

UNIVERSAL SERVICE & ACCESS AGENCY OF SOUTH
AFRICA [USAASA]

Presentation to the Portfolio Committee on
Communications

10 November 2010



USAASA

Universal Service and Access Agency of South Africa

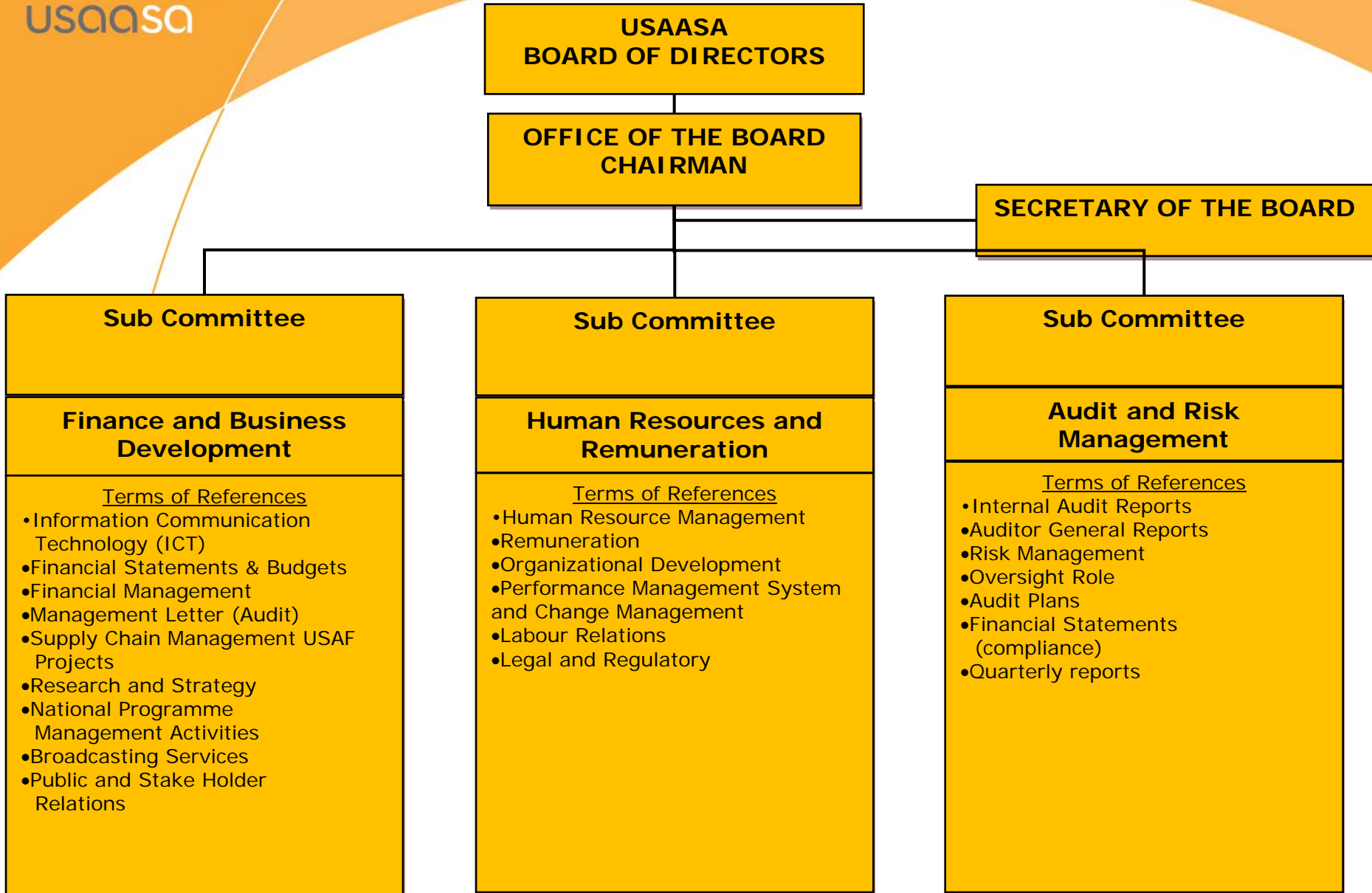
ACKNOWLEDGEMENTS

- The Board, Management and Staff of the Universal Service and Access Agency of South Africa (USAASA) would like to thank **the honourable members of the Portfolio Committee on Communications** for affording it the opportunity to make this presentation.
- The Agency would further like to acknowledge and thank all present here today.

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- 2009/10 Annual Report Summary
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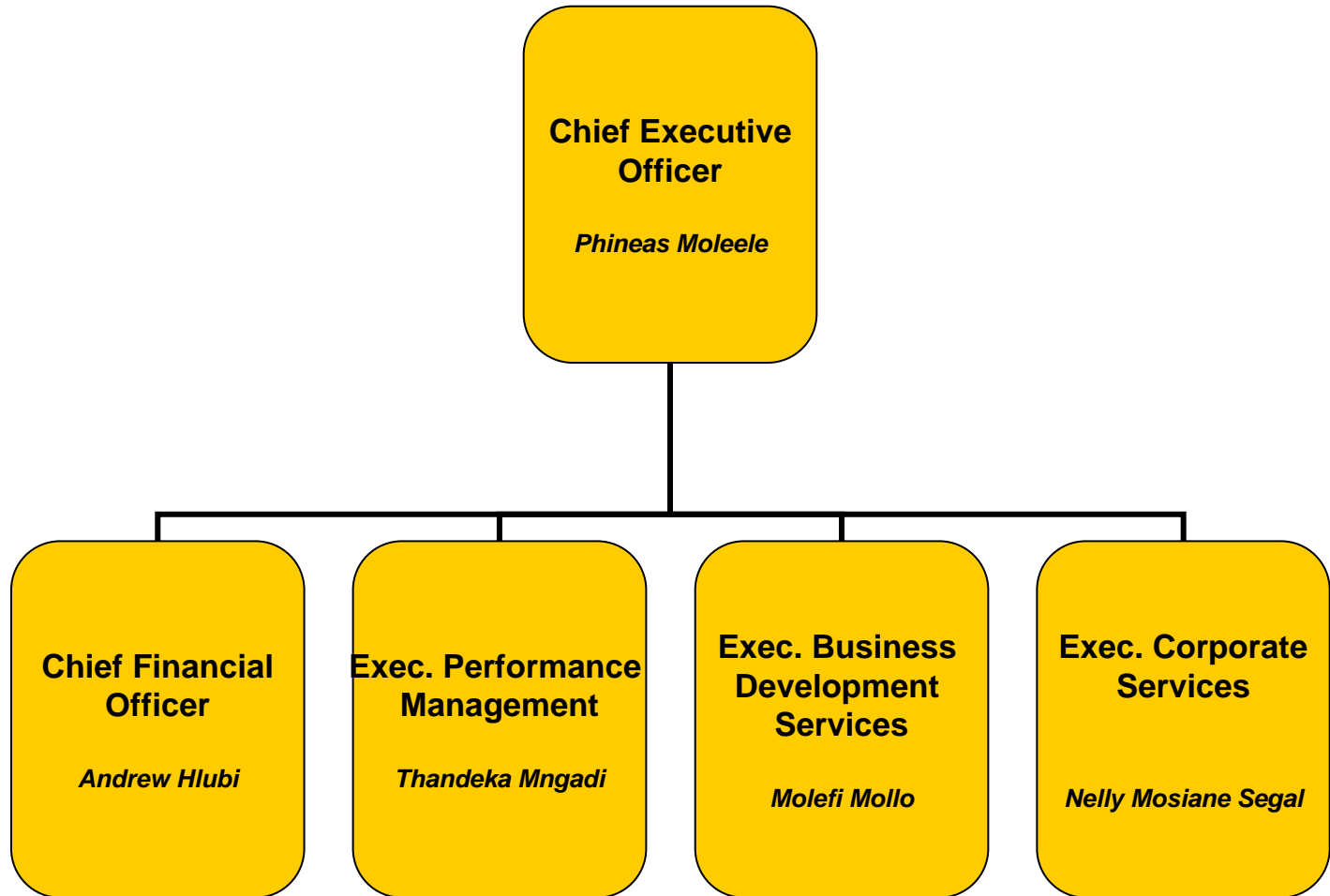
Governance Model



USAASA BOARD MEMBERS

1. Mr. Louis Moahlodi – Chairperson
2. Mr. Vusi Ngcobo
3. Prof. Shaun Pather
4. Dr. Gabriele Celli
5. Mr. Bheki Maduna
6. Prof. Maredi Mphahlele (Term ended in July 2010)
7. Ms. Berenice Francis (Term ended in July 2010)

USAASA EXECUTIVE MANAGEMENT



VISION AND MISSION

VISION

By 2020 USAASA, with its partners, will have created for:

“Every man, woman and child whether living in the remote areas of the Kalahari or in urban areas of Gauteng – opportunity to connect, speak, explore and study - using ICT”

MISSION

Facilitate and maintain universal service and access to ICT services to all South Africans in partnership with other stakeholders to achieve an inclusive information society



OVERVIEW OF USAASA

USAASA RESEARCH PROJECTS

Moving the Agency forward - evidence based UAS strategy

Definitions Project (completed July '09) Required by ECA 82 (3)

Provides broad definitions of what constitutes:

- ✓ universal access;
- ✓ universal service;
- ✓ under-serviced areas;
- ✓ needy persons

- Indicates two year rolling targets which establish goals and priorities.

Definitions provide a basis to assess and address access gaps.

National Universal Access and Service (UAS)

- Situational analysis
- Quantification of access gaps
- Needs analysis of needy persons in under-serviced areas
- Five year detailed programme of action with timetable, and monitoring and evaluation guidelines
- Costing of action plan to address gaps
- Review of operator's contribution to USAF

Implementation of strategy requires use of USAF

USAF Manual and operating procedures (Best Practice Model for the USAF)

- Standard Manual for accessing funds
- Criterion for evaluating funding requests
- Framework for the determination of subsidy levels
- Fund scheme to inform disbursements of subsidies - ECA 88(1)
- Framework for competitive tendering for USAF projects - ECA (90)

USAF PROJECTS

Clearing the path for the implementation of a National UAS strategy AND Parallel Projects

Handover Project

- Handing over of the legacy access centres
- Promote empowerment of SMMEs
- Build capacity in under-serviced areas for optimal utilisation of ICT services;
- Encourage partnerships for sustainability by involving stakeholders
- Improve both accountability and self sustainability of access centres
- Ensuring that legacy centres are not reliant on the Agency for continued operation.

Rapid Deployment of Public Access Facilities in Under-Serviced Areas

- Continued deployment,
- Community / entrepreneur ownership plan
- Ensures continued deployment until implementation of National UAS strategy

Competitive Bidding

- Deployment of broadband infrastructure in underserviced areas – ECA (90).
- Three areas have been identified.

BDM

- To plan for and prepare for management of STB subsidy disbursements to needy TV-owning households.
- STB subsidy implementation plan
- Development of 'Means Test'
- Prototype of a secure subsidy coupon
- Processes and infrastructure for applications, verification, communication, coupon distribution and funds disbursement



USAASA

Universal Service and Access Agency of South Africa

The Agency

A three year corporate plan and strategy - creating mindsets and an enabling environment to implement the national UAS strategy

USAASA Strategy

- Reflects on our past, and assesses current imperatives in our environment
- Provides the underpinning rationale and broad strategy for the next five years, as we move from being an implementer to facilitator of UAS.

New Organisational Structure

- Appointment of executive managers
- Migration of all levels to new structure
- Stabilised agency

Organisational Projects

- Organisational culture alignment
- Effective performance management
- Employee wellness program.
- Overhaul of ICT infrastructure

By 2020 USAASA, with its partners, will have created for:

"Every man, woman and child whether living in the remote areas of the Kalahari or in urban areas of Gauteng – opportunity to connect, speak, explore and study - using ICTs"



2009/10 ANNUAL REPORT SUMMARY

2009/10 **ANNUAL** REPORT SUMMARY

2009/10 target:	38 Community Access Centres handed over and sustainable over long term.		
Key Outcome:	Improved quality of life through access to information and services.		
Key Output:	Fully functional and sustainable community ICT Access Centres.		
Key PI:	Number of community ICT Access Centres fully functional and connected to Internet.		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Implementation of handover strategy	All 38 centres were reviewed and rehabilitated. They are functional but could not be handed over during period under review due to ongoing consultations with various key stakeholders.	Not Achieved	The project was rolled over to 2010/2011. The consultation to stakeholders is still continuing led by the Chairperson and the CEO. The project is on track in 2010/2011

2009/10 ANNUAL REPORT SUMMARY CONT...

2009/10 target:	100 Cyberlabs handed over and sustainable over long term.		
Key Outcome:	Improved quality of education through access to information and services.		
Key Output:	Fully functional school Cyberlabs.		
Key PI:	Number of school Cyberlabs fully functional.		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Implementation of handover strategy for schools	All Cyberlabs were reviewed and are functional but could not be handed over during period under review due to ongoing consultations with various key stakeholders.	Not Achieved	The project was rolled over to 2010/2011. The consultation to stakeholders is still continuing led by the Chairperson and the CEO. The project is on track in 2010/2011

2009/10 ANNUAL REPORT SUMMARY CONT...

2009/10 target:	Connectivity to 18 FET Colleges Facilitated.		
Key Outcome:	Increased ICT skills base in the Country.		
Key Output:	FET Colleges Connected.		
Key PI:	Number of FET Colleges Connected.		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Monitor and evaluate the implementation of The connectivity condition of the 18 FET Colleges	Usage and impact of connectivity reviewed and subsidies disbursed	Achieved	

2009/10 ANNUAL REPORT SUMMARY CONT...

2009/10 target:	Internet connectivity for community Access Centres and Cyberlabs in schools.		
Key Outcome:	Improved quality of life and education through access to information and services.		
Key Output:	Centres and Cyberlabs in schools with internet connectivity.		
Key PI:	Number of centres with internet connectivity.		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Facilitate internet connectivity	Subsidies disbursed after a review of the project.	Achieved	The various audits conducted identified weaknesses in payment of Connectivity not available. An exercise to recover the fruitless expenditure is done. Monitoring is being done through coordinators

2009/10 ANNUAL REPORT SUMMARY CONT...

2009/10 target:	100 public access centres deployed in under-serviced areas.		
Key Outcome:	Improved quality of life and education through access to information and services.		
Key Output:	New access technologies deployed.		
Key PI:	Number of new Access Centres deployed in partnership with ICT stakeholders.		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Implementation of Public access Centres strategy	The tender was re-advertised and evaluated but could only be awarded within the 2010/11 financial year	Not Achieved	The process of deployment of new centres is currently under way.

2009/10 ANNUAL REPORT SUMMARY CONT...

2009/10 target:	Undertake continuous research to promote, encourage, facilitate and offer guidance regarding Universal Service and Access		
Key Outcome:	Implementation of universal service and access policy recommendations monitored.		
Key Output:	Greater Inclusion into the South African Information Society.		
Key PI:	Policy Recommendations to the Minister of Communications		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Recommend and Monitor the implementation of Universal Service and Access policies	Recommendations on Definitions of key Universal service and access concepts were submitted to the Minister of Communications and were gazetted in February 2010	Achieved	ICASA is in a process of declaring the under-served areas based on USAASA's recommendations

2009/10 ANNUAL REPORT SUMMARY CONT...

2009/10 target:	Make recommendations to the Minister on the Framework for Universal Service and Universal Access Strategy for the Republic.		
Key Outcome:	Digital Inclusion and Participation in the Information Society by all citizens.		
Key Output:	Universal Service and Access Strategy.		
Key PI:	Strategy Document		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Formulate the Universal Service and Access strategy	Tender was advertised and evaluated. However, adjudication and awarding only occurred in the 2010/11 financial year	Not Achieved	The service provider has started the work of development of the Universal service strategy

2009/10 ANNUAL REPORT SUMMARY CONT...

2009/10 target:	USAF optimally administered and managed.		
Key Outcome:	Increased Universal Service and Access through appropriate use of the USAF money.		
Key Output:	USAF operational manual.		
Key PI:	Improved management of the USAF.		
Objective (in line with target)	Actual Performance against business Plan	Achieved/ Not Achieved	Comment
Develop a Universal Service and Access Fund manual and processes	Tender was advertised and evaluated. However Adjudication and awarding only took place within 2010/11 financial year.	Not Achieved	A service provider has been appointed and is currently developing the manual. This will be completed before end of March 2011.

FINANCIAL PERFORMANCE FOR 2009/10

- Accounting Standard used
- The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). These standards are revised from time to time. New and revised statements had no material effect on the presented financial statements.
- USAASA refer to page 43.
- USAF refer to page 66.

- Accounting policies
- There were no changes on the accounting policies during the year under review.

- Comments on the reported results
- USAASA
- Requested roll-over of R3.4million due to non-spending on certain projects and operational matters. ***Refer to page 39.***
- With Cash and cash equivalents of R9.5million. ***Refer to page 40 and note 13 on page 52.***
- A roll over request was submitted to Treasury to enable the Agency to carry forward the realised surpluses.

- USAF
- Requested roll-over of R15, 4million due to under-spending on key projects. ***Refer to page 63.***
- Cash and cash equivalents of R28.2million has resulted from the above non spending on projects. ***Refer to page 64 and note 13 on page 70.***
- A roll over request has been requested from Treasury, to enable the Agency to carry forward the surplus and continue with the implementation of those key projects. (Projects put on hold as a result of change in leadership at both Agency and the DOC).

AUDIT OPINION

AUDIT OPINION ON USAASA

- Audit report
- Unqualified Audit Opinion with Emphasis of Matters

- Emphasis of matters
- **Fruitless and wasteful expenditure:** As disclosed in the note 25 (page 57), fruitless and wasteful expenditure amounting to R65,885 was incurred as a result of capped leave being taken over by the Agency without services being rendered.

- Progress on Addressing the above
- This matter has been presented to the Board. The relevant HR policy has been investigated and tightened accordingly. It is envisaged that the matter will be finalized before the end of the current financial year.

AUDIT OPINION ON USAASA

- **Irregular expenditure:** As disclosed in note 26 (page 58), irregular expenditure to the amount of R562,950 was incurred, as a result of purchase orders not being issued and three quotations not being obtained as required by the supply chain management regulations.
- Progress on addressing the matters
- This matter has been addressed by the Board, as verbal warnings were issued to the personnel concerned and training updates on Supply Chain Management framework were carried out. The relevant SCM policy has since been investigated and tightened accordingly.

AUDIT OPINION ON USAF

- Audit report
- Unqualified Audit Opinion with Emphasis of matters

- Emphasis of matters
- **Fruitless and wasteful expenditure:** As disclosed in note 19(page 72), fruitless and wasteful to the amount of R355,988 was incurred as a result of payment for internet connection to Cyberlabs and Telecentres for which no services were rendered. The reporting systems between the service providers and the Agency were investigated and tightened and legal recourse is been taken.

- Progress on addressing the above matter
- EXCO has investigated the matter and also expedited the finalization of the Handover report which deals with the audit of Cyberlabs and Telecentres. Legal recourse to recoup the said payment from the responsible service providers shall ensue.

AUDIT OPINION ON USAF

- **Material under-spending of the budget:** As explained in the accounting authority's report on page 34, the Fund has materially under-spent its budget. At the date of this report, the under-spending amounted to R15.29 million. As a consequence, the Fund has not achieved its objectives of making ICT's available, accessible and affordable to all South Africans, through the provision of funding from USAF, in collaboration with the ICT stakeholder.
- Progress on addressing the matters
- The tenders were finalised and awarded during the current financial year.

ROLL-OVER

ROLL-OVER OF FUNDS

- The 2010/11 Budget was re-aligned to secure funding for key projects without requesting additional funding.
- Roll-over of funds have been approved by Treasury, the funds will be used for the same purpose for which they were requested for and the budget will be re-aligned through the Budget Adjustment process as required in terms of section 30 (2)(g) of the PFMA, to address the approval of the roll-over.

ROLL-OVER REQUEST AS APPROVED BY TREASURY IN TERMS OF SECTION 53(3) OF THE PFMA

	USAASA	USAF
Roll-over request		
IT Tender	2,000,000.00	
Fund Manual		2,100,000.00
Strategy	2,970,000.00	
Rapid Deployment		13,080,000.00
Vacant Post	942,289.00	
Business Case	1,200,000.00	
Salary Adjustment	802,460.00	
		23,094,749.00

MID-TERM PERFORMANCE FOR 2010/11

KEY INFRASTRUCTURE PROJECTS - 2010/11 FINANCIAL YEAR

- Set-Top Box (STB) Subsidies as part of Broadcasting Digital Migration (BDM)
- Broadband Infrastructure Roll-out Projects
- New Public Access Facilities in Under-Serviced Area
- Handover of Legacy Access Centres

PROJECT: STB SUBSIDIES AS PART OF BDM

- Project Objective
 - To plan for and prepare the Agency to successfully fulfil its role of managing STB subsidy disbursements to needy TV-owning households
- Key Deliverables
 - 'Means Test' for determination of a needy TV-owning household
 - Processes and infrastructure for applications, verification, communication, development of prototype of a secure subsidy coupon and coupon distribution and funds disbursement
 - STB subsidy implementation plan

PROJECT: STB SUBSIDIES AS PART OF BDM

- Schedule
 - Terms of Reference - Completed
 - Appointment of Service Provider - 01 Dec. 2010
 - Presentation of Implementation Plan - 25 Feb. 2011
(dependant on the Minister announcing the STB standard)
 - Project Completion on pre-launch phase - 28 Feb. 2011

PROJECT: BROADBAND INFRASTRUCTURE ROLL-OUT PROJECTS

- Project Objective
 - To facilitate the deployment of a broadband network to cover three Municipal Areas (including schools, health facilities, police stations, municipality buildings, local business, the community and others)
- Key Deliverables
 - Broadband network for each of the three Municipal Area
 - To connect Government institutions (schools, hospital, clinics, police station, court, local municipality, etc)
 - New broadband infrastructure deployment model finalised

PROJECT: BROADBAND INFRASTRUCTURE ROLL-OUT IN MSINGA KZN

- Project Msinga Stakeholders, which have been established
 - The Ministry of Communications (including the Department of Communications)
 - Office of the Premier – KZN
 - Department of Trade and Industry (One Municipality – One Product)
 - Msinga Local Municipality
 - Licensed Network Operators
 - Equipment Vendors/Manufacturers
 - Other local stakeholders

PROJECT: BROADBAND INFRASTRUCTURE ROLL-OUT PROJECTS

- Other Similar Broadband Infrastructure Roll-out Projects to be implemented
 - Provinces Identified
 - *Limpopo and Eastern Cape*
 - *The Agency's Chairperson and CEO have already engaged with respective Offices of the Premier (Limpopo, Free State, KZN)*
 - *The strategic ground work has been completed and we are now at the project planning level*

PROJECT: MSINGA AND OTHER SIMILAR BROADBAND INFRASTRUCTURE PROJECTS

- Project Msinga
 - Schedule
 - *Site Visits (with operators)* *Completed*
 - *Proposals from Operators* *Completed*
 - *Network Planning* *- Nov. 2010*
 - *Project Completion* *- Last quarter 2010/11*

- Other Similar Broadband Projects
 - Schedule
 - *Site Visits* *Completed*
 - *Proposals from Operators* *- in progress*
 - *Network Planning* *- in progress*

PROJECT: NEW PUBLIC ACCESS FACILITIES IN UNDER-SERVICED AREA

- Project Objectives
 - To facilitate the deployment of public access facilities in under-serviced areas, in partnership with the ICT sector
 - To facilitate the empowerment of local SMEs in under-serviced areas
 - To facilitate innovative methods of achieving universal access and universal service
- Key Deliverables
 - Appointment of local entrepreneurs/SMEs in under-serviced areas where centres are to be deployed
 - Centres deployed in under-serviced areas
 - New access centre deployment model finalised

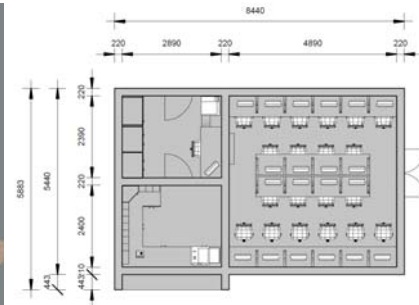


PROJECT: NEW PUBLIC ACCESS FACILITIES IN UNDER-SERVICES AREA

- Schedule
 - Appointment of an Entity
 - Selection of Sites
 - Construction of Sites
 - Project Completion

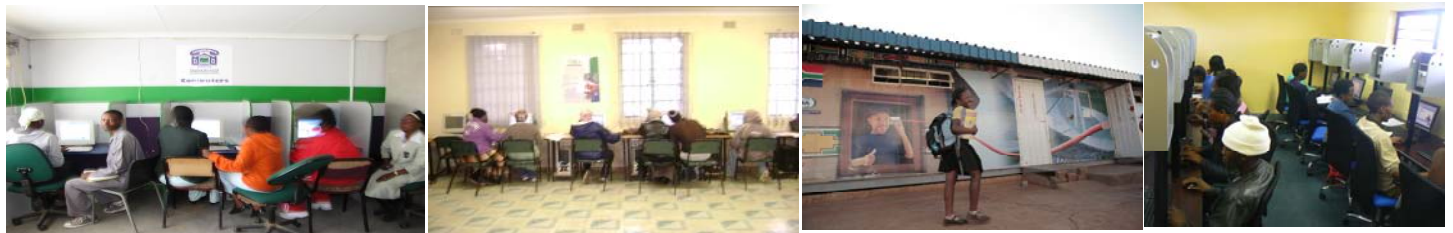


- Completed
- In progress
- In progress
- Last quarter 2010/11



PROJECT: HANDOVER OF LEGACY ACCESS CENTRES

- Project Objectives
 - To ensure the long term self sustainability of legacy access centres
 - To empower entrepreneurs/and or communal structures at local level (through operations of legacy access centres)
- Key Deliverables
 - Engagements and agreements with key Government departments (Education, Rural Development and others)
 - Training and Skills Development of personnel in access centres and/or entrepreneurs to operate the centres
 - Effective Internet connectivity of all access centres



USAASA ACCESS CENTRE HANDOVER PROJECT: OVER A 2-YEAR PERIOD

Overview: Project Outline

Contract Period : Sep 2009 - Sep 2011

Phase 1

- Conduct Sites Audit & Assessment
- Perform Need Analysis, Sustainability Modeling
- Provide model proposal
- Consolidated Sites Reports

Phase 2

- Provide Quotations for procurement
- Site Installation & Decommission
- Meet to plan for Phase 3 & 4 – Training & Skill Development

Phase 3 – 5

- Training & Skill Development Planning & Implementation
- Advise on Disbursement & Agreements

ON – GOING PM, MONITORING & EVALUATION

STATUS REPORT OF HAND OVER

Key Project Milestone	No Of Units	% Completed
Phase 1 : Site Audits and Assessment	368	100
• Cyber labs Schools -	228	100
• Access Centres(Telecentres & MPCC)	140	100
• Total number of sites audited	368	100
• Sustainability Modeling proposal	N/A	60%
Phase 2 : Procurement and Rehabilitation	115	28%
• Installation & Decommissioning : Cyberlabs Schools –	76	33%
• Installation & Decommissioning : Access Centres (Telecentres & MPCC)	39	28%

- Financial Performance for the first six months of the year
- USAASA's Variance Report
- 65% (R43 million of R66,7 million) of the budgeted amount has been requested and appropriated.
- Only 31% (R20,8 million of R66,7 million) has been spent. Take note of the following budget line items which are the biggest contributors to non spending:
 - 24% (R15,8 million) of the budget belongs to Capacity Building for the BDM Set Top Boxes initiative.
 - 6% (R4,3 million of R66,7) of the budget belongs to the IT tender which was only awarded during September 2010.
 - 37% (R24,6 million) of the budget belongs to Salaries and Wages, and only 39% of it was spend.
 - Detailed notes on reasons for under-spending are on page 34 to 35 of the Quarter Two report.

- USAF's Variance Report
- A revised Business Plan for 2010/11 was submitted to the Minister of Communication for approval, project funds were allocated as follows:
- Broadband Infrastructure maintained at R13,500,000.00 – **Project has commenced disbursement of funds to supplier/s will be in the 4th quarter;**
- Hand-over Project which includes training :
- R2,500,000.00 will fund the training of Access Centre personal – **project will commence during the 3rd quarter;**
- R5,000,000.00 will fund connectivity programmes – **these are monthly payments to Telkom, I-Burst and Sentech for connectivity of Access Centres and Cyberlabs;**
- R15,500,000.00 has been diverted to the Rapid Deployment Programme (prior year programme – part of rollover request) -**project commenced in September 2010 and;**
- R1,000,000 will fund the Dinaledi schools connectivity programmes – **project will commence in the 4th quarter**
 - Project costs are project specific for travelling and capacity building

PREVIOUS OPERATING MODEL (CONSTRAINTS)

We had an Implementer role

Were limited in taking a leadership universal access and service role

No optimal support systems and processes to sufficiently support core delivery

The structure was not aligned to new mandate

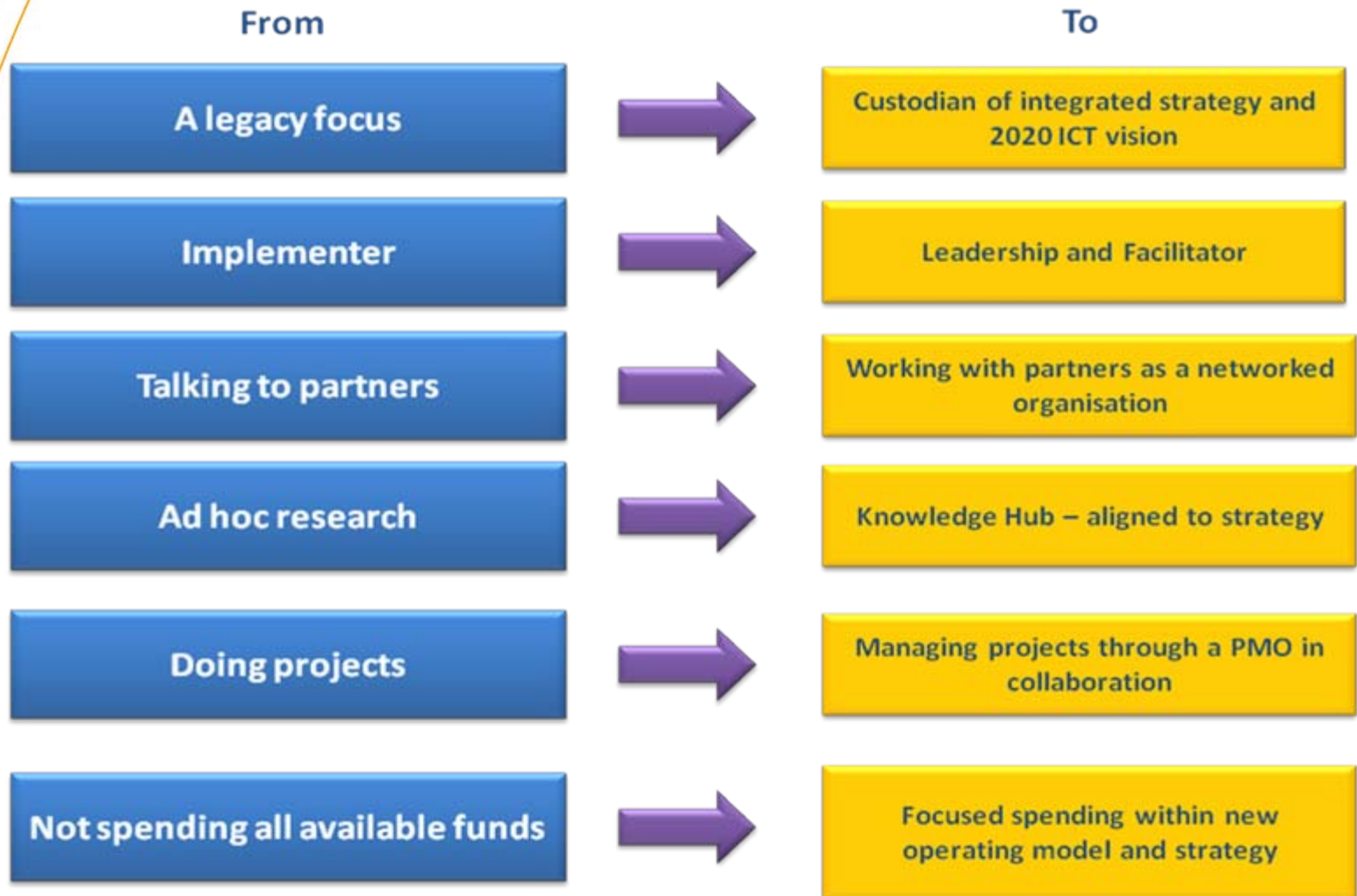
Did not have an established partnership model

Our model did not incorporate the advantages of trends arising from best practice

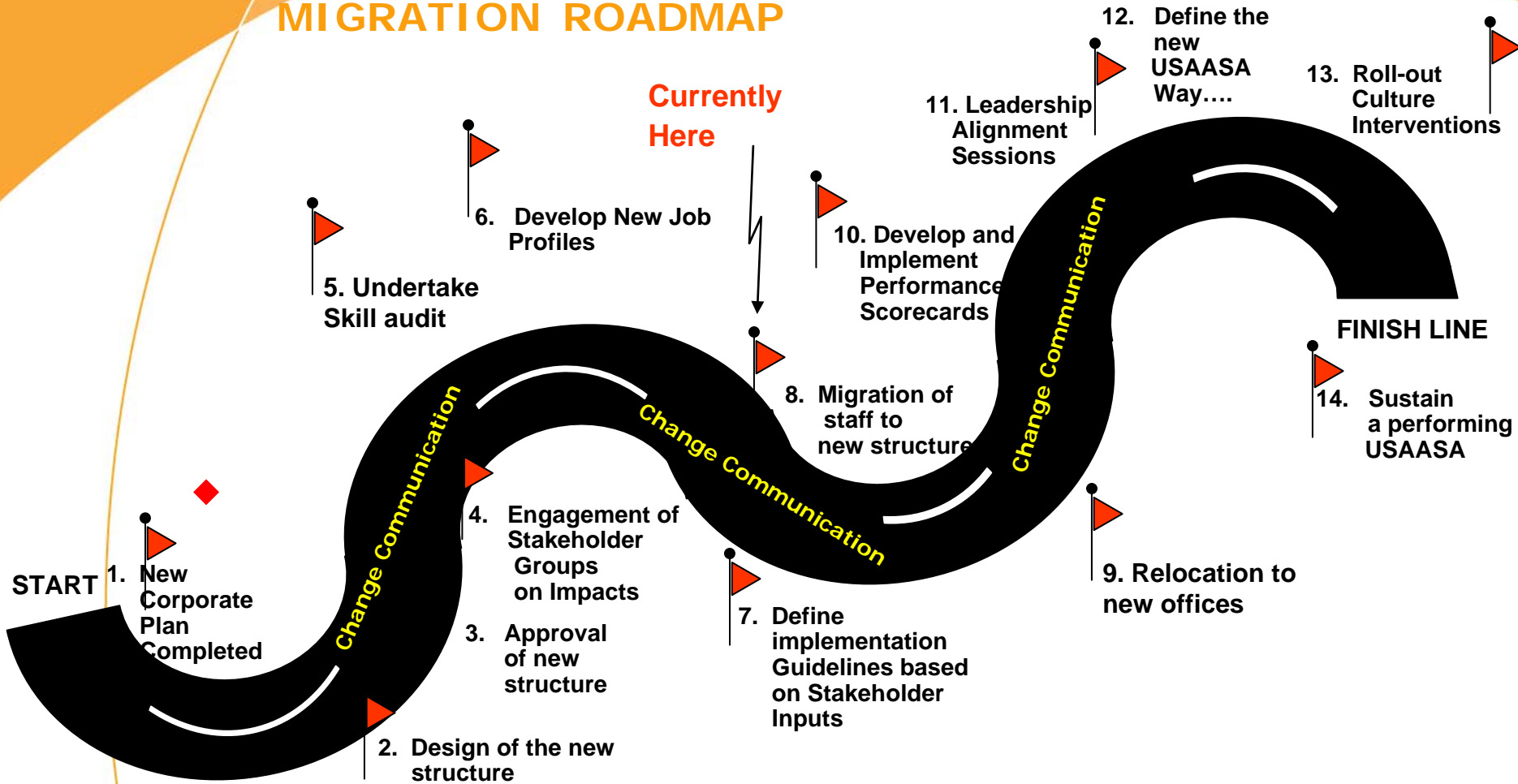
Business units were not properly co-ordinated thus not optimising our skills and capabilities

Were involved in doing projects instead of leading projects

CHANGES (WHAT WILL BE DIFFERENT?)



MIGRATION ROADMAP





USAASA



THANK YOU

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