

USAASA

Introductory Presentation to the Portfolio Committee on Telecommunications & Postal Services

8 July 2014



THE BOARD

- Mrs Pumla Radebe (Chairperson of Board)
- Mr Sam Ledwaba
- Mr Kenosi Moroka
- Mrs Zandile Mdhladhla
- Ms Seadimo Chaba
- Ms Victoria MacDonald



THE MANAGEMENT

- Mr Zami Nkosi (Chief Executive Officer)
- Ms Makhotso Moiloa (Executive: Performance Management)
- Mr Winile Lamani (Acting Executive: Business Development Services)
- Mr Zane Mheyamwa (Chief Financial Officer)
- Ms. Sharonne Scheepers (Acting Executive: Corporate Services)

The Mandate: The Act





USAASA

Promote goal of Universal Service & Access Make recommendations to the Minister on policy matters in relation to universal service & access

Encourage, facilitate & guide Advise ICASA on universal service & access

Foster adoption of new methods of gaining universal service & access Continual evaluation of effectiveness of EC Act

Support universality of ICT's for developmental purposes Manage & administer the Universal Service & Access Fund

Research, consult & advise the Minister on area & person definitions

Undertake investigations relating to its operational matters

Report on extent of achievement of universality of ICTs

Universal Service & Access Fund (USAF)

EXCLUSIVELY FOR THE PAYMENT OF SUBSIDIES FOR -

Assistance of **needy persons (USAASA must define for regulation)** towards cost of provision of ICT equipment/services.

Construction or extension of **electronic communications networks (commonly known as broadband)** in underserved areas.

Public & private schools & FETs: procurement of electronic communications networks.
Other schools & FETs registered under the South African Schools Act & the FET Act
Establishment & operation

Historical Context





Past Practice	Present Interventions	Future Outlook
Non-delivery on targets	Demonstrated ability to deliver on targets in last fiscal	Decisive delivery on targets
Unscrupulous financial practices	AG gaps closed e.g Fund Manual in place; SCM strengthened	Regular improvement on internal controls
Lack of innovation sec. 82 (4) (b)	Board resolution to adopt innovative practice	Greater review of international best practice & innovative technologies
Insufficient research sec. 82(4)(b)	Board resolution to increase research	Become the authority on universal service & access in ICT
Lack of stakeholder buy-in	Improving stakeholder support	Industry compacts towards closing the digital gap
Self-limitation of work scope	Board resolution to reclaim space in totality	Leadership on universality matters
No long-term national plan per mandate	Turn-around strategy completed & presented to Minister	Sound and funded programmes to close access gaps
Organizational fragmentation	Undertake org. review and align to deliver on national priorities	Skilled & capacitated delivery focused organization

MATTERS RAISED BY AUDITOR GENERAL 2013/2014



HR

- Leadership instability exist
- Long outstanding vacancies, which has been mostly filled
- **USAASA: critical vacancies filled; re-alignment process**

SCM

- Lack a formal process to monitor compliance with SCM laws and regulations
- Evidence that quotations for contracts more than R10 000 could not be obtained
- **USAASA: processes & procedure templates have developed; quarterly audits instituted**

AOPO

- 43% of targets were not specific in 2012/13
- 29% of indicators were not well defined
- Material adjustments were required to reported information
- USAF did not have a separate strategic plan
- **USAASA: SMART criteria targets have been developed; USAF has own strategic plan**

IT

- Approved IT strategic plan not in place
- Back-ups not stored at an offsite storage
- **USAASA: IT Strategic plan approved; back-ups now stored offsite as per Disaster Recovery Plan**



The Agency Should:

Develop and implement monitoring controls that will enable effective compliance with laws and regulations

The controls have been developed and there's greater compliance to the regulations.

Develop and implement controls to independently review the preparation of planning documents to ensure that documents are aligned, prepared in accordance with the framework guidance and supported by a technical indicator description.

A Performance Management & Evaluation Policy has been developed which includes strategic planning has been developed in accordance with Treasury framework ensuring alignment

Establish daily financial controls to ensure that the reporting of financial information is complete.

The recommended financial controls have been effected and furthermore monthly financial reports are submitted to the Audit Committee, the Department and to the National Treasury compliance and reliability.

The accounting authority must develop an IT strategic plan to ensure that its IT operations are aligned to its business & operational objectives

The IT strategy has been developed approved and implemented. All the IT policies and operations are aligned to the strategic and operational objectives.

USAF should maintain evidence to support project expense incurred

Project processes have been developed; project management templates have been developed; project sign-off templates have been developed. Internal Audit conducts verifications.

Enhance performance management system to clarify roles and responsibilities and by holding staff accountable

Performance Management system has been developed and approved. All staff have entered into performance contracts with their supervisors



Additional AG Matter: Qualification

Cause	Intervention
Evidence to support project expense incurred (R45m)	Project processes have been developed; project management templates have been developed; project sign-off templates have been developed.
Trade and other payables (R11m)	<p>Internal Audit conducts site verification on all projects</p> <p>Independent verification by school principals</p>

USAF Annual Performance Plans

Year: 2013 - 2014



2013/2014 Programme Performance	Target	Actual Performance
Schools Connectivity	30 new schools connected	41 schools installed & connected
Broadband	2 municipalities commissioned	<ul style="list-style-type: none"> • Msinga Local Municipality <ul style="list-style-type: none"> • Municipal offices, 3 schools & 26 clinics; Lady Grey hospital • Emalahleni Local Municipality <ul style="list-style-type: none"> • 3 municipal offices; 3 schools; 25 clinics; 2 hospitals
DTT Subsidy	300, 000 set-top-boxes deployed & installed	Nil due to project dependencies on the DoC
DTT Job Creation	100% direct jobs created through the installations of the Set Top Boxes following Sentech's infrastructure rollout	Nil due to project dependencies on the DoC
SMME Initiatives	30 SMME support initiatives facilitated through access centres.	33 SMME initiatives have been effected through MOUs with UNISA and other stakeholders

2013/2014 Programme Performance	Target	Actual Performance
1 municipality Grade 10 learners provided with devices for internet connectivity.	1 municipality Grade 10 learners provided with devices for internet connectivity.	Learners & teachers provided mobile devices in: Emalahleni: 208 laptops & 66 tablets. Msinga: 450 smart phones & 190 tablets.
Research: usage levels in project area interventions	5% usage of accessible and affordable ICT services in underserved areas.	Msinga: 86% of population was not covered; New network covers 83% of total uncovered population of 177, 577. A further 50% price reduction by operators lead to an 83% increase in usage. Emalahleni: 83.8% of population was not covered; New network has covered 86% of uncovered population 119 460 (86% total population)
Research: smart technology adoption in project area interventions	10% adoption and usage of ICT technologies.	11% adoption rate recorded

USAF Annual Performance Plans

Year: 2014 - 2015



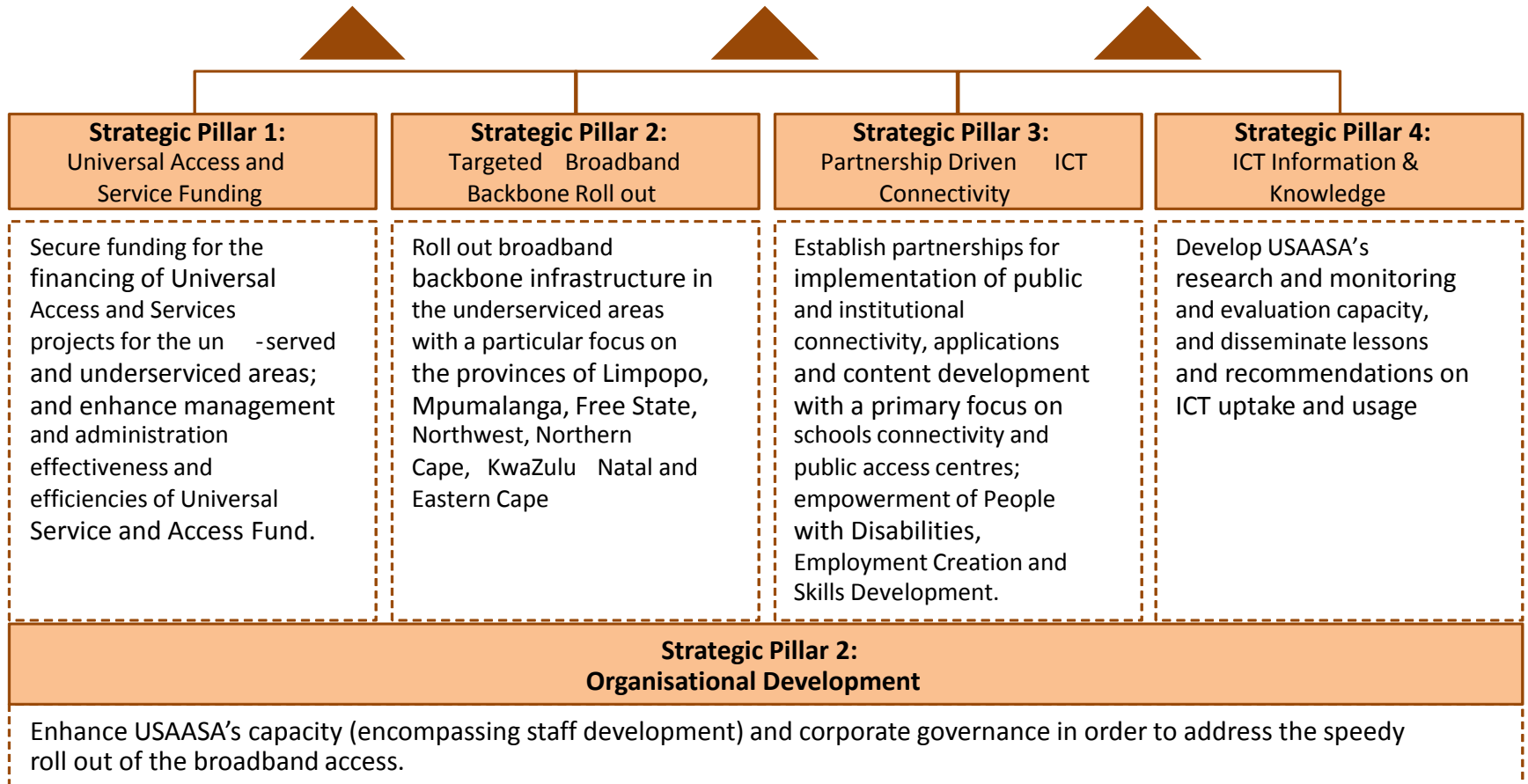
Strategic Pillars



USAASA's Vision

USAASA's Mission and Outcomes

USAASA's Strategic Objectives





ACCESS CENTRES IN SCHOOLS: CYBERLABS

TARGET

- 10 mainstream schools
- 5 schools for disabled persons

Installations in underserved areas

STANDARD PROVISION

- 21 laptops / tablets
- Interactive board
- Projector
- Air conditioner
- Printer
- 2 year Connectivity
- 2 year maintenance

INTENT / ROLE

- To respond to National Development Plan calls for transformation to lives of the poor via technology
- To actively support Department of Education in delivering 21st Century education to the poor
- Contribute to relevant future leaders of this country

FINANCIAL ALLOCATION: 2014/2015

- R14. 157 million [incl. connectivity]



Milestones	Status
Provincial stakeholder engagements	Completed
Political endorsement	Completed
Procurement processes	Completed



BROADBAND IN UNDERSERVICED AREAS

TARGET

2 sustainable integrated rural broadband networks initiated in underserviced areas

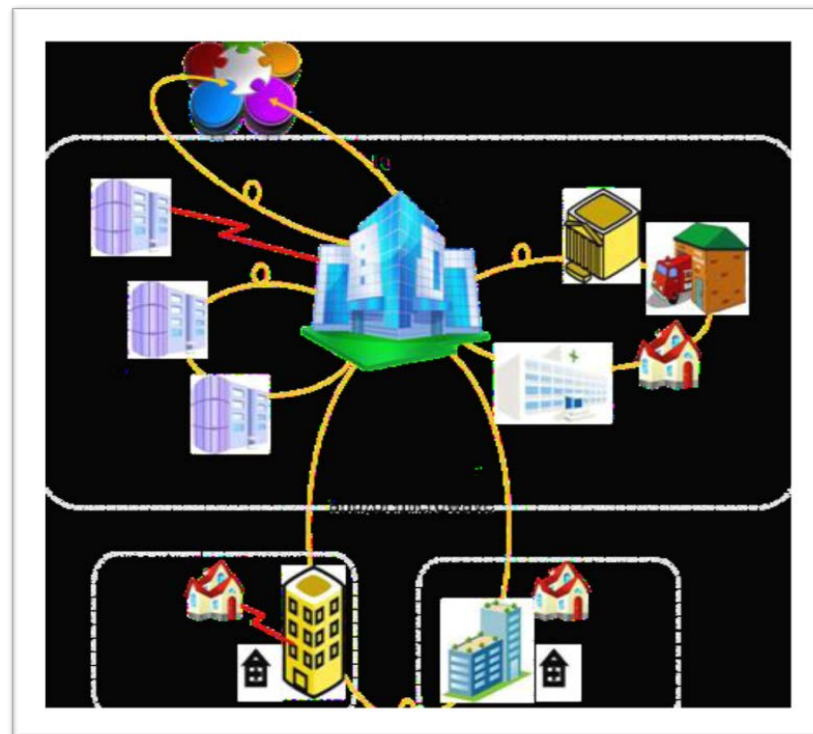
INTENT / ROLE

Deliver on Sec. 88 and Sec. 90 of mandate ; Deliver on SIP 15; Deliver on NDP

FINANCIAL ALLOCATION: 2014/2015

- R32, 250 million

Milestones	Status
Site identification	Complete. Ratlou Local Municipality in Nowthwest & Joe Morolong Local Municipality in Northern Cape
SIP aligned Integrated Rural Broadband Model	In progress
Financing Model	Least cost subsidy





DTT

TARGET

2 080 000 [40% of 5.2 million] STBs & aerials installed in approved households

INTENT / ROLE

Oversee the deployment of approved STBs and aerials as quickly and as efficiently as possible to qualifying households

FINANCIAL ALLOCATION: 2014/2015

- R240 million
- Additional R690 million cumulative from previous years



Milestones	Status
Development of Qualifying criteria	Completed.
Transacting system 98% complete	Business rules effected. Initial testing completed
Systems integration btn USAASA & SAPO	Request outstanding
Mapping of qualifying population groups against Post Offices	Completed
Procurement resourcing	Completed
Procurement plan	Completed
Total financial allocation	Secured.
Project residence	Undecided

USAASA Annual Performance Plans:

Year: 2014 - 2015





	2014/15 Annual Targets
Governance	<ul style="list-style-type: none"> • Atleast 4 USAASA Board meetings • Atleast 4 USAF Board meetings • Atleast 6 Audit & Risk meeting • Atleast 4 Business Development Services Committee • Atleast 4 Human Resources & Remuneration • 2 Social & Ethics Meetings conducted throughout the year • 12 Executive management meetings
Internal Audit	<ul style="list-style-type: none"> • 21 audits for the fiscal i.e. supply chain management, human resources, Projects audits to strengthen Agency's internal controls • USAASA and USAF top 10 risks identified and monitored
Performance Management	<ul style="list-style-type: none"> • 1 USAASA Strategic Plan and 1 USAF Strategic Plan • 1 USAASA APP and 1 USAF APP developed by EXCO members, approved by the USAASA/USAF Board and submitted to the Minister of Telecommunications & Postal and to Parliament • 4 Approved USAASA quarterly reports, and • 4 approved USAF quarterly reports submitted to DoC 30 days after the end of each quarter • USAASA and USAF Annual Reports developed and Tabled at Parliament • Approval & operationalisation of the National Strategy on Universal Services and Access





	2014/15 Annual Targets
Stakeholder Relations/Communications	<ul style="list-style-type: none"> • Improvement of stakeholder perceptions of USAASA by 80% of the baseline of 38% positive • 60% awareness of Fund Manual by the targeted stakeholders • 80% Stakeholders' support of the ICT National Strategy • USAF projects' awareness campaigns conducted
Finance & Supply Chain Management	<ul style="list-style-type: none"> • Produce accurate financial statements with the objective to get an unqualified audit opinion • 95% of the actual expenditure spend in line with the allocated budget • 100% match between the physical assets and the asset register • 100% compliance with the laws and regulations pertaining to treasury, supply chain and the statutory regulations. • 80% of USAASA and USAF procurement from BBBEE • Reduce risks associated with litigations against the Agency by 5%
Legal	<ul style="list-style-type: none"> • Reduce risks associated with litigations against the Agency by 5% • Appointment of legal panel to act on behalf of the Agency during litigations associated with the Agency



	2014/15 Annual Targets
Administration	90% compliance with Occupational Health, Safety and Environment Act
Information Technology	<ul style="list-style-type: none"> • 90% compliance to IT Governance • 95% Availability of Business Systems & Archive Act • Maximum 10% security breach incidents reported
Human Resources	<ul style="list-style-type: none"> • 1 employee wellness programme activity conducted per quarter • Introduce a leadership training programme for all managers within the Agency • Timeous submission of performance agreements & performance assessments by business units • 80% employee satisfaction based on the survey questionnaire conducted • Ensure that employees' grievances and disciplinary cases handled are less than 5% of our staff complement • 60% Implementation of approved Organisational Development Plan



USAASA Budget Allocation

	Audited Outcome				Revised Estimate	Ave. growth rate (%)	Expenditure total Ave. (%)	Medium-term estimate		Ave. growth rate (%)	Expenditure/total: Ave (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 – 2013/14		2014/15	2015/16	2016/17	2013/14-2016/17	
Administration	69,541	76,445	61,111	57,778	-6.0%	100%	62,023	64,945	68,377	5.8%	100%
-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	69,541	76,445	61,111	57,778	-6.0%	100%	62,023	64,945	68,377	5.8%	100%

THE NATIONAL STRATEGY ON UNIVERSAL SERVICE & ACCESS

The NDP in Action



Background on The National Strategy on Universal Service & Access

October 2012

- Portfolio Committee on Communications tasks Board to develop turn-around strategy

February 2013

- Work commences on The National Strategy on Universal Service & Access

September 2013

- USAASA submits findings to The ICT Review Panel

23 October 2013

- USAASA calls for comments on National Strategy

29 November 2013

- USAASA finalises the Fund Manual

28 January 2014

- USAASA presents to the Minister of Communications

31 January 2014

- USAASA presents to the Infrastructure Directorate of the DoC

19 March 2014

- USAASA & USAF Boards approve The National Strategy on Universal Service & Access
- USAASA & USAF Boards approve the Fund Manual Standard Operating Procedures



National Development Plan
2030
south africa
It's our future. Let's make it work!



National Development Plan

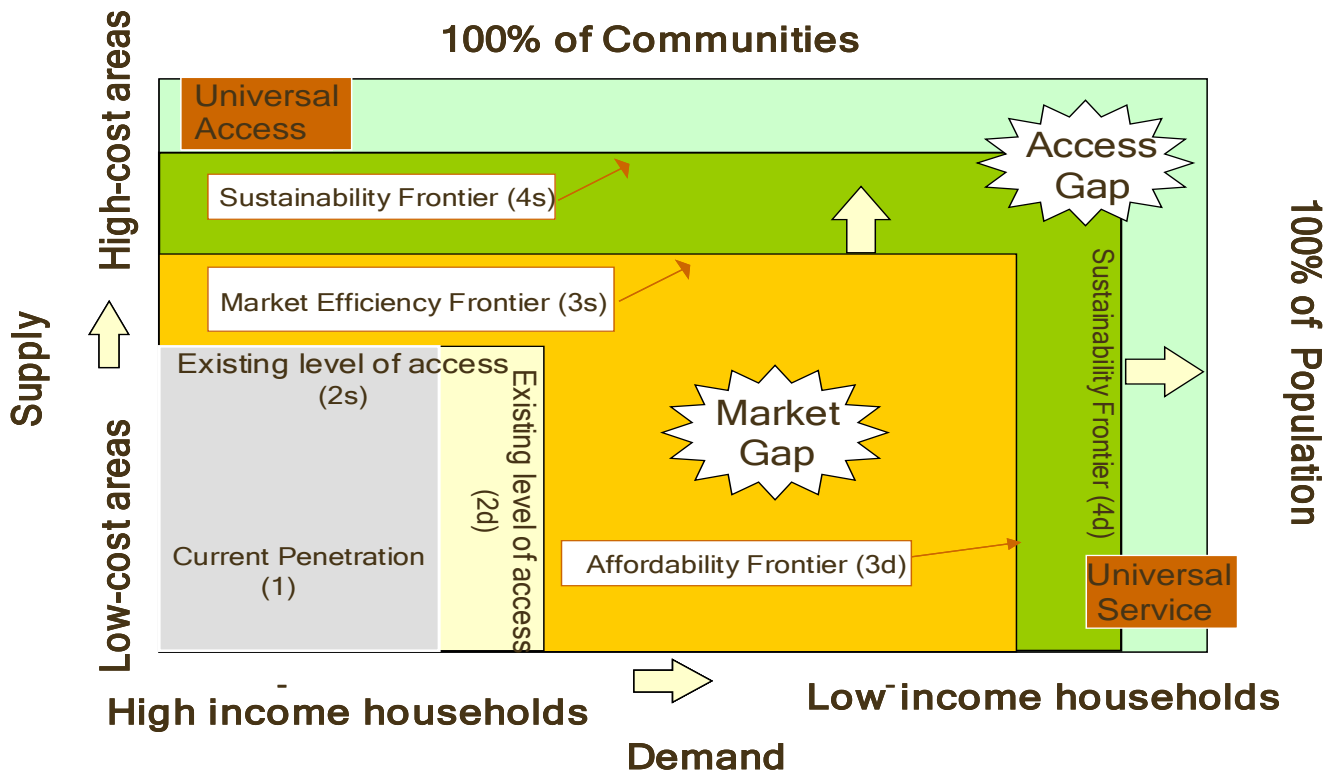
- Integrated e-strategy
- Intergovernmental and public - private co-ordination
- Effective regulation of markets
- 100% broadband penetration by 2020 (>2mbs)
- 2030 deployment for full range of government, educational, informational services
- Local Loop Unbundling, high demand spectrum, structural separation

SIP 15

- **Expanding Access to Communication Technology**
- Part of the PICC, a Presidency-led initiative to co-ordinate infrastructure projects (construction, **fast-tracking of current projects and maintenance of existing infrastructure**) across all spheres of government and state-owned enterprises.
- Aims to **ensure universal service and access to reliable, affordable and secure broadband services** by all South Africans, prioritising rural and under-served areas and stimulating economic growth (includes DTT migration by 2015).
- **Prioritised connectivity to rural and under-served areas including e-health, e-schools and e-government**

Market Gap Analysis

Gap Analysis Model Methodology



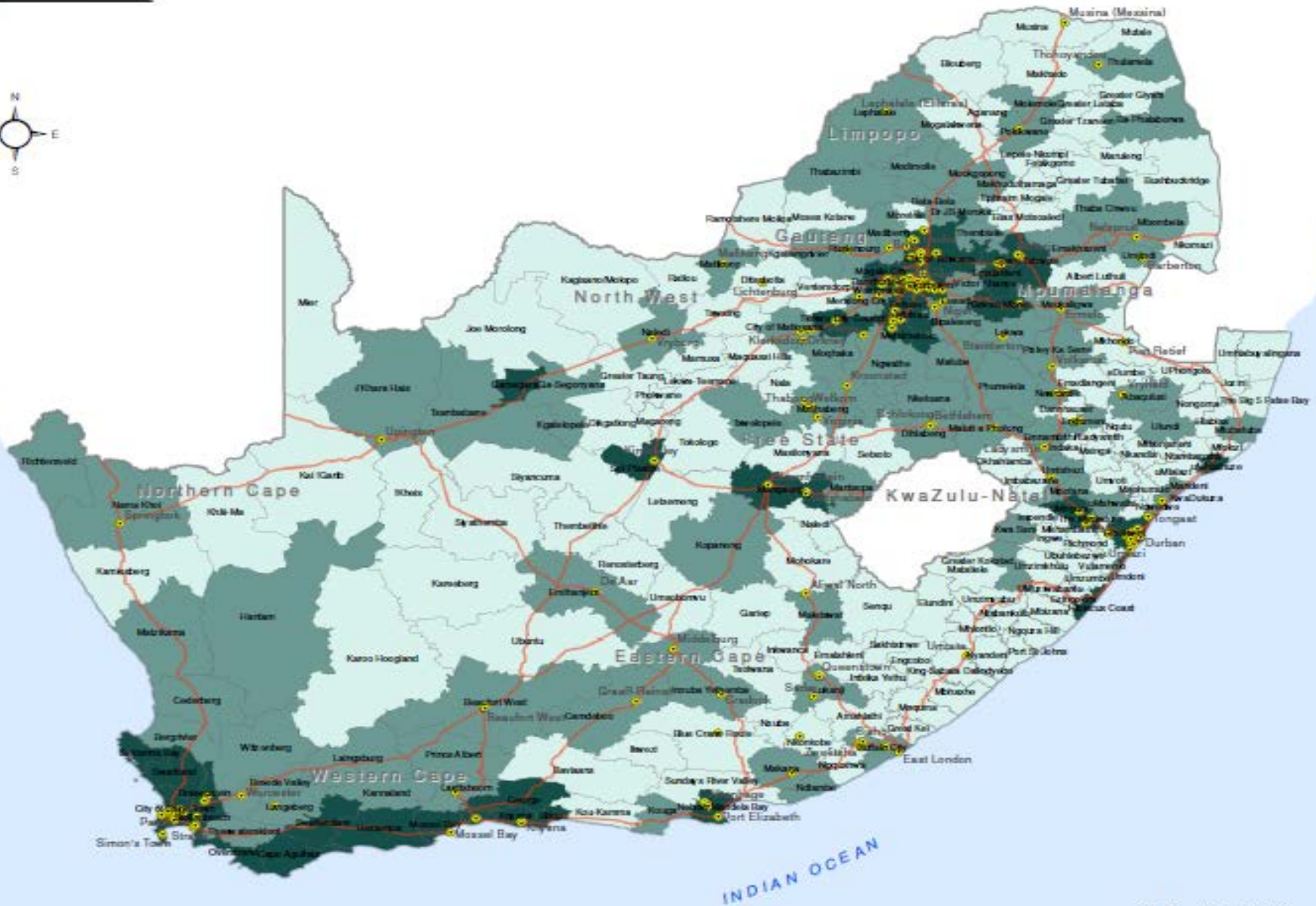
- **Current Access** = existing levels of service coverage and penetration
- **Market Gap and Market Frontier** = Locations and limits where market forces can close gaps commercially
- **Economic Gap or True Access Gap** = Locations where subsidy is needed to close gaps

Market Gap Analysis

National Baseline Gap Findings

Summary Results		South Africa														
Region	2G Mobile			Public Broadband			3G Mobile Broadband									
	Current Access	Market Frontier	Access Gap Capital Cost	Current Access	Market Frontier	Access Gap Capital Cost	Current Access	Market Frontier	Access Gap Capital Cost							
National	86.4%	98.2%	\$9,236,504	49%	78%	\$169,809,979	65%	70%	\$604,978,928							
Western Cape	61.1%	98.4%	\$0	82%	99.3%	\$0	75%	87.2%	\$40,854,993							
Northern Cape	88.0%	95.9%	\$1,835,327	32%	31.8%	\$49,331,236	59%	59.0%	\$54,155,596							
Eastern Cape	99.7%	100.0%	\$0	17%	58.7%	\$17,959,494	57%	57.4%	\$79,332,213							
Free State	91.8%	98.6%	\$519,806	34%	47.5%	\$14,070,878	61%	61.2%	\$51,219,808							
North West	92.2%	99.7%	\$0	35%	85.9%	\$3,298,060	52%	51.9%	\$85,309,923							
KwaZulu-Natal	76.5%	99.1%	\$0	31%	97.2%	\$0	61%	61.3%	\$108,759,637							
Mpumalanga	93.2%	99.7%	\$0	34%	55.9%	\$3,619,105	54%	54.4%	\$84,638,223							
Gauteng	98.0%	99.9%	\$0	85%	99.4%	\$0	79%	96.3%	\$26,249,514							
Limpopo	81.3%	88.8%	\$6,881,371	28%	27.6%	\$81,531,206	53%	53.2%	\$74,459,021							

ICT Penetration









Programme	2014/15	2015/16	2016/17	2017/18	2018/19	Target
Under-serviced rural municipalities Broadband rollout	2	30	50	56	55	195
Public Schools [incl. FETs]	10	6034	6033	6033	6026	24136
School of people living with disabilities	5	120	119	119	119	482
Police Stations	0	284	284	284	283	1135
Local government buildings	0	72	72	72	72	360
Healthcare facilities	0	1600	800	800	800	4000
Broadcasting Digital Migration						
Allocation ('000)	R289, 988M	R6,805,786	7,294,376	7,732,019	8 195 961	

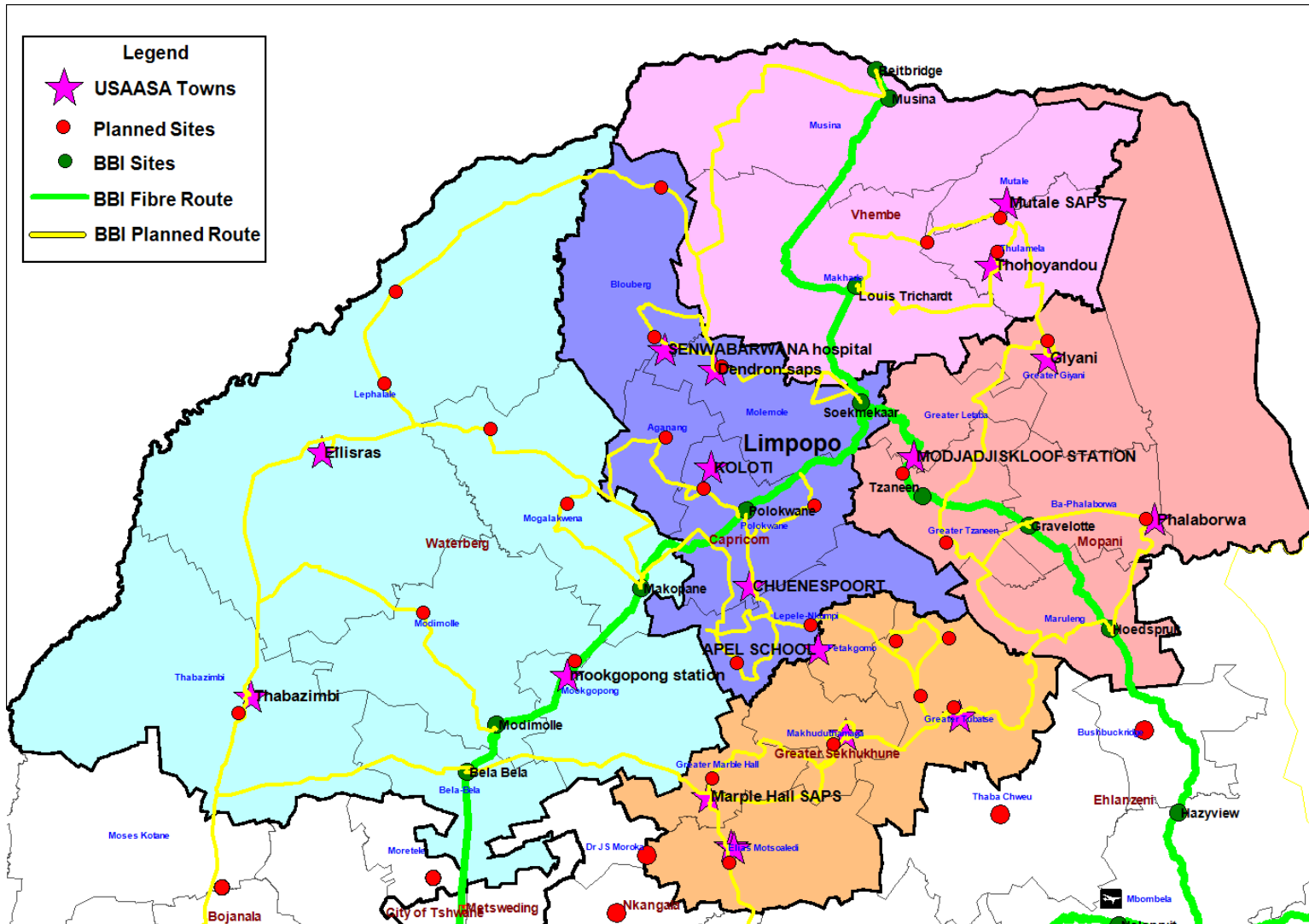
A detailed **Broadband Network Master Plan** for under-serviced areas is under development

Strategic Collaborations

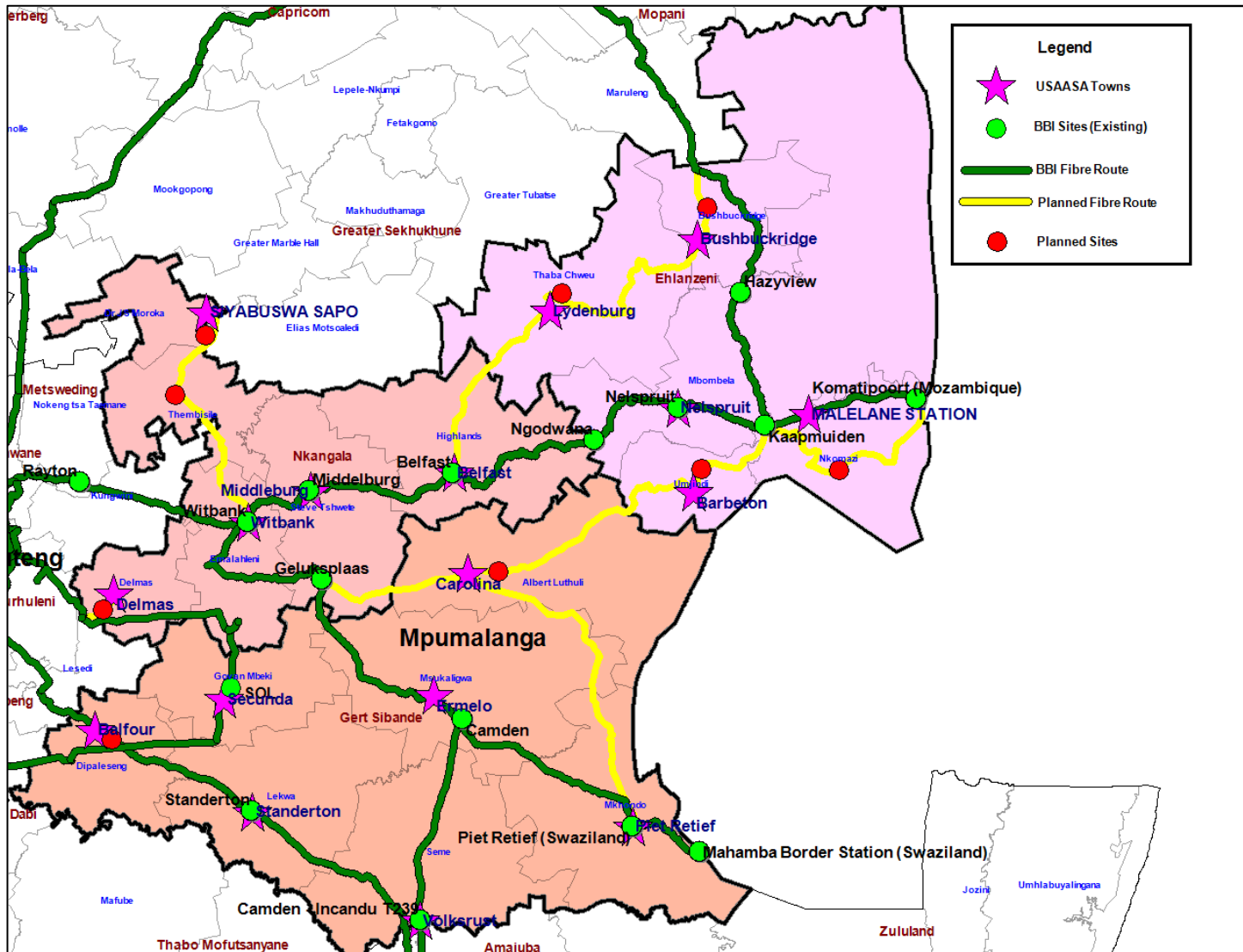


	Nature of Collaboration
	Universal Service Obligations Monitoring; Office sharing; section 90 implementation
	To leverage fibre capacity on rail network <ul style="list-style-type: none"> Existing network infrastructure Upcoming network infrastructure
	To leverage fibre capacity on existing network <ul style="list-style-type: none"> Compliment network infrastructure where Intersite has shortage
	<ul style="list-style-type: none"> Awareness creation

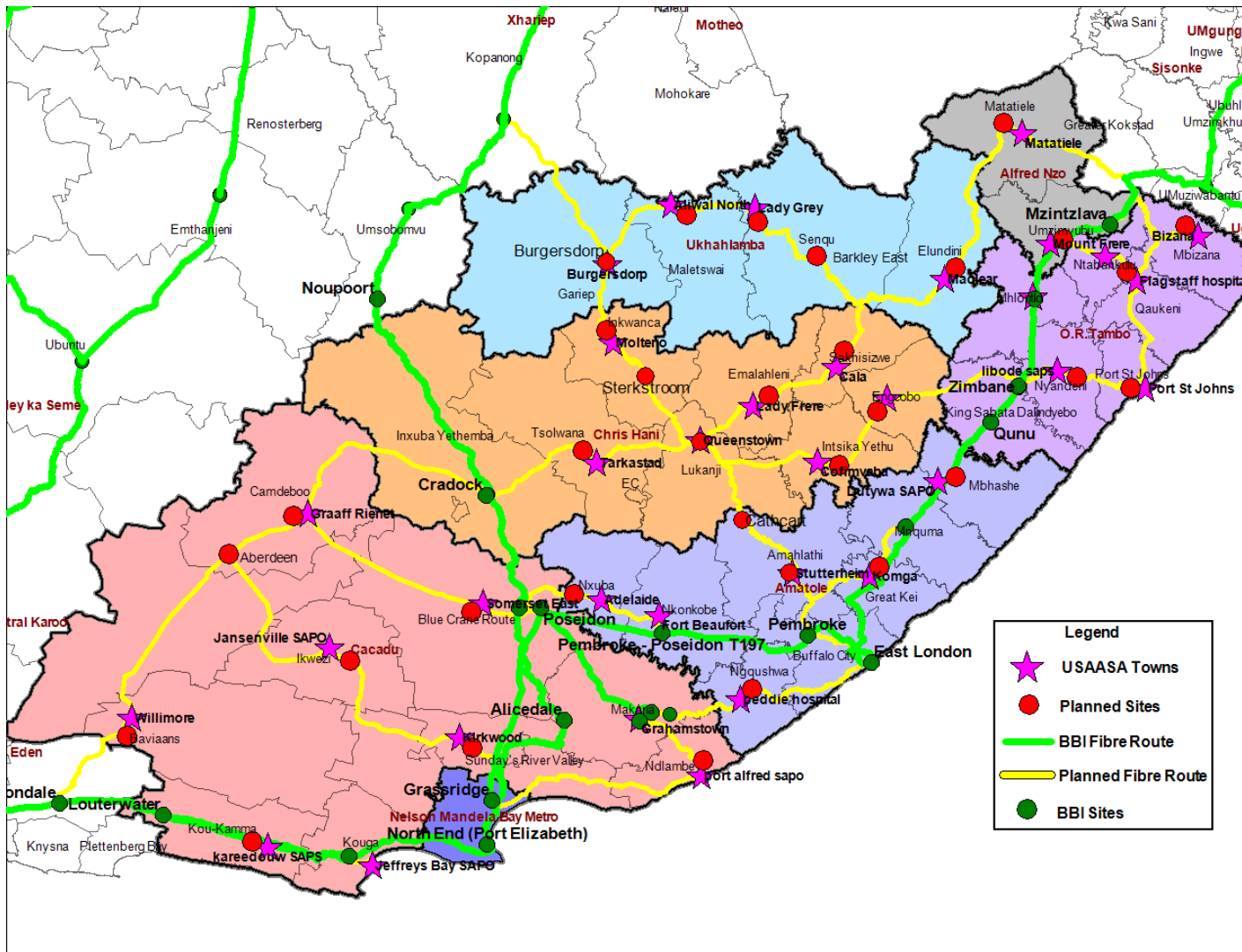
Limpopo



Mpumalanga

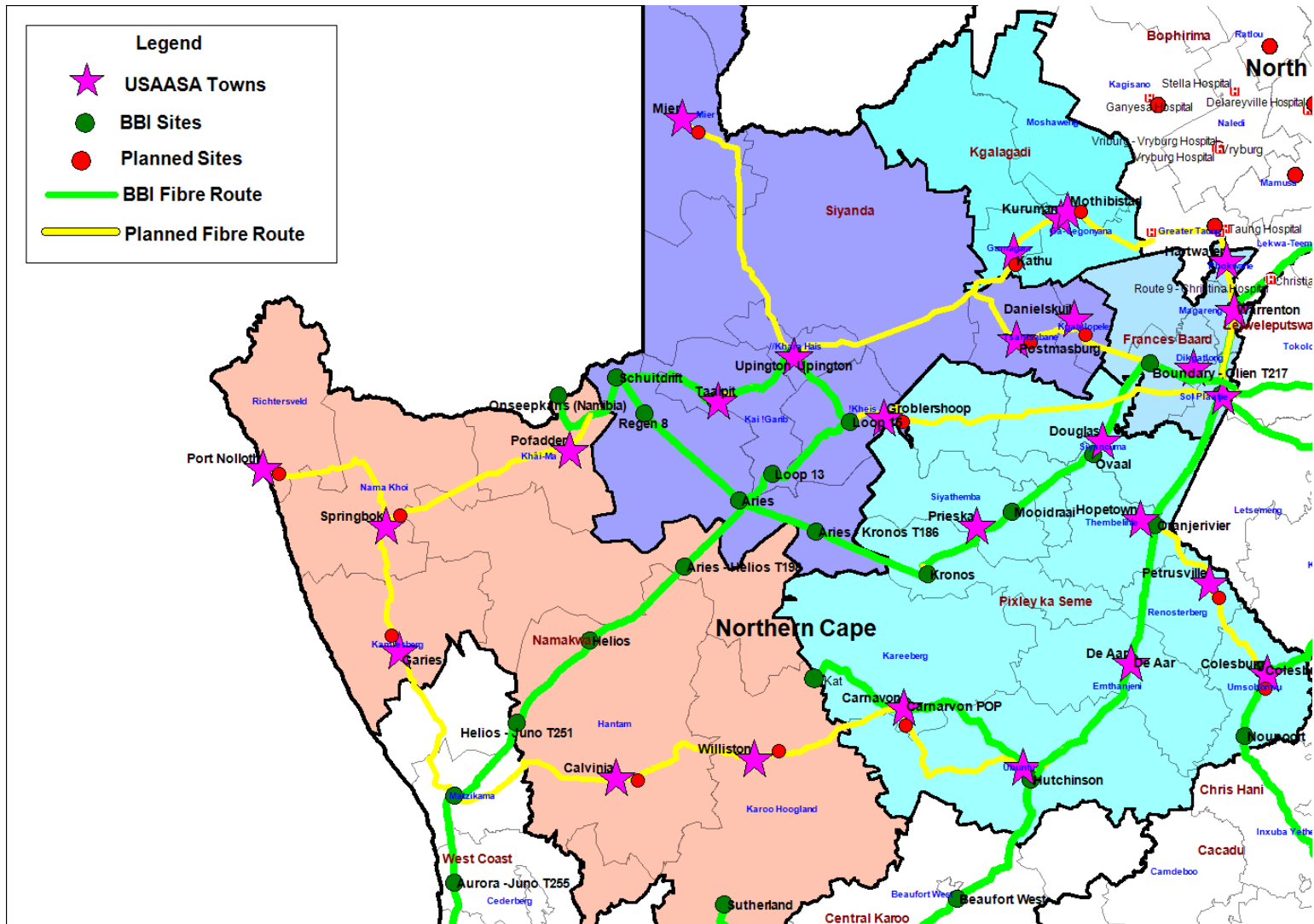


Eastern Cape



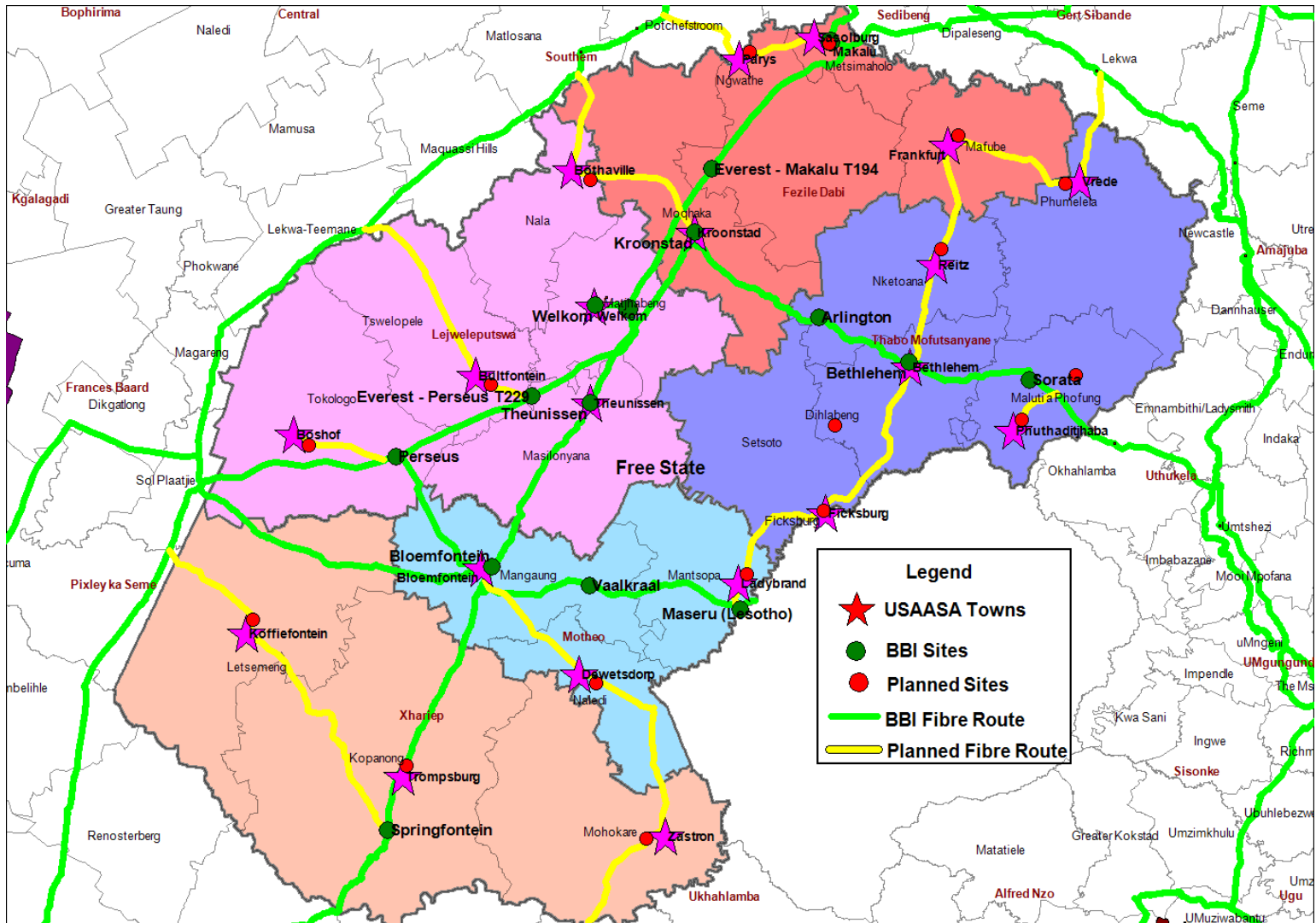


Northern Cape

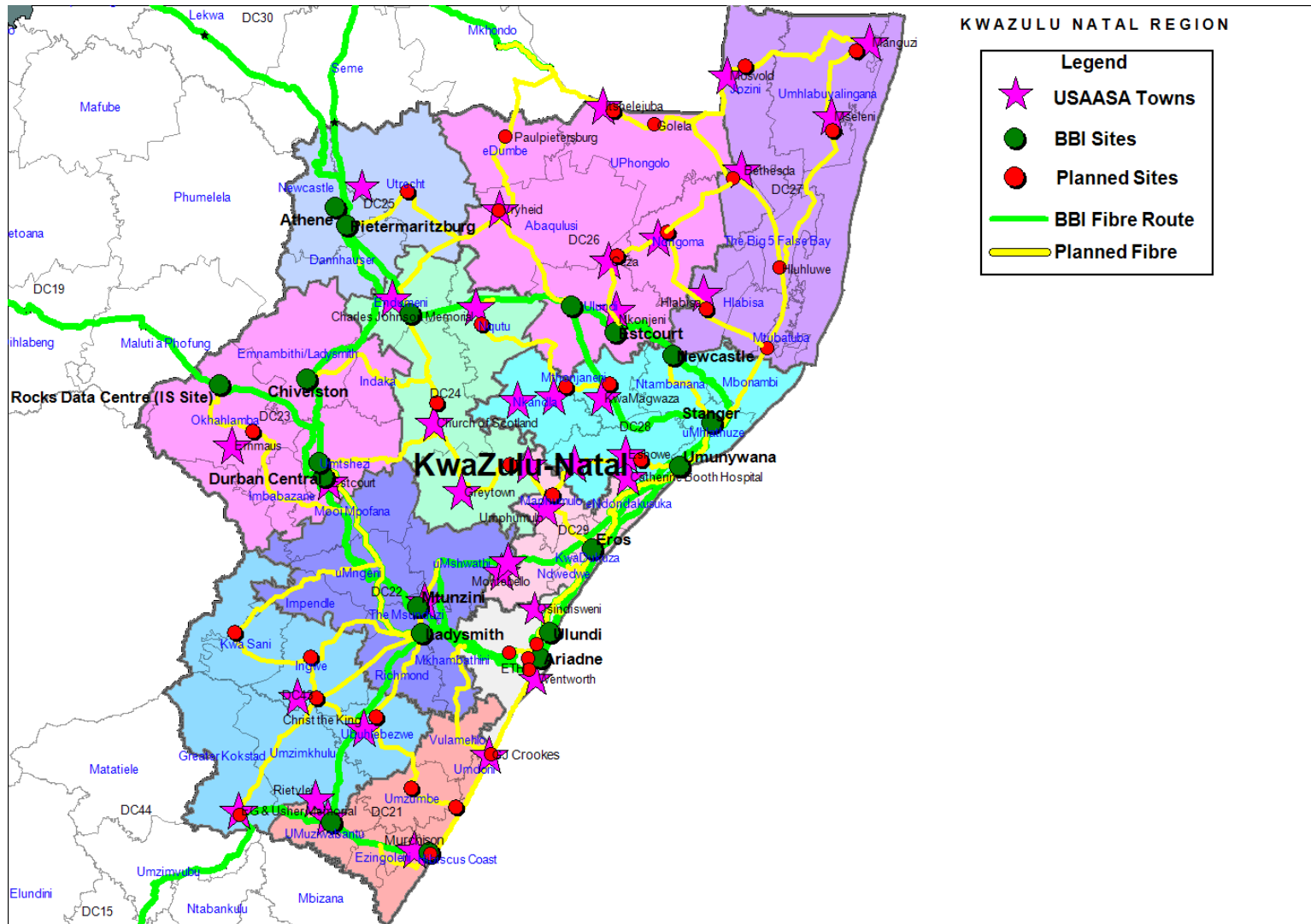




Free State



Kwa-Zulu Natal



THANK YOU

