**Address by the Honourable Deputy Minister of Telecommunications and Postal Services, Prof Hlengiwe Mkhize, MP, on the occasion of the Budget Vote Speech**

16 Jul 2014

**Theme: "Moving South Africa into a Digital Economy"**

Honourable Chairperson of the House,
Minister of Telecommunications and Postal Services, Honourable Dr Siyabonga Cwele,
Honourable Ministers of Communications, Ms Faith Muthambi and Deputy Minister Stella Ndabeni-Abrahams,
Honurable Ministers and Deputy Ministers in attendance,
Honourable Members of the House,
Chairpersons and Members of the Portfolio Committees on Telecommunications and Postal Services and Communication respectively,
Chairpersons and Members of the Select Committees,
Distinguished guests from the ICT sector,
Organised Labour
Ladies and gentlemen.

The ruling party has mandated its government to embark on radical economic transformation so as to tackle the triple challenge, namely, inequity, poverty, and high levels of unemployment.

Our people have called upon us to initiate programmes and activities that support the acceleration of the new economic growth path. Our strategic focus must therefore seek to guarantee that ICTs make their substantive contribution as an enabler and a leader for economic growth, positively influence job creation and transform South Africa into one of the most inclusive developing countries.

We acknowledge with pride that the number of people employed in the sector has increased significantly. The ICT sector now employs thousands in the networks, services, IT companies, call centres, data centres, applications and content environments, and contributes about 8% to the GDP.

The Industrial Policy Action Plan has identified the ICT sector as key to promoting industrialisation and growth. South Africa already hosts a considerable number of global operations in the Business Processing Services and Outsourcing sector, giving support to approximately 14 000 jobs, servicing international customers in areas that includes telecoms, online retailing, insurance and media. The Government's short to medium-term objective is to grow this figure to 40 000. In South Africa, this industry is estimated to be growing at approximately 3.3% a year and its size in 2012 stood at about $150 billion. It is the intention of this government to increase the growth rate of this sector through the priorities that are being outlined.

The National Development Plan Vision 2030 also recognises the significant role ICTs can play to accelerate economic growth.

Chairperson, the NDP identifies a number of factors slowing down development of the ICT sector such as 'policy constraints, weaknesses in institutional arrangements, regulatory failure and limited competition" as well as "the inability of the regulator, to open the market". The NDP further notes that ICASA's "work has been hampered by legal bottlenecks, limited capacity and expertise". These challenges have weakened the market growth making it difficult for the sector to deliver in terms of ICTs for development (ICT4D).

These constraining factors are addressed in the strategic thrusts of our programme, which relate to:

- Creating appropriate conditions for the managed liberalisation of the sector

- Transforming and democratising the sector

- Ensuring universality and affordability of ICT services to the people

- Ensuring access to updated and latest technological innovations in the sector and the modernising and expansion of the ICT infrastructure in the country.

The ICASA 2014-2018  Strategic Plan articulates the vision of the Regulator  in dealing with the promotion of competition, protecting consumers to ensure universal service and access to all communication services at affordable rates, promoting the efficient use of spectrum and numbering resources and facilitating nation-wide broadband penetration by 2020. Within the ITU and the World Radio Conference (WRC-15), we hope to position our country, as a leader in ensuring that this natural and scarce resource is used to develop our people holistically whilst growing the business and ensuring universality and affordability of ICT services to the people.

During the 53rd Conference of the African National Congress, delegates pronounced that "ICT is a critical factor of economic activity in an increasingly networked world. It is critical for South Africa to remain globally competitive. The sector needs long-term policy certainly to be in a position to take the country into the next trajectory."

The ruling party in its manifesto then assigned this Ministry to focus on investment in a comprehensive plan to expand broadband access throughout the country and substantially reduce the cost of communication and promote economic growth.

The South Africa Connect Broadband Policy of the department has to be implemented. This will go a long way in ensuring that Universal Access is achieved as outlined within the NDP. But mostly it is a huge investment to attract direct foreign investment and optimal use of the undersea cables that we have installed as South Africa.

Chairperson, the often uncoordinated and fragmented infrastructure initiatives is a key weakness that results in unwarranted duplication of resources that ultimately leads to higher cost of services and inhibits further roll out of networks.

The department will continuously improve guidelines for Operators to share operator specific infrastructure to avoid duplicating infrastructure in the same areas. This would result in the country saving costs. Likewise, harmonising related infrastructure development by relevant ministries such as Transport and Energy to ensure provision of cable ducts in the design of roads, pipelines, railways and power lines will go a long way in alleviating the cost burden of deploying fibre networks.

The department will ensure a close relationship with all the affected entities in order to ensure coordinated efforts towards rollout of services which share passive infrastructures. In this regard, the Regulator will publish Infrastructure Sharing regulations by end of the financial year.

Chairperson, the Department will also foster partnerships with other government entities to ensure a speedy and effective deployment of services, particularly the Department of Public Works where there are regular excavations of roads Infrastructure. The persistent duplication of resources by Operators installing core cabling infrastructure in the same place at different times is a challenge to development.

Further the loss of opportunity in building communication infrastructure during deployment of roads, power, water and other utility networks needs to be minimised.

In December 2012, the Presidential Infrastructure Coordination Commission (PICC) launched the Strategic Integrated Project (SIP) 15: Expanding Access to Communication Technology.

Chairperson, it is important that the configuration of some of the State Owned Company be reviewed in order to achieve the objectives of SIP 15. The Department is on track in positioning our agencies like Postbank, Telkom, Sentech and our Post Office services, amongst others, in infrastructure roll out and possible spectrum re-allocation so as to ensure penetration in rural communities. Chairperson, let me re-iterate the need for financial inclusion and access to the unbanked is crucial, hence the Postbank is underway.

The department will encourage a multi-pronged partnership strategy. The strategy is to ensure that various government partners such as USSAASA partner with a number of sector entities, who will bring a range of unique public access solutions that will assist the agency in fulfilling its mandate, further the goals of an inclusive information society and encourage entrepreneurship in under-serviced communities.

The department has also been playing an influential role in championing the interests of the continent. One of the key partnerships is the one that we are working towards with the Government of Lesotho. The project is to connect Lesotho to the EASSy submarine cable. Once complete, the connection will open numerous economic opportunities to the youth of Lesotho.

South Africa has been honoured to be awarded a seat on the ITU Council. We look forward to ensuring that South Africa remains committed to the world and will build strong partnerships for policy development with UNDP, UPU, UNESCO, WHO and OECD. Our partnership with the EU Dialogue Facility on ICTs is getting stronger by day. We have been promised another allocation. We therefore appreciate this partnership, the SA/EU partnership.

We also acknowledge contributions of most of our operators, like Vodacom, MTN, Cell C, Neotel Telkom and other role players in the sector. We expect more commitments towards a developmental agenda beyond their compliance to licensing obligation.

Chairperson, access and utilisation of spectrum is the backbone of all types of radio communications. Work with ICASA and industry to maximise the efficient management and utilisation of national radio frequency spectrum assets to maximize the benefits to South African consumers and industry is in progress.

The deployment of ICT infrastructure is dependent on how effective and efficient the country is in regard to the management of the radio frequency spectrum-a natural scarce resource. As technology evolves, the country should adopt technologies that are efficient in the usage of the spectrum. In this connection, measures to ensure efficient use of radio-frequency spectrum to meet the developmental objectives shall be accelerated.

Chairperson, on women empowerment, one of the Eight (8) pillars of the Millennium Development Goals is to ensure gender equality and we harness the power of ICT to ensure that this goal is realised. The department is in the process of facilitating the establishment of the ICT B-BBEE Charter Council to support the Government's priority of using Broad-Based Black Economic Empowerment to transform our sector and society.

The Council will take responsibility for the annual monitoring and reporting on the implementation of the ICT B-BBEE Sector Code.

The Charter Council's first priority is to ensure the alignment of the Sector Code with the Generic Code. I therefore encourage all ICT Sector role players to actively support and constructively participate in this process to ensure the achievement of the B-BBEE objectives and the transformation of the sector.

The monitoring and reporting function of the ICT B-BBEE is the department's most direct programme that supports the Government's goal of creating black industrialists in all sectors. To encourage the sector to make a meaningful investment in transformation, we encourage the State-Owned Companies that report to us to give us their plans on how they intend to meet the Government's commitment of supporting local procurement by 75%. We expect these reports by the end of March 2015.

We are also focused on finalising the Sectoral Strategy on Electronics Manufacturing. Part of this work will include convening a workshop with the ICT industry to highlight market access opportunities identified in the on-going trade negotiations including existing bilateral agreements. Our interventions in this sector will have a deliberate slant towards women, the youth and the disabled, as the Minister outlined.

The ICT sector can facilitate a more inclusive society by empowering the women, the youth and the disabled to be able to take advantage of this growing sector economically, socially, culturally and politically. The importance of ensuring that the advances of technology take on board all South Africans was underscored by the trends we observed during the ICT Policy Review Public Hearings.

In this regard, in two weeks, we shall partner with the industry as we launch the Women in ICTs Forum, which will serve as a think tank to monitor and advise on gender transformation in the sector.

Chairperson, in partnership with the Education Ministry, we are in a long-term, inter-generational issues of weak education and weak (particularly ICT) skills in the country. We therefore demand stimulation through ICT skills development to be a core policy issue for the ICT sector. Likewise, the funding of, and incentivising of, innovation and entrepreneurship in this sector also needs to be addressed by the Department of Telecommunications and Postal Services and other arms of government, chiefly the Departments of Trade and Industry and Science and Technology.

For South Africa to maximise the benefits of ICT we need to develop the skills that will drive the roll-out of infrastructure and the development of relevant content for social, business and government use. To make sure that no one is left out of this information society we need to eradicate illiteracy and make sure that ICT forms an integral part of service delivery government. The department has been working with the industry on a capacity development programme in schools and communities at large and we encourage further support from industry in this regard.

Chairperson, on Strengthening of Strategic Partnerships Over the next five years, The Department will consolidate the partnerships we already have with academic institutions. We'll also expand them to ensure that investment by the public and private sectors has a greater impact in improving the technology skills required by our country to remain competitive in a fast digitising world.

Furthermore, It has to be noted that today, scores of South Africa's youth can dream of having careers in areas that many of us were barred from, simply because of the colour of our skin. Some of this young talent is nurtured at the Ikamva National eSkills Institute, where this year's students graduated last month. Indeed, South Africa is a much better place to live in now than it was in 1994. These types of partnerships have to be expanded.

I'm glad to say that many of these form the core of iNeSI's operations to date. R51.4 Million has been set-aside to fund this e-skilling programme.

We are engaging with the Higher Education Department and other Government Departments and the private sector to identify other training programmes that can be integrated into the National e-Skills Training Programme.

Chairperson, the youth of this country are very techno-smart and highly innovative. Our department will create more opportunities to unleash such talents.

There will also be interdepartmental alignment of plans in order to ensure that the full benefit of the ICT is harnessed. Before the end of October 2014, the Department will organise a workshop with the Department of Education, all MECs of education and other partners to align their plans on education to ensure that we unleash the full transformative power of ICT in education.

The initiative by the Gauteng Department of Education of e-learning particularly use of the textbooks in the form of eBooks will be encouraged to ensure that the initiative is adopted by the rest of the other provinces.

Chairperson, on personal identity security matter, the identity theft has proven to be a very concerning recent phenomenon. In March 2014 it was learned two passengers with stolen passports were on board in the Malaysia Airlines Flight 370 which went missing on 8 March 2014. South Africa has therefore a huge responsibility to ensure that the identity of its Citizens is protected. The Department together with the responsible entities will ensure the right to privacy through the use of secured ICT systems.

In order to ensure effective and efficient service delivery the department will ensure that ICT applications such as e-Government are fully implemented and functional. The Proposed National Integrated ICT Policy indicates that the South African Government has established statutory bodies to coordinate the implementation of e-Government services. Amongst these are the State Information Technology Agency (SITA) and Government Information Officer Council.

The department will ensure a close monitoring over these entities to ensure that e-Government is fully functional. Some of the e-Government services which will receive the department attention are e-Filling such as one similar to the electronic filling for tax returns used by SARS, e-Health and e-Education.

We therefore as we have been doing and aim to expand connecting all schools, public health and other government facilities through broadband, and at least 90% of our communities should have substantial and superfast broadband capacity by 2020. This government is delivering on its promises and can be trusted in these matters. Government has invested in supporting local government to rolling out of free-WiFi areas in cities, towns and rural areas.

The city of Tshwane and Cape Town have already started; this is located in their IDPs and MIGs. The local electronics sector and emerging entrepreneurs will be stimulated as part of our efforts to support the manufacturing industry. In this regard, our department has developed the ICT Electronic Manufacturing Strategy to the Employment and Economic Cluster to stimulate local electronic industry development.

We welcome the designation by the Department of Trade and Industry (the DTI) of ICT Special Economic Zone in KwaZulu-Natal and the Eastern Cape. We will work together with the DTI to make the designated groups within the ICT sector aware of these opportunities. Not only will these Special Economic Zones create job opportunities, but will also provide structured support for new entrepreneurs by virtue of incentives available in these Special Economic Zones.

We will continue our collaboration with the Departments of Trade and Industry, and Science and Technology to further identify niche areas for support of the Electronics Manufacturing Sector. We need to see ICT not just as an enabler of economic development, but also as a pillar of the economy – the Digital Economy. We therefore need to transform the economy to one that is knowledge based, innovative and globally competitive. Moving forward, our focus will be on localization, which refers to locally produced goods and content, and support for SMMEs and youth business incubators by the end of the financial year.

Working together with the DTI, we will conclude the programme of action on 30% local content for the electronics sector by November 2014, for implementation in this financial year.

Chairperson, on moving South Africa into Digital Economy, access to good and reliable ICT is important for the economic growth prospects of poor countries as no country can prosper without links to the world economy. Providing access to better information and communication flows through reliable infrastructure is an important precondition for fostering economic growth at a macro level. But this is not sufficient to avoid deleterious micro economic effects.

Without intervening government policies, the benefits of that growth could be distributed very unequally within a society. Therefore, addressing directly the specific information and communication needs of the poor should form an important component of a wider strategy to tackle poverty in low-income and rural communities. The department will work closely with the regulator to ensure that policies which are pro-poor are finalised and implemented in order to ensure universal access and benefit for the digital economy

There can never be an economic inclusivity of the less privileged without access to infrastructure which will ensure timely access to information.  The Department will continue with the programme to corporatise the Post Bank. In this regard, we will, within a month, develop a road map towards implementation of the Postbank Act. We will fulfil the mandate of Government in bringing services to the people.

With regards to persons with disabilities, technology is both enabling and empowering. The appropriate application of technology can significantly improve the quality of life of persons with disabilities. In this regard, our department will connect 25 institutions for persons with special needs in this financial year.

Chairperson, in conclusion, we can only achieve an inclusive Information Society if we all work together. This we can do in memory of the late Minister Roy Padayachie, who passionately drove the ICT Industry collaboration initiative together with the captains of the ICT Industry through the formation of the ICT Industry Working Group and its related Work-streams focused on key sector priorities.

We need to review our work in the sector, align future plans and eliminate competition that can erode the gains we have made. It is our responsibility to jealously guard our freedoms and entrench our democracy. We can achieve this by vigilantly seeking partnerships that will take South Africa forward faster. As we do this, we need to ensure that the ICT interests of all citizens are protected.

It is fitting to acknowledge a huge contribution made by the late Minister of Communications, Minister Ivy Matsepe Casaburri, on the significance of women's access to ICTs and the use of technologies within the context of inclusion to the economy. The industry will recall her passion, drive and determination to transform this sector.

Together we can move South Africa forward.

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