MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES, HON. MONDLI GUNGUBELE ADDRESS AT THE CONEXT CONNECT CONFERENCE, 30 NOVEMBER 2023, JOHANNESBURG

Thank you, Programme Director

The President of the Digital Council Africa, Dr Andile Ngcaba,

CEO Digital Council Africa, Ms Juanita Clark,

Members of the Digital Council Africa,

Captains of industry,

Esteemed guests,

Ladies and Gentlemen

Good morning…

Allow me to take this opportunity to convey my sincere and outmost gratitude for inviting me here today to come and share some few words and thoughts on this platform with so many brilliant minds and passionate visionaries and entrepreneurs who have gathered here to explore, learn, and deliver invaluable insights into the sector's current landscape and delving deeper into roadmaps that should serve as a dynamic platform for the growth of the ICT industry and its future prospects.

International and Long-Distance Connectivity

Within Sub-Saharan Africa, satellite connectivity emerges as a pivotal enabler, addressing a broad spectrum of challenges related to remote region connectivity and the facilitation of internet access expansion.

A spirit of collaboration in space programs among African nations has propelled space economy in the continent to an estimated value of nearly $20 billion.

International investments in submarine cables would be meaningless without the corresponding expansions of terrestrial fibre infrastructure expansion, currently boasting 1.2 million operational kilometres.

Last Mile Connectivity

The count of fixed broadband connections, encompassing both wired and wireless options, in Sub-Saharan Africa has impressively crossed the 7 million mark in 2023. Furthermore, the region is witnessing a remarkable upswing in the adoption of fibre connections, with over 5 million active fibre connections.

This growth trend is particularly pronounced in nations such as South Africa, Kenya, Mauritius, Tanzania, and Cote d'Ivoire. However, the persistent challenges in achieving ubiquitous fibre broadband penetration continue to pose hurdles, thus necessitating ongoing endeavors to surmount deployment obstacles.

Furthermore, Fixed Wireless Access (FWA) is rapidly gaining traction, as approximately 80% of mobile service providers now offer FWA packages globally, with 40% of them delivering FWA services through advanced 5G networks. FWA is expected to witness further substantial growth, with an estimated 80% of future connections harnessing the capabilities of 5G networks.

While the global 5G landscape evolves swiftly with around 240 service providers offering commercial 5G services worldwide, forerunners such as South Korea and the United States have taken the lead in 5G adoption. Nevertheless, Sub-Saharan Africa region is steadily advancing in 5G adoption, with several countries actively assigning 5G spectrum licences.

The future of mobile networks in Sub-Saharan Africa is undergoing a transformation, underpinned by the growth of mobile satellite services, the advent of eSIM cards, and the remarkable expansion of mobile data traffic, which is expected to soar due to an increasing smartphone user base and heightened data consumption per user.

South Africa's Data Centre Market

South Africa's data centre market is witnessing remarkable growth, poised to secure a substantial share of the projected $5 billion investment in the African data centre market by 2026, with an estimated $3.1 billion earmarked for South Africa.

The growth in South Africa's Data Centre market is attributed to factors such as the adoption of 5G, increasing smartphone penetration, and the ongoing digitization of services and industries in the region. Indeed, South Africa has emerged as an increasingly attractive destination for data centre operators.

Prominent trends in the South African Data Centre Market, as identified by research experts, include the dominance of Tier 3 facilities, as Tier 1 and Tier 2 centers experience waning demand due to their inability to support uninterrupted services.

South Africa's telecommunications sector

In South Africa, the telecommunications sector, once a state-owned monopoly, transformed into a liberalized, highly regulated industry, now referred to as the information and communications technology (ICT) sector. Various license types are issued by the Independent Communications Regulatory Authority of South Africa (ICASA).

There are no direct restrictions on foreign ownership, however it is important for all operators to adhere to regulatory requirements. ICASA is the sector regulator responsible for ex-ante regulation, while the Competition Commission deals with competition law issues and ex-post regulation.

These two regulatory bodies are at the core of the political economy of the sector and compliance to their regulations is critical for regulatory certainty and market stability. Both adhere to the strict principles of administrative justice, and they follow transparent processes.

Closing the digital divide

The ICT (Information and Communication Technology) industry plays a pivotal role in South Africa's development and economic growth, with a market size estimated at R320 billion. This sector encompasses a wide range of activities, from telecommunications and internet services to software development, hardware manufacturing, and IT consulting.

The ICT industry has been instrumental in bridging the digital divide in South Africa. It has enabled more citizens, especially in rural and underserved areas, to access the internet and digital services. This improved connectivity has empowered individuals with access to information, education, healthcare, and job opportunities, and ultimately enhancing their quality of life.

The National Infrastructure Plan 2050 details the path for government's vision of achieving universal broadband infrastructure coverage. The plan put an emphasis on achieving ubiquitous high-speed internet and promotes broader digital and digitising infrastructure, infused into both the public and private spheres.

The plan calls for digital integration of services and establishing of effective e-government services in health, education, and service delivery at an affordable cost.

The latest data from South Africa's population count, Census 2022, published in October by Statistics South Africa (Stats SA), reported that households that own a landline telephone amounted to 5.8% in 2022, compared to 24.4% in 2001. Conversely, cell phone ownership hopped to more than 90% from 32.3%, over the 2001 to 2022 period.

In terms of households with access to internet services, the census indicates that this increased to 79% in 2022 from 35% in 2011. Households that did not have access to the internet decreased significantly between 2011 and 2022 in all provinces, with only 21.1% of households reporting they had no access to the internet compared to 64.8% in 2011.

These results speak to the collective efforts of everyone who is present here today.

Connecting communities through SA Connect

Prof Naggy Hanna in his book called "Transforming to a Networked Society" argues that *"promoting national build-out of broadband networks requires governments to pursue multiple strategies."*

Ladies and gentlemen, the Department of Communications and Digital Technologies and its affiliated entities are hard at work and ensuring that South Africa is digitally transformed and that no one is left behind in the process.

The SA Connect Programme is an initiative of the Department and a flagship programme that is implemented through the entities of the Department which are Broadband Infraco (BBI) and Sentech. The initiative is intended to bridge the digital divide by connecting government institutions and providing Wi-Fi access to underserved communities across the country with the target to achieve 80% internet connectivity for the population by the end of the 2024/25 financial year.

This project does not only connect people with internet but also create jobs and contribute immensely into the digital economy, SMMEs, leaners and students benefit from this as it also comes with low data costs.

This past Tuesday, 28 November 2023, we visited the community of Ward 1 and 5 in Greater Kokstad, where the Department in partnership with its entity BBI we launched the Broadband Access Fund (BAF), which is a pilot programme that is funded through the Presidential Stimulus Fund.

Through the Broadband Access Fund (BAF), a SA Connect Gigabit Mesh Network has been installed in Ward 1 in Greater Kokstad with a focus on digital transformation, increasing access to the digital economy as well as bringing a positive socio-economic impact to the communities that the infrastructure has been deployed in. A total of 33 high speed base stations setup that connect 1 600 households that reach 6 400 people in the area.

Households in the area can now buy data voucher for only R5 per day.

The Gigabit Mesh Network was designed, planned, and built by young engineers with the oldest being 25 years of age. The model has been shared with 25 SMMEs from Mpumalanga, Gauteng, KZN, Eastern Cape, Free State, and Northern Cape. They will be deploying this model as they are part of the SA Connect panel.

In conclusion, ladies and gentlemen,

Fostering and enhancing the partnership that already exist between government and the private sector will ensure that we realize our goal of building a prosperous South Africa as we leave no one behind.

Thank You.