The household qualifying support has been revised from R3200 to R3500 per month to qualifying households eligible for subsidization. The households to be migrated through a token will be provided with a subsidy of R1200 per eligible household. Cabinet has approved the last call for registration with a cut-off date of 31 October 2021. Therefore, the qualifying households who register on or before 31 October, will be connected before the Analogue Switch Off; and the households that register after 31 December 2021 will only be connected within three (3) to six (6) months after the Analogue Switch-Off.

These changes meant that there is a misaligned between the revised delivery model on BDM and also the execution of the table annual performance plans. And further the staggered provincial approach which is captured in terms of the current annual performance plans do not support the new dispensation of simultaneous installations in all nine (9) provinces.

Revised South Africa Connect Model, 28 January 2022

The fragmented and uncoordinated manner in which broadband has been deployed necessitated a revision of the model to ensure the rapid universal geographic outreach of broadband services. In light of the 80 per cent of the South African population coverage by 2024 and centralized and coordinated needed to be explored.

The policy idea of a State Digital Infrastructure Company is to consolidate all government communications networks into one single network, partially owned by the State is reinforced on the revised delivery model on broadband. The government will utilise the existing capacity and source additional physical networks from the private sector. The State will retain ownership of the network service layer through a designated custodian in the State.

5.2.4 The USAF Amended Financial Plan and Annual Budget for 2021/22 and the MTEF

Changes to the APP did not affect the allocated budget and thus, the budget will remain the same.

USAF expenditure trends and estimates by programme/objective/activity

R million	Audited outcome			Revised estimate 2021/22	Average growth rate (%) 2018/19 - 2021/22	Average: Expenditure/ Total (%) 2021/22	Medium-term expenditure estimate		
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25
Administration	0.9	1.1	1.2	3.0	48.7%	2.0%	3.0	3.0	3.0
Broadband infrastructure and connectivity to underserved unserved areas	33.6	14.8	0.1	61.2	22.1%	17.6%	63.8	64.4	67.4
Broadcasting digital migration programme	308.0	38.5	29.5	119.4	-27.1%	80.4%	59.4	60.0	62.7
Total	342.5	54.4	30.8	183.5	-18.8%	100.0%	126.2	127.4	133.1

Total expenditure is expected to decrease at an average annual rate of 10.2 per cent, from R183.5 million in 2021/22 to R133.1 million in 2024/25, as the one-off allocations for broadcasting digital migration conclude in 2021/22. The USAF derives all its revenue through transfers from the Department and has no personnel.

6. Observations made by the Committee

Having considered the revised APP of the Department, the Committee noted:

- (i) that current fiscal environment leads to budget cuts across the State and has therefore necessitated the Department to revise its Annual Performance Plan (APP);
- (ii) that the deadline for the Analogue Switch-Off remained unchanged as the 31 March 2022;
- (iii) with appreciation that the spectrum auction has raised about R14.4 billion for the fiscus;
 - a. the spectrum auction came with conditions that will ensure connectivity of public schools, police stations, hospitals amongst others;
- (iv) with appreciation further that SAPO Amendment Bill has been approved by Cabinet and will soon be published for public participation and comments;
- (v) with concern the public complaints received by Members about the possible blackout because of ASO;
- (vi) with concern that there were issues with the feedback on the audio-visual paper; and
- (vii) with serious concern that the business case for regulatory reform bill was put on hold.

6.1 SAPO Corporate Plan (2022/23 – 2024/25)

Having considered the Corporate Plan of SAPO, the Committee noted:

- (i) with concern that SAPO is struggling to provide services especially to rural communities;
- (ii) with serious concern that the Entity has R4.2 billion in debt; and
- (iii) that there is not clear plan by SAPO to integrate the District Development Model of municipalities.

6.2 USAF Amended APP (2021/22)

Having considered the amended APP of USAF, the Committee noted:

- (i) with concern that financial presentations are not adequately presented.

7. Recommendations

Having considered the revised APP of the Department, the Committee recommends that:

- (i) the Minister must appropriately inform the Committee if any glitches occur towards realising the BDM Policy ASO date;
- (ii) the Project Team appear before the Committee within three months after the adoption of this report by the National Assembly, to present an intervention strategy for any challenges experienced as a result of ASO;
- (iii) the Minister must continuously reassure South Africa that there would be no signal blackouts on their screens; and
- (iv) the Minister should ensure that the revised APP does not disrupt the service delivery objectives of the Department, especially to the **disparate** communities.

7.1 SAPO Corporate Plan (2022/23 – 2024/25)

The Committee recommends that the Minister must ensure that:

- (i) rural communities receive services provided by SAPO at all times; should appear before the Committee to present on the operations of SAPO outlets across the country; and
- (ii) SAPO integrates its Strategy with the District Development Model of municipalities.

7.2 USAF Amended APP (2021/22)

The Committee recommends that the Minister must ensure that USAF:

- (i) financial models are adequately outlined in future plans.

Report to be considered.