



MINISTRY
COMMUNICATIONS AND DIGITAL TECHNOLOGIES
REPUBLIC OF SOUTH AFRICA

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Speech by the Deputy Minister of Communication and Digital Technologies, Hon. Mondli Gungubele (MP), on the occasion of the 2024/25 budget vote, Parliament (Cape Town), 15 July 2024

Theme: “South Africa-Embracing digital infrastructure and innovation, towards inclusive development focusing on collaborative partnerships”

House Chairperson

Honourable Minister, Hon. Solly Malatsi

Chairperson of the Portfolio Committee on Communications, Ms Khusela Sangoni and members of the Portfolio Committee

Honourable Members of Parliament

The DG and DCDT management

The leadership of SOCs

Ladies and Gentlemen

Good morning,

INTRODUCTION

It has been a little over 30 years since this democratic government began the work of harnessing the power of technology and telecommunications towards transforming our

country to one that is economically inclusive, using this industry to fend off our socio-economic challenges.

Today marks a pivotal moment in this journey. Under the leadership of the Minister Hon. Solly Malatsi, we stand at the threshold of both unprecedented opportunities and challenges.

As the Deputy Minister, I embrace the responsibility entrusted upon me and pledge my full support to ensuring that our initiatives are not only ambitious but also attainable, sustainable and measurable.

As we present this Budget Vote, we are confident that it lays a solid foundation for a prosperous digital future for all South Africans.

Honorable Members and fellow South Africans;

The Department of Communications and Digital Technologies' mandate remains to lead in digital connectivity and transformation of the country. We remain committed and steadfast on our impact statement set to "Digitally Enable, Inclusive and Competitive Economy and Society". Working with our implementing arm, our entities we have been very decisive in action towards achieving our mandate.

Some of the great advancement include:

BroadBand Infranco (BBI)

The Minister has already spoken about the great strides BBI has made in connecting the unconnected. I wish to emphasise that over and above this, BBI has improved on its financial performance. It has stabilized and is now sitting on positive balance. This will come in handy for them as they deliver on their core mandate of expanding affordable access to electronic communications, including, but not limited to, underdeveloped and underserviced areas.

BBI and Sentech have a joint mandate to establish 32,055 community Wi-Fi hotspots, which will positively impact 5.5 million households. We are heartened by the steady increase in both coverage areas and the number of households connected, reflecting our commitment to bridging the digital divide.

As we move with the Commercialization Plans, we will expand service offerings by introducing new products and services, and continuing to operate under austerity measures that save costs where necessary.

We aim to maximise on taking advantage of the obvious gains that the SOC collaborations to accelerate connectivity in the underserved communities.

The work we have been rolling out through BBI and Sentech clearly emphasises the seriousness of our government's approach towards job creation, SMME empowerment and connecting the country.

The long-standing matter of the SOC rationalisation of BBI and Sentech will proceed with speed through the parliamentary legislative processes.

SENTECH

The Data and Cloud Policy recognizes data as a strategic asset and critical enabler for the digital economy. Despite the high cost of capital to establish data centres, SENTECH, guided by this policy and its mandate, is in a process of upgrading its Datacentre infrastructure capability to enable full convergence and improving the country's data maturity.

The post covid economic impact has cascaded negatively on the media sector, and many broadcasters are challenged as a result. We are working with the MDDA to explore alternative measures that could improve the community media sector.

Global warming effects demand that we take responsible actions towards reversing pollution to the environment. We plead with all Telecommunications Operators to be transformative in deploying next generation technologies through the recently allocated spectrum.

Let's together drive and accelerate adoption of Green solutions, this is necessary to ensure that we preserve the environment for generations to come and undo the impact previous industrializations phases may have on the environment.

STABILIZATION OF THE SOUTH AFRICAN POST OFFICE

Honourable House Chairperson,

SAPO remains a matter of great significance and of public interest. DCDT initiated business rescue proceedings for the SA Post Office to avoid liquidation, the decision marked a critical juncture for SAPO, to provide a structured opportunity to revitalize and stabilize its operations, aiming for a recovery and restructuring to ensure its survival and continued service as a vital asset to the nation.

Under the Business Rescue, SAPO has received a recapitalization of R2.4 billion. The Business Rescue Plan is well underway, with:

- Settlement of the 12 cents in the Rand, (circa R1 billion), to all pre-commencement Concurrent Creditors, the majority of whom were paid during March – June 2024.
- Funding of operational deficits (as expenses currently exceed income)
- Partial payment for retrenchment.

As we navigate this challenging period with Business Rescue Practitioners and other stakeholders, our focus remains steadfast on stabilizing and restoring SAPO to solvency.

We recognize the difficult decisions that have been necessary to ensure the organization's viability. Unfortunately, retrenchments have been unavoidable during this process. We deeply regret the impact this has on affected employees and their families.

Approximately 4,500 employees have been retrenched and will be expecting their retrenchment packages over an 8-month period. The entity equally intends to upskill and reskill some of the employee to better suit the new working environment which aligns with technology and the new way of doing things.

The plan also focuses on rationalization of the entity's unsustainable operational costs, particularly the salary cost base. Futureproofing the business entails repairing and upgrading the current infrastructure, implementation of a digital inclusion strategy, modernising the SA Post Office, focusing on new revenue streams and leveraging the SA Post Office's infrastructure for use by other government entities and possible private sector entities. The BRPs are actively exploring partnership opportunities as part repurposing SAPO. The immediate funding requirement of R3.8billion will therefore ensure that the SA Post Office is able to remain operational and implements the remaining aspects of the business rescue plan.

SAPO is stabilizing: Prior to the business rescue process, the Post Office debt position amounted to R4,5 billion (excluding Postbank). That amount has seen a significant decrease after the commencement of the business rescue process, settling at R440 million as at 30 June 2024. From a R7.9 billion deficit in June 2023, a year later the Net Asset Value is sitting at a positive R840 million.

FILM AND PUBLICATION BOARD (FPB)

It gives me great pleasure and pride to share a groundbreaking achievement at the hands of our Film and Publication Board (FPB). The FPB recently successfully completed the online monitoring of the National and Provincial Elections 2024. This pioneering effort underscores our commitment to ensuring the integrity and safety of our digital space, especially during such a critical democratic process. FPB will continue with regulating online content.

POSTBANK

The Postbank has made significant and swift progress towards addressing and complying with all the South African Reserve Bank's (SARB's) Variation Notice conditions. I am pleased to report that the Postbank is left with only 2 out of the 13 conditions.

The entity has reached the consecutive 10-month mark without any IT issues, as well as achieved an 80% reduction Year-on-Year on fraud.

The Postbank still services close to 5 million grant beneficiaries, and close to 3 million other customers, making it an admired institution by most banks in the world.

30 YEARS OF DEMOCRACY

In conclusion, as we stand here at the precipice of a daunting future, we draw courage from the achievements we have seen in the ICT sector over the past 30 years:

Our government has delivered legislative developments to facilitate the convergence of technologies and to give more power to regulatory authorities in light of technological advancements.

We have submarine cables on the east and west coast, with more expected to be launched. This investment bolstered us from the damning internet outage we and the rest of continent suffered a few weeks ago.

We have over 36 data centres in the country – and we are leading the continent with the greatest number of Tier-4 data centres.

We have observed with pride the creation of a conducive environment for healthy competition among industry peers across the board, stimulating economic activity and creating jobs and the cost to communicate is being lowered.

We are daily witnessing the transformation of our country towards a digitally affluent and literate community.

We are committed and confident that although daunting, the programmes and work underway are fast preparing our people to be active participants in the digital economy,

building a nation that will secure its place as a leading player in the global digital landscape.

I thank you