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MINI-PLenary - COMMITTEE ROOM E249

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PROCEEDINGS OF MINI-PLenary SESSION OF NATIONAL ASSEMBLY - E249

Members of the mini-plenary session met in Committee Room E249 at 14:00.

House Chairperson Mr C T Frolick took the Chair and requested members to observe a moment of silence for prayer or meditation.

APPROPRIATION BILL

Debate on Vote No 32 - Telecommunications and Postal Services:

The MINISTER OF TELECOMMUNICATIONS AND POSTAL SERVICES: Hon House Chairperson, colleagues, Ministers, hon members, invited guests, fellow South Africans, it gives me a great honour during this centenary year of Comrade O R Tambo to present Budget Vote 32 of the Department of Telecommunication and Postal Services, which worth R1,6 billion. We salute this revolutionary who comes from the generation of leaders that rose above their oppressors, as

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illustrated by his 1989 message to the Soweto rally to welcome leaders, I quote:

This is a joyful day for all of us. It is a day of celebration for all the people of our country. Those who have chosen to turn their backs on our festivity are a small minority who continue to cling to the antihuman concept and practices of racial arrogance, white minority domination and superexploitation of the masses of our people. Yet they are part of our heritage. They are part of that history and continuing reality of our country which has meant the imprisonment of the best representatives of our people for a quarter of a century and more, murder of thousand...and millions who have suffered from the daily violence inherent in the apartheid system.

Our key priorities for this year include measures to expand information and communication technology, ICT, access through the broadband roll-out; increase ICT skills for internet utilisation; reduce the costs for data and devices; the corporatisation of the Postbank; and the implementation of the ICT White Paper to foster radical socioeconomic transformation in our sector.

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We are pursuing these priorities on the backdrop of the fourth industrial revolution, which is fundamentally changing the way we live, conduct business and the how we interact with government. It offers potential great benefits for those who participate in it, but more divide to the excluded. The ANC government is embracing this revolution as a platform to propel us to be globally competitive. It calls upon us to prepare our current and future workforce through skilling and re-skilling. Some of the skills you need to survive this revolution include: cognitive skill such as mathematical reasoning and visualisation; comprehension and ICT literacy; manual dexterity and precision; critical thinking and listening; emotional intelligence and service orientation; judgment and systems analysis; complex problem-solving; resource and time management; and technical skills such as equipment maintenance, operation and repairs. The key to these new skills is the learning of mathematics, science and coding for every-school going child.

In 2016, despite tough economic environment, the total investments towards ICT increased by 18,8% to R28 billion. However, the focus of the industry was on general network improvements as well as fibre deployment in major urban areas. This helped improved our World Economic Forum, WEF, Network Readiness Index from 75th to 65th position in 2016. This index measures the country's propensity to

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exploit opportunities offered by ICTs and their impact on global competitiveness. The International Telecommunication Union, ITU, development index also improved slightly, but was constrained by the usage and skills.

The recent report of the Independent Communications Authority of South Africa, Icasa, showed 3G coverage reaching 99% and the 4G rising to 75% of the population. However, not all those who are covered have access to or are using the internet, as only 53,4% of South African households have access to the internet . The 10 districts with the least access to internet are Alfred Nzo, Amatole, UKhahlamba, Sekhukhune, O R Tambo, UMzinyathi, Sisonke, Dr Ruth Mompati, Chris Hani, Pixley ka Seme and Vhembe district municipalities. The reasons for not having internet at home or mobile internet includes 38% lacks skills or confidence; 35% lacks relevant content or the need to use internet; and 20 % due to high costs However, in the metropolitan areas, the high costs of data and equipment are the main concern.

Fellow South African, we need to connect 22 million people if we are meet our SA Connect and the National Development Plan, NDP, target of universal access to the internet by the end of 2020. The ANC government maintains this enormous target because we know very well

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that the majority of the unconnected are those marginalised by the apartheid system, including women as well as people living in rural areas and underserviced municipalities. This task requires our collective effort. We are pleased that at the recent World Economic Forum meeting in Durban, we adopted and announced Internet for All - South Africa Partnership initiative. We forged a partnership with the World Economic Forum, WEF, business, civil society and donor agencies to advance priority areas. In June there will a national launch of the internet for all to enable more stakeholders to commit on their respective actions.

The initiative will rest on four pillars: first, infrastructure expansion; second, ICT skills development; third, affordability; and fourth, relevant content development including making internet content available in our own languages.

Let me take this opportunity to thank Ms Elsie Kanza from WEF and all the global and national partners who have joined us today and are seated at gallery. Just stand up so that they can see you - all partners from WEF and all other partners who signed. [Applause.]

The government will provide the secretariat for support and co-ordination, business has already committed to provide project

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management and WEF supervise and guide for success. The Internet for All global steering committee organisations have already committed to be core champions of this project. They include Telkom, MTN, Microsoft, Qualcomm, Intel Corporation, Boston Consulting Group, Digital Opportunity Trust, Cisco, the Development Bank of Southern Africa, DBSA, Neotel, Liquid Telecom, African Development Bank, UK DFID and the World Bank. In our preparatory meeting in Cape Town yesterday, more partners committed including Vodacom, Cell C, Google, Ericsson, Accenture, Altron, the Industrial Development Corporation, IDC, our own state-owned enterprises, SOEs, small, medium and micro enterprises, SMMEs, Research ICT Africa, Ndlovukazi online media as well as WEF Global Shapers. The meeting was also blessed with the presence of Inkosi Madikane II Diko of AmaBhaca Tholelengwe!

Some of the commitments are training millions - not thousands - of South Africans on digital skills; research assistance; infrastructure deployment and funding; and mobilisation of the participation of our youth.

Last year, we committed to commence the implementation of the first phase of South Africa Connect in eight pilot districts after following the open tender process by the State Information

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Technology Agency, Sita. Unfortunately, there was no successful bidder among those who participated, resulting in its cancellation in November 2016. We have since decided to utilise our own entities such as Sita, Broadband Infraco, BBI, and Sentech in line with their mandates to implement this critical project. In the current financial year, R416 million has been set aside to connect 2 700 sites.

In the last financial year, the Broadband Infraco, BBI, expanded its network to more than 14 900 km of fibre. It optimised 41 points of presence to enable third parties to access its network. In this financial year, BBI will continue to aggregate state network services and lead in connecting pilot districts. In advancing inclusive growth, BBI continues to connect black-owned regional internet service providers such as Galela, Umzinyathi and Brightwave Technologies.

Sentech is one of our best managed entity with unqualified audits. However, its going concern is currently being threatened by the broadcasters that are experiencing funding challenges and defaulting on payments. We appeal to broadcasters to make efforts to resolve this debt. Sentech received a budget of R193 million for the digital

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terrestrial television, DTT, dual illumination until next year where we hope digital migration may be completed.

The State Information Technology Agency, Sita, provides the core private network of government. In addition, it has partnered with private sector and the Western Cape government to roll out 1 930 site in just two years. It is exploring a similar relationship with the Limpopo government. In this financial year, Sita will play a leading role in digitising and connecting sites in pilot districts.

Compatriots, the corporatisation and full licensing of the Postbank is on track as part of government effort to ensure financial inclusion in the underserved market. Some of the significant milestones towards compliance target by 03 July this year, are: first, in July last year, the SA Post Office, Sapo, obtained approval to establish a bank from the regulator; second, in March this year, the first Postbank board was appointed after a rigorous fit and proper assessment by the Reserve Bank; third, in April this year, the SA Postbank SOC Ltd company was registered and incorporated with the Companies and Intellectual Property Commission; fourth, most of IT capabilities have already been implemented; fifth, key appointments in internal audit, regulatory and risk management positions have been made; and sixth, now, our

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efforts are concentrated in resolving the structure of the bank controlling company as well as the resolution of the legislative conflicts around the definition of a public company by aligning the Banks Act to the Companies Act.

It is important to note that despite the challenges in Sapo, the Postbank division is well-cushioned, well-managed and profitable, with its capital adequacy requirements in excess of R1,4 billion in the last financial year.

In April last year, Sapo was authorised to increase its long-term borrowing to R3,7 billion in the domestic markets. This enabled Sapo to settle past debt, which was crippling its operations. The rest is being spent on revenue generation measures of the strategic turnaround plan of Sapo. The SA Post Office is ready to assist the SA Social Security Agency, Sassa, to take over the payment of social grants as directed by the court. [Applause.]

In September last year, the ANC government approved the National Integrated White Paper to drive the NDP objectives of creating an inclusive information society and knowledge economy. Since then, we have been engaging the ICT industry stakeholders on how best to implement this policy. There is general agreement with the thrust of

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the policy and the need to implement it without delay. Most of the discussions with stakeholders focused on how best we implement wireless open access network, Woan, and the allocation of and the return of the high demand spectrum. I am pleased to announce that after the last consultation on Friday last week, we agreed on the following approach: first, there may be no urgency to return the current high demand spectrum from licensees until the end of current licence period to ensure investment certainty; second, in return, the licensees committed to buy at least 30% of the existing capacity of Woan to ensure its viability; and third, given the current levels of investment on the 4G network, the Minister committed to conduct an urgent high level study to determine if Woan will utilise all high demand spectrum for 4G network. If there will be remaining spectrum, it will be licensed to operators with rural coverage obligations. In such case the licensees further committed to buy at least 50% of the Woan capacity.

It is important to realise that without Woan, the new entrants particularly black entrepreneurs and SMMEs will find it impossible to enter this industry. In the next few months we intend to finalise the implementation plan.

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Our work is made easy and enhanced by our councils and forums we have created. The Deputy Minister will expand on these as well as E-Skills Institute, National Cybersecurity Hub and Universal Service and Access Agency of South Africa, Usaasa.

We agree with the call from South Africans that data prices must fall. [Applause.] According to the 2017 Statistics SA report, the ICTs contributes 3% to the of the gross domestic product, GDP, and constituted 4,6% of household expenditure. In 2016, I issued a policy directive to Icasa to prioritise the commencement and conclusion of an inquiry and the prescription of regulations to ensure effective competition in broadband markets. We are still awaiting concrete interventions from Icasa. The initial response from the regulator suggests that they will finalise this work in the next two years. The speed of intervention is critical in a rapidly evolving sector such the ICT. The Icasa's state of ICT report seem to suggest lack of competition, particularly by dominant players. The report indicates that data traffic increased by 55%, data revenue increased from R30 bilion to R38 billion, but the employment decreased by 4 000 people who lost their jobs, yet prices remain sticky at same high levels.

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In our view, this may need the attention of the Competition Commission. But however we appeal to our operators to start competition in services to ensure that the cost data and call fall to affordable levels or below 2% of average household income.

Our international work is advancing our national development goals in the International Telecommunication Union, ITU; Universal Postal Union, UPU; United Nations; African Union, AU; and the global Internet Governance Forum. Earlier this month, South Africa joined the Smart Africa Alliance. This is an initiative that aims to transform Africa into a single digital market, through harmonising policy, legal, regulatory and investment codes in the continent, generating more demand and establishing more favourable market conditions. Ultimately the intension is to enhance African economy, attract large scale investment, build new industries and create jobs. South Africa will champion the skills development programme of this initiative and localisation, to stimulate demand of locally produced electronics for the African market.

In conclusion, with our modest budget and through our strategic partnerships, we are on track to meet our ambitious target of ensuring that all South Africans have access to and are utilising internet for their development. We are taking bold and practical

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steps to move towards inclusive growth in the ICT sector and prepare our nation to reap the benefits of the fourth industrial revolution while minimising digital divide and unemployment.

Let me thank the ICT industry for continuing to invest in the South African economy. I am indebted to all those who are optimistic about our country, and are partnering with us to connect 22 million South Africans in the next two and a half years. I am grateful to all the workers that make our sector tick. I thank the boards of our state-owned entities and their managers for always striving to meet their developmental mandates. Of course, I thank my new Director General Mr Robert Nkuna and team of the Department of Telecommunications and Postal Services, DTPS, for improving performance and governance. I thank the chairpersons of parliamentary committees and members of the committees who keep us on our toes. I thank my family and friends for their unflinching support.

Lastly, let me thank our President, the Deputy President, our Cabinet colleagues and the ANC for guidance and ensuring that our country moves forward for the benefit of all. I thank you all.

[Applause.]

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Ms D R TSOTETSI: Hon Chairperson, the Minister and the Deputy Minister of Telecommunications and your team, hon Members of Parliament and our guests,

Sesotho:

Modulasetulo ke tla qala ka ho inamisa hloho, ka maikutlo a tetebetseng ke dillo le ditsikitlano tsa meno ka lebaka la lethathama la dipolao tse sehloho tsa barwetsana, bana le basadi ka hara naha.

Le ha banna e le mahlasipa le bona, palo ya basadi le bana e ka hodimo haholo. Re re phephi, ha la lahlehelwa le le bang empa setjhaba ka kakaretso se lahlehetswe .

Ke rata ho nka monyetla ona, ho thoholetsa Matona a tshireletso ya setjhaba, mohlomphehi Mbalula le mohlomphehi Mkhongi. Rere le tshware ka thata le tiise ho feta mona le lwantshe kgodumodumo pele e qeta setjhaba.

Re leboha haholo baithaupi ba lwanelang toka le kgotso ho sireletsa malapa le mahlasipa.

English:

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Chairperson, the content of my speech will align to the National Development Plan NDP, 2017 state of the nation address, the ANC NEC Makgotla, ICT Technologies, National Growth Path NGP, and the Governments Five Priorities – Health, Education, Employment, Rural Development and Fighting Crime and Corruption.

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting good leadership and partnerships throughout society.

The committee raised a number of issues during the deliberation of the annual performance plan of the department and the entities. The committee noted the challenges faced by the department in achieving their targets.

The situation was as a result of lack of capacity. There is progress as some of the important positions are now filled. The department has committed itself to improve and reduce partially achieved targets to complete achievement of targets.

It is for the same reasons that the committee has highlighted the importance of finalising the transformation of NEMISA to the iKamva

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National e-Skills Institute iNesi - iNesi will be an integration of three ICT skills development related components at DTPS, namely: NEMISA, the e-Skills Institute and the Institute for Space and Software Applications.

It is important to note that the e-Skills capacity building is currently enabled at all levels to all people of South Africa, including: e-Literacy or digital literacy; ICT Practitioner skills; user digital skills; e-Leadership and Digital leadership skills.

South Africa still faces many challenges to empower the rural communities. The Constitution of South Africa Act no 108, 1996 guarantees to improve the lives of all citizens and free the potential of each person.

Most of the rural women in South Africa still lack socio-economic opportunities and come from female-headed households. They were deprived of access to land partly due to cultural norms and still live in poverty.

In his 2017 state of the nation address, President Jacob Zuma said:

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Government will also continue to pursue policies that seek to broaden the participation of black people in SMMEs, including those owned by women, people with disabilities and the youth, in the ICT sector.

There is a perception that women are not interested in ICT hence the minimal number of women in the ICT business and by implication, rural communities do not have satisfactory access to ICT because they are not interested.

It is upon us, public representatives to ensure all communities, rural and urban have access to these valuable developments. Not only access but affordability is equally crucial. We are appealing to mobile operators to come to the party and be considerate of the cost to communicate.

We are also considerate of the fact that they are not charity organisations but business organisations. We have no intension to temper with their profits but let us be human and make business ethics user friendly.

Accessibility also necessitates skills to operate the gadgets. We cannot forget how apartheid systematically ensured the majority of

black people are not educated as this would have tempered with their massive appetite for cheap labour.

It is therefore crucial that we encourage them to attend Adult Basic Education Training, ABET so that they are able to operate the IT systems. These are part of the benefits which came with democracy. The transformation process is a bit slow because there are people who are resisting albeit subtle.

However, not all is lost, there is still hope. It is important to note that during the tabling of the APPs, the department indicated that it had developed an ICT SMME Strategy to create a substantial number of internationally competitive, dynamic, innovative, technologically driven sustainable ICT SMMEs that significantly contribute to the country's developmental priorities.

Moreover, a high capital requirement for deploying infrastructure continues to limit involvement of small players in this segment of the ICT value chain.

The other biggest challenge is compliance on the transformation agenda by big businesses and more often than not, they choose to pay the fine due to non-compliance. This is nothing else but arrogance

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and the quest to ensure the haves are always above the have not thus maintaining the status quo.

It is in the spirit of good governance that we must highlight the unhappiness of the committee during the oversight visit to Mpumalanga in March 2017. Just to mention a few findings and observations during the oversight - I think my other colleagues will elaborate in more details: Most of the projects that USAASA reported to have been implemented were not implemented; The service provider failed dismally in providing connection to the sites, despite being paid over R20 million.

The committee could not establish any existence of any service level agreements between the service provider, the MENG and USAASA. As I have said the colleague who will come after me will elaborate in more details.

In conclusion, the committee will make a follow up with the department to ensure consequence management is applied. All officials in the department have the required qualifications and skills to ensure optimum competency and qualitative service delivery to the people. The Auditor-General's opinions and recommendations must be adhered to.

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Corrupt officials must not be allowed to resign until their cases are completed. People have the tendency to resign whenever consequence management is to be effected. We think moving forward, this will stop. The ANC supports the Budget Vote. Thank you.

[Applause.]

Mrs M R SHINN: Hon colleagues, about a year ago the Independent Communications Authority of South Africa, Icasa, took fright at the draft National Integrated ICT Policy White Paper and within months gazetted its invitation to network operators to participate in an auction for the much-sought after high-demand spectrum. There's an impolite way to say what happened next, but let's just say that the fan is still spinning. It's been a year of antagonism between the Minister and the ICT sector. Legal battles were launched.

There were threats of expropriation of the mobile network business and mutterings about taking this ANC-led government to the Constitutional Court to protect the due process of law making and the preservation of private sector financial investments. Some of the spinoffs of the churning fan have had positive impacts.

Minister Cwele must be congratulated for taking seriously the outrage over the proposed structure and spectrum grab of the

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proposed wholesale national wireless open access network, Woan, to come up with the compromise that has broad agreement from the stakeholders. The Minister's tactic of agreeing to the flexibility in implementation of the policy's stand on spectrum allocation is something we will keenly watch through the regulatory processes to ensure that the principles of market competition and investment protection are embedded in the wholesale wireless, and that it is not held hostage to enriching ANC cronies.

All of this angst could have been avoided if the Minister and his advisors had not tried to ambush the communications sector with the details of the Woan idea without subjecting it to lawful public participation. It was this underhand contravention of proper processes to blind sight the sector that was one of the factors that prompted Icasa to exercise its mandate to operate in the best interests of market competition and launch its spectrum auction.

The auction action gave loud advance warning that some drastic action was pending. This was confirmed when the policy was gazetted last October. It contained a suspiciously spawned network idea that smelled of connected cronies - already super rich from the initial liberalisation of the telecoms sector - making a grab for other

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people's businesses in the guise of radically transforming the ICT sector to transform it.

What Icasasaw a long year ago was a policy idea that would introduce a wholesale network monopoly that would inhibit investment in the sector and keep costs high through lack of competition. The concessions the Minister has facilitated with the core of stakeholders involves allowing the mobile network operators to retain the spectrum they currently use to service their customer bases, as well as access to 'sufficient' high-demand spectrum. This will enable them to run in parallel to the Woan, at the same time as being the Woan significant customers. They will also commit to increase their empowerment credentials.

There's a legal and operational minefield to traverse here. What is 'sufficient' spectrum for the operators and the Woan? Also the operators are being asked to commit – now – to using 50% of a network that, even with optimum efficiency, will take at least six years to build. Who knows what the market – and the economy – will look like in 2022? I ask the Minister to publish on the department's website this signed agreement with the stakeholders, as well timely updates and outputs of the research being undertaken into what is

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'sufficient' spectrum, and the implementation plan and timelines for the Woan.

The Icasa must closely watch the establishment and operations of the Woan: To ensure it operates competitively; encourages innovation in delivery mechanisms; complies with the best technical standards; and facilitates smaller operators, particularly in rural areas. This past wasted year was just another time waster in the ANC's tally of ill-advised decisions and policies that have been more geared towards enriching cronies than working in the best interests of the nation.

Another spectacular ANC-led government failure is the migration to digital broadcasting, which should have happened last June. This migration, to free up spectrum for the wireless broadband services, has had many missteps and ANC stupidity during the past 15 years. It is now bogged down in the courts, thanks to a suspect policy amendment made by Minister Muthambi.

The new Minister of Communications indicates that a reversal of this policy is pending. We look forward to that happening. But, this is only the first step in breaking the logjam. There is the seemingly corrupt procurement process for the production of the set-top boxes.

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The entire process needs to be revised. All these delays just add further to the delay in broadband rollout and access to internet.

Another failure of this ANC-led government in delivering affordable internet throughout the country is South Africa Connect, SA Connect. The tender to confirm the ANC's choice of a lead agency to manage this ambitious project failed last year. Had the Minister taken the advice of the National Broadband Advisory Council established in terms of SA Connect, rather than snubbing it into oblivion, he would have avoided the 'lead agency' mistake. He plans to rectify this. I hope so; it is two-and- a-half years late!

Phase 1, announced in the state of the nation of 2015 - and again this year - would be well on its way if the Minister had taken the broadband advisory council seriously and given them the respect they deserved. The spinoffs from the fan have also hit the mobile network operators in their conscience. Public outcry about mobile data costs during the portfolio committee's two-day hearing on the issue has prompted the major operators to initiate some steps of their own to bring down costs.

The committee has recommended that Icasa research the financial implications of the operators splitting their businesses into

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wholesale and retail operations in the interests of pricing transparency and user choice. Public pressure worked on the Minister over his Woan idea, and it is working with the network operators on pricing and their empowerment strategies. The citizen's voices are being heard and acted upon. This is a cause for celebration. Thank you. [Applause.]

Mr T RAWULA: Chairperson, the constitutional mandate of the Department of the Telecommunication and Postal Services is to create a vibrant ICT, Information and Communication Technology, sector that ensures that all South Africans have access to robust, reliable, affordable and secure ICT services in order to advance socioeconomic development goals and support the Africa agenda and contribute to building a better world. The role that the internet and the ICT sector play in today's modern economy cannot be overlooked. It is in many ways the future of the world and the emergence of the ICT economy has been labelled by many as industrial revolution.

The department needs to help the country to develop the necessary skills, capacity and technology so that South Africans particularly the black majority are able to benefit and drive the fourth industrial revolution. The ICT sector and access to in South Africa is unequally distributed. The poor rural areas where internet is

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most needed is not available and prospective students from the rural areas are travelling thousands of kilometres to universities in cities just to do applications bearing unnecessarily cost. If there was affordable access to the internet in the rural areas these unnecessarily cost could have been avoided. In South Africa there are rural areas with no network coverage after 23 years.

This is the evidence of the slow pace of transformation in our society and a bad reflection to the Department of Telecommunication and Postal Services to fulfil its mandate. Whilst internet and data accessing is the luxury to many rural dwellers, it remains a simple necessity to the white minority having much better access to the internet than the black majority. If this does not change, the economy of the future will be just as unequal and divided as the economy of the past. In a country with such high levels of unemployment and poverty it is criminal that the government has done so little to increase broad band service in the townships of South Africa.

Access to the internet and the internet economy are spaces where people can be creative with how they make money, be innovative, find new jobs and start small businesses. The innovation capacity amongst the rural dwellers has been hamstrung. The budget vote is quiet on

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rebuilding the capacity of the postal services in South Africa, due to many workers in the Post Office working as contract workers, casuals and some contracted through labour brokers. The Post Office communication services are poor because of the lack of job security. Many of these workers are discouraged because of the lack of job security and political leadership. The Post Office on more than one occasion in the past three consecutive years has been engulfed by long strikes workers demanding permanent employment and better salaries. These are simple demands in which all workers are entitled to, however, due to lack of political will and leadership deficiency South Africa had to endure a stalemate on postal services which could have been avoided.

The services in Post Offices had to stand still. In South Africa, there are Post Offices that do not have photocopiers and printing services. In Plettenberg Bay and Motherwell in the Eastern Cape there is no printing and photocopy services. The building of the capacity of Postbank to become a fully fleshed state owned bank is good news and is of immediate interest now. This is the opportune time to build the state owned bank to seize opportunities in the financial sector industry. The crisis experienced in the Department of South African Social Services Agency, the exploitation of SASSA, South Africa Social Security Agency, grants by the greedy Cash

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Master Services from Australia, could have been avoided and the public purse by now could have been safe.

The question we must ask is, do we have the leadership in the ministry? Time will tell. In the building of the capacity of the Postbank into a state owned bank would warrant the state to suspend all transaction relations with the main banks of South Africa and all employees of state salaries would be under the Postbank as the necessity. The EFF believes such a move will give content to the call for radical economic transformation. This is superior logic and no amount of dwarfness, idiocrat and dunderheadism could pass the test against it. This move would present and prove the case of the EFF for the nationalisation of the commanding sectors of our economy. As part of rolling out ICT and internet services, the department should facilitate the establishment of ICT co-operatives for young people to ensure accessibility and ... [Interjections.] The EFF rejects the Budget Vote. Thank you. [Time expired.]

The HOUSE CHAIRPERSON (Mr C T Frolick): Order! Before the next speaker take to the podium, I just want to remind the members in the public gallery that you are not permitted to make use of photographic equipment. It is distracting the speakers as well as the Chairperson in observing the proceedings in the House.

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Ms S J NKOMO: Hon Chairperson, I read this debate on behalf of my colleague, the hon Liezl van der Merwe. Chairperson, the IFP remains gravely concerned that South Africa which continues to experience low economic growth and that it is not placing enough focus on expanding broad banding both nationally and especially in our rural areas. There are so many examples both in worldwide looking in countries like Nigeria, Thailand, Vietnam and the BRICS, Brazil, Russia, India China and South Africa, countries which point to the fact that where government provides heavy impetus and to creating greater access to broad banding the economy does grow.

The SA-Connect which is the national broadband policy adopted by Cabinet in 2013, is governments intended vehicle to be utilized to meet the technology goals of the National Development Plan by 2013. Phase one of SA-Connect has been an abysmal failure thus far and the department must get its house in order as regards the enactment priority legislation in this regard. Creating more state owned enterprises when the current ones are nothing but failures and honey pots for the few well placed cadres and state capture apparatus does not bode well for the success of the project and alternative vehicles should be pursued.

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Chairperson, we are however pleased that the South African Post Offices is showing stability under the leadership of new Chief Executive Officer, Mr Mark Barnes. We hope to see that this as actually continues to be successful and it should also show the leadership which Mr Barnes has shown especially when it comes to being innovative and using a lot of his greater human endeavours. We also continue as the IFP to support for the full take over of the grant payment system by SAPO, South African Post Office. The government cannot continue to talk about radical economic transformation and transformation and then provide a multibillion rand contract to pay out grants to CPS, Cash Paymaster Services. This contract should have been awarded to Sapo, not only do they have the capacity but their management of this task will also provide a much needed life line for the institution.

In respect of data and after much fanfare at Parliament and following a hearing into the cost to communication and the data must fall campaign, one can only conclude that data still remains far too expensive and the cost to communication far too high for the ordinary South African. In fact, we have the highest data cost in the world which once again hampers the opportunities for young people and hinders economic growth. These barriers must be removed

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by government if these are quite serious areas for us to move from this radical economic transformation from being just a buzz word.

In conclusion, there is a great deal resting on the shoulders of the department in respect of our future economic growth. We ask the hon Minister and the Director-General to ensure that this department becomes a part of the solution and not a hindrance to movement. The IFP supports the Budget Vote. I thank you.

The DEPUTY MINISTER OF TELECOMMUNICATIONS AND POSTAL SERVICES: Hon Chairperson; Minister of Telecommunications & Postal Services, Dr. Cwele; Chairperson & hon members of the portfolio committee and other committees; The Director-General; Chairpersons, board members and CEOs of State-Owned Entities; Senior Government Officials; Captains of the Industry; members of the media present this afternoon; Ladies and gentlemen; and of course Deputy Minister Magwanishe; molweni, avuxeni, thobela, ndi masiari, lotshani, good afternoon, goeie middag.

Madam Chair, it is an honour for me to stand before you this afternoon to deliver my maiden Budget Vote Speech as the Deputy Minister since my re-appointment in this portfolio.

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This is a portfolio that is very close to my heart, especially in realising the role that Information and Communication Technologies, ICT, play in advancing socio-economic development. I therefore look forward to this second coming.

With the guidance and continued support from you all, I have no doubt that we will drive the ICT agenda in the country and change the lives of our people to whom we owe this honour.

This Budget Vote coincides with 100 years since, our struggle hero, Comrade Oliver Tambo was born. This is the man who is credited not only for keeping the ANC together during the torrid times in exile, but he co-founded the ANC Youth league in 1944, thus ensuring that the movement grows and regenerates itself.

By establishing the ANC Youth League, Comrade O.R. understood that the future of any organization, movement, or country lies in its ability to invest in the youth.

In this respect, this financial year will see the department placing more focus on programmes which speak to youth development and women empowerment.

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House Chairperson, South Africa's ICT industry, like anywhere else, is going through rapid changes with the global challenges of 4th industrial revolution inevitably beaconing.

Our response in this regard, has to be cognisant of us as a developing country with the prevailing legacies of the preceding revolutions (1, 2 and 3).

As OR Tambo addressed the extended meeting of the National Executive Committee of the ANC on 1 April 1975, he posed the three points to the meeting that "We have to identify our position. Do we not belong to the past? Are we properly marching with the times?"

In responding to these points today, we need to be mindful that whatever they are, the benefits of the 4th industrial revolution will never be meaningful to us if they do not help us to overcome the digital divide, empower our youth and women, create jobs and bolster Small, Medium & Micro Enterprises, SMMEs.

These are the challenges and aspirations we seek to address as mapped out in the National Development Plan, NDP, 2030 and the 9-point plan. We shall not rest until they are achieved.

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It is unfortunate that we have to deliver on them in a negative economic environment, characterized by declining public funds owing to various competing needs, investment downgrades and unfavourable exchange rates.

Hon members, when we appeared before this august House last year, we made the following commitments:

Finalise the merger of the National Electronic Media Institute of South Africa, NEMISA, the e-Skills Institute, eSl, and the Institute of Satellite Software Applications, ISSA, to form the Ikamva National e-Skills institute, iNeSl, in order to coordinate and promote e-Skills in South Africa. An amount of R126.4 million was made available over the medium term for this process;

Upgrade the cyber security website to interactive functionality which would be available by end of June 2016;

Grow ICT SMMEs.

Ladies and gentlemen, I have a good story to tell. The integration of the three entities has been completed. A business case and draft Bill were developed and the Minister shared its contents with the members of the portfolio committee. During this financial year we intend to table the iNeSl Bill to Cabinet to complete this process.

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Through the work done by the National Cybersecurity Advisory Council and Cybersecurity Hub we have completed an Annual Report with various recommendations for the consideration of the Department.

Some of the recommendations focus on the promotion of cybersecurity research, development and innovation, and strengthening public-private partnerships based on complementary roles, common objectives and shared responsibilities.

An initial upgrade to the Cybersecurity Hub's website was concluded in the last financial year, which included the ability for the public to report incidents and the provision of Awareness information.

The Cybercrimes and Cybersecurity Bill currently before Parliament will place obligations on both private and public sector organisations.

Continuing from the previous Financial Year, our focus this year will continue to be on those programmes and activities that:

Adequately skill the youth of South Africa for the 4th industrial revolution; Strengthen our cyber resilience to withstand attacks and crisis; Bolster ICT SMMEs for economic inclusivity; Transforming the

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Universal Service Fund into the Digital Fund; and, Strengthening of Digital economy.

Chairperson, as I reflect on this role of ICTs, I am reminded that in the past few weeks, South Africa was shaken by the spate of gruesome attacks that engulfed our communities; where young women were raped, violently attacked and even murdered.

These atrocious attacks coincided with my reciprocal visit to China. During this visit we engaged on some of the interventions that government, utilising ICTs, should embark upon to build safer communities.

In this financial year, we will therefore rollout the following projects: Host an ICT EXPO to educate our communities on effectively utilising ICTs to protect themselves against violence and abuse; and, Road shows to empower women to protect themselves against abuse.

Hon members, to intensify and accelerate the e-skills programmes for the youth, NEMISA will coordinate all the activities of the various entities within our portfolio to ensure comprehensive e-skilling.

We hope this coordination will include the private sector in the long term. This is crucial to measure the impact and monitor progress for e-skills investment in the country, thus avoiding resource duplication.

The entity will further host the national e-Skills Summit this year. An amount of R49 million has been set aside for the e-skills programme.

The e-skills training interventions will be scaled up across the country. The interventions planned for this year include the following: e-Skills4All and Cybersecurity awareness; e-Skills4teachers; Tech for Girls; Mobile Tech for SMMEs; Object Orientated Programming; and, Social media and Film and TV production.

Furthermore, in collaboration with local universities and the industry, PostGraduate courses such as Diploma in Software Development; Diploma in Business Analytics and Business Intelligence have been developed. This year will see the first intake of learners in these programmes.

IsiXhosa:

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Ungaqhwaba ...

English:

... hon member of the EFF. In all these programmes, with the available resources, this year alone we are targeting 5 040 learners.

Hon members, during the commemoration of the International Girls in ICT Day, we launched the ICT innovation challenge. In this financial year, 50 girl-learners from the Eastern Cape will be trained on developing ICT innovations and upon completion, participate in a challenge to build their own innovation which will benefit their communities.

Through .zadna, female-led SMMEs will also be trained on website development and domain-name registrations. That's the real economic transformation.

During the recent World Economic Forum - Africa 2017, in Durban, the Department announced South Africa's adoption of the Internet for All which aims to bring millions of South Africans, especially those in rural areas, onto the internet for the first time through new models

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of public-private partnership and will focus on addressing the barriers that prevent universal internet access.

In order to achieve this, the department has forged partnerships with: Google, which is going to train 1.1 million South Africans on digital skills. They have just completed 80 000 so far; IBM to train 5 million young people on digital skills, that's over a 5-year period, 1 million a year; Microsoft providing training to 1 million people from Gauteng as well as building Africa's first digital hub; Cisco connecting 50 schools with smart technology called Spark Board; Ericson deploying digital labs for schools in Mpumalanga, KZN and Northern Cape; and Funding from UK Department for International Development estimated at 15 million pounds.

As we strive to attain the radical economic transformation, SMMEs are the bedrock of any economy in the developing country.

Consistent with the 9-point plan, the department has since 2014, been in the process to aggregate SMMEs in the ICT sector.

In this regard we have identified opportunities for the development of SMMEs and support interventions which we will be rolling out.

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Additional to this, we have noted the various SMME initiatives managed by our entities which is aggregated to R20 million for this financial year.

Compatriots, last week's cyberattacks demonstrated the degree to which we are all vulnerable to cyberattacks, especially citizen/customer and government data. Therefore, there is a need to access and grow the limited cybersecurity skills base and awareness in our country.

For 2017, we envisage to obtain full international certification of the hub. Progress has been made on upgrades to the Cybersecurity Hub's policies, processes, infrastructure, and back-end systems, as this is a requirement in order to obtain this full international certification.

A national awareness strategy via the Hub's website has been approved and is in the process of being developed.

To support this initiative we are going to host the Hackathon in October 2017 which is a youth oriented initiative to develop various Cybersecurity related apps and awareness.

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Further, we are rolling out a Business intelligence / Data Analytics pilot project whose main objective is to consolidate threats and incident information in order to analyse trends of incidents facing the country.

Chairperson, the Integrated ICT White Paper has proposed for the dissolution of the Universal and Access Fund and transform it into the Digital Fund. In effect, this will remove Universal Service and Access Agency of South Africa, USAASA's policy making and regulatory functions and instead focus on funding and access delivery to the nation.

We sincerely hope, that upon its establishment, the Digital Development Fund, will further help in the transformation of the sector as it will also fund SMMEs across the entire value chain of the sector.

We will continue to ensure that rural communities in the under-serviced local municipalities have access to basic ICT services. Specifically USAASA will ensure access and provision of the following: Internet connectivity to public schools, tribal offices, primary health facilities and for the general community use within the municipalities, Ms Goso from Tsolo Special School is here as the

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witness to the work that they're doing; [Applause.] Availing broadband within local cafes, libraries and local businesses to activate local economic activities.

Following the commencement of broadband roll-out in 2016/17, USAASA plans to complete the entire OR Tambo District Municipality this financial year. The outstanding local municipalities are Nyandeni, Ngquza Hill and Port St Johns. Also targeted this financial year in KwaZulu-Natal are Impendle Local Municipality and UMgungundlovu District Municipality. An amount of R29,869 million has been set aside for this particular purpose.

IsiXhosa:

Ningayiqhwabela naleyo.

English:

In terms of women development, we will engage with various stakeholders to train women-led start-ups from the OR Tambo District, on how to utilise the free Wi-Fi which has been rolled out in the district, to create economic spin-offs and work opportunities.

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Chairperson, let me highlight that in support of the White Paper we have drafted three strategies for public comment before finalization by Cabinet and these are: the e-Strategy or Digital Strategy for South Africa; the e-Government Strategy; and, the ICT SMME Support Strategy.

Our work in this regard has been made easy by the councils and forums we have established: the BBBEE ICT Sector Council; the National ICT Forum; and, the National Broadband Advisory Council.

Fellow South Africans, I call upon all young people to empower themselves with ICT skills, irrespective of their field of study. Let us all develop a healthy relationship with ICTs and social media in order to empower ourselves and to network for developmental opportunities.

The 4th Industrial Revolution requires that each one must be ICT literate. Before I sit down Chairperson, allow me to quote Moses Kotane who said:

Proper education is a mirror in which man sees the world around him and learns to understand it – the right kind of education

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enables man to see what the world has been, what it is, and how it can be changed to suit him or his way of living.

IsiXhosa:

Ndiyabulela Sihlalo, nakuwe Gq Cwele nakwiqela le Sebe lezoNxibelelwano lobuchwebesha neenKonzo zePosi, [Kwahlekwa.]
namalungu ahloniphekileyo ukanti xa ninonke. [Kwaqhwyatywa.]

Mr E K SIWELA: Hon Chairperson, hon Minister, Deputy Minister, hon members and guests, good afternoon. The National Development Plan, NDP, envisages that Information and Communication Technology, ICT, will continue to reduce spatial exclusion, enabling seamless participation by the majority in the global ICT system, not simply as users, but as content developers and application innovators. In so doing, ICT will increasingly form the bedrock of a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous.

The ANC implores the government to speedily finalise the review of the existing ICT policies and regulation towards the new policy that must promote rapid deployment of infrastructure and ensure consolidation of government ICT assets. Parliamentary oversight is one of the three core democratic roles of parliamentarians.

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The recent oversight visit by the Portfolio Committee on Telecommunications and Postal Services to Mpumalanga and Gauteng was in line with its role and the mandate as per the Constitution and the National Assembly rules. The oversight visit served as the measurement indicator against the service delivery commitment of the committee in terms of the strategic plans and annual financial statements of the department and its entities. The committee's oversight approach entailed visiting various projects implemented by entities such as the South African Post Office, SAPO, and the Universal Service Access Agency of South Africa, USAASA, to monitor and oversee the implementation of key national priorities which underpins the NDP.

The committee investigated the current status in respect of ICT service delivery by its entities. The accessibility, affordability and universal availability of ICT services ensure that the government fulfils section 16 of the Constitution, which, amongst others, stipulates that "everyone has a right to impart and receive information." And this has been interpreted to be defined as the means by which access is made possible.

In Mpumalanga, the committee visited broadband projects connected by USAASA. The entity through the Annual Performance Plan, APP, for

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2015-16 financial years resolved to roll out connectivity in the Chief Albert Luthuli Local Municipality of the Gert Sibande District in Mpumalanga. USAASA followed a public bidding process when after the Service Provider, Mongalo Engineering and Projects, MENG, was awarded a subsidy to deploy infrastructure in the local municipality. Indeed, the network infrastructure was rolled out except that on the day of the visit there was no connectivity - Perhaps an act of sabotage.

One of the critical tasks of the department is the state-owned companies, SOC, oversight to ensure effective running of the entities under the department and the implementation of mandate as outlined in the APPs. Some of the challenges which are normally encountered during the oversight visits were lack of contracts between the service providers and entities. And this posed a serious challenge as the service providers were not held accountable on the quality of service delivery

The issue of stakeholder engagement was also highlighted as one of the most critical issues which need to be prioritized as the municipality raised some serious concerns that the council was only briefed when the project started, and that the municipality was identified for broadband connectivity. However, the interaction with

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the entity had been minimal with no formal reports thereafter, to indicate progress on the implementation of the project. The committee will thus ensure that all challenges raised during the oversight visits are being followed for corrective measures and resolutions.

The committee also visited a number of post offices in Mpumalanga and Gauteng, including the Johannesburg International Mail Centre, JIMC. The committee noted a number of issues such as the following.

Some of the outlets experienced burglaries and robberies more than once within a very short space of time and this did not bode well given the fact that SAPO was trying to position itself as an alternative for the pension pay-outs.

Rental seems quite expensive for the Bosbokrand Post Office. There is also a need for additional space to accommodate the distribution of the set top boxes once Digital Terrestrial Television, DTT, is rolled out in the area. SAPO management was encouraged with the help of the department to ensure that matters raised during the oversights are resolved speedily and corrective measures are taken where necessary.

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The purpose of the visit to JIMC was to explore the challenges within JIMC and the extent to which those challenges had been resolved. During the briefing to the committee on 31 January 2017, SAPO highlighted that the JIMC had been cleaned-up as this was key for turning SAPO into a logistics hub. This was so that it can run more efficiently and at the maximum capacity, with many new systems, scanners and operational practices being used. It was against this background that the committee decided to visit the JIMC as part of the oversight to ensure that the JIMC was fully operational and able to provide ... [Time expired.]

Mr M L SHELEMBE: Chairperson, it is a fact that there is growth in our Information and Communication Technology, ICT, sector, but this growth has not been accompanied by a realisation of the primary policy objective of the department to afford access to the full range of communications services that characterize modern economies for all our people.

The cost of domestic broadband remains outside the financial reaches of ordinary citizens and is causing a huge obstacle to the development of our ICT sector. However, with the growth of the ICT sector, limited it may be, comes a new threat to our country and our people - and cyber security is a concern which the NFP believes must

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be addressed urgently. South Africa has a serious shortage of cyber security skills and this skills shortage is an obstacle in the fight against cyber-crime which is intensifying as more and more people become connected. In this regard, we are encouraged by the department's initiative to establish a Cyber Security Hub and would like to see the process accelerated.

The report tabled here today contains several pertinent observations and recommendation which we support. In particular, the NFP urges the department to ensure that small businesses are actively involved during the procurement and implementation of major projects. We also share the concern of the portfolio committee on the increased budget for consultant and repeat our policy stance that departments should actively strive to build and retain internal capacity so as to minimize the use of consultants and contribute to much needed skills development. In addition, we concur with the portfolio committee that South Africa needs to sharpen its innovative edge and continue contributing to global scientific and technological advancement.

We agree that this will require a greater investment in research and development - better use of existing resources and more responsive institution that will assist both innovation, as well as enhance co-

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operation between public science and technology institution, and the private sector.

Finally, we share the appreciation expressed by the portfolio committee in commending the South African Post Office, SAPO, for the progress in its turnaround strategy and the stabilisation of its labour force. Much effort will still be required to achieve the goals of the turnaround strategy but a good start has indeed been made and we wish the management of the SAPO the best of luck. In conclusion, the NFP supports the report. Thank you

Ms N NDONGENI: Hon Chairperson, hon Minister and Deputy Minister, hon Members of Parliament and distinguished guests ...

IsiXhosa:

... molweni.

English:

The National Development Plan 2030 expressed that by 2030 South African rural community must have better opportunity to participate fully in the economic, social and political life of the country. People should be able to access high quality basic services that enable them to be well nourished health and increased skills.

Information and communication technology, ICT, can play a significant role in combating rural and urban poverty and fostering sustainable development through creating information, reach society and support livelihoods. The digitally divided, mainly in the rural community, can be adequately addressed through a more competitive and efficient market and effective regulation that enable operations to meet the demands for affordable services reducing a number of households or individuals requiring support.

Further strategies to enable access are smart subsidies which require a once-off intervention. These should be favoured over strategies that require permanent subsidies.

IsiXhosa:

Sihlalo, kufuneka kuzanywe indlela yokukhuthaza abantu malunga nokufumana ulwazi. Abantu mabaqeqeshwe baphinde baphuhlise ukuze babenolwazi olungcono. Kubalulekile siqaphele ukuba uqeqesho lwendlela yokusetyenziswa konxibelelwano nobugcisa luyafumaneka ngokuthi kusetyenziswe amajelo osasazo nezikhululo zokuhlala ukupapasha ulwazi. Olu lwazi luncedisa ukuba sibone apho kusilela khona nalapho uncedo lufumaneka khona ukunceda abantu malunga neenkukacha zokuhlala. Kweli linge kufuneka sincediswe yimibutho, izikolo kunye namajelo osasazo.

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Kwiingxaki esijongene nazo malunga nophuhliso lwamaphandle kukumka okanye ukuphazamiseka kombane. Ngexesha besikhe sandwendwela kwiphondo laseMpumalanga, siyile komiti, sivile ngeengxaki abahlali abajongene nazo ezifana nezixhobo zombane ezisebenzisa ilanga (solar). Ezinye zezi sixhobo ziye zabiwa ezinye zonakaliswa. Loo nto ibangela inkxalabo kukhuseleko lweenkozo eziziswa eluntwini ngurhulumente.

Enye ingxaki esiyiqapheleyo kukunganikezelwa kakuhle kweenkonzo eziya ebantwini ngenxa yokunqongophala kweenkampani ezinkulu eziza kuthi zithathele kuzo lo msebenzi walo mnathazwe xa kuthe kwaphela iminyaka emibini yokuncediswa yi-Universal Service and Access Agency of South Africa, Usaasa. Siyile komiti, sikhuthaza eli sebe ukuba lingenelele ukwenzela ukuba iinkonzo zabantu zibenokuhlala ithuba elide.

English:

Monitoring and evaluation of the impact of the implemented solution also remain a major challenge and the issue of competitive resource to ensure proper monitoring cannot be overemphasised. It is important to note that all these outlined challenges can be overcome if appropriate interventions are implemented.

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IsiXhosa:

Kukhona imigaqo nemigomo eyenziwa ngurhulumente ukuncedisa nokwenziwa kolu qhagamshelwano (broadband) emaphandleni. Eminye yale migomo yile nto siyibiza ngokuba yi-South African Connect and National Integrated ICT White Paper. Le migomo inceda kumanyathelo amawathathwe ukunceda iimfuno ezingundoqo eziyimpumelelo ekuhlaleni.

English:

The committee has been informed that the department has established partnerships between public and private sectors which include service providers and development funding institutions to drive ongoing collaboration among organisations. The role of the private sector will be very critical, going forward. Experience elsewhere demonstrates that private sector participation and competition coupled with effective regulation have been potential to deliver lower prices and improved quality and speed of services.

South Africa needs to commit to intensify competition in the ICT sector. In conclusion, it is of equal importance to mention that improving quality access to ICT services will require action to stimulate demand. At the most fundamental level, literacy needs to be improved through training in schools, tertiary education

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facilities and adult education colleges. The ANC supports the Budget Vote 32. [Time expired.] [Applause.]

Mr N J J VAN R KOORNHOF /PCTtDP/: Chairperson, two weeks ago we have lost nine rhinos in 48 hours in KwaZulu-Natal and a whopping 89 in the first 18 weeks of 2015. In the greater Kruger National Park poaching has dropped by 20%. Telecommunications do play an important part in the fight against poaching. In a world of rhino conservation and wildlife security there are many fantastic communication and technological tools available, unfortunately, they rely on GSM networks. As we know that the roll-out of reliable and good quality, GSM Networks in the rural areas remain a challenges.

The poaching hotspots in the South Africa are in rural KwaZulu-Natal, rural Mpumalanga and Limpopo provinces. So, if there are no reliable network these tools for anti-poaching units do not function optimally. For instance, anti-poaching units make use of camera traps in poacher in question sites. Unfortunately, their picture sites, the so-called MMS, come through drips and drabs, sometimes days later.

The commanders and rangers of these units took it up with the service providers; the MTNs of the world, Vodacom, Cell Cs and the

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Telkom. But they were informed by their technicians that the data is prioritised to cope, first with voice calls then with SMS and images of the pictures last. They release the pictures including the vital information from camera traps in off peak times and when there is availability on the network. This important tool is simply not working. I want to suggest that your department go to the service providers and ask them to prioritise images transfers in these areas directly around our national parks. That would be a major breakthrough.

Telecommunication masks are very un-cycle in the national park areas. It is visible pollution but they are vital for good communications even for wildlife management. We need to track our rangers and sometimes we must track rhinos and beetles and we need a network. There are many masks on the landscape surrounding our national parks because every service provider wants their own mask. I want to suggest that the existing masks must be shared in the protected areas and in the national parks and that we do not ask every service provider to erect their own. Too simple suggestion hon Minister but this can make a difference to better the vital communications in our wildlife areas.

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Already in 2009, the World Bank found that low to middle income economies can grow by 1,3% for every 10% of the population who have access to broadband internet. It is a no brainer that this department can and must kick-start economic growth in South Africa and with your best efforts I think it will happen. If you look to broadband internet in the rural areas and homes I think we have penetrated 7%; if you go to work it goes to 8%; broadband internet in the workplace in educational facilities, it goes to 9% but if you go to mobile devices in the rural areas it goes to 20%. [Time expired.]

Mr C MACKENZIE: Hon Chairperson, telecommunications has moved far beyond making a phone call or sending an SMS. Budget speeches this year have been littered with talk of the Fourth Industrial Revolution and e-government. This is a good indicator of how far technology has taken us since the birth of the Internet and the roll-out of fast, ubiquitous broadband.

The Fourth Industrial Revolution - digitisation, automation and the Internet of things - is already with us, changing the way the world lives, works and plays. E-government and its ability to connect citizens with government, business with government, and government

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with government, is a game-changer in how government interacts and communicates more efficiently, more effectively and at a lower cost.

There is broad agreement across all political parties that inequality is one of the biggest challenges facing South Africa today. A growing economy creates jobs and opportunities and a job is a pathway out of poverty but job creation depends entirely on economic growth. As the hon Koornhof said, few economic sectors have the power to directly contribute as much, and as quickly, to economic growth than information and communications technology, ICT, and broadband, specifically.

Research by the World Bank shows that every 10% increase in broadband penetration could contribute an extra 1,38% - and that 0,08% is very important - to the economic growth rate for low- and middle-income countries. At 1,38%, that's double the pedestrian 0,6% economic growth projected for South Africa this year. Given this fact, we would expect this government and the department to lead the way in the roll-out of broadband and the implementation of e-government in South Africa. So, how is the department doing?

Well, let's use the department's own goals - and that's an intended pun - to measure this. The department aims to: expand and modernise

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ICT infrastructure by implementing the South Africa Connect broadband policy - well, Minister, that's a fail, so far; co-ordinate the migration to digital broadcasting - well, Deputy Minister, that's a fail, so far, missed deadlines included; implement the legislative framework stemming from the 2016 National Integrated ICT Policy White Paper - we've just heard we're going to be waiting until next year for this; and rationalise state-owned companies - well, that's a fail, as three years later, there's lots of talk but little action.

The department is seized with discussing the ICT White Paper, e-government, digital strategies and the mythical SA Connect. The problem is not for want of policies, statements or intentions, though. We are awash with these. The problem is lots of talking and little implementation. As mentioned by the Deputy Minister, two of the department's annual performance plan priorities for 2017-18 are the finalisation and approval of the national e-strategy and the e-government strategy. However, they've been paying lip service to the concept of e-government for decades - and I'm not saying this. It's government itself.

In the proposed national e-government strategy, published in the Government Gazette of 7 April, on page 495, it states:

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Existing e-government policy and strategies have played lip service over time which led to outdated approaches as well as the fact that South Africa has not moved forward in achieving the strategic objectives, as set in the 2001 e-government policy.

Sixteen years later, the government is still talking more but doing less. In this regard, time is the enemy and South Africa is losing the battle.

A recent Parliamentary oversight visit to Mpumalanga provides a clue as to why South Africa is losing this fight. According to information supplied by the Universal Service and Access Agency of South Africa, Usaasa, as part of SA Connect, several clinics, schools and government offices had been connected to a broadband network designed and built by Meng, a black economic empowerment, BEE, start-up company. When we visited the sites, with the exception of a single clinic, no connectivity existed and the network infrastructure was vandalised and not maintained. Yet, the government had paid around R30 million for connectivity that doesn't exist. I say R30 million, because when I asked how much it was, they said it was R20-something million.

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It is important to contrast this with another connectivity programme in this country that's rolling out government services and Internet access to our citizens. It's right here, in the DA-governed Western Cape, as recognised by Minister Cwele. The Western Cape Broadband Strategy and Implementation Plan aims to co-ordinate and integrate government action to radically improve the provision of telecommunications infrastructure, skills and usage within the province. It intends to ensure that every citizen in every town and village has access to affordable high-speed broadband infrastructure and services, has the necessary skills to be able to effectively utilise this infrastructure, and is actively using this in their day-to-day lives.

This is not lip service. This province has brought together the public sector in the form of the State Information Technology Agency, Sita; Neotel, from the private sector; and the Western Cape government, itself, in a 10-year, R3,6 billion self-funded programme. This programme is contributing to the provision of affordable, ubiquitous broadband to meet the diverse needs of public and private users - and it's working.

The Western Cape is ready for the Fourth Industrial Revolution. It is rolling out broadband and e-government services. It is paying

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more than lip service to these concepts - but where is national government and where are the other provinces? It is three years down the line since the illogical, irrational and unnecessary split of Communications and Telecommunications. Who can fathom the inner workings of the President's mind? Although, a letter writer to *Business Day* suggested that the President is still running on Microsoft Disk Operating System, MS-DOS, while everyone else is running Windows 10! [Laughter.] Three years later, this department and its programmes are still wracked by underperformance, lack of delivery, policy confusion and worse still, policy implementation. This government is not just running out of other people's money, it's running out of time.

The Fourth Industrial Revolution, e-government and the broadband network that underpins it have the power to effect positive change on a scale sorely needed by this country. For this to happen, however, fast, reliable and universal broadband and access to it must be in place, because unless you've built the foundation, you cannot deliver the future. It won't wait for South Africa to catch up. It needs to be done and done now because the time for lip service has passed.

Minister, let me leave you with a piece of advice from Walt Disney:

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"The way to get started is to quit talking and start doing." Come 2019, rest assured, the DA will. Thank you.

Mrs J D KILIAN: Chairperson, Minister, Deputy Minister, other Cabinet Ministers present here, guests in the gallery, colleagues, everybody watching the debate, the dawn of the digital era presents both huge opportunities and phenomenal risks. It depends on how the governments, the political parties and individuals approach and manage it.

If hon Mackenzie is so very confident about what the DA is getting right, certainly, they are not getting their social media policy right. If I can recall what is currently been done as far as disciplinary hearings are our concerned is, but there is also not, you know the liberal philosophy that everybody is equal. Certainly, that does not apply to the DA members.

The latest buzz word is fake news. But actually, we should ask: Is this a new concept? It is just a new word, as far as I'm concerned, for propaganda or political spin. Now, hon Shinn from the DA, a regular columnist for TechCentral, in March this year wrote that: The government was dragging its feet on the Information and Communication Technology, ICT, policy implementation.

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In a more recent article she wrote: "The process of developing legislation arising from the white paper is - here it comes! - proceeding with reckless haste." Now, which of the two is it? On the one hand she accuses the government of dragging its feet, and the next moment she accuses the government of moving with reckless haste.

In fact, she indicated in that the Wireless Open Access Network, WOAN, stick central article that she would approach - I don't know if she has done it - the Deputy President, Cyril Ramaphosa, with a request to delay the draft legislation emanating from the ICT White Paper. Now, today we heard both her and hon Mackenzie telling us what exactly is wrong, as if they have everything right under their control.

Chairperson, to start with, it would have been advisable if the DA in the Western Province would have used technology to predict that the rainfall patterns in the Western Cape have been under pressure for the past 10 years. Why, if they were so clever, do we have ... [Interjections.] ... it's not the drought! That is an excuse; that is an excuse! You knew!

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Prof. Mike Miller from Wits said this morning that, you were aware of it since 2007, but you decided to ignore the realities. So, please, don't come and tell us what to do! First clear up your own house! The fact is that, hon Shinn, hon Mackenzie and the DA do not want the government to succeed. As the self appointed spokesperson for the ICT sector, hon Shinn would welcome any legal action that would prevent ICT policy implementation because, you see, this is the problem: The DA believes that, what is bad for South Africa is good for the DA.

Hon Chairperson, you know, the worse is that, they actually believe that they have the capacity to govern South Africa. They actually believe it! In the meantime, they are battling with the Nelson ...
[Interjections.]

The HOUSE CHAIRPERSON (Mr A F MAHLALELA): Order, hon members, just pull down your noise level a little bit!

Mrs J D KILIAN: ... they are battling and need a conflict resolution in the Nelson Mandela Municipality between the Mayor and the Deputy Mayor. [Applause.] Now, if they want to govern South Africa through coalition government, what hope do they have to get it right, if

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they cannot manage a simple municipality? Maybe we should not say that, it's ... [interjections.]

Winston Churchill once said: "The pessimist sees difficulty in every opportunity; the optimist sees opportunity in every difficulty."

That is exactly what they are doing! They're seeing ...

[Interjections.] Absolutely! And you see, coming from the DA, one should have thought that they would have read Churchill by now.

[Laughter.]

Chairperson, the ANC supports Vote 32. We are happy that the internal disputes and infighting in the department over several years have come to an end. It has been arrested! Now, the Department of Telecommunications and Postal Services can now focus on their critical mandate which essentially is, to help bring about an inclusive, knowledge-based economy. The government on its own cannot do it, that's why we say, to help bring about an inclusive, knowledge-based economy, it must harness industry to work with it.

The Minister has in fact referred to the World Economic Forum's, WEF, ranking of South Africa where we have improved, but we are modest enough to realise that all is still not well. We have improved mostly because, the business sector has moved forward. We

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need to do more as a government. We are honest and modest enough to acknowledge that, unlike the DA.

We also acknowledge that our ranking on the ITU's ICT Development Index Development Index, has unfortunately deteriorated, only two places, from 86 in the previous year, to 88 in the most recent year, out of 167 countries. We are not bad for a developing country at all. The poor ranking can be ascribed to inadequate IT skills levels and to the high cost of our ICT equipment.

Chair, I would like to quickly focus on some of the entities because there has been progress made. Yes, there are difficulties, but there was progress made by the entities. All together, the eight state-owned enterprises report to the Department of Telecommunications and Postal Services at specifically, the dedicated branch for that purpose. The government is the majority stakeholder in all except in dot Zadna.

The rationalisation of these entities and a critical review of their respective mandate have become very necessary, and that is why the ITC Policy White paper is so important; that we can restructure and give them specific mandates to fulfil as part of the new engine. Let me highlight some achievements and challenges facing the entities:

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The SA Post Office, Sapo, has done excellently under the new management of the Chief Executive Officer, CEO, Mr Barnes, and they should be commended for making a significant progress on the turnaround strategy. During the past financial year, they managed to settle outstanding debt and to stabilise its operations through good engagement with labour unions.

But the entity needs to develop additional revenue streams to supplement its declining mail business. The government departments should be encouraged to conduct their businesses through Sapo. Why do we support private businesses if we have our own SA Post Office that can do the job?

Secondly, we have had some challenges with regards to Postbank Corporatisation. The Minister spoke about it. But there has been progress, and we will shortly see also that, the final lodgement of the licence application will proceed. The mail revenue decline is necessary to be addressed. The Post Offices all over the world, had to adjust their business strategies in line with the changing market conversions and realities. It's nothing new; it's nothing exceptional, there has been a decline in mail internationally.

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But we cannot deny the footprint of Sapo in the most remote areas, but unfortunately, it comes at a price. This universal service obligation points of presence throughout the country, is making it very difficult for Sapo to continue cross subsidising its operations through its commercial branch. Remember, commercial needs to compete with the private sector, but they do not carry the same universal service obligations. So, that must be addressed.

The e-commerce presents huge opportunities which should be optimised. The Sapo will develop parcel and logistics strategy, and we hope to have it implemented sooner than you believe, hon Mackenzie. The discussions between Sapo and South Africa Social Security Agency, Sassa, are also taking place to determine how the entity, once the postbank has been established, can play a successful role with the payout of the social grants.

Sentech generates adequate revenue to meet its liabilities. It performs impressively against its targets, and has achieved a clean audit for four consecutive years. However, the entity faces specific risks. About the Digital Terrestrial Television, DTT, notwithstanding the government's dual illumination funding, the continued delays in the DTT migration has a negative impact on Sentech's finances.

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Secondly, about the SA Broadcasting Cooperation, SABC, financial woes, the contribution to signal distribution fees is not happening and clearly now, Sentech must carry that additional debt as well. This is placing a severe strain on Sentech's revenue stream and it must be addressed very shortly. We hope that the new Minister of Communication will get the SABC to honour their commitments. The nonpayment of signal distribution cost by community broadcasters is another challenge. At this stage, they owe Sentech an accumulated amount, more than R16 million and there is a growing uncertainty regarding how that amount will be recovered.

The entity of Broadband Infraco, BBI, has really managed to operate within its means. It was under severe financial strain, but it improved its management and budgeting processes. They have unfortunately lost key staff because of its uncertainty about its existence. But, the mere fact that they will now be migrated and become part of new structures, will certainly continue to stability also in the labour component of BBI.

Under the CEO, Dr Mohapi, State Information Technology Agency, Sita, has been a real success story. Despite achieving 73,1% of its set targets at year end, the entity however has difficulty to overcome its poor delivery reputation. The challenges raised by the

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Departments range from those that are common across the departments, procurement, network, skills, etc, to those that are specific to the departments, and we all know the story about the certificate issuing and the Department of Higher Education and Training and the challenges they face.

The fact of the matter is, the total debt due to SITA as at 31 March 2017 amounts to R1,188 billion. That is departmental debt to SITA. Now clearly, I was wondering whether the Western Cape - we should in fact follow up on that, Minister, please! Let us follow up on that - The fact is that, the government departments cannot expect excellent service without paying for it. They are quite willing to pay for consultants and for external companies, but why do they often default on the government agencies? That is unacceptable!

Under the CEO, Mr Mtimde, Universal Service and Access Agency of South Africa, Usaasa, has improved. It has also stabilised its governance and operations, although, some of the members of the portfolio committee refers to our oversight visit which really indicated where the shortcomings were in this entity. First of all, it is very evident that there is lack of co-ordination, hon Minister, that sites are connected.

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The connectivity lasts for 24 months and thereafter, it falls off, because those institutions, including some of the Western Cape, possibly the departments, don't pay and they don't take over the connectivity costs after the infrastructure was rolled out, to schools, to clinics, etc. That is a huge challenge that needs to be addressed.

Certainly, Usaasa has tightened the belt and they have improved the management of the fund, but they are now moving into the new digital development fund which will unfortunately have to go through some growing pain. But we have learnt excellent lessons, hon Minister, and we shouldn't let that happen again. We would like to support and we say that we have historic opportunity to eradicate backlogs. Let's not create new ones. Thank you. [Time expired.] [Applause.]

The MINISTER OF TELECOMMUNICATIONS AND POSTAL SERVICES: Hon Chairperson, firstly, I would like to thank all the members for their positive contributions. The SA Post Office, Sapo, is really stabilised. We have changed the board and the management. Now we have since last year a new board and a new management.

Just today, Cabinet approved the appointment of a new chief operating officer, COO, to drive the operations. So, last year we

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appointed the chief executive officer, CEO, Mark Barnes. Today we have a black female who is a new COO of this company. [Applause.]

An HON MALE MEMBER: Not Hlaudi.

The MINISTER OF TELECOMMUNICATIONS AND POSTAL SERVICES: On the Postbank, all what I can say is that we are on track, but hon members, we are working together with the Minister of Finance and the National Treasury. All what they need or we are trying to bring to Parliament is a three word amendment in the Banks Act, to say a public company also includes a state-owned company, finish. That is all that we need and we hope that you will co-operate on that.

Let me thank all the members for supporting this Internet for all project. It is very important because all the easy to connect are already connected all over the world. Those who are remaining are the difficult to connect and they are in the underserved area. As I have said earlier, we have got all these partners. Some of them are our own national partners, but some of them have flown from abroad just to come and participate in this programme and discussions. So, we really thank them for that and they will support as we go to this difficult area.

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I also invite the EFF because they were complaining about the connectivity in the townships. What I know under the ANC government we were rolling out free Wi-Fi in all our townships particularly in the major canterers. Guess what happened when they came into this unholy marriage with the DA? They tried to reverse it, but they felt the wrath of the people because our youth could not allow them to.

Let me state again that Sapo and the Postbank are ready to assist SA Social Security Agency, Sassa, to completely take over the payment of social grants and we will continue to support them. [Applause.]

Just on a few issues, the Universal Service and Access Agency of South Africa, Usaasa, Mpumalanga issue, I will take it hon members and we will come back to you on it because I do not want to give [Inaudible.] But the real challenge as some of the members have said, because they did not have enough revenue through this user fund, it is only just a small percent most of the competitive nature or developing countries they are already charging 1%. We are still charging 0,2%. So, that is another problem and departments and entities cannot take over.

[Interjections.]

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They cannot take over. No. We will investigate that. The wireless open-access network, Woan, hon Shinn, is not for cronies. Actually, what you are saying is an insult, because there are South African capable companies who are operating in other countries and they do not have the licence to operate in their own countries. Without Woan, you will not get this inclusiveness. You will not get more people playing in this field. So, there is nothing about cronyism in this... [Interjections.]

Yes, not now and not in the future.

On the set-top box tender, of course we are working much closer with Minister Dlodlo, to look into this and if there is any irregularity, we will deal with them and cancel the tender if there are irregularities, but we are working together with Usaasa to deal with this.

Lastly, hon members, I will be happy if you can join us here in Cape Town I just need to get the venue. We will be launching this dotAfrica Project. Yes. It is a very important thing. It was won by a South African company ran by blacks on the main, to run the domain for Africa continent as a whole. I know my organisation the ANC will probably have a domain name as ANC dotAfrica. I hope the DA and

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others will follow the same. This issue of domain names is very, very important. I also need dotCwele so that I can track my family. [Interjections.]

No, I do not have the money. So, we encourage all hon members to support this Budget Vote. Thank you, very much. [Applause.]

Debate Concluded.

The mini-plenary session adjourned at 15:48.