

**Report of the Portfolio Committee on Telecommunications and Postal Services on activities during the 5th Parliament (May 2014 – March 2019)**

**Key highlights**

1. **Reflection on committee programme per year and on whether the objectives of such programmes were achieved**

Over the 5-year term under review, the Committee had three Amendment Bills referred to it and conducted two oversight trips. The Committee also held lengthy public hearings on the Electronic Communications Amendment Bill [B31-2018] as well as on the Cost to Communicate.

1. **Committee’s focus areas during the 5th Parliament**

The Committee focused on its performance and budgetary oversight, quarterly reports of the Department and its entities, oversight over the department and entities, and legislation referred to it. It should be noted that the Department of Communications was formally split into two in June 2014, namely the Department of Communications and the Department of Telecommunications and Postal Services.

1. **Key areas for future work**
* The Committee conducted public hearings on the Electronic Communications Amendment Bill. Due to the technical nature of the Bill and the limited time remaining within the 5th Parliament to process the Bill, the committee resolved that the Department and all relevant stakeholders should meet and reach an amicable solution in respect of issues that do not need to be legislated. The Bill should be reworked and re-introduced in the 6th Parliament;
* The department, after reviewing the preliminary report of the Portfolio Committee, indicated that it has identified issues that require further deliberations between the department and the industry and therefore would conduct further deliberations with stakeholders.
* In light of the above, on 12 February 2019, the department formally withdrew the Bill for further consultation, taking into consideration the deliberations emanating from the committee proceedings as enunciated in the deliberations of the committee above.
* The Postal Services Amendment Bill was referred to the Committee. Due to the late referral and the limited time frame within which to conduct adequate interaction on the Bill, the committee decided that the Bill will be re-introduced in the 6th Parliament; and
* The Committee will need to monitor the implementation of the recommendations of its Budget Review Reports.
1. **Key challenges emerging**
* The busy legislative programme of the Committee hampered its oversight visits to its entities especially in respect to USAASA, which the Committee identified as an entity which requires a further oversight visit;
* Repeated declined applications combined with budget constraints for international study tours limited the international telecommunications perspective of the Committee;
* A lengthy period of operating without adequate support staff such as a Researcher, Content Advisor and dedicated Law Advisor made it difficult for the committee to conduct its work, which is another contributing factor for the committee delaying the finalisation of legislation;
* The committee members were not adequately prepared on the technical nature of the Electronic Communications Amendment Bill and therefore would require a workshop to familiarise members with the content of the Bill;
* Certain legislation - the Electronic Communications Amendment Bill and the Postal Services Amendment Bill being two cases in point - were introduced very late in the parliamentary programme, making it difficult for members to adequately apply their minds to processing the legislation. The Committee therefore had to allow for these Bills to stand over to the next Parliament.
1. **Recommendations**
* The Committee reaffirms the need to adequately prepare members on the content of legislation before it. Workshops in this regard would have to be held to prepare members adequately before processing legislation;
* Conduct international study tours in order for members to be adequately equipped before processing legislation;
* Appoint a Committee Researcher, Content Advisor and dedicated Law Advisor to assist the committee in its legislative and other responsibilities;
* Monitor implementation of recommendations emanating from the public hearings on the Electronic Communications Amendment Bill;
* Monitor implementation of the recommendations emanating from the public hearings on the Cost to Communicate; and
* Monitor outstanding Budget Review Report Recommendations.
1. **Introduction**
	1. **Department/s and Entities falling within the committee’s portfolio**
2. **Department of Telecommunications and Postal Services:**

During the five-year period, the work of the department largely related to the finalisation, approval and implementation of the National Integrated ICT White Paper. Attention was given to the developing the ICT SMME Strategy, the National e-Strategy and the e-Government Strategy. These strategies strive towards the attainment of strategic goals and objectives to advance socio-economic development through ICTs.

Another key focus was the rationalisation of key state owned companies to streamline their mandates as well as address duplication amongst them. The Department developed a Service Delivery Model (SDM) that will fully align with the organisational strategy and mandate. A Climate and Culture Survey was completed, which resulted in an Action Plan that identified specific interventions to improve the organisational climate and culture. The committee also finalised legislation referred to it. Some pieces of legislation will be dealt with in the 6th Parliament.

1. **Entities:**

| **Name of Entity** | **Role of Entity** |
| --- | --- |
| **Universal Service Access Agency of South Africa (USAASA) and Universal Service and Access Fund (USAF)** | The main role of the agency is to promote universal services and access to communications technologies and services for all South Africans. It also facilitates and offers guidance in evaluating, monitoring and implementing schemes which propose to improve universal access and service. In addition, it is involved in setting up telecentres, which provide ICT services, especially in rural areas, on a cost recovery basis. The agency is mandated by the Electronic Communications Act, no: 36 (2005) to broaden its universal access services to the community radio sector. |
| **Broadband Infraco (BBI)** | The main role of BBI is to design, engineer, build and operate a wholesale long distance Telecommunications Carrier of Carriers business. It offers network services to the South African wholesale ICT market consisting of licensed operators and Internet Service Providers as well as projects of national importance. |
| **SENTECH** | SENTECH offers signal distribution services to most of the country’s licensed broadcasters, including the Public Broadcaster, Commercial and Community Broadcasters. It also offers facilities leasing to those operators looking for the best geographic operations that offer broad signal coverage. |
| **.ZADNA Domain Name Authority** | .ZADNA manages and regulates the .za namespace and administers and issues licenses in terms of the Electronic Communications and Transactions Act.  |
| **South African Post Office (SAPO)** | The role of SAPO is to conduct postal services in the country in terms of its Universal Service Obligation and offer financial services through the Postbank. |
| **National Electronic Media Institute of South Africa (NEMISA)** | NEMISA develops e-skills capacity in South Africa by creating partnership framework that guides e-skills initiative. It addresses e-skills interventions through teaching and learning, research, innovation, monitoring and evaluation, as well as aggregation.  |
| **State Information Technology Agency (SITA)** | SITA renders value added Information and Communications Technology (ICT) service to the public sector in a secure, cost-effective and integrated manner, contributing to citizen convenience |

* 1. **Functions of committee:**

Parliamentary committees are mandated to:

* Monitor the financial and non-financial performance of government departments and their entities to ensure that national objectives are met;
* Process and pass legislation;
* Facilitate public participation in Parliament relating to issues of oversight and legislation.
	1. **Method of work of the committee**

The committee conducts oversight over seven entities and has various interested parties and mobile network operators whom it interacts with on a regular basis. The committee invites the various entities and interested parties to meet with it before the tabling of the Annual Report of the Department. This affords the committee an opportunity to understand the issues before it deals with the annual reporting process.

* 1. **Purpose of the report**

The purpose of this report is to provide an account of the work of the Portfolio Committee of Telecommunications and Postal Services during the 5th Parliament and to assess key outstanding issues pertaining to the oversight and legislative programme of the Department of Telecommunications and Postal Services and its entities.

This report provides an overview of the activities that the committee undertook during the 5th Parliament, the outcome of key activities, as well as any challenges that emerged during the period under review, and summarises issues that should be considered for follow up during the 6th Parliament. It summarises the key issues for follow-up and concludes with recommendations to strengthen operational and procedural processes to enhance the committee’s oversight and legislative roles in future.

1. **Key statistics**

The table below provides an overview of the number of meetings held, legislation and international agreements processed, the number of oversight trips and study tours undertaken by the committee, as well as any statutory appointments the committee made during the 5th Parliament:

| **Activity** | **2014** | **2015** | **2016** | **2017** | **2018** | **Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Meetings held | 14 | 21 | 30 | 24 | 30 | 119 |
| Legislation processed | None | None | None | None | 1 | 1 |
| Oversight trips undertaken | None | 1  | 1 | 1 | None | 3 |
| Study tours undertaken | None | None | None | None | None | None |
| International agreements processed | None | None | None | 2 | None | 2 |
| Statutory appointments made | None | None | None | None | None | None |
| Interventions considered | None | None | None | None | None | None |
| Petitions considered  | None | None | None | None | None | None |

1. **Stakeholders:**

Apart from the Department of Telecommunications and Postal Services and the regular interactions with the Office of the Auditor General and the State Law Advisor, the committee had interactions with several stakeholders including:

Vodacom

MTN

Cell C

Liquid Telecom (previously Neotel)

Telkom

SMILE

RAIN

Research ICT Africa

Independent Communications Authority of South Africa (Wireless Open Access Network (WOAN) Forum

Business Unity South Africa (BUSA)

South African Communications Forum (SACF) amongst

others.

1. **Briefings and/or public hearings**

The committee received various briefings from the department and its entities, ranging from the Strategic Plan and Annual Performance Plans, the Budget of the department, ICT Policy Review Recommendations, update by the Special Investigating Unit (SIU) on investigations conducted in respect of various entities, briefing on legislation and bills emanating from the ICT White Paper Policy to be referred to it, an update on Cybersecurity, rapid deployment on communications infrastructure, quarter performance reports, the rationalisation of State-owned companies and its impact on broadband rollout, among others.

The committee conducted two public hearings over the five-year period. The committee met from 20 to 21 September 2016 to conduct hearings on the high cost of data and the cost to communicate. The committee produced a report in this regard.

On 26, 27, 29 and 30 November 2018 the Committee conducted public hearings on the Electronic Communications Amendment Bill [B31-2018]. The committee resolved that the Bill will be dealt with in the 6th Parliament.

1. **Legislation**

The following pieces of legislation were referred to the committee during the 5th Parliament:

| **Year** | **Name of Legislation** | **Tagging** | **Objectives** | **Completed/Not**  |
| --- | --- | --- | --- | --- |
| **2018** | iKamva National e-Skills Institute Bill [B 10 – 2018]Referred on 7 May 2018Bill renamed as **iKamva Digital Skills Institute Bill**  | 75 | To provide for the promotion of the development and meaningful use of digital skills; to provide for the establishment of the iKamva Digital Skills Institute; to provide for the objects and functions of the Institute; to provide for the establishment and functions of collaborative laboratories for digital skills knowledge production, training and coordination; to provide for the governance and management arrangements of the Institute; and to provide for matters connected therewith. | Completed |
| Electronic Communications Amendment Bill [31-2018](ECA Bill)Referred on 16 September 2018 | 76 | To amend the Electronic Communications Act, 2005, so as to provide for transformation of the sector through enforcement of broad-based black economic empowerment; to provide for lowering of cost of communications, reducing infrastructure duplications and encouraging service-based competition through a wireless open access network service; to provide a new framework for rapid deployment of electronic communications facilities; to provide for new approaches on scarce resources such as spectrum, including the assignment of high-demand spectrum on open access principles; to create a new framework for open access; to provide for the regulation of international roaming, including SADC roaming to ensure regulated roaming costs, quality of service and transparency; to provide for regular market definition and review to ensure effective competition; to provide for improved quality of services, including for persons with disabilities; to provide for consumer protection of different types of end-users and subscribers, including persons and institutions; to provide for enhanced co-operation between the National Consumer Commission and the Authority, as well as the Competition Commission and the Authority; and to provide for matters connected therewith. | Not completedDepartment withdrew the Bill |
| **2018** | Postal Services Amendment Bill [B45-2018]Referred on 16 November 2018 | Proposed 75 | To provide for the clear provisions for universal services and access to postal services and funding mechanism for Universal Services Obligations; address transformation of the postal sector by ensuring efficient and effective regulation of the sector, particularly the unreserved postal services (private operators) and the Extra Territorial Offices of Exchange (ETOEs); provide for the new licensing framework, particularly in the unreserved market and to encourage participation of the SMMEs; reposition and encourage the South African Post Office (SAPO) to take advantage of ICTs and E-Commerce and expand on its service offering to create more revenue generating streams for its viability and financial sustainability; to provide for the national addressing legislative framework for the assignment of addresses in the rural and traditional communities and the development and maintenance of national address database by SAPO and to provide for the clear process in the development of philatelic products (stamp). | Not completed |

1. **Challenges emerging**

The following challenges emerged during the processing of legislation:

* The ECA Bill has many technical issues and the timeframe dedicated to complete it was too short. Should the Bill be considered in the 6th Parliament, it is recommended that workshops be held and an international study tour undertaken to ensure that members are familiar with the content of the Bill. The committee should be equipped with adequate support staff, including a Researcher, Content Adviser and dedicated Legal Adviser.
* The Postal Services Amendment Bill was referred to the Committee late and thus should be dealt with in the 6th Parliament
1. **Issues for follow-up**

The 6th Parliament should consider following up on the following concerns that arose:

* On the ECA Bill, that a workshop be conducted, that an international study tour be undertaken and that adequate support staff be appointed to the committee.
* Consider the Postal Services Amendment Bill.
1. **Oversight trips undertaken**

The following oversight trips were undertaken:

| **Date** | **Area**  | **Objective** | **Recommendations** | **Follow-up**  |
| --- | --- | --- | --- | --- |
| 14 to 18 September 2015 | LimpopoReport adopted | To assess:* Evaluate the state of Internet connectivity to schools which were rolled out by both Mobile Network Operators and State-Owned Companies (SOCs) in line with the 2003 White Paper on e-education which aimed to ensure that all 24 000 public schools have Internet connectivity.
* Evaluate the state of e-health in telemedicine centres in rural areas which aims to connect all public health centres as per the NDP and the South Africa Connect broadband policy;
* Conduct oversight over USAASA’s broadband initiative which aims to connect the whole community of Mutale Local Municipality, connect 17 clinics, connect 10 schools and schools for people with disabilities;
* Conduct oversight over the broadcasting sector (Television and Radio) strictly on the state of signal distribution in the province, especially remote areas;
* Conduct oversight over the state of Digital Terrestrial Television (DTT) readiness in transmitting analogue to digital broadcasters to signal distribution towers. As some of these towers are located close to the borders, it is vital to ensure non-interference or spill-over of signal distribution to neighbouring countries;
* Conduct visits to network sites by Sentech which are aimed at upgrading rural networks of the South African Police Service (SAPS) to facilitate the delivery of e-government;
* Conduct site visits in each town (some unannounced) with the South African Post Office on governance matters, audit and labour issues, as well as on the status of Postbank corporatisation; and
* Consult with various traditional leaders to explore their concerns and obtain feedback in respect of ICT connectivity, radio signal distribution and the functioning of SAPO.

. | The Minister to ensure:* That Sentech conducts proper and continuous monitoring of its work in schools, police stations, clinics and radio stations in rural areas are implemented;
* That Sentech ensures proper monitoring in respect of the completion of the work by its contractors, as was highlighted by the Ntepane Primary School visit;
* That a practical, interim solution to the problem of lack of connectivity at Ntepane Primary School be implemented and that extension cords be allocated to the CSI laboratory;
* That Sentech interacts with the South African Broadcasting Corporation (SABC) to solve the issue of incorrect frequencies received by the people living in rural villages;
* That Sentech improve its turnaround time in respect of responding to queries from community radio stations;
* That SAPO retail agencies offer additional services and that signage and uniforms be allocated, where necessary.
* That SAPO immediately address the issue of non-payment of staff within all post office retail agencies and branches. SAPO to provide a detailed report to be submitted to the Committee in respect of non-payment of staff;
* That SAPO submit a complete list of all SAPO staff members within the Limpopo region who have not been paid;
* That vacant posts within SAPO be filled as soon as possible;
* That adequate security be implemented within all post offices retail stores;
* That Postbank banking services be improved to ensure that sufficient funds are available to support customers and to protect the credibility of SAPO;
* That greater support be given to post office staff in rural areas by regional managers and area managers;
* That Telkom maintain its installation projects in schools and provide adequate training to teaching staff in respect thereof;
* That Nemisa interacts with community radio stations to provide support and training for broadcasting skills;
* That an Infrastructure Sharing Policy be developed and finalised to avoid duplication and waste of resources; and
* That USAASA provide the Committee with a detailed report of the Mutale project.
 | Ongoing engagement with DTPS & SENTECH and SAPO |
| 8 November 2016  | TELKOM site visitCape TownReport adopted  | This event assisted the members of the Committee in gaining further insight into what constitutes some of the broadband value chain focusing on international connectivity via submarine cables.  | No recommendations as it was merely a site visit granting members an understanding of the broadband value chain. | No follow up as Telkom is not an entity of the Committee |
| 22 – 24 March 2017 | Mpumalanga and GautengReport adopted | 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 underpin 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 government fulfils Section 16 of the Constitution which, among others, stipulates that everyone has a right to impart and receive information. This has been interpreted to be defined as the means by which access is made possible.  | On USAASA: * Adopts an integrated approach and coordinate its work with municipalities and provincial governments in order to prevent it from working in silos;
* Schools should be the hub of communities and engagement with the Department of Basic Education should be paramount during the budget process;
* Clear service level agreements (SLA) between the service provider, MENG, and USAASA be established in order to ensure sustainability of rollout of broadband networks to underserviced areas;
* Security be improved to discourage theft of infrastructure such as solar panels and other critical infrastructures;
* There was coordination with the relevant provincial department in order to make provision for budget to ensure sustainability of the project after two years;
* Methods be implemented to reduce theft of solar systems;
* Communities and schools in the vicinity of the tower should be allowed to benefit from connectivity;
* Strong monitoring measures were implemented by USAASA over the service provider in order to ensure value for money was received on the services rendered; and
* The service provider restores connectivity to all the clinics as a matter of urgency.

On SAPO:* Measures be put in place to ensure that security risks were minimised, taking into consideration the challenges of branches in the rural areas and that the close relationship with the South African Police Services be maintained;
* Comparative rental costs be investigated as the current rental amount of R15 000 per month seemed exorbitant;
* Issue of space be investigated to ensure the smooth operations of the Retail Postal Agencies;
* Security risk to post offices be minimised by the installation of an alarm system;
* Security risks at the RPA be addressed and minimised to ensure that the image of SAPO get preserved;
* Ensure a clear career progression for the RPA managers; and
* Security doors, air-conditioning and broken tiles at the Casteel Post Office be fixed.
 | Ongoing engagement with DTPS, USAASA and SAPO |

1. **Challenges emerging**

The following challenges emerged during the oversight visit:

The oversight visit to USAASA brought about many concerns for the Committee relating to Internet service and access. The Committee noted that a follow-up oversight visit would need to be conducted to ascertain whether the sites inspected were operational.

1. **Issues for follow-up**

The 6th Parliament should consider:

* A follow-up oversight visits to USAASA project sites.
1. **Study tours undertaken**

None of the applications for international study tours by the Committee were approved.

1. **Issues for follow-up**

The 6th Parliament should consider the following concerns that arose:

* Members to undertake international study tour to gain insight and in preparation for the processing the ECA Bill.
1. **International Agreements**

The committee adopted the following two international agreements on 24 January 2017:

* Convention of African Telecommunications Union (ATU); and
* Final Acts of the Plenipotentiary Conference on the International Telecommunications Union (ITU).
1. **Statutory appointments**

No statutory appointments were made.

1. **Interventions**

No interventions were made.

1. **Petitions**

No petitions were considered.

1. **Obligations conferred on committee by legislation:**

As specified by Section 5 of the Money Bills Amendment Procedures and Related Matters Act (MBAP) of 2009, the National Assembly, through its Committees, must annually assess the performance of each national department. A Committee must submit the Budgetary Review and Recommendation Report (BRRR) annually to the National Assembly which assesses the effectiveness and efficiency of the department’s use and forward allocation of available resources and may include the recommendations on the use of resources in the medium term.

The Committee must submit the BRRR after the adoption of the budget and before the adoption of the reports on the Medium Term Budget Policy Statement (MTBPS) by the respective Houses in November of each year. The Committee were briefed by the Auditor General (AG) and Department of Telecommunications and Postal Services over the 5-year period. The Committee considered and adopted its BRRR during this period.

**a) Challenges emerging**

The following challenges emerged during Implementation of Budgetary Review and Recommendation Reports:

* Follow up of previous years outstanding issues can still be improved upon; and
* Budget analysis quality and monitoring was compromised due to the non-filling of a long term vacancy of a Researcher, Content Advisor and a dedicated Legal Adviser for the Committee.

**b) Issues for follow-up**

The 6th Parliament should consider following up on the following concerns that arose:

* Continue to monitor BRRR recommendations according to set deadlines throughout the year.; and
* Ensure that adequate support staff are appointed.
1. **Summary of outstanding issues relating to the department /entities that the committee has been grappling with**

The following key issues are outstanding from the Committee’s activities during the 5th Parliament:

The committee to consider and finalise the Electronic Communications Amendment Bill and the Postal Services Amendment Bill.

1. **Other matters referred by the Speaker/Chairperson**

No other matters were referred to the committee.

1. **Recommendations**

On the Electronic Communications Amendment Bill, the Committee recommended the following:

* The Committee was of the view that the Bill was very important as it would define the nature and scope of the telecommunications landscape in the future. The Committee concluded that, after the hearings, it was evident that the Department would have to conduct further consultations in order to accommodate concerns raised by participants and members at the hearings. The committee was of the view that the Department would have to draft an improved Bill, taking into consideration the concerns raised at the public hearings.
* The Committee resolved that should the Bill be re-introduced in the 6th Parliament, that a workshop be arranged for all members to ensure adequate training on concepts raised in the Bill. The Committee resolved that the Department meet with relevant stakeholders with a view towards reaching an amicable solution on issues of contention contained in the Bill. Thereafter, the Bill can be-reworked and re-introduced in the 6th Parliament.
* The Committee was of the view that there was a need for a consultative process, especially with ICASA, which would be easier now that the Department of Communications and Department of Telecommunications and Postal Services are to be merged into a single Department of Communications. A socio-economic assessment programme was needed, as well as consultation with the Department of Monitoring and Evaluation.

**Conclusion**

1. The department, after reviewing the preliminary report of the Portfolio Committee, indicated that it has identified issues that require further deliberations between the department and the industry and therefore would conduct further deliberations with stakeholders.
2. In light of the above, on 12 February 2019, the department formally withdrew the Bill for further consultation, taking into consideration the deliberations emanating from the committee proceedings as enunciated in the deliberations of the committee above.

On the Postal Services Amendment Bill, the Committee recommended that the Bill be dealt with in the 6th Parliament due to the limited timeframe to deal with the Bill.

1. **Committee strategic plan**

The committee made two attempts to hold a strategic planning session but due to work commitments and the fact that the parliamentary programme changed in the week when it was about to hold the strategic plan, it was unable to do so.

1. **Master attendance list**

To be attached.