INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

Briefing to the Parliamentary Portfolio Committee on Communications

"2014-2015FY Annual Report"

Acting Chairperson

Chief Executive Officer

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Organisational Mandate

ICASA is established pursuant to section 192 of the Constitution and in terms of the ICASA Act of 2000, as amended

ICASA is mandated to -

❑ Regulate electronic communications, broadcasting and postal sectors in the public interest
❑ Ensure affordable services of high quality for all South Africans

ICASA's mandate is derived from:

❑ The Constitution, 1996

❑ ICASA Act, 2000

❑ EC Act, 2005

❑ Broadcasting Act, 1999

❑ Postal Services Act, 1998

❑ ECT Act, 2002

Government's Priority Outcomes

Government Priority Outcomes

Outcome 6:

An efficient, competitive and responsive economic infrastructure network

Promote competition and network deployment for universal broadband provision

Outcome 12:

An efficient, effective and development–oriented public service

Ensure that the regulatory framework facilitates the use of ICTs as a platform to provide increased access to government services

Outcome 14:

A diverse, socially cohesive society with a common national identity

Facilitate the 3-tiers of broadcasting and specifically focus on a regulatory agenda that:

- Promotes local content
- Dissemination of information in the public interest
- Public broadcasting content across all platforms

Strategic Goals: 2014-2015

SOOG1

Promote competition
- Facilitate effective competition
- Ensure South African retail prices of ICT services fairly reflect costs
- Ensure effective broad based HDI/BBBEE participation in the sector

SOOG2

Promote the digital agenda
- Facilitate universal access to broadband services at fair retail prices by 2020
- Promote the development of public, community and commercial broadcasting services in the context of digital migration

SOOG3

Promote efficient use of spectrum resources
- Establish innovative approaches to technology and dynamic spectrum usage

SOOG4

Protect consumers
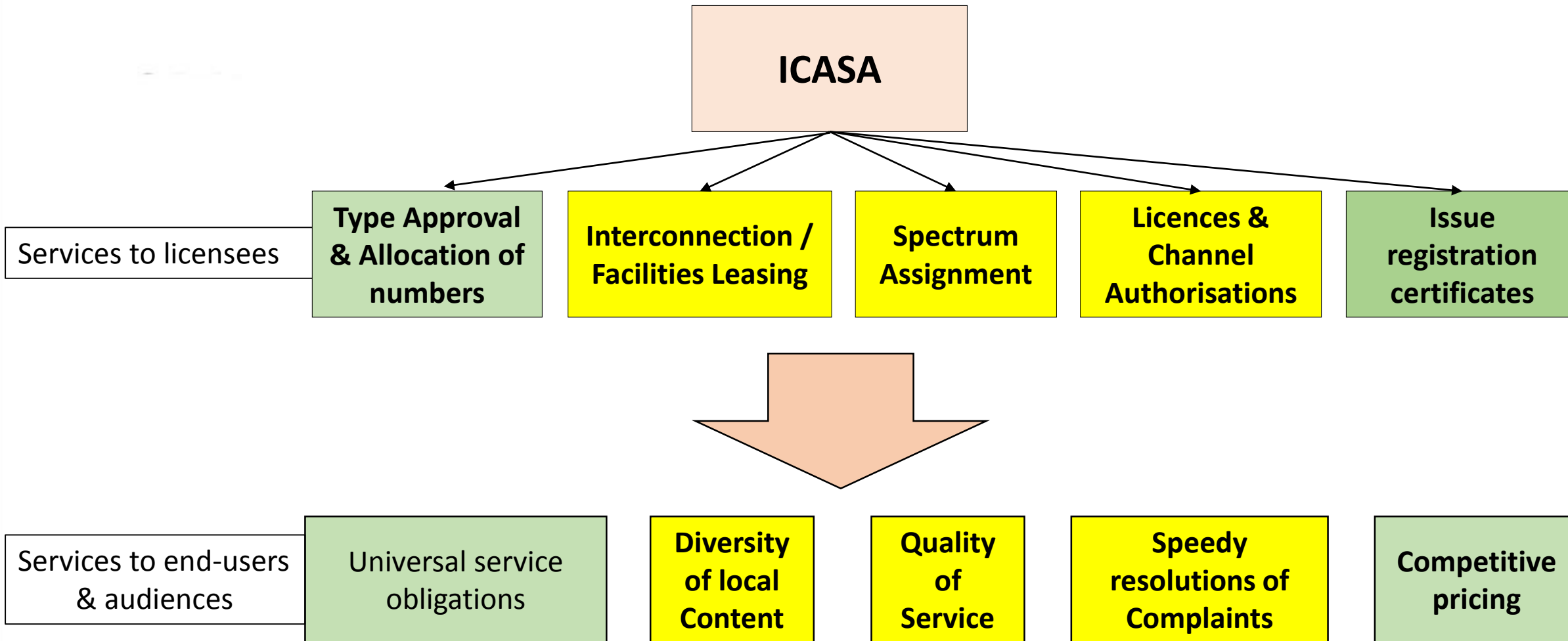- Promote consumer rights
- Ensure universal service and access

SOOG5

Modernise ICASA
- Improve operational processes and performance measurement

ICASA Services to the Sector

ICASA

Services to licensees

| Type Approval & Allocation of numbers | Interconnection / Facilities Leasing | Spectrum Assignment | Licences & Channel Authorisations | Issue registration certificates |

Services to end-users & audiences

| Universal service obligations | Diversity of local Content | Quality of Service | Speedy resolutions of Complaints | Competitive pricing |

Regulatory Programmes: 2014-15 FY

#2 Licensing & Compliance	#3 Engineering & Technology	#4 Markets & Competition	#5 Consumer Affairs
• Grant, renew, transfer, amend and revoke service licences	• Spectrum management and planning	• Regulations to ensure fair competition in the market	• Consumer complaints handling and resolution
• Authorize licence exemptions	• Granting of authorisations / type approvals for equipment	• Implement measures to ensure efficient provision of postal, broadcasting and EC / ECN services	• Consumer advocacy, education and awareness
• Monitor and enforce compliance by licensees with the applicable laws and regulations (postal, broadcasting, ECS and ECNS licensees)	• ECS/ECNS Quality of Service monitoring	• Ensure affordability of services	• Monitor Quality of Experience by consumers in consumption of services
	• Research on spectrum efficient technologies	• Promote access to local broadcasting content	• Promote right of access to services for people with disabilities
	• International collaboration		

Programme 2 Achievements

Licence transfers and amendments

- 7 Individual ECNS licence transfers
- 6 Individual ECS licence transfers
- 6 Class Community Sound Broadcasting amendments
- 2 Individual Commercial Sound Broadcasting Licence amendments
- 1 Class Community Sound Broadcasting Licence transfer

Licence Registrations

- 77 Class ECNS, 75 Class ECS registrations, 3 Class ECS transfers & 1 class ECS surrender
- 23 Unreserved Postal Services registrations and 8 Unreserved Postal Services Renewals
- 48 New Class Sound Broadcasting Service granted, 40 Class Sound Broadcasting Service licence renewals and 12 channel authorizations
- The following applications were unsuccessful: 3 Class Sound Broadcasting Service Licence applications, 2 Class ECS and 3 Class ECNS licence applications

Licence Exemptions

- 15 Private Electronic Communications Network (PECN) Exemption
- 10 Electronic Communications Service (ECS) Licence Exemption
- 2 Small Electronic Communications Network (SECN) Licence Exemption

Programme 2 Achievements

Compliance by broadcasting, ECS, ECNS & postal services licensees

- Full compliance by individual Broadcasting Service licensees
- Compliance challenges by class community broadcasting service licensees
- ECS/ ECNS licensees audited and assessed for compliance

Acquisition of Monitoring Equipment

- Acquisition of the broadcasting monitoring equipment (to be deployed in all Regional Offices)
- Acquisition of the RFID tag monitoring equipment for independent monitoring of postal services licensees

May 2014 Elections Monitoring

- Monitoring of national lections completed
- Over 7 complaints adjudicated (3 resolved by the Authority and 4 dealt with by CCC)

Impact on the Sector

BROADCASTING LICENCES

	Radio Stations	Television
Community	284	5
Commercial	21	1 FTA 7 Subscription 5 Recent additional subscription services
Public Broadcaster	15 (Public) & 3 (Commercial)	2 (Public) and 1 Commercial)

Authorised Broadcast Channels
Top TV – 129 Channels Deukom – 1 Channel WoW TV – 2 Channels e.TV (e-mobile) – 29 Channels Multichoice – 450 Channels DSTV(Mobile) – 10 Channels **Total Number – 621 Channels**

ELECTRONIC COMMUNICATIONS & NETWORK LICENCES

	Individual	Class	Licence Exempt
ECNS	502	491	210
ECS	502	436	23

POSTAL REGISTRATION CERTIFICATES

Applications	Processed
Unreserved Postal Services	74

Impact on the Sector

Distribution of community radio stations
- ❑ All communities have their own voice
- ❑ Source of local content

LP: 38

NW: 38

MP: 27

GP: 53

NC: 9

FS: 19

KZN: 37

EC: 36

WC: 39

Programme 3 Achievements
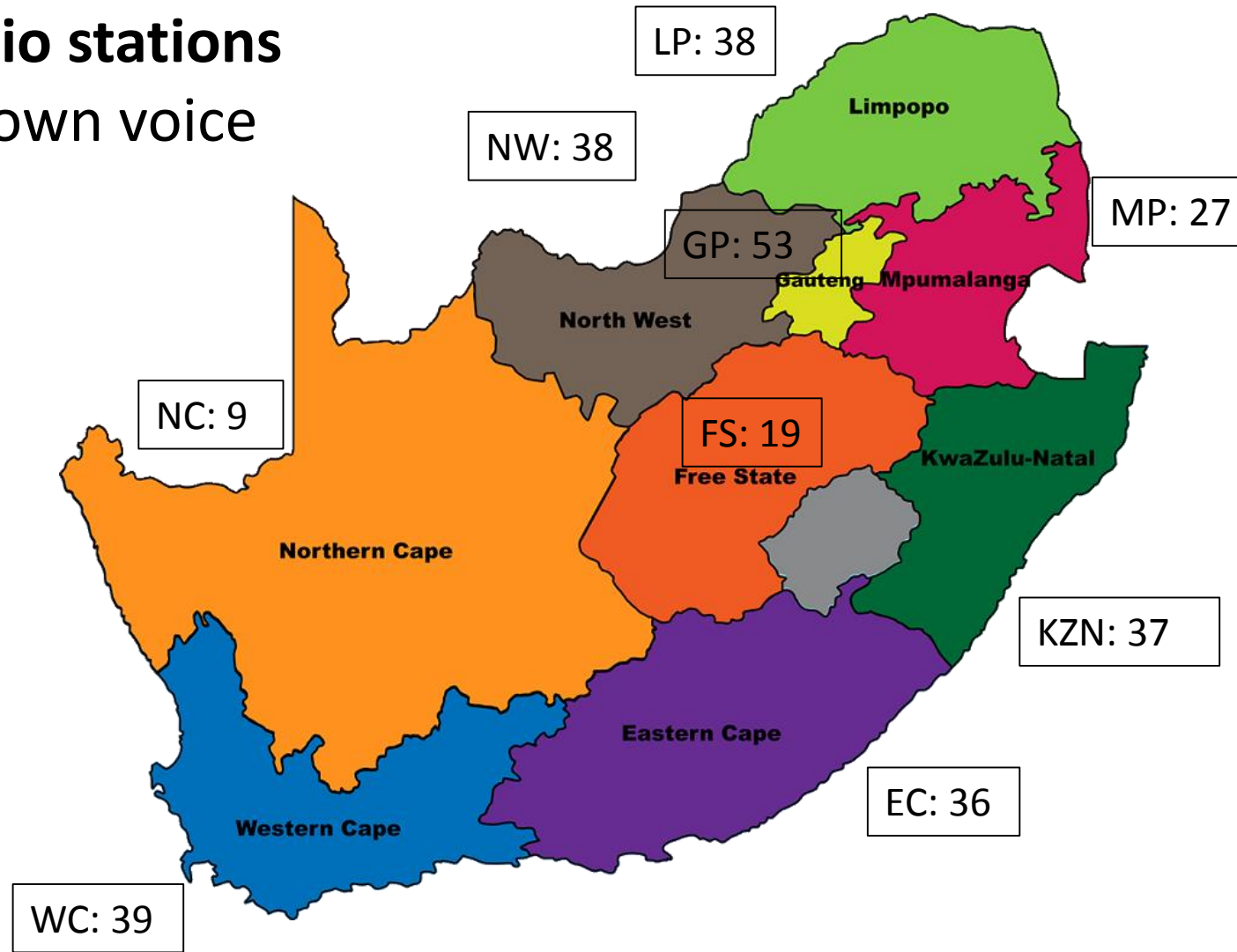
Quality of Service Monitoring

- QoS monitoring in the following provinces: Limpopo, Northwest, Northern Cape and Free State
- QoS monitoring for SARS to verify the availability of network signal in the border posts
- QoS monitoring for USAASA to assess quality of subsidized networks in under-serviced rural areas

Cross-border coordination

- Bilateral meetings between Lesotho and South Africa, and Mozambique and South Africa to resolve signal spillage challenges

Research collaboration

- MoUs between ICASA and Wits University, Pretoria University and Council for Scientific and Industrial Research (CSIR) were signed for the purpose of collaboration in Spectrum Management.

Programme 3 Achievements

Spectrum Management

- Roadmap for IMT Spectrum
- Radio Frequency Spectrum Assignment Plans
- Review of radio frequency spectrum regulation and amendment of frequency spectrum fees regulations

Spectrum Licensing

- 2972 frequency spectrum licenses issued
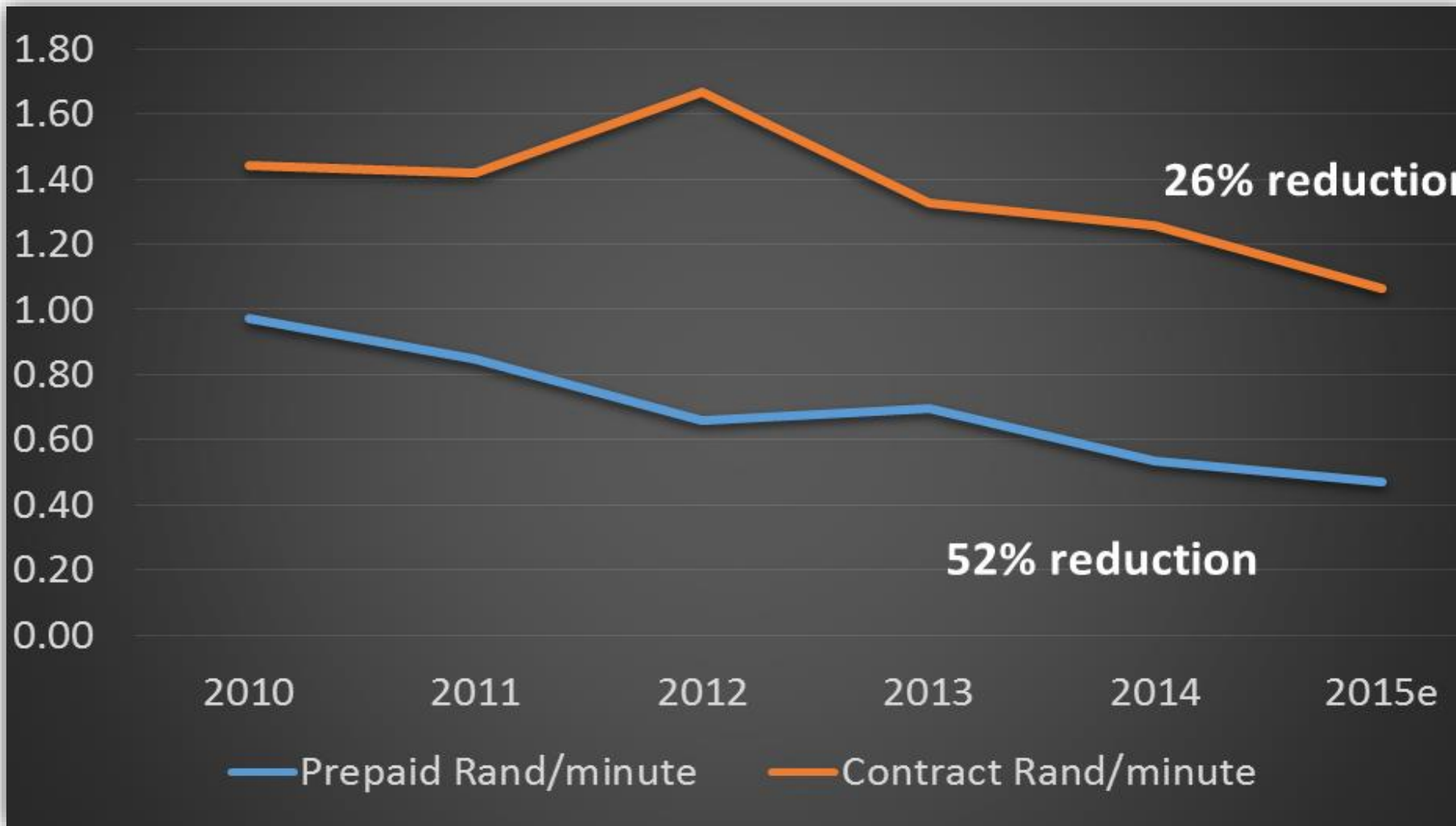- 2709 licenses cancellations processed

Equipment Type Approval

- 2815 Type Approval licenses/certificates issued including 2626 RF equipment applications; 90 TLTE applications and 99 SWS applications

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Measures to Promote Fair Competition

- Wholesale Voice Call Termination Regulations
- Review of retail tariff filings for ECS operators
- Assignment of over 6,2 million numbers
- Annual Price Review for Basic Postal Services

Impact on the sector

- 26% reduction
- 52% reduction
- Prepaid Rand/minute
- Contract Rand/minute

❑ Prepaid consumers have benefitted substantially from lower prices

Programme 5 Achievements

Consumer Advocacy Programs

- A total of 308 community outreach workshops were held nationally and 247 community radio interviews were held

Consumer Complaints Handling & Resolution

- A total of **4297** consumer complaints were received of which **3867** were resolved. This represents a resolution rate of **90%**

Contribution to NAJoints

ICASA participated at safety and security operations at national events as coordinated by the JCPS cluster, including the following:

❑Presidential Inauguration, May 2014

❑SKA site visit on opening of Meerkat Project

❑Africa Aerospace & Defence 2014

❑State of the Nation Address, February 2014

Areas of non achievement

Free to Air TV
- Closing date for submission of applications was extended from 31 December 2014 to 31 March 2015 based on request from prospective applicants
- **[Licensing process currently on track as per 2015-16 Plan]**

ITA for spectrum licenses
- The Radio Frequency Assignment Plans was only finalized in March 2015
- The ITA must be preceded by policy clarity on *inter alia* migration process
- **[Deliverable on IMT Spectrum Licensing Framework on track as per 2015-16 Plan]**

Spectrum Management System
- Delays with the procurement process occasioned by failure to adhere to prescribed processes and resultant threats of legal challenges
- **[Procurement process will be completed during 2015-16 with full system deployment anticipated by 2016-17]**

Areas of non achievement

Toll-Free Framework

- Interconnection model for toll-free services not formulated
- The reverse billing framework for 0800 calls (to ensure they are free to the end-user originating the call) was not finalized
- [Consultation process currently underway on the required Regulations. Deliverable on track as per 2015-16 Plan]

Findings on Local Content Review

- The extensive and countrywide nature of the consultative process resulted in the finalization of the Findings Document being deferred into 2015-16 FY
- [Deliverable on track as per 2015-16 Plan]

Universal access to postal services

- The overlap of the project with the National ICT Policy Review process necessitated the withholding of the Discussion Document pending consultation with the Ministry of Telecommunications and Postal Services
- [Consultation with DTPS underway and deliverable on track as per 2015-16 Plan]

AG's Assessment of 2014/15FY Performance

UNQUALIFIED AUDIT

Underspending on Conditional Grants

Impairment of NRF Receivables

- Concerns over Performance Information

- Significant non-achievement of planned targets

- Uncertainties in relation to litigation matters

Some Internal Control Deficiencies

29% Organisational Performance

Administrative Programmes

Programme 1

- HR
- Governance, Risk & Compliance
- Finance
- Legal
- Communications and International Relations
- Information Technology
- Facilities

Human Resources

HR Division Mandate

Vision & Purpose
Driving the people agenda in partnership with business
Credible, professional HR business partners that add real value through reliable, relevant and effective HR solution

Strategic Alignment	Culture & Change	Talent Management	Capability Building	Transformation
Talent Acquisition		Performance Management		
Learning & Development		Reward and Recognition		
Stakeholder Management		Employee Relations		
HR Systems & Administration				

Human Resources

Accomplishments
- ❑ Organizational Realignment
  - o 356 positions were re-designed and job evaluated
  - o Salary scales revised to be in line with the labour market
  - o All employees were assessed for job match and developmental purposes
  - o 298 employees were migrated into the newly approved structure by 31 March 2015
- ❑ Appointment of Executives completed by end of 14/15
- ❑ Employment Equity

POPULATION GROUP	TOTAL NUMBER OF EMPLOYEES	ACTUAL %	EAP%
African	244	77%	74.9%
Indian	11	3%	3.0%
Coloured	20	6%	10.8%
White	41	13%	11.3%
Grand Total	**316**	**100%**	**100%**

Human Resources

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	10	0	0	1
Senior Management	7	4	4	9
Professional qualified	49	9	10	47
Skilled	128	16	32	189
Semi-skilled	146	10	7	70
Unskilled	0	0	0	0
Total	**330**	**39**	**53**	**312**

Governance

ICASA is guided by
- Public Finance Management Act
- King III Report on Good Corporate Governance

National Assembly

Executive Authority (DOC)

Council Charter

Council is the Accounting Authority

Council Committees
- Audit and Risk
- HR & Remuneration
- Information Technology Review

(1x legislated committee: Complaints and Compliance Committee)

ICASA has adopted the Public Sector Risk Management Framework

- Internal Audit and Audit Risk Committee
- Fraud and Corruption
- Code of Conduct
- Health Safety and Environmental Issues

Governance

Councillors' Meetings Attendance Register

Councillor Name	Date Appointed	Date Terminated	No. of Meetings attended
Dr SS Mncube	01/07/2010		31 of 31
Ms NA Batyi	11/01/2013		31 of 31
Mr WH Currie	01/10/2010	30/09/2014	15 of 21
Mr JM Lebooa	O1/10/2010	30.09/2014	15 of 21
Mr RM Mohlaloga	01/07/2013		27 of 31
Ms N Ndhlovu	01/11/2009	30/10/2014	12 of 23
Ms KGS Pillay	11/02/2013		29 of 31
Dr MM Socikwa	01/04/2011	31/01/2015	24 of 29
Mr WF Stucke	01/01/2011	31/10/2014	20 of 27

Governance

Risk and Audit Committee Members Attendance Register

MEMBER	DATE APPOINTED	Meeting dates						
		26-May-14	29-Jul-14	25-Aug-14	11-Sep-14	23-Oct-14	28-Nov-14	23-Jan-15
Mr. Sathie Gounden	1-Jun-12	Yes	Yes	Yes	Yes	No	Yes	Yes
Prof. Anton du Toit	1-Mar-14	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Masaccha Mbonambi	1-Mar-14	Yes	Yes	Yes	No	Yes	No	Yes
Ms. Maleho Nkomo	1-Mar-14	Yes	No	Yes	No	Yes	No	No
Ms. Mpho Mosweu	1-Feb-14	Yes	Yes	Yes	No	Yes	No	Yes

Legislated Committee (CCC)

Complaints and Compliance Committee Membership

Committee Member	Commencement date of Term	Expiry date of Term
Prof. JCW van Rooyen	18 December 2014	17 December 2017
Cllr Nomvuyiso Batyi	01 February 2013	31 January 2017
Prof Kasturi Moodaliyar	01 December 2014	30 November 2017
Jacob Medupe	01 December 2014	30 November 2017
Nomfundo Maseti	01 February 2014	31 January 2017
Jack Tlokana	• 01 February 2014	31 January 2017
Mapato Ramokgopa	01 February 2014	31 January 2017

Legislated Committee (CCC)

Elections related cases received by the Committee

Complainant	Political Party Concerned	Respondent	No. of Complaints
Democratic Alliance	Democratic Alliance	SABC	1
South African Police Service	Democratic Alliance	SABC	1
Economic Freedom Fighters	Economic Freedom Fighters Party	SABC	1
Inkatha Freedom Party	Inkatha Freedom Party	e.tv	1

Number of Complaints received / adjudicated by the Committee

Postal	Broadcasting	Telecommunications
6	2	141

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Financial Statements

Spending trends of the Authority

History of baselines – DoC grants

Total grants excluding ring-fenced funding	Amount	Yr on Yr %	Note	Ring-fenced funding excluded:	Total grants including ring-fenced	
DoC grant for 2007/08	(212 843 000)				(212 843 000)	
DoC grant for 2008/09	(247 272 000)	16.2%	1		(247 272 000)	16.2%
DoC grant for 2009/10	(269 607 000)	9.0%			(269 607 000)	9.0%
DoC grant for 2010/11	(290 923 000)	7.9%			(290 923 000)	7.9%
DoC grant 2011/12	(313 378 000)	7.7%			(313 378 000)	7.7%
DoC grant excluding ring-fenced funding for 2012/13	(324 797 000)	3.6%		< -81 000 000 >	(405 797 000)	29.5%
DoC grant excluding ring-fenced funding for 2013/14	(338 661 000)	5.8%		< -52 000 000 >	(390 661 000)	-3.7%
DoC grant excluding for 2014/15	(361 221 000)	6.7%		< -15 000 000 >	(376 221 000)	-3.7%

Finance

Type of Expenditure Classification Category	Budget	Actual	(Over)/Under Expenditure	
		2014/2015		
Government grant received (including Ring-fenced)	404,221,000	375,163,551	29,057,449	7.2%
OPEX	349,980,392	315,835,974	34,144,418	9.8%
Normal projects	39,240,608	36,548,613	2,691,995	6.9%
Ring-fenced projects	15,000,000	22,451,055	(7,451,055)	-49.7%
Normal capex (excluding ring fenced)	-	327,909	(327,909)	

Economic Classification Category	Budget	Actual	(Over)/Under Expenditure	
Government grant received (excluding Ring-fenced)	389,221,000	352,384,587	36,836,413	9.5%
Compensation of employees	235,959,000	190,764,921	45,194,079	19.2%
Goods and services	153,262,000	161,619,666	(8,357,666)	-5.5%

Type of expenditure	2014/2015	2013/2014	Actual change	% Change
Fruitless and wasteful expenditure - condoned	(125,459)	(3,952,637)	3,827,178	-3050.5%
Fruitless and wasteful expenditure - balance	2,549,573	331,721	2,217,852	87.0%
Irregular expenditure - condoned	(23,850,474)	(4,343,506)	(19,506,968)	81.8%
Irregular expenditure - balance	13,206,864	6,833,388	6,373,476	48.3%

National Revenue Fund (NRF)	2014/2015	2013/2014	Actual change	% Change
Cash received from Licensees	1,642,643,607	1,499,418,735	143,224,872	8.7%
Cash paid over to DOC	(1,407,570,312)	(1,422,931,808)	15,361,496	-1.1%
Bank balance - NRF Opening	111,049,794	34,562,867	76,486,927	68.9%
Bank balance - NRF Closing	**346,123,089**	**111,049,794**	**235,073,295**	**67.9%**

Financial Statements

❑ **Capacity Constraints facing the organization**

- As at 31 March, 2015 the organization had 80 vacancies. This had a negative impact on service delivery
- The funding model of the Authority is being reviewed for the retention of a portion of the license fees

❑ **Requests for roll over of funds**

- Subsequent to year-end, requests were made for retention of funds including ring-fenced. It related to projects with international service providers

❑ **Supply Chain Management**

- Procurement processes require significant improvement
- Through constant internal audit reviews and engagements at Executive Committee significant improvements will be witnessed going forward

Remedial Measures on AG Findings

Impairment of NRF Receivables
o Engagements with National Treasury to mediate the dispute with state entities over non-payment of licence fees through the intergovernmental relations platform

Concerns over Performance Information
- Monthly reporting system and a repository for performance evidence implemented
- M & E Framework developed for the organization
- M & E Capacity Building through Training of staff
- Development of an M & E System linked to HR and Finance Systems

Internal Control Deficiencies
- Vacancies in finance have been filled and segregation of duty implemented
- Checklist/policies have been implemented to enforce the controls

Investigations
- The Hawks investigation of the charges relating to the suspension of the former SCM is at an advanced stage

Reduction in Wholesale Call Termination Rates

Universal Broadband Provision

*Clear framework on readiness to licence IMT Spectrum Bands (IMT Roadmap + RFSAPs)

Contribution to Social Cohesion:

* A diverse community broadcasting sector

* Effective monitoring of the 2014 Elections

Services to Consumers & Licensees

* 90% complaints resolution rate

* Granting of requisite rights & authorizations

Poor Performance across ALL Programmes

❑ **Organisational Change Management**

- o Structural realignment completed
- o Roll-out of new values + behaviors underway

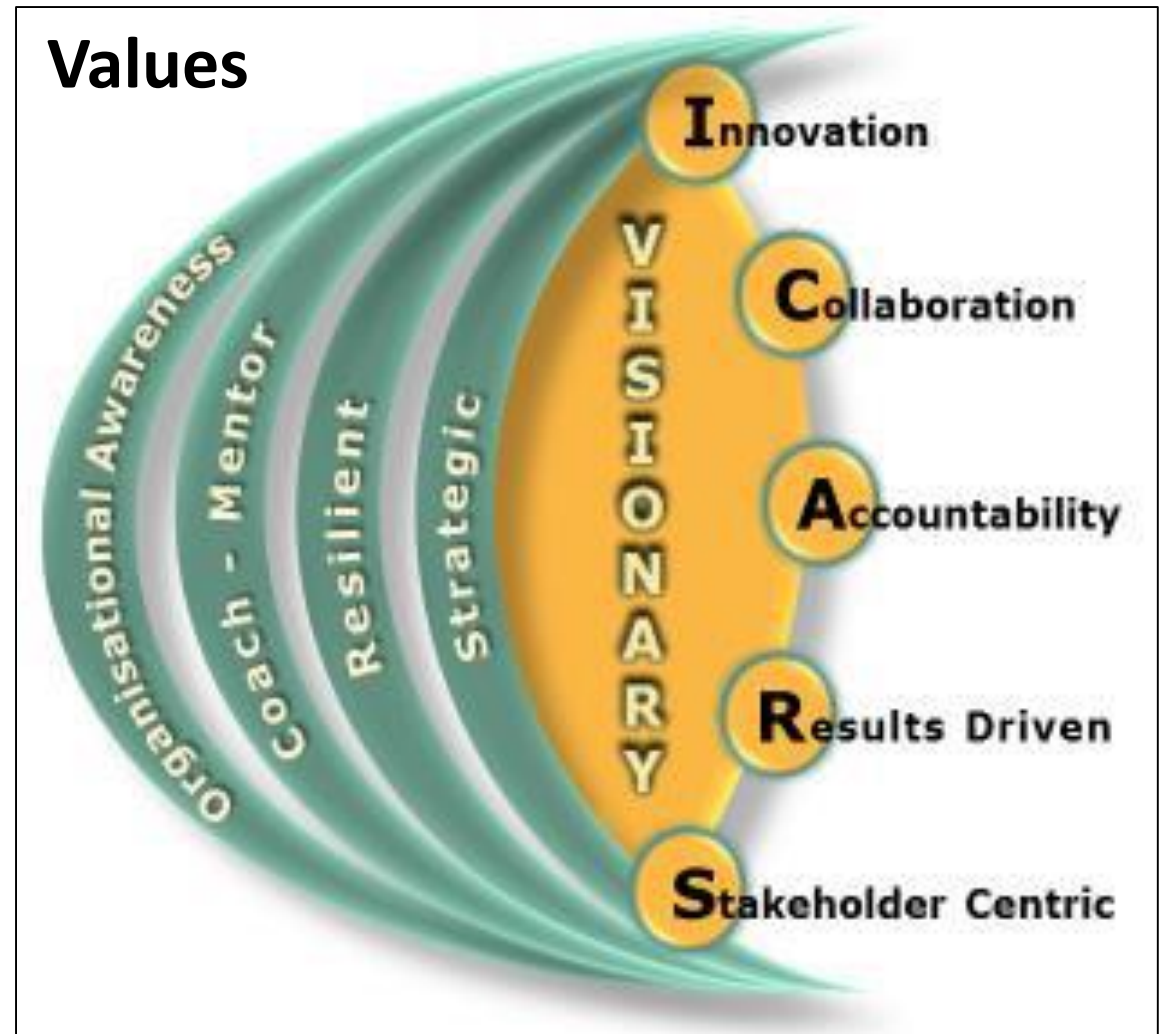❑ **Project Planning + Execution**

- o Projects Office established
- o Coordinated planning, execution + monitoring of projects (esp. regulatory projects)

❑ **Business Process Re-engineering**

- o Review, revision + alignment of business processes underway
- o Alignment of standard operating procedures to the new environment

❑ **Stakeholder Management + Engagement**

- o A comprehensive strategy for engagement

Values

Thank You!!