

USAASA STRATEGIC PLAN

Financial Years: 2017 - 2021

Universal Access and Service to ICT's for all!



Foreword by Chairperson of the Board

On behalf of the Board of Directors and team at the Universal Service and Access Agency of South Africa (USAASA), I am pleased to present the Agency's Strategic Plan for the 2017 – 2021 planning cycle outlining the Agency's priorities as approved by the Board as the Agency's Accounting Authority and the Executive Authority.

In preparing this 2017-2021 Strategic Plan, the Board, in consultation with management, has ensured that the identified USAASA strategic objectives support the effective implementation of the National Development Plan – 2030, the National Infrastructure Plan, the South Africa Connect Broadband Policy 2013 and the Medium Term Strategic Framework 2014-2019 (MTSF) and now delivers a comprehensive Strategic Plan.

This Strategic Plan sets out the Agency's strategic objectives and performance targets over the coming five-year period and it is complemented by the Agency's Annual Performance Plan for 2016 - 2017, setting out specific goals, key performance indicators and targets for the performance cycle.

Key strategic priorities to be pursued by the Agency during the 2017-2021 five – year period are as follows:

- Optimise organisational efficiency by 2021 to support the project delivery of the Universal Service and Access Fund
- Ensure availability of automated and integrated business processes by 2021 to support the project delivery of the Universal Service Fund
- Ensure availability of responsive IT systems by 2021 to support the project delivery of the Universal Service and Access Fund
- Provide legally sound services to the Agency by 2021 to support the project delivery of the Universal Service and Access Fund
- USAASA established as a centre of excellence for universal access and universal service market information, knowledge and expertise by 2021
- Promotion of good stakeholder relations for purposes of enhancing the USAASA & USAF brands by 2021
- Promotion of legal and regulatory compliance by 2021 to support the project delivery of the Universal Service and Access Fund

USAASA has made great strides in assisting the country to meet international conventions, commitments and policies that affect universal service and access by facilitating the connection of villages with ICTs and establishing community access points, connecting primary healthcare facilities with ICTs, and connecting local government departments and these will continue to be focus areas during the 2017-2021 performance cycle. To achieve this, USAASA will continue to collaborate closely with all stakeholders for purposes of ensuring the best possible outcome for all parties.

It is worth noting that during the 2015 - 2016 financial year the procurement processes for the Digital Terrestrial Television (DTT) and Direct to Home (DTH) set-top-boxes and Antennas occurred by the end of the 2nd quarter. The implementation of the Broadcasting Digital Migration (BDM) Programme, is in progress with some challenges the new Board is addressing as it carries out its fiduciary and oversight responsibilities of this significant project.

In addition, focus will remain on the two key areas of broadband infrastructure and access, and the rapid deployment and maintenance of broadband services to educational institutions and primary healthcare facilities.

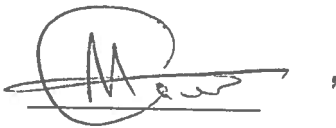
By connecting educational institutions it is believed that the Agency is connecting communities and bringing South Africa one step closer to achieving its national targets of 100% broadband penetration by 2020; and deployment of a full range of government, educational, and informational services by 2030.

The Board has put considerable effort into ensuring that corporate governance structures are in place as these provide re-assurance to our stakeholders that the Agency operates efficiently, effectively and transparently; always with the goal of Universal Service and Access at the core of everything we do.

It is recorded that the previous USAASA Board of Directors' term under the leadership of Mrs. Pumla Radebe ended in August 2015. The new Board was appointed in September, 2015 and has a huge responsibility in continuing to execute the USAASA mandate and positively impact society especially the historically disadvantaged rural areas of South Africa.

In closing, the new Board of Directors is resolute in its commitment to providing strategic guidance that will develop USAASA into a well-resourced entity that is optimally positioned for delivering on its mandate and acknowledge that this can only be achieved through incessant dedication to the Agency's strategic goals by the entire USAASA talent complement, as well as, continuous support from the Executive Authority.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line and some smaller, less distinct characters.

Mr. Mawethu Cawe

Acting Chairperson: USAASA Board of Directors

OFFICIAL SIGN - OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of USAASA under the guidance of the Universal Service and Access Agency of South Africa (USAASA) Board of Directors.
- Was prepared in line with the current situation of South Africa with regards to Universal Access and Service.
- Accurately reflects the strategies and targets which USAASA will endeavour to achieve given the resources and capabilities at its disposal.

Mrs. Linda Ngcwembe
Acting Chief Financial Officer

Signature:



Mrs. Vuyo Ntshoko
Head Official responsible for Planning

Signature:



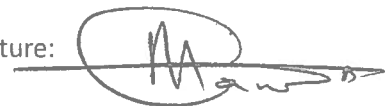
Mr. Zami Nkosi
Chief Executive Officer

Signature:



Mr. Mawethu Cawe
Acting Chairperson: USAASA Board of Directors

Signature:



Approved By:

Dr. Siyabonga Cwele, MP

Signature:

Minister: Department of Telecommunications and Postal Services

List of Acronyms

AAA's	Affordability, availability and accessibility
AT	Assistive Technology
BARC	Board Audit and Risk Committee
BBBEE	Broad-Based Black Economic Empowerment
BDS	Business Development Services
CEO	Chief Executive Officer
DSL	Digital Subscriber Line
DTPS	Department of Telecommunications and Postal Services
ECA	Electronic Communications Act
ERP	Enterprise Resource Planning
EXCO	Executive Management Committee
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IT	Information Technology
KPI's	Key Performance Indicators
LTE	Long-Term Evolution
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
PICC	Presidential Infrastructure Coordinating Commission
PWD	Persons with Disabilities
R & D	Research and Development
RDP	Reconstruction and Development Plan
SAP	Systems, Applications and Products
UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
USAASA	Universal Service and Access Agency of South Africa
UAS	Universal Access and Service
USAF	Universal Service and Access Fund
VSAT	Very Small Aperture Terminals
WSIS	World Summit on Information Society

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Part A: Strategic Overview

1. Vision

Universal Access and Service to ICT for All.

2. Mission

- To facilitate the rollout of adequate Information and Communication Technology (ICT) infrastructure to enable universal access to under-serviced areas in South Africa.
- To facilitate ICT service to under-serviced areas and thereby contributing to the reduction of poverty and unemployment in South Africa.
- To promote and pursue the goal of Universal Access and Services and contribute to the sharing and preservation of information in order to build South Africa's sustainable knowledge society.

3. Values

The following values essentially capture what the Agency stands for and they guide USAASA's efforts towards achieving the set strategic objectives:

- **Batho Pele** – We believe in providing excellent, efficient and effective service to all customers and stakeholders.
- **Integrity** – We uphold high standards of trust; condemn bribery and corruption; and uphold honesty and respect in all interactions with stakeholders.
- **Accountability** – We foster employee ownership and responsibility in ensuring quality service.
- **Innovation** – We support employee creativity in delivering all our services.
- **Transparency** – We encourage openness in all our activities.
- **Teamwork** – We strive to create a harmonious work environment, where all employees and contributors are respected.

4. Legislative and other Mandates

4.1 Constitutional Mandates

The Constitution of South Africa (1996) describes the Bill of Rights as a cornerstone of democracy in South Africa and states that: “It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom”. Section 16 of the Bill of Rights is one of the sections underpinning the higher guiding principle of USAASA’s mandate to provide access and service that will ensure freedom of expression for the people of South Africa:

16. Freedom of expression

1. Everyone has the right to freedom of expression, which includes–
 - a. freedom of the press and other media;
 - b. freedom to receive or impart information or ideas;
 - c. freedom of artistic creativity; and
 - d. academic freedom and freedom of scientific research.

Figure 1: Freedom of Expression

The right to free expression has been interpreted as a right to the resources, facilities and equipment to enable free expression. It follows that the right to have access to telecommunication resources, facilities and equipment is a basic right in South Africa. In addition, Section 32 of the Bill of Rights also describes the “Right to information” and if access is limited due to a lack of ICT resources, facilities and access, this right cannot be fulfilled.

4.2 Legislative Mandates

The Agency is a so-called ‘creature of statute’ as it is established in terms of an Act of Parliament. The existence, functions, duties and mandate of the Agency are governed by sections 80 – 91 of the Electronic Communications Act 36 of 2005 (“the ECA”) which came into operation on 19 July 2006. The new amendments to ECA, which have a direct bearing on governance of the Agency, came into operation on 21 May 2014

The Agency is also a public body as confirmed by Schedule 3A of the Public Finance Management Act 1 of 1999.

The ECA establishes a Board of the Agency (appointed by the Minister of Telecommunications and Postal Services). The Board, in turn, appoints a Chief Executive Officer (CEO) in concurrence with the Minister. The Agency is under the direction and control of the CEO and it is funded by money appropriated by parliament. The ECA also established the Universal Service and Access Fund (“the Fund”) which is financed by contributions from electronic communications service, electronic communications network service and broadcasting service licensees. The money in the Fund must be utilised for specific subsidies to needy persons, underserved areas and schools.

In terms of the ECA the Agency must:

- strive to promote the goal of universal access and universal service;
- encourage, facilitate and offer guidance in respect of any scheme to provide universal and access, universal services or telecommunication services in terms of the Reconstruction and development Plan (RDP);
- foster the adoption and use of new methods of attaining universal access and universal service;
- make recommendations to enable the Minister to determine what constitutes universal access, universal service and under serviced areas;
- conduct research into and keep abreast of developments in the Republic and elsewhere on information communication technology, electronic communications services and electronic communications facilities;
- continually survey and evaluate the extent to which universal access and service have been achieved;

- make recommendations to the Minister in relation to policy on any matter relating to universal access and universal service;
- advise the Authority (ICASA) on any matter relating to universal access and universal service;
- continually evaluate the effectiveness of this Act and things done in terms thereof towards the achievement of the goal of universal access and universal service;
- manage the Universal Service and Access Fund (USAF) in accordance with the provisions of the Act;
- submit annual reports in its operations, budget and expenses to the Minister;
- utilise the USAF exclusively for the payment of certain subsidies; and
- provide incentives to network licensees to construct operate and maintain networks in areas declared under-served by ICASA.

In terms of the most recent amendments to the ECA, the distinction between public and independent schools and between public and private colleges has fallen away and the scope of application for USAF subsidies has been increased to include provision to independent schools, private colleges and primary health care facilities; in addition, USAASA is subjected to the Public Finance Management Act to improve its governance. The amendments also seek to ensure there is consistency in terms of provisions relating to universal access, universal service and needy persons. Finally, the Minister of Telecommunications and Postal Services, acting with the concurrence of the Minister of Finance, may prescribe additional uses of money held in USAF.

The ICT Policy Review Panel submitted its recommendations to the Minister for Postal Services and Telecommunications. These recommendations address proposed changes to the ICT policy environment. The DTSP will produce an ICT White Paper, and make recommendations with respect to new or amended legislation arising from the White paper. The most significant proposal with respect to universal service and access relates to the creation of an ICT Development Fund which would replace USAASA and USAF. It would exclude the policy making and regulation making functions currently with the Agency, and the Fund would be responsible in the main for identifying, awarding and managing projects.

5. Policy Imperatives

5.1 Medium-Term Strategic Framework

The next five years Medium Term Strategic Framework (MTSF) priorities are:

- 1) Creation of more jobs, decent work and sustainable livelihoods for inclusive growth;
- 2) Rural development, land reform and food security;
- 3) Education;
- 4) Health; and
- 5) Fighting crime and corruption.

These priorities are supported by various strategies. USAASA is directly impacted by the first priority, related to economic growth and job creation through industrialisation and infrastructure expansion.

USAASA directly operates in the ICT space, and it is further indicated in the priorities that there is a need to rapidly expand access to, and use of, ICT infrastructure as follows:

- Invest in a comprehensive plan to expand broadband access throughout the country and substantially reduce the cost of communication;
- Connect all schools, public health and other government facilities through broadband by 2020, and at least 90% of communities should have substantial and superfast broadband capacity by 2020;
- Support and develop free-Wi-Fi areas in cities, towns and rural areas.

5.2 National Development Plan

The National Development Plan (NDP) aims to eradicate poverty, increase employment and reduce inequality by 2030. The NDP encompasses other critical policy instruments, which are also driving governments' policy agenda, and these are:

- The New Growth Path (NGP), which focuses on economic development;
- The National Infrastructure Plan, which guides the roll-out of infrastructure and includes the Presidential Infrastructure Coordinating Commission (PICC) launched Strategic Integration Project (SIP-15);
- Industrial Policy Action Plan, which supports the re-industrialisation of the economy.

NDP goals that have an influence on USAASA's strategy and work include:

- Implementation of an integrated e-strategy for the country;
- 100% broadband penetration by 2020 (>2mbs);
- By 2030 deployment of a full range of government, educational, and informational services.

New Growth Path strategies:

Jobs Driver 3: Seizing the potential of new economies. Technological innovation opens the opportunity for substantial employment creation.

New Growth Path targets the creation of 100,000 new jobs by 2020 in the knowledge-intensive sectors of ICT, higher education, healthcare, mining-related technologies, pharmaceuticals and biotechnology.

SIP-15: Expanding Access to Communication Technology

AIM: 100% access to digital ICTs to all South Africans by 2020 as a driver of new economic opportunities and digital equity. Interim implementing agencies include: Sentech, Broadband Infracore, Telkom, SANRAL, Eskom, Transnet, **Universal Service and Access Agency of South Africa (USAASA)**, and the private sector.

5.3 South Africa's Broadband Policy: South Africa Connect

In terms of the Electronic Communications Act, 2005 (Act No.36 of 2005), the Department of Communications of South Africa published a policy document "South Africa Connect: Creating Opportunities, Ensuring inclusion: South Africa's Broadband Policy". This was gazetted on 6 December 2013.

Table 1 SA Connect Targets

Target	Penetration measure	Baseline (2013)	By 2016	By 2020	By 2030
Broadband access in Mbps user experience	% of population	33.7% Internet access	50% at 5Mbps	90% at 5Mbps 50% at 100Mbps	100% at 10Mbps 80% at 100Mbps
Schools	% of schools	25% connected	50% at 10 Mbps	100% at 10Mbps 80% at 100Mbps	100% at 1Gbps

Target	Penetration measure	Baseline (2013)	By 2016	By 2020	By 2030
Health facilities	% of health facilities	13% connected	50% at 10Mbps	100% at 10Mbps 80% at 100Mbps	100% at 1Gbps
Public sector facilities	% of government offices		50% at 5Mbps	100% at 10Mbps	100% at 100Mbps

Source: DTPS, 2014

SA Connect is a four-pronged strategy, consisting of 4 “sub-strategies” which will move the country from the current state to achieving its targets over the next ten years. The four prongs or ‘sub-strategies’ of SA Connect are:

- Digital readiness
- Digital development
- Digital future
- Digital opportunity

Each of the strategies is depicted in the diagram below.



Figure 2: SA Connect Strategies

Source: DTPS, 2014

SA Connect guides the ICT sector as a whole, and USAASA in particular, in terms of the approach that must be taken to promote broadband deployment, usage and uptake in the country.

6. Situational Analysis

Many international conventions, commitments and policies affect universal service and access. One is the World Summit on Information Society (WSIS) commitments that South Africa has signed up to; and the other is the UN Convention on the Rights of Persons with Disabilities (UNCRPD), of which South Africa is a signatory. The WSIS commitments include:

- 1) to connect villages with ICTs and establish community access points;
- 2) to connect universities, colleges, secondary schools and primary schools with ICTs;
- 3) to connect scientific and research centres with ICTs;
- 4) to connect public libraries, cultural centres, museums, post offices and archives with ICTs;
- 5) to connect health centres and hospitals with ICTs;
- 6) to connect all local and central government departments and establish websites and email addresses;
- 7) to adapt all primary and secondary school curricula to meet the challenges of the Information Society, taking into account national circumstances;
- 8) to encourage the development of content and to put in place technical conditions in order to facilitate the presence and use of all world languages on the Internet;
- 9) to ensure that more than half the world's inhabitants have access to ICTs within their reach.

USAASA has made great strides in assisting the country to meet these goals and recognises the importance of making the DTSP and other stakeholders aware of this. USAASA also keeps cognisance of the value of its contribution to the UNCRPD goals as it is not unusual for Funds to be used to support persons with disabilities (PWD's). A number of countries have either used their USAFs for promoting access by PWD, or have permission in law, explicitly, to do so. These include:

- Australia
- France
- Ireland
- Italy
- Jamaica
- Kenya
- Lithuania
- Malaysia
- New Zealand
- Pakistan
- Poland
- Portugal

- Slovak Republic
- Slovenia
- Sweden
- **South Africa**
- Thailand
- United Kingdom
- United States

Globally, in an attempt to mainstream ICT access for PWD, the following specific recommendations have been made for Funds. It is suggested that they should engage in:

- Promoting accessible public access facilities;
- Subsidising accessible handsets and/or monthly subscriptions;
- The provision of relay services; the purchase of accessible and Assistive Technology (AT) tools;
- Funding customisation of basic AT tools, e.g. in local languages including text-to-speech, voice recognition, captioning applications and screen readers;
- Providing incentives for research and development (R&D) of AT tools e.g. development of speech-to-text engines in the official languages;
- Facilitating the training of persons with disabilities in using accessible ICTs; and
- Facilitating the development of curricula and training of information technology professionals on mobile ICT accessibility;
- Providing accessible set top boxes (incl. to persons with disabilities) to facilitate digital migration.

6.1 National Priorities

It is noted that a number of critical policy instruments exist that guide USAASA in its work. However, four are highlighted being:

- (1) The ICT Policy Review,
- (2) SA Connect: the National Broadband Strategy and Plan,
- (3) the USAASA National Strategy; and
- (4) briefly, Operation Phakisa: ICT in Education.

The government over the years has re-emphasised key policy priorities which affect the strategic positioning of USAASA. Some of these priorities are not new to the policy discussions, such as the lowering of the cost to communicate, yet these policy directives affect the strategic direction of the Agency.

The discussion around the triple “AAA’s” has continued to be a policy priority, the government has increased focus on affordability, availability and accessibility of infrastructure and services.

The government priorities further include the “Awareness and Ability” through its focus on increasing demand for ICTs through e-Skills initiatives, the support of application development and a rapid deployment of project of ICTs in Education through a project called Operation Phakisa.

The demand stimulation necessitates an increased capacity, the government recognises this and has focused its efforts on improving the infrastructure planning through the Presidential Infrastructure Coordinating Commission (PICC). The centralised infrastructure planning commission ensures that all infrastructure is accounted for, used efficiently and available to all.

The infrastructure planning and deployment of services needs to be supported by an improved institutional framework which will coordinate the various efforts, mandates, and directives of each organisation for the common attainment of universal service and access. The coordination between institutions such as the Department of Telecommunications and Postal Services, USAASA, ICASA, IKAMVA, amongst others is imperative for the efficient and timeous delivery of universal services and access.

The priority areas have been the following:

- ICT Policy Review
- “SA Connect” Implementation
- Operation Phakisa in ICT-education
- Broadcasting Digital Migration
- Broadcasting Regulations
- Postal Sector reform
- Sip 15 Participation and outcomes
- Spectrum Assignment (700 MHz, 800 MHz and 2.5 – 2.6 GHz)
- Facilitating rapid deployment (Rights of ways etc.)

6.2 ICT Policy Review

The ICT Policy review process is guided by three main institutional frameworks which guided the research and review of all existing policy. The table below unpacks each institutional framework into focus areas.

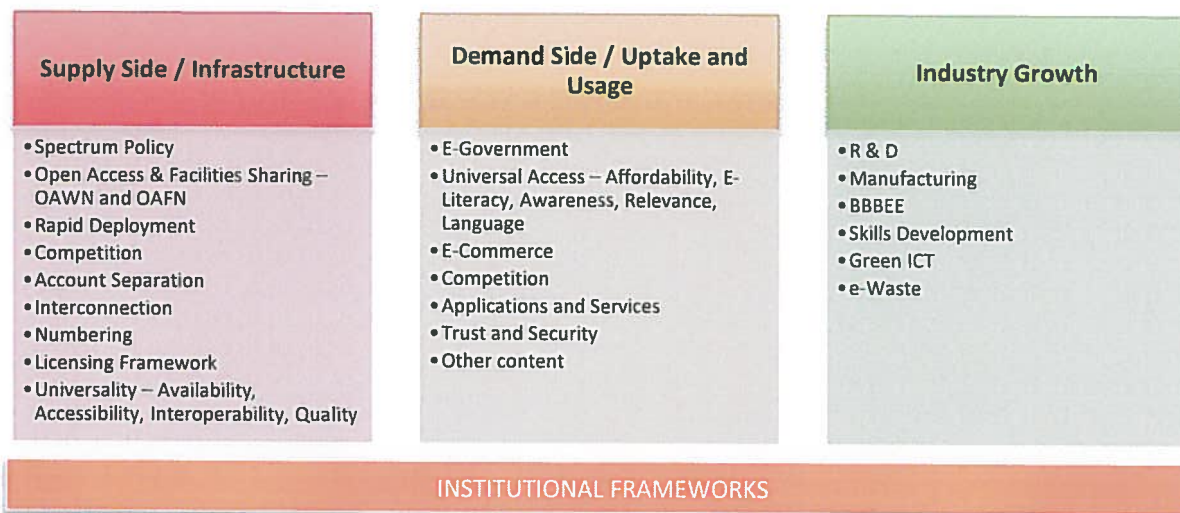


Figure 3: ICT Policy Review – Institutional Frameworks

The ICT Policy review will have implications on Universal Service. It proposes the revision of services and access based on the outcome of the research conducted to support the policy revision. This report further suggests that USAASA should be reformulated into an ICT Development Fund and stipulates contributions by licensees into the fund. Lastly, the report revises the USAASA institutional framework.

The establishment of an ICT Development Fund will effectively remove USAASA's policy making and regulatory functions, leaving the organisation to focus on funding and project management. The motivation behind this shift in institutional framework is to allow USAASA to focus on its main priority which is service and access delivery to the nation.

6.3 SA Connect: 4 - Pronged Strategy

SA Connect guides the ICT sector as a whole, and USAASA in particular in terms of the approach taken to promoting broadband deployment, usage and uptake. In all the work that USAASA does, it asks itself, 'how does this contribute to meeting the SA Connect targets?' A further consideration is, in what area of SA Connect is the Agency doing the most work? The pillars of USAASA's 2017 – 2021 strategy all take forward SA Connect.

The SA Connect Strategy can be summarised into two main interventions, the demand side intervention, and the supply side intervention.

- The supply intervention focuses in infrastructure development through private-public investment, creating completion in the industry, building an access or core network, encouraging and facilitating infrastructure sharing, coordinating building programmes for efficiency, and promoting universal access through efficient spectrum allocation and use.
- The demand side intervention focuses on driving uptake and usage through the provision of affordable services and devices, using the government as an anchor tenant for the core network, aligning the regulatory framework, facilitating ICT skills development and e-literacy, and enabling the development of local content, applications, and niche manufacturing.

The SA Connect targets are reviewed periodically and supplemented by pricing and quality of service targets as well as speed of installation and fault repair – this review is the domain of ICASA.

6.4 National Universal Access and Service Strategy (UAS)

This is depicted below highlighting seven programmes that USAASA must implement in actioning this strategy:



Figure 4: National UAS Strategy

Considering the revisions made by the policy review process, the national UAS strategy would be guided by the digital readiness inputs such as policy, regulations and institutional capacity. The relevant strategic programmes would facilitate digital development and digital opportunity of the SA Connect strategy.

6.5 Operation Phakisa – ICT in Education

The government has adopted the Malaysian “Big Fast Results approach” to the South African context; to highlight its urgency the approach was renamed “Operation Phakisa” (hurry in in Sesotho).

This operation is an ICT in education initiative which includes experts and officials from the national and provincial departments of basic education, labour, academia, and the private sector. These various experts all engage in problem-solving solutions to develop the national rollout of ICT in the basic education sector.

This engagement is meant to produce detailed and measurable plans, as well as timelines for the deployment over the next five years, with five main identifiable streams:

- Digital Content and Curriculum;
- ICT Teacher Professional Development;
- E-administration;
- Information Technology Lifecycle Management; and
- Connectivity.

6.6 SA Telecoms Landscape (Q1 2015)

As of the first quarter of 2015 the South African mobile subscription was 83.4 million, representing a penetration rate of 156%. Vodacom maintained the market lead with 40.5% market share. It recorded the highest new subscriber net adds of 795 000 pushing its total subscription to 33.8 million. MTN comes in second with 29.6 million subscribers and a market share of 33.5%. Both operators have increased their focus on mobile data services through their Long-Term Evolution (LTE) networks to drive service revenues.

The graphs below illustrate the share of South African subscriptions amongst all major operators, as well as the share of net additions.

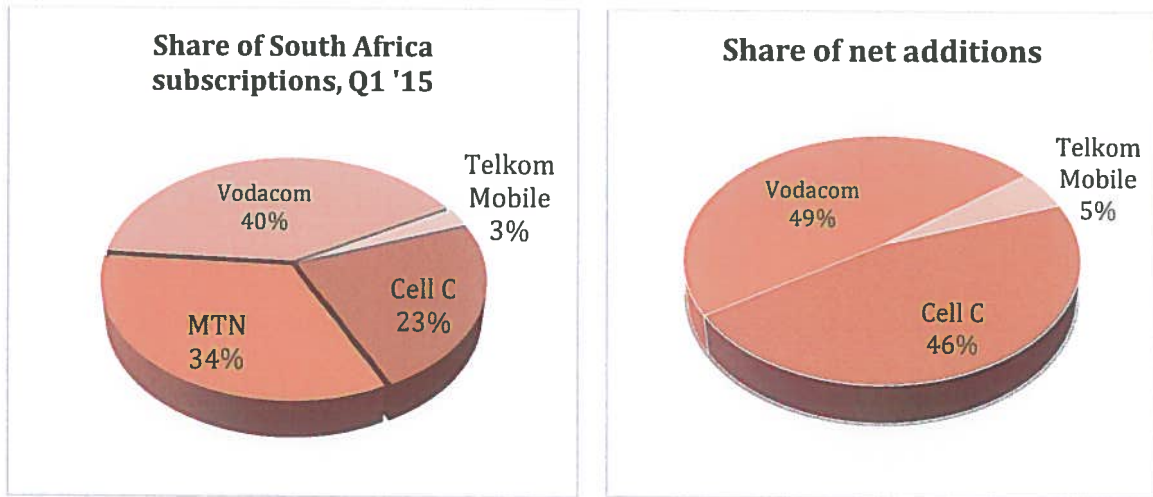


Figure 5: South African subscriptions amongst all major operators Broadband Market

The South African broadband market is made of a little over 5 million subscribers, which make up 9% of the population penetration. There are significantly more mobile broadband subscribers than there are fixed-broadband subscribers, 74% of the total subscription.

The fixed market is dominated by Telkom as the only provider of DSL broadband access, it controls 83% of the infrastructure supply. Other service providers that exist in the fixed market offer fixed broadband services using wireless access technologies and satellite (Very Small Aperture Terminals - VSAT) and can provide retails VoIP offerings.

The mobile market, as at mid-2014 reported a 3G population coverage of around 90%. While as early as Q4 of 2012, mobile operators started deploying 4G/LTE networks. The smartphone deployment used to drive uptake of data services, has been hampered by data affordability.

6.7 SA Broadband Landscape

Growth in mobile broadband is evident in the graphs shown below, fixed broadband is also beginning to grow gradually. Both these broadband services are dependent on the availability of quality backbone infrastructure. Further and accelerated growth of mobile Broadband is highly dependent on spectrum assignment.

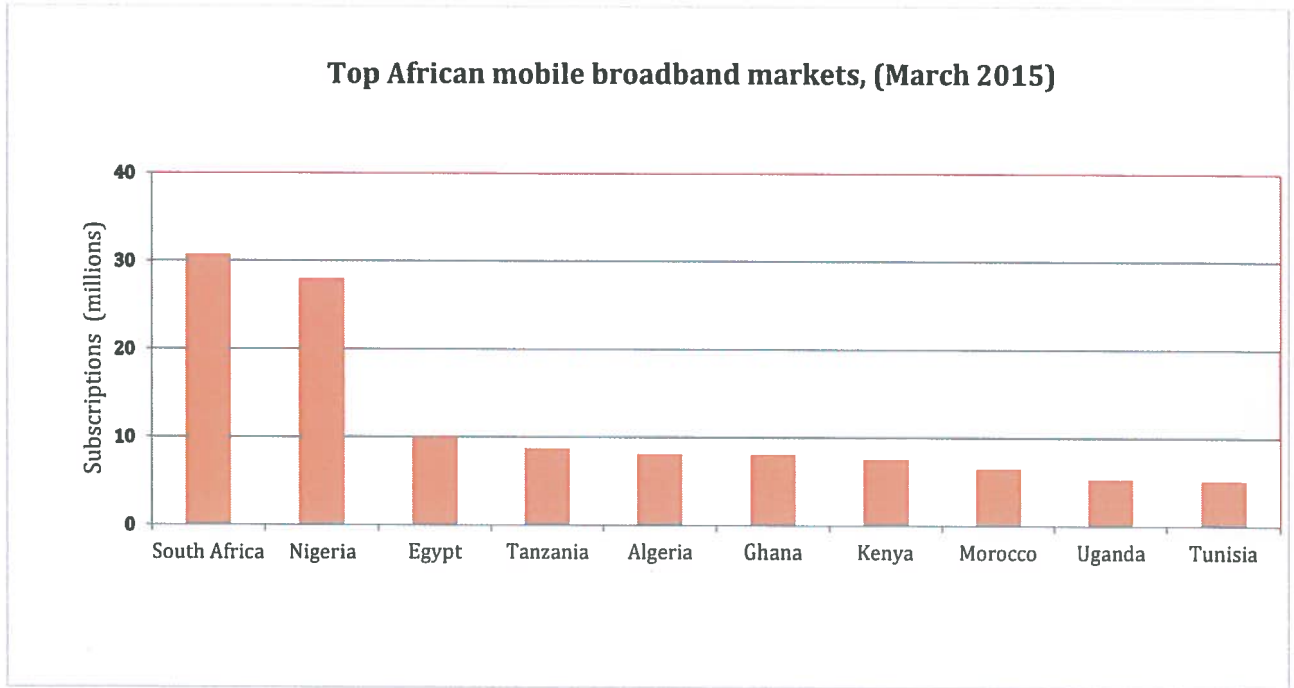


Figure 6: Top mobile broadband markets

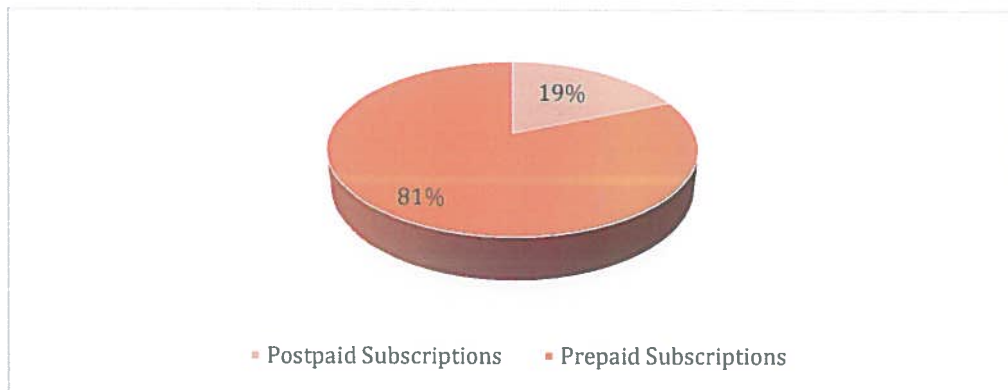


Figure 7: South African prepaid versus post-paid subscribers

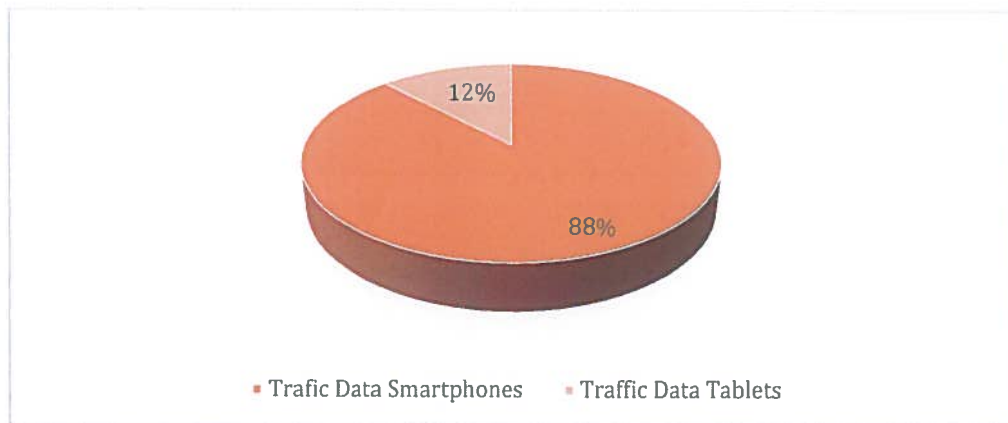


Figure 8: South African Data Traffic

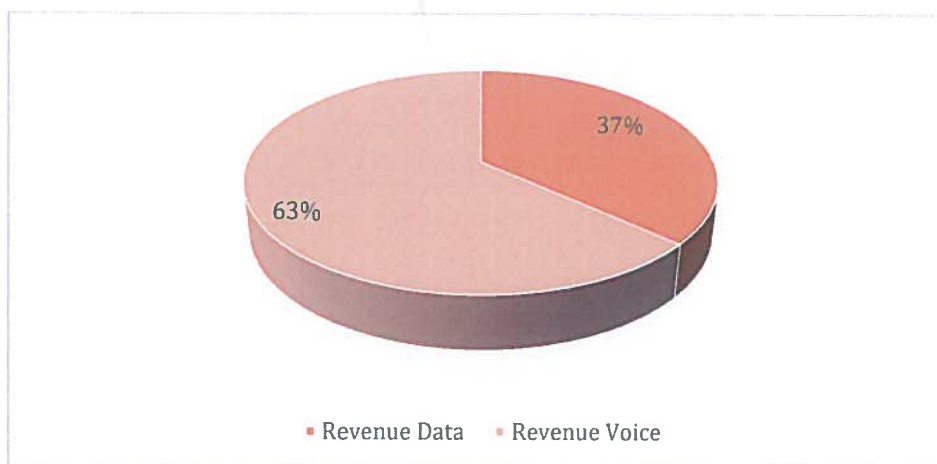


Figure 9: South African Voice versus data revenue

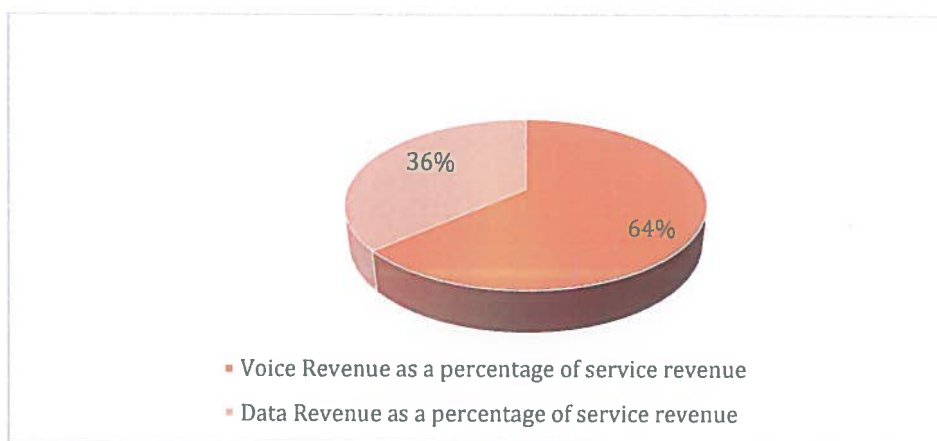


Figure 10: South African Voice versus data as a percentage of revenue

Africa has 42.2 million smartphone users, representing 4.6% of the total mobile connections. This compares to 3.6% by end of the first quarter of 2014. Ovum forecasts that the number of smartphone connections in Africa will grow to 494 million by end of 2019, representing 39% of total mobile connections.

This cited and forecasted high growth is driven by increased affordability of data-capable devices, feature phones and smartphones. However, affordability is still an issue for the average end-user. Increased partnership between handset manufacturers and operators has been beneficial for the consumers. That being the case, operators promote more segmented prepaid data plans, and at times partner with banks to offer handset financing schemes.

The number of smartphones on local mobile networks is projected to grow from just over 16million in the first quarter of 2014 (and 9 million with data usage or 12% of all mobile SIMs) to almost 37 million in the first quarter of 2019, of which almost 34 million will see data usage, or 35% of all mobile SIMs.

There are projections that the number of tablets in the SA market will quadruple over the next five years, from around 4 million in early 2014 to close to 17 million by the first quarter of 2019. The percentage of tablets with VoIP applications installed, and used, on them is expected to grow from 1.6% in March 2014 to 11.8% in March 2019.

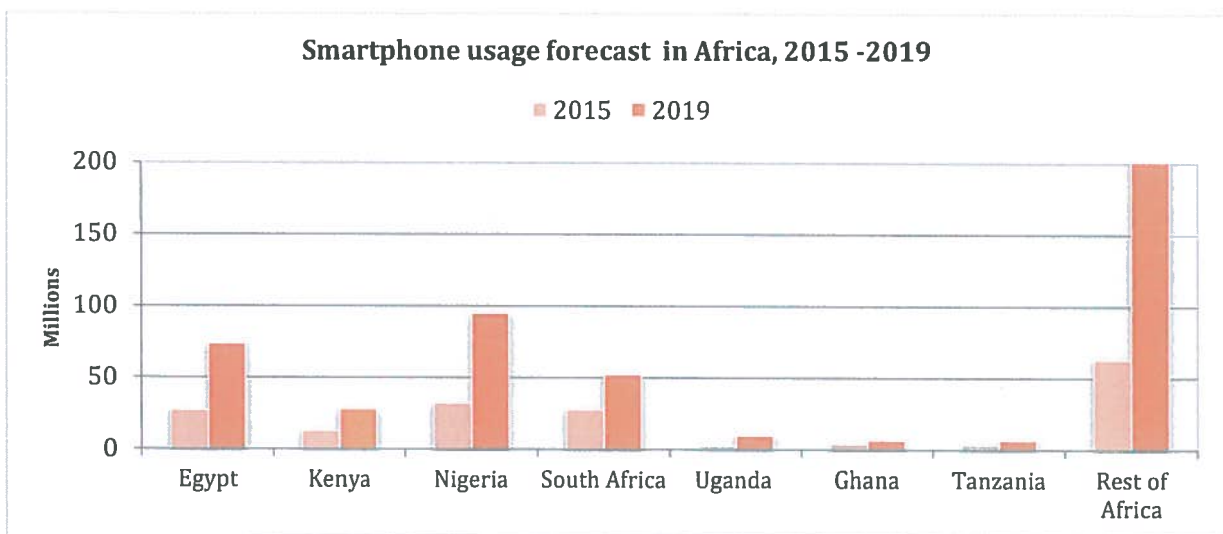


Figure 11: Smartphone usage forecast in Africa

The usage and uptake of broadband is directly dependent on availability and affordability of devices. The growth in broadband is expected to be driven by the uptake of smartphones and tablets in the local market.

6.8 Organisational Environment

The table below depicts the USAASA organisational structure as approved by the Agency's Board of Directors:

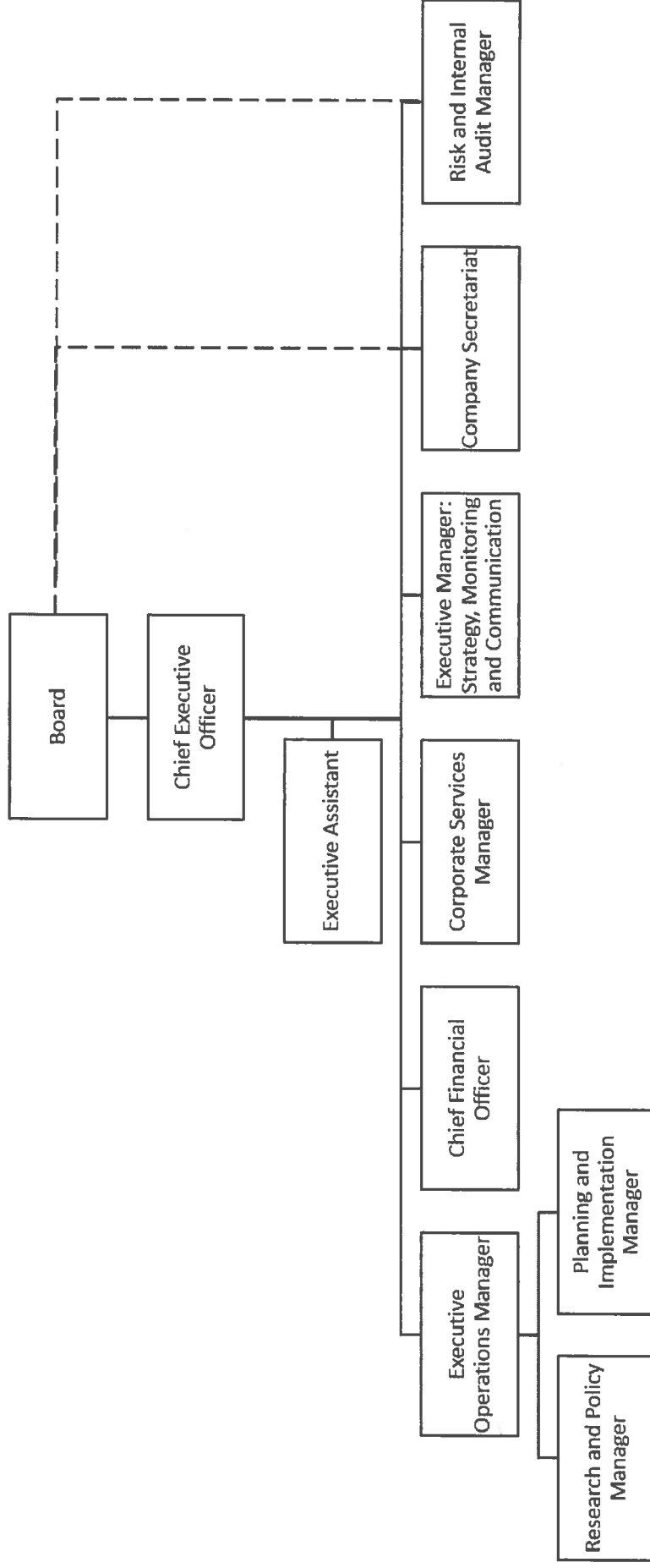


Figure 12: Organisational Structure

6.8.1 Human Capital and Structure

Following the approval of a new functional and resources structure by the Board at the close of the 2014/2015 financial year the focus of the Agency in 2015/2016 was on the implementation and finalisation of the Organisational Development project in order to ensure that the Agency has competent and well-positioned employees across all divisions. Most of the deliverables relating to the Organisational Development process are to be achieved by the end of the 2015/2016 financial year, including the new operational structures, job profiles, skills profile and matching of individuals to jobs. The revised USAASA organisational design structure has an approved employee complement of 47 individuals. The organisational structure of USAASA includes three levels of management including executive level, senior managers and managers.

Table 2 USAASA HR Statistics

The Agency's Human Resource statistics are depicted below:

Programme	2014/2015 No. of Employees	2015/2016 Approved Posts	2016/2017 Approved Posts	2017/2018 Approved Posts	2018/2019 Approved Posts
Top Management(14-16)	3	*	*	*	*
Senior Management (13)	11	*	*	*	*
Professional qualified (11-12)	18	*	*	*	*
Skilled (8-10)	24	*	*	*	*
Semi-skilled (2)	0	*	*	*	*
Unskilled	2	*	*	*	*
TOTAL	58	47	47	47	47

*As per approved organogram and subject to finalisation of migration and grading.

6.9 Information Technology

In line with the King III Code on Corporate Governance, the USAASA IT Governance Charter, the USAASA IT Strategy and the USAASA ICT Governance Model comprises of the following structures:

- 1) IT Steering Committee
- 2) Executive Management Committee (EXCO)
- 3) Board Audit and Risk Committee (BARC)
- 4) USAASA Board of Directors

USAASA had various organisational systems including Pastel which was used for Finance and Supply Chain Management, Microsoft Project for Operations, formerly known as Business Development Services (“BDS”), and VIP for Human Resources; however these systems were not integrated thus necessitating the rollout of the Enterprise Resource Planning (ERP) project in order to ensure the rollout of automated and integrated business processes across the organisation by 1st April 2016.

In order to ensure that the performance of IT is monitored, that the IT related Risks relevant to the Agency are appropriately mitigated, and that IT decisions and expenditure of the Agency are being monitored, the IT Steering Committee continuously meets for purposes of assessing the performance of the IT division and making appropriate recommendations to the Board Audit and Risk Committee (BARC).

6.10 Description of the Strategic Planning Process

In alignment with the provisions of the National Treasury Framework for Strategic Plans and Annual Performance Plans, USAASA embarks on an annual process of formulating strategies and objectives to support the Agency’s vision, mission and values. To achieve these broad objectives, the Agency has to turn them into specific objectives and targets for the overall organisation, its divisions, units and subsequently individual employees to ensure all efforts are driving the Agency towards a common goal of achieving its strategic objectives.

The USAASA Board initiated its strategy formulation process to develop its 5-year Strategic Plan for the period 2017–2021 as well as the 2016-2017 Annual Performance Plan for submission to the Department of Telecommunications and Postal Services (the DTSP) and presentation to the Parliamentary Portfolio Committee.

This process was guided by a documented strategic process plan focusing on the following priorities applicable to USAASA:

- A programme specifying the timeframes for the different planning phases;
- Appropriate mechanisms, processes and procedures for consultation and participation with the Executive Authority and other stakeholders in the Strategic Planning process;
- An indication of the USAASA organisational arrangements for the Strategic Planning process;
- Policy and Legislative requirements.

The figure below depicts the Agency’s planning, budgeting and reporting cycle.

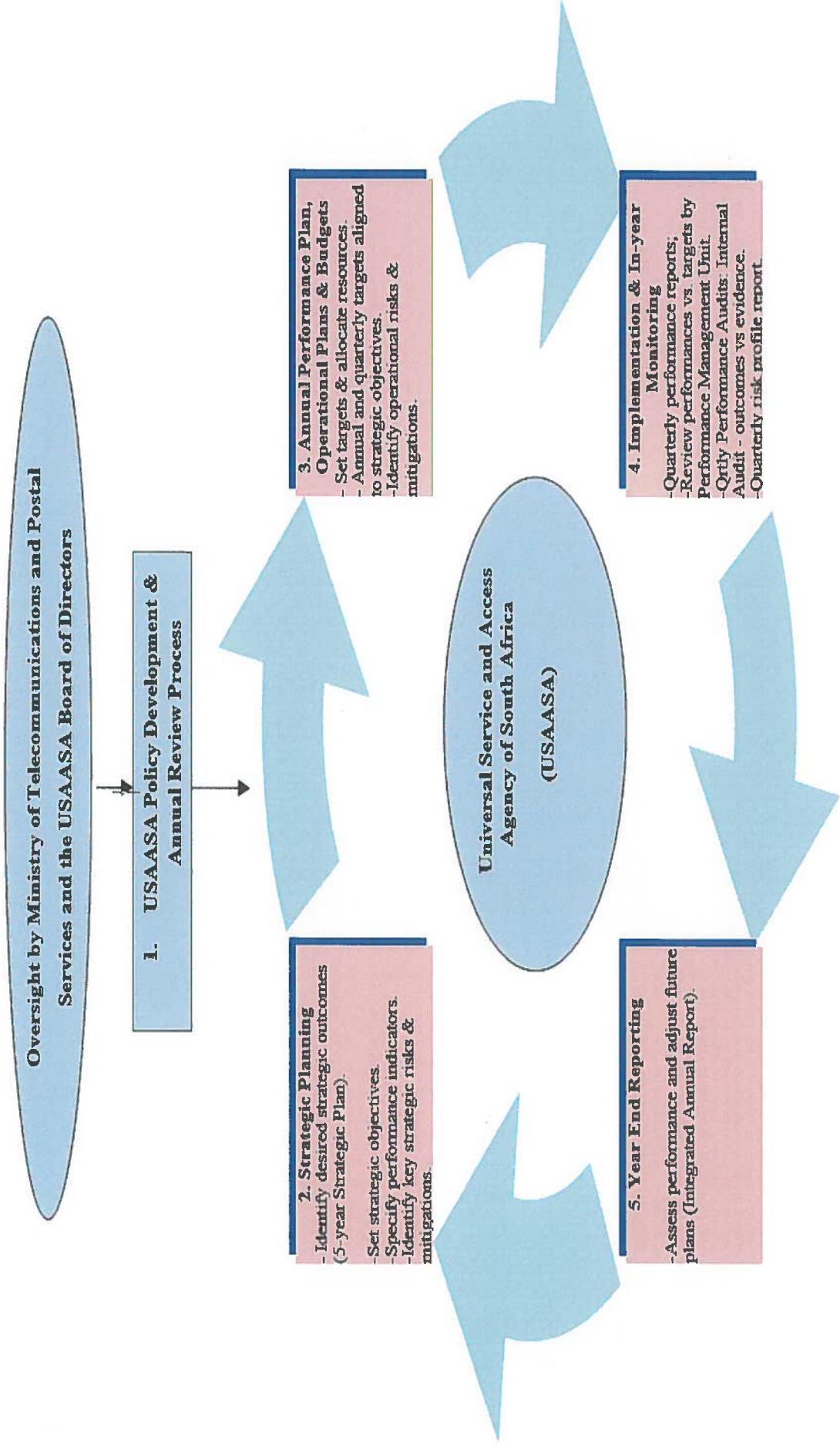


Figure 13: USAASA's Planning, Budgeting and Reporting Cycle

After the USAASA 2017-2021 Strategic Plan has been adopted, implementation as well as situational changes will continue to occur and these will be monitored throughout the 2016-2017 financial year and evaluated for consideration in the next Strategic Plan review.

USAASA adopted an approach that comprises the following major phases to formulate the five-year strategy:

Phase 1: Analysis Phase

This phase was an assessment of the past organisational performance standards and challenges as well as the external and internal environment was undertaken in order to identify the key issues and trends that are likely to influence or impact on the organisation over the next several years.

Phase 2: Strategies Phase

Phase 2 focused on formulating solutions to address the challenges identified during phase 1 of the planning process and revisiting the 5 - Year USAASA Strategic Plan in order to:

- Assess the relevance of the USAASA vision, mission and values and review these if found to be necessary;
- Refine the organisational strategic objectives, strategies and Key Performance Indicators (KPI's);
- Develop the 2016/17 Annual Performance Plan: set annual and quarterly targets for 2016/17 as well as annual performance targets for the 2017/18 and 2018/19 outer years.

Phase 3: Projects Phase

Phase 3 involved the process of transforming the strategies into projects that inform the budget and development of the Annual Performance Plan.

Phase 4: Draft Plans

The 1st draft and 2nd draft USAASA 2017-2021 Strategic and 2016-2017 Annual Performance Plans were formulated in phase 4 and submitted to the Executive Authority within the timeframes stipulated by National Treasury.

Phase 5: Approval Phase

Phase 5 focused on the approval of the final draft plans by the USAASA Board. These final draft Strategic Plans & Annual Performance Plans were approved for submission to Executive Authority by the stipulated National Treasury due date of 31 January 2016.

Phase 6: Cascading Plans to Divisional & Individual Levels

This final phase is important as it ensures that divisional operational plans and individual performance agreements are concluded timeously and aligned to the organisational strategic objectives outlined in the USAASA strategic plan and annual performance plan.

7. Financial Resources for 2011/2012 to 2015/2016

Over the 5-year period of 2011/12 to 2015/16 USAASA received funding totalling R531 million. This funding was appropriated by Parliament through the Department of Telecommunications and Postal Services. The budget allocation is for organisational administrative expenses including employee costs, operational expenditure and capital expenditure. Figure 14 displays the USAASA budget allocations over a period of 5 years. The smallest budget during the entire period was allocated during financial year 2012/13, constituting 11% of the total 5-year allocation. The 2015/16 budget was the largest, at 49% of the R531 million. The 2015/16 budget allocation spike was mainly attributable to an additional allocation of R196 million which was to be utilised for the Broadcasting Digital Migration project management and distribution costs.

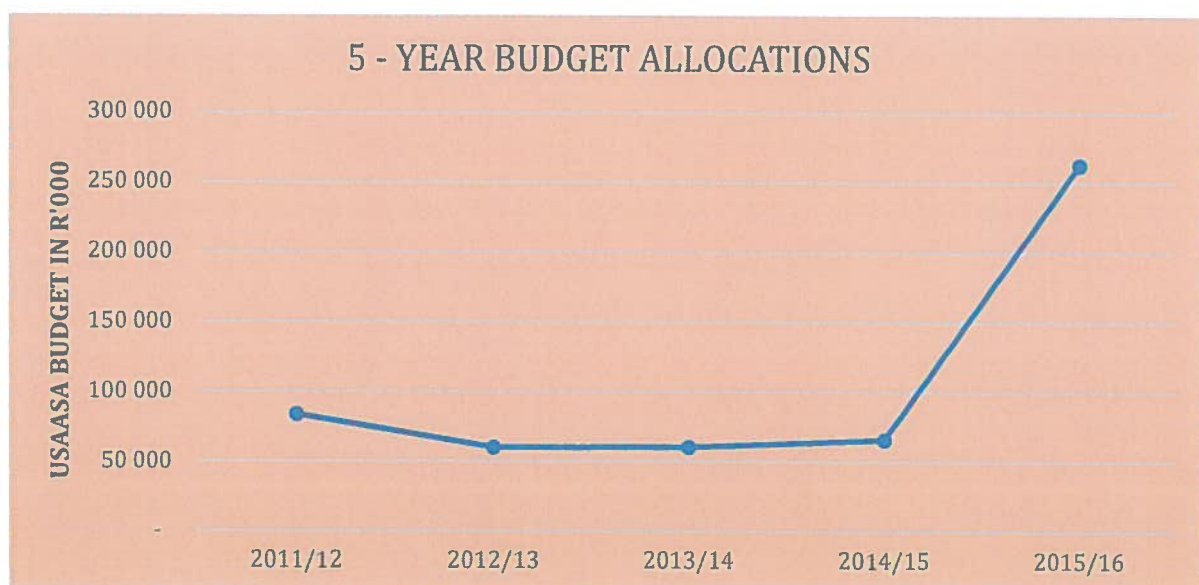


Figure 14: USAASA's Five-Year Budget, 2011/12 to 2015/16

7.1 Overview of 2016/17 Budget and MTEF Estimates

Table 3: Overview of Budget and MTEF Estimates

Overview of Budget and MTEF Estimates																
	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Audited Outcome	Budget estimate	Outcome / Budget Average	Average growth rate (%)	Expenditure / total: Average (%)	2016/17	2017/18	2018/19	
R thousand (R'000)	2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16			2016/17	2017/18	2018/19		
Revenue																
Tax revenue																
Non-tax revenue	-	352	-	530	-	905	-	-	-	0,0%	0,4%	-	-	-	-	-
Sale of goods and services other than capital assets																
of which:																
<i>Other non-tax revenue</i>		352		530		905				-	0,4%					
Transfers received	59 801	59 801	60 090	60 090	65 376	65 376	262 429	262 429	0%	103,6%	99,6%	69 045	75 684	80 074	80 074	80 074
Total revenue	59 801	60 153	60 090	60 620	65 376	66 281	262 429	262 429	100%	103,6%	100%	69 045	75 684	80 074	80 074	80 074
Expenses																
Current expenses	58 033	60 411	60 090	63 228	65 376	65 191	262 429	262 429	100%	104,6%	100%	69 045	75 684	80 074	80 074	80 074
Compensation of employees	29 475	33 398	35 810	39 419	38 522	40 035	41 161	41 161	32,5%	12,0%	34,1%	43 713	46 686	49 393	49 393	49 393
* Goods and services	27 050	23 711	20 936	21 042	26 854	21 813	221 268	221 268	66,4%	243,2%	63,8%	25 270	28 933	30 612	30 612	30 612
Depreciation	1 422	3 194	3 299	2 767	-	3 269	-	-	1,1%	0,0%	2,0%	-	-	-	-	-
Interest, dividends and rent on land	86	108	45	-	-	74	-	-	0,0%	0,0%	0,0%	62	65	69	69	69
Transfers and subsidies																
Total expenses	58 033	60 411	60 090	63 228	65 376	65 191	262 429	262 429	100,0%	104,6%	100,0%	69 045	75 684	80 074	80 074	80 074
Surplus/(Deficit)	1 768	-258	-	-2 608	-	1 090	-	-	-	-	-	-	-	-	-	-
* Goods and services include CAPEX relating to IT equipment , furniture & fittings:												1 117	3 380	3 576	3 576	3 576

7.2 Estimated 2016/17 – 2018/19 budget

The agency's main source of revenues is transfers received from the Department of Telecommunications and Postal Services. To deliver on this strategy, USAASA will require financial resources for the three-year period as illustrated on the table below:

Table 4: Estimated 2016/17 – 2018/19 budget

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	USAASA Past Financial Performance			Approved Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
Rand thousand	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Economic classification:							
Employee Compensation	33 398	39 419	40 035	41 161	43 713	46 686	49 393
Goods and services	27 013	23 809	25 156	221 268	25 270	28 933	30 612
Interest, dividends and rent on land	-	-	-	-	62	65	69
Total Expenditure	60 411	63 228	65 191	262 429	69 045	75 684	80 074

7.3 Expenditure Trends

Expenditure is expected to stagnate over the medium term as the spending focus will be on the same items that the budget has always been spent on historically. The main historical cost driver has been employee compensation which averaged 60% of the total annual budget, followed by goods and services at an average 40% of the total budget. The significant increase in the budget for 2015/16 was due to an additional amount of R196 million allocated to cover the distribution and project management costs for the Broadcasting Digital Migration project.

Part B: Risk Management

Table 5: Risk Management

The key strategic risks of the Agency are depicted below:

Risks	Mitigation Plan	Timeframes
<p>Inability to deliver on the USAF mandate due to inadequate relevant technical skills pool</p>	<p>Expediting the finalisation of the organisational development process in order to ensure the organisational structure fully supports the USAF mandate</p> <p>Positions that become vacant to be filled with technical personnel – focus will be on capacitating Operations with technically qualified employees</p>	<p>Ongoing process</p>
<p>Lack of institutionalisation of the ERP system</p>	<p>Change management: to ensure employee buy-in</p> <p>Decommissioning of legacy systems</p> <p>ERP system training</p>	<p>2016/17 Financial year</p>
<p>Inability to effectively recover should a disaster occur</p>	<p>Incorporating SAP training in the induction programme</p> <p>Review of the Business Continuity Plan</p> <p>Periodic testing to determine availability of business systems</p>	<p>2016/17 Financial year</p>

Risks	Mitigation Plan	Timeframes
Failure to produce GRAP compliant financial statements resulting in an undesirable audit opinion	Ensure that the preparers of the financial statements are involved in continuous professional development (GRAP updates)	2016/17 Financial year
Lack of clarity on the role of USAASA in the implementation of South Africa Connect	Maintain a communication programme with stakeholders on the role of USAASA in implementing South Africa Connect	2016/17 Financial year
Negative stakeholder perceptions and their impact on business imperatives	Vigorous and continuous campaigns targeting key stakeholders to share the USAASA and USAF successes and to ensure stakeholders support the vision of the Agency	This is to remain a focus area for the entire MTSF period of 2016/17 - 2020/21
Inability to continue operating for the foreseeable future due to declarations made in the ICT review recommendations document	USAASA to engage with DTPS and relevant stakeholders	2016/17 Financial year

Part C: Strategic Objectives

USAASA's Strategy Implementation Plan

USAASA’s Strategy Implementation Plan – Human Resources

Strategic Goal	Centre of Excellence on Universal Service and Access in South Africa						
Strategic Objective	Optimise organisational efficiency by 2021 to support the project delivery of the Universal Service Fund						
Objective Statement	Implementation of the organisational Work Skills Plan (WSP) and Training and Development Strategy by 2021 with a view to ensure that training and development interventions address identified skills gaps						
Baseline	Alignment of USAASA organisational design according to approved organisational structure during the 2015/16 financial year						
Responsible Unit	Key Performance Indicator	MTSF Target	Year 1 Target 2016/2017	Year 2 Target 2017/2018	Year 3 Target 2018/2019	Year 4 Target 2019/2020	Year 5 Target (MTSF Target) 2020/2021
Human Resources	Human capital and development programmes aligned to organisational strategy	Well-resourced and capacitated organisation that delivers on its mandate by 2021	Implementation of the organisational Work Skills Plan (WSP)	Review and Implement Annual Work Skills Plan	Review and implement Annual Work Skills Plan	Review and implement Annual Work Skills Plan	Review and implement Annual Work Skills Plan
				Implementation and monitoring of the training and development strategy	Monitor and evaluate alignment of organisational structure and training and development strategy to organisational strategy	Monitor and evaluate alignment of organisational structure and training and development strategy to organisational strategy	Monitor and evaluate alignment of organisational structure and training and development strategy to organisational strategy

USAASA’s Strategy Implementation Plan – Human Resources

Strategic Goal	Centre of Excellence on Universal Service and Access in South Africa						
Strategic Objective	Optimise organisational efficiency by 2021 to support the project delivery of the Universal Service Fund						
Objective Statement	Develop and implement functional Human Resources policies and systems in support of the Human Resources Strategy by 2021						
Baseline	Alignment of USAASA organisational design according to approved organisational structure during the 2015/16 financial year						
Responsible Unit	Key Performance Indicator	MTSF Target	Year 1 Target 2016/2017	Year 2 Target 2017/2018	Year 3 Target 2018/2019	Year 4 Target 2019/2020	Year 5 Target (MTSF Target) 2020/2021
Human Resources	Optimally functional Human Resources policies and systems aligned to organisational strategy	Ensuring Human Resources policies and systems optimally support the organisational strategy	Review and implement functional human resources policies	Review and implement functional human resources policies	Review and implement functional human resources policies	Review and implement functional human resources policies	Review and implement functional human resources policies
			Develop and Implement an HR Service Level Agreement (SLA)	Review and Implement an HR Service Level Agreement (SLA)	Review and Implement an HR Service Level Agreement (SLA)	Review and Implement an HR Service Level Agreement (SLA)	Review and Implement an HR Service Level Agreement (SLA)

USAASA’s Strategy Implementation Plan – Information Technology

Strategic Goal	Centre of Excellence on Universal Service and Access in South Africa						
Strategic Objective	Ensure availability of automated and integrated business processes by 2021 to support the project delivery of the Universal Service and Access Fund						
Objective Statement	Provide automated and integrated business processes by 2021 to enhance organisational efficiency						
Baseline	ERP rollout and implementation: system developed and system completion certificate obtained						
Responsible Unit	Key Indicator	MTSF Target	Year 1 Target	Year 2 Target	Year 3 Target	Year 4 Target	Year 5 Target
Information Technology	Automated and integrated business processes	ERP system implemented, and business processes integrated to enhance organisational effectiveness and efficiency by 2021	2016/2017 ERP system rollout and system usage	2017/2018 ERP system support and maintenance	2018/2019 ERP system support and maintenance	2019/2020 ERP system support and maintenance	(MTSF Target) 2020/2021 ERP system support and maintenance

USAASA’s Strategy Implementation Plan – Information Technology

Strategic Goal	Centre of Excellence on Universal Service and Access in South Africa						
Strategic Objective	Ensure availability of responsive IT systems by 2021 to support the project delivery of the Universal Service and Access Fund						
Objective Statement	Provide and maintain responsive IT systems by 2021 to ensure business operations continue irrespective of risks encountered						
Baseline	98% Availability of Business Systems						
Responsible Unit	Key Performance Indicator	MTSF Target	Year 1 Target 2016/2017	Year 2 Target 2017/2018	Year 3 Target 2018/2019	Year 4 Target 2019/2020	Year 5 Target (MTSF Target) 2020/2021
Information Technology	Percentage availability of business systems to support USAASA and USAF business processes and operations	99% Availability of Business Systems by 2021	98.5% availability of business systems in line with the approved IT Service Level Agreement (SLA)	99% availability of business systems in line with the approved IT Service Level Agreement (SLA)	99% availability of business systems in line with the approved IT Service Level Agreement (SLA)	99% availability of business systems in line with the approved IT Service Level Agreement (SLA)	99% availability of business systems in line with the approved IT Service Level Agreement (SLA)

USAASA’s Strategy Implementation Plan – Legal Services

Strategic Goal	Centre of Excellence on Universal Service and Access in South Africa							
Strategic Objective	*Provide legally sound services to the Agency by 2021 to support the project delivery of the Universal Service and Access Fund							
Objective Statement	Promotion of legal compliance and provision of legally sound services to USAASA’s internal stakeholders by 2021 to promote compliance and minimise risk of litigation							
Baseline	Sound legal advice and resolution strategies provided within 7 (seven) working days							
Responsible Unit	Key Performance Indicator	MTSF Target	Year 1 Target	Year 2 Target	Year 3 Target	Year 4 Target	Year 5 Target	Target
Legal Services	Number of days for providing ** legal services in accordance with relevant legislation and policy	Promote legal compliance by providing sound legal services within the stipulated timeframes by 2021	2016/2017	2017/2018	2018/2019	2019/2020	(MTSF 2020/2021)	
			Ensure sound legal services are provided to the Agency					

*Legally sound: within the parameters of the law

**Legal services include the following: providing legal opinions / advice, contracts and litigation

USAASA’s Strategy Implementation Plan – Policy and Research

Strategic Goal	Centre of Excellence on Universal Service and Access in South Africa.						
Strategic Objective	USAASA established as a centre of excellence for universal access and universal service market information, knowledge and expertise by 2021						
Objective Statement	Continuous assessment of the ICT access gaps and the impact of USAF projects in addressing identified gaps by 2021						
Baseline	Disseminate information on provision of universal service and access in the country						
Responsible Unit	Key Performance Indicator	MTSF Target	Year 1 Target 2016/2017	Year 2 Target 2017/2018	Year 3 Target 2018/2019	Year 4 Target 2019/2020	Year 5 Target (MTSF Target) 2020/2021
Policy and Regulatory	Information on provision of universal access and universal service	Continuous measurements of access gaps with a view to inform policy and regulation, and the dissemination of the findings on universal access and universal service by 2021	Monitor and evaluate the impact of universal access and universal service provision on access gaps and disseminate the findings	Review of universal service and access models to foster sustainability of ICT access	Monitor and evaluate impact of universal access and universal service provision on access gaps and disseminate the findings	Review of universal service and access models to foster sustainability of ICT access	Monitor and evaluate the impact of universal access and universal service provision on access gaps and disseminate the findings

USAASA’s Strategy Implementation Plan – Stakeholder Engagement

Strategic Goal	Positioning the Agency as a focal point for universal service and access to ICT						
Strategic Objective	Promotion of good stakeholder relations for purposes of enhancing the USAASA and USAF brands by 2021						
Objective Statement	Regular engagements with key stakeholders for purposes of positioning the Agency as focal point for universal service and access to ICT by 2021						
Baseline	Development of a Stakeholder Engagement Policy for approval by the Board						
Responsible Unit	Key Performance Indicator	MTSF Target	Year 1 Target 2016/2017	Year 2 Target 2017/2018	Year 3 Target 2018/2019	Year 4 Target 2019/2020	Year 5 Target (MTSF Target) 2020/2021
Stakeholder Engagement	Positive messages about the Agency on media and social platforms	Promotion of good stakeholder relations by 2021	Implementation of the Stakeholder Engagement Strategy and Integrated Communications Policy	Development and implementation of an annual Stakeholder Engagement Plan	Review and implementation of the annual Stakeholder Engagement Plan	Review and implementation of the annual Stakeholder Engagement Plan	Assess the impact of implementing the Stakeholder Engagement Strategy

USAASA’s Strategy Implementation Plan – Corporate Governance

Strategic Goal	Centre of Excellence on Universal Service and Access in South Africa						
Strategic Objective	Promotion of legal and regulatory compliance by 2021 to support the project delivery of the Universal Service and Access Fund						
Objective Statement	Promotion of legal and regulatory compliance by all USAASA’s internal stakeholders with the objective to promote accountability and obtain a clean audit opinion by 2021						
Baseline	Unqualified audit opinion by the Auditor General						
Responsible Unit	Key Performance Indicator	MTSF Target	Year 1 Target 2016/2017	Year 2 Target 2017/2018	Year 3 Target 2018/2019	Year 4 Target 2019/2020	Year 5 Target (MTSF Target) 2020/2021
Corporate Governance	Clean administration in compliance with applicable legal and regulatory prescripts	Promotion of legal and regulatory compliance by 2021	Compliance with the Finance Management Act (PFMA) and Treasury Regulations Checklist for Public Entities	Compliance with the Finance Management Act (PFMA) and Treasury Regulations Checklist for Public Entities	Compliance with the Finance Management Act (PFMA) and Treasury Regulations Checklist for Public Entities	Compliance with the Finance Management Act (PFMA) and Treasury Regulations Checklist for Public Entities	Compliance with the Finance Management Act (PFMA) and Treasury Regulations Checklist for Public Entities

Part D: Links to other Plans

8. Links to the long-term Infrastructure and other Capital Plans

The Agency has an important role to play to facilitate and co-ordinate infrastructure development in the ICT sector in South Africa and the establishment of USAASA as a Centre of Excellence for Universal Service and Access is key to this function. The Agency's focus remains on becoming a pivotal organisation for information gathering and dissemination regarding ICT networks in South Africa.

9. Conditional Grants

USAASA does not have any conditional grants on which to report.

10. Public-Private Partnerships

USAASA has not engaged in any Public Private Partnerships.