



MINISTRY
COMMUNICATIONS AND DIGITAL TECHNOLOGIES
REPUBLIC OF SOUTH AFRICA

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MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES, HON. MONDLI GUNGUBELE ADDRESS AT THE BLACK AGENCIES NETWORK ASSOCIATION ANNIVERSARY CONFERENCE, 10 NOVEMBER 2023, JOHANNESBURG

Thank you, Programme Director

The Chairman of Black Agencies Network Association, Mr Groovin Nchabeleng Members of the Association,

MAC Charter Council reps present here,

Marketing Association of South Africa (MASA) reps present here, The Competition Commission reps present here,

Athletics South Africa reps,

Captains of industry, Esteemed guests,

Ladies and Gentlemen

Good morning...

Ladies and Gentlemen, allow me to take this time and convey my sincere and outmost gratitude for inviting me here today to come and share some few words, thoughts, and insights in this platform with so many brilliant minds and passionate individuals who have gathered here to explore, learn, and exchange ideas as you celebrate your first anniversary as the Black Agencies Network Association under the theme “Against All Odds.” The theme itself can tell a million words on your dedication to fight and transform South Africa and beyond.

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.

Mr Chairman,

ICASA's ICT sector status report showed mobile cellular subscriptions increased from 94 million in 2020, to 103 million in 2021. Smartphone subscriptions were 60 million in 2020 and 65 million in 2021, according to the report. Again, the subscription base of prepaid and postpaid mobile-cellular telephone subscriptions increased by 9.3% and 5.3%, respectively, in 2021. For a period of seven years, total mobile cellular phone voice subscriptions increased by 2.9%.

Based on the latest data from South Africa's population count, Census 2022, published in October by Statistics South Africa (Stats SA), 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 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.

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. To emphasise, the Department launched the SA Connect phase two in Mount Ayliff at the Umzimvubu Local Municipality and Alfred Nzo District Municipality in the past weekend. SA Connect is a flagship programme that is intended to bridge the digital divide by connecting government institutions and providing wi-fi access to 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, learners and students benefit from this as it also comes with low data costs.

Even more, the ICT industry supports traditional industries to become more competitive by enabling automation, data analytics, and streamlined processes. From agriculture and mining to finance and healthcare, digital transformation has enhanced productivity and efficiency across various sectors.

Ladies and gentlemen, the Department of Communications and Digital Technologies is hard at work and ensuring that South Africa is digitally transformed and that no one is left behind in the process. DCDT has created a platform that serves as a digital distribution service and enables

Digital App developers who are SMMEs to showcase their talent and allow users to browse and download approved apps developed across operating systems. It further promotes South African developed digital products/apps to expand their adoption and use not just in South Africa but across the world. We encourage South Africans to be the primary consumers of our locally developed Apps.

Despite the vast number of opportunities that the digital transformation provides, the ICT industry in South Africa faces challenges that including issues of affordability, connectivity gaps, cybersecurity concerns, and the need for regulatory reforms. To fully harness the potential of this industry, it is important for the government, private sector, and civil society to work collaboratively to address these challenges and ensure that ICT continues to play a transformative role in connecting citizens, industries, and driving the country's economy.

The Government, via its programs and agencies will embark on an extensive skills development program aimed at training one million young people by 2030 in Robotics, Artificial Intelligence, Coding, Cloud computing and Networking.

The emergence of streaming services has applied pressure to traditional TV services, with many now forgoing them and paying for services that instead provide an abundant amount of on-demand video content. According to Price Water Coopers (PWC) Report (Africa Entertainment and Media Outlook 2023 – 2027Total), TV advertising revenue contracted by -3.3% in South Africa in 2022, predominantly due to falls in terrestrial TV advertising. The same report notes that linear TV remains key for brand awareness and reaching audiences, while digital advertising offers short term boosts. It also recommends that broadcasters need to engage with younger audiences and make their online video streaming platforms more compelling. Given the situation, digital linear alternatives like free ad-supported streaming TV grow, traditional broadcasters must incorporate offerings that satisfy both requirements.

It has been highlighted that in South Africa there is significant room for growth within the African over-the-top (OTT) market, with South Africa posting the highest OTT revenue on the continent. South Africa's growth in the coming years will be bolstered by fierce competition between global platforms. However, the question is 'What will be the response of the local players is including the South African Broadcasting Corporation with this projected growth in the OTT space?'

We applaud our public broadcaster for the swift move in responding to the need for a OTT platform by coming up with SABC Plus, an online streaming services that is able to access it anytime, anywhere and offers a variety of channels ranging from 24/7 News and Sports channels. And we can proudly say the platform gained multitude of subscribers over the period of the 2023 Rugby World Cup.

According to Meltwater, at the start of 2023, 43.48 million internet users, 25.8 million social media users, and 112.7 million cell phone connections were recorded in South Africa. According to the recent release of the South Africa's Stats SA Census 2022 results show that the population of South Africa was 62 million in 2022, increasing from 51,7 million in 2011. Therefore, this means almost all South Africans are Internet users as per the numbers reflected above. However, the statistics from Statista notes revenue share between digital and traditional media are leading with 82.76% on traditional media compared to 17.2% on digital media in 2023. These figures translate to a market volume of US\$4.64bn in 2023 to the traditional media.

Given the prevalence of smart phones and improved access to the Internet, information, and content it's at everyone's fingertips, this trend is changing the fundamental role of media in South Africa, presenting a great opportunity for the advertising industry. Online media has become a fast-paced, highly competitive and the migration towards online publications is a prominent trend in the current South African media landscape. As a result, traditional publications have realized the critical importance of an online presence.

TV and radio in South Africa and are the still the most dominating mediums in the consumption of content. Digital news and digital radio are following close behind. However, there has been an upward trend in the video-on-demand platforms and streaming services, and this is expected to grow, with Showmax and Netflix being key players in the market.

Whilst radio is a major player in the SA media industry, however, there has been a noticeable shift towards streaming services in the radio space such as Spotify that offer music, podcasts & radio content as an all-in-one package. It is projected these one-stop- shop providers will become increasingly popular as audio consumption and audio content continues to increase.

Some of the challenges we noted in the media space in South Africa is the emergence of user generated content across platforms such as X (formerly known as twitter), Facebook among others. With the user generated content issues around misinformation, disinformation, untrustworthy information, and unfair reviews have become prevalent with devastating consequences. Some of the unfortunate impacts is the damage on individual's and company reputations.

With these challenges, it is thus critical that as government we need to embark on information and digital media literacy awareness programs to empower communities and society at large on the responsible usage of the social networks and how to identify misinformation and disinformation. Consumers have a responsibility to how they evaluate

whether to share information at their disposal. Equally it's very critical that we have media that practice responsible reporting on all platforms both analog and digital.

Coming to advertising specifically, the numbers reflect that South Africa's advertising industry has recovered since the pandemic. Digital advertising is growing more than four times faster than traditional advertising, propelled by the increasing number of internet users as indicated above.

What we have also observed in our interaction with industry stakeholders in the business of advertising is that the advertising environment is changing as TV audiences and print readership decline and people read and watch online. The shift in media consumption has resulted in advertisers moving to the digital advertising where big sums of money are spent. The net effect of this phenomenon is the sharp decline in advertising on the traditional platforms such as TV and radio and newspapers. For example, Meta (formerly known as Facebook) was the most used social media platform by South African companies for advertising purposes in 2022. The trend of influence marketing is also gaining momentum as brands associate themselves with the most popular influencers to target their followers. With the emergence of AI companies are targeting increasingly using algorithms data to inform their advertising strategies.

In conclusion, 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. And quoting from the words of one of the greatest song writer Sarah McLean when she said, "The best partnerships aren't dependent on a mere common goal, but on a shared path of quality, desire, and no small amount of passion." If we can echo these words, we will be victors.

Thank You.

Issued by the Department of Communications and Digital Technologies.

