



Strategic Plan 2012 – 2015

By 2020, every man, woman and child whether living in the remote areas of the Kalahari or in urban areas of Gauteng - can connect, speak, explore and study - using ICT

PART A

Vision

USAASA is the leading organisation in the promotion of the goals of Universal Services and Access to Information Communication Technology services for socio-economic development.

Mission

To facilitate the establishment of access to ICT services in partnership with all stakeholders towards achievement of an information society.

Values

- Accountability
- Integrity
- Service Excellence, Efficiency and Effectiveness
- Promotion of Batho-Pele ethos
- Be collaborative
- Passion for establishment of Information Society.

Strategic Objectives

Provide strategic leadership on Universal Services and Access through-out SA

Facilitate intervention in ensuring affordable, equitable access and usage of ICTs

Facilitate and sustain multi-sectoral partnerships towards improving integrated service delivery

Ensure effective and efficient management of the USAF

Enhance the strategic and operational capacity of USAASA

Legislative and Other Mandates

The Constitution of South Africa (1996) describes the Bill of Rights as a cornerstone of democracy in South Africa and states that: *“It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom”*.

Section 16 of the Bill of Rights is one of the sections unpinning the higher guiding principle of USAASA’s mandate to provide access and service that will ensure freedom of expression for the people of South Africa:

16. Freedom of expression

1. Everyone has the right to freedom of expression, which includes-
 - a. freedom of the press and other media;
 - b. freedom to receive or impart information or ideas;
 - c. freedom of artistic creativity; and
 - d. academic freedom and freedom of scientific research.

The right to free expression has been interpreted also as a right to the resources, facilities and equipment to enable free expression. It follows that the right to have access to telecommunication resources, facilities and equipment is a basic human right in South Africa.

In addition, Section 32 of the Bill of Rights also describes the *“Right to information”* and if access is limited due to a lack of ICT resources, facilities and access this right cannot be fulfilled.

The Universal Service and Access Agency of South Africa (“the Agency”) is a so-called ‘creature of statute’ as it is established in terms of an Act of Parliament. The existence, functions, duties and mandate of the Agency are governed by sections 80 – 91 of the Electronic Communications Act 36 of 2005 (“the EC Act”) which came into operation on 19 July 2006.

The Agency is also a public body as confirmed by Schedule 3A of the Public Finance Management Act 1 of 1999.

The EC Act provides for a Board of the Agency (to be appointed by the Minister of Communications). The Board, in turn, appoints a CEO. The Agency is under the direction and control of the CEO.

The Agency is funded by money appropriated by parliament. The EC Act also established the Agency's Fund which is financed by contributions from telecommunication licensees. The money in the fund must be utilised for specific subsidies to needy persons, underserved areas and schools.

In terms of the EC Act the Agency must:

- strive to promote the goal of Universal Access and Universal Services;
- encourage, facilitate and offer guidance in respect of any scheme to provide Universal Access, Universal Services or Telecommunication Services in terms of the Reconstruction and development Plan (RDP);
- foster the adoption and use of new methods of attaining Universal Access and Universal Services;
- make recommendations to enable the Minister to determine what constitutes Universal Access, Universal Services and Under serviced areas;
- conduct research into and keep abreast of developments in the Republic and elsewhere on Information Communication Technology, electronic communications services and electronic communications facilities;
- continually survey and evaluate the extent to which Universal Access and services have been achieved;
- make recommendations to the Minister in relation to policy on any matter relating to Universal Access and Universal Services;
- advise the Authority (ICASA) on any matter relating to Universal Access and Universal Services;
- continually evaluate the effectiveness of this Act and things done in terms thereof towards the achievement of the goal of Universal Access and Universal Services;

- manage the Universal Service and Access Fund in accordance with the provisions of the Act;
- submit annual reports in its operations, budget and expenses to the Minister;
- utilise the Fund exclusively for the payment of certain subsidies; and
- provide incentives to network licensees to construct operate and maintain networks in Under-serviced areas.

In terms of the EC Act, the Agency may:

- undertake such investigations into matters relating to its functions as it may consider necessary;
- issue information from time to time on the provision of Electronic Communications Services and electronic communications networks in the Republic and access thereto;
- liaise, consult and co-operate with any person or authority; and
- appoint experts and other consultants on such conditions as the Agency may determine.

Finally, the EC Act also prescribe rights and duties regarding the Agency to the Minister, the board, the CEO, staff members of the Agency, the Authority (ICASA) and Licensees as fully detailed in the table below:

Table 1: EC Act rights and duties regarding USAASA

	MUST (duty)	MAY (right)
Minister	86(3), 91(3)	80(2), 88(4)
Board	81(2)	
Agency	82(1), 82(3), 82(4), 82(5), 84(3)(a), 85, 86(1), 90(1), 90(2), 91(1)	82(4), 84(3)(b)
CEO	83(2) – 83(11)	
Staff	83(9)	
Authority	88(2), 88(3), 89(2)	
Licensees	89	

Appendix A further describes key questions of importance whilst Appendix B reflects the sections mentioned in Table 1.

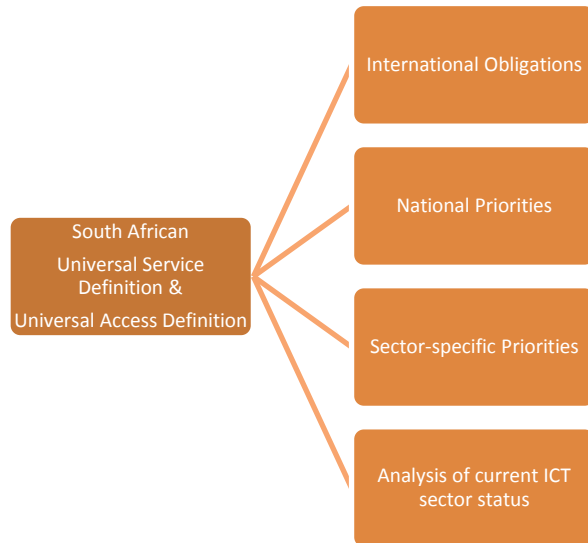
SITUATIONAL ANALYSIS

South Africa is ranked 86 (Eighty Six) on the Digital Opportunity Index (DOI) (207). The ranking is alarming for a developmental country such as South Africa which is widely recognized as country punching below its weight. At the World Summit on the Information Society (WSIS), a strong commitment was made by governments (South Africa included) and world leaders towards building a people-centered, inclusive and developmental-oriented Information Society for all, where everyone can access, utilize and share information and knowledge. WSIS has identified the need to measure the advances made in bridging the digital divide and in promoting the broad development goals included in the United Nations Millennium Declaration through increased access and use of Information and Communications Technologies (ICTs). ICTs are fundamentally changing how firms do business and how countries compete in the new 'information economy'.

In the spirit of the Millennium Development Goals, the WSIS implementation seeks to connect villages, schools, hospitals and libraries, and to ensure that over half of the world's population has access to ICTs by 2015. In order to achieve this, it is essential to identify policies and models that have successfully promoted access to ICTs, policies that are less effective, and to track progress towards these goals.

The Universal Service and Access Agency of South Africa (USAASA) which through legislation (Electronic Communications Act, 2005 (Act No. 36 of 2005) is broadly recognized as the arbiter, assessor and facilitator of infrastructure deployment in the indigent communities (needy persons) and Under-served areas is strategically positioned to build a people-centered, inclusive and developmentally oriented Information Society for all. As such the Ministerial Determination (Government Gazette No. 32939, Notice No. 85 dated 8 February 2010) on the meaning of the term "Universal Access" and "Universal Service" is a critical stepping stone towards attaining the United Nations Millennium Development Goals and WSIS commitments.

Figure 1: Defining Universal Service and Universal Access in South Africa



The process frames national targets that need to be met by the South African ICT Sector by identifying the international obligations, national priorities, sector-specific priorities and the holistic analysis of the current ICT sector status. The definitions are regulatory instruments that the Regulator (Independent Communications Authority of South Africa) needs to implement to the letter of the law. To this end, the definitions need to find expression in the implementation of the Universal Access and Service Obligations by the Regulator.

The 2007 policy decision to take the lead in the formation of a “ people-centered, inclusive and development–oriented information society, wherein everyone can create, access, utilize and share information and knowledge, enabling individuals, communities and people to realize their


full potential in promoting sustainable development and improving the quality of their life”. This has informed the country’s vision “To establish South Africa as an advanced information society in which information and ICT tools are key drivers of economic and societal development. This vision can only be attained if the country has reliable, robust and secure infrastructure that is available, accessible and affordable (Government Gazette No. 33377, Notice No. 617 dated 13 July 2010). To ensure the government undertaking is attainable, USAASA has a pivotal role to play in order to ensure access to broadband networks by needy persons.

The Medium Term Strategic Framework (July 2009), to guide government’s programme in the electoral mandate period (2009-2014), Strategic Priority 2 deals with the massive programme to build economic and social infrastructure, and provides USAASA with a window of opportunity to play a pivotal role in the facilitation of infrastructure development through partnerships with business and civil society. The infrastructure programme includes continuing to ensure the development of robust, reliable, affordable and secure ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the needs of the country and its people.

Role Clarification in the ICT industry

The current roles of the key national government role players in the ICT framework in South Africa as per their mandates are summarised below:

Figure 1: Role Clarification in the broader ICT industry



Apart from the current roles of USAASA as reflected above, the Agency’s role can therefore further be understood to be the facilitator of the implementation of the DoCs aspirations, working with key government departments, ICASA and the ICT private sector to:

- provide US&A strategy, policy and leadership;
- drive affordability

- ensure effective use and social appropriation;
- promote socio-economic development through USA policies; and
- form key strategic partnerships to support its role.

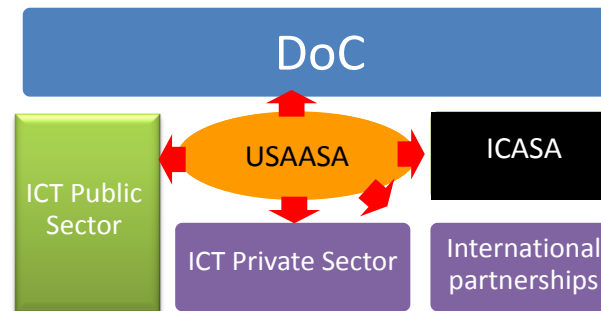
This can be illustrated as follows:

DoC: Custodians of ICT policy, legislation. Government alignment and reporting

- To develop **ICT policies and legislation**
- To evaluate the economic, social and political implementation **impact, outcomes and processes** of the said policies
- To exercise **oversight** on State Owned Enterprises
- To fulfil South Africa's continental and international responsibilities in the **ICT field**

USAASA: Custodians of UAS strategy formulation and implementation roadmap

- **Promote** universal service and access to IC&BT
- **Facilitates and offers guidance** in evaluating, monitor and implementing schemes
- **Involved** in setting up telecentres and school cyber labs on a cost recovery basis.
- **Manage** the Universal Service and Access Funds – finance for USA License infrastructure finance and for access centres



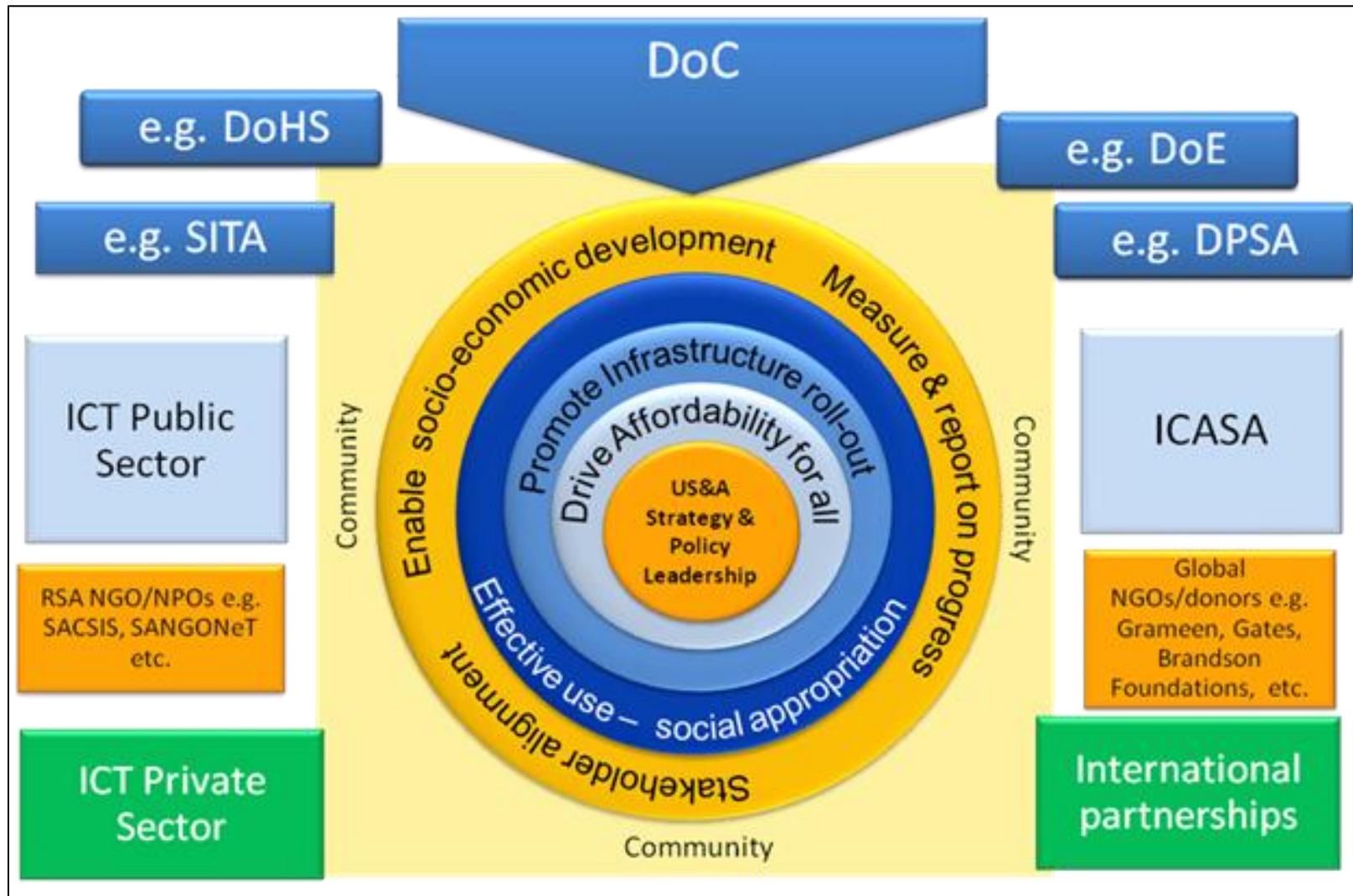
ICASA: Custodians of regulation for quality and safety
Regulating the telecommunications and broadcasting industries
Licensing

“Making it happen on the ground”
Implementation and funding partners

- dot ZA Domain Name Authority
- ISSA
- Nemisa
- Infracore (DPE)
- Sentech
- South African Broadcasting Corporation
- Telkom SA Ltd
- South African Post Office
- Mobile operators (Private sector)

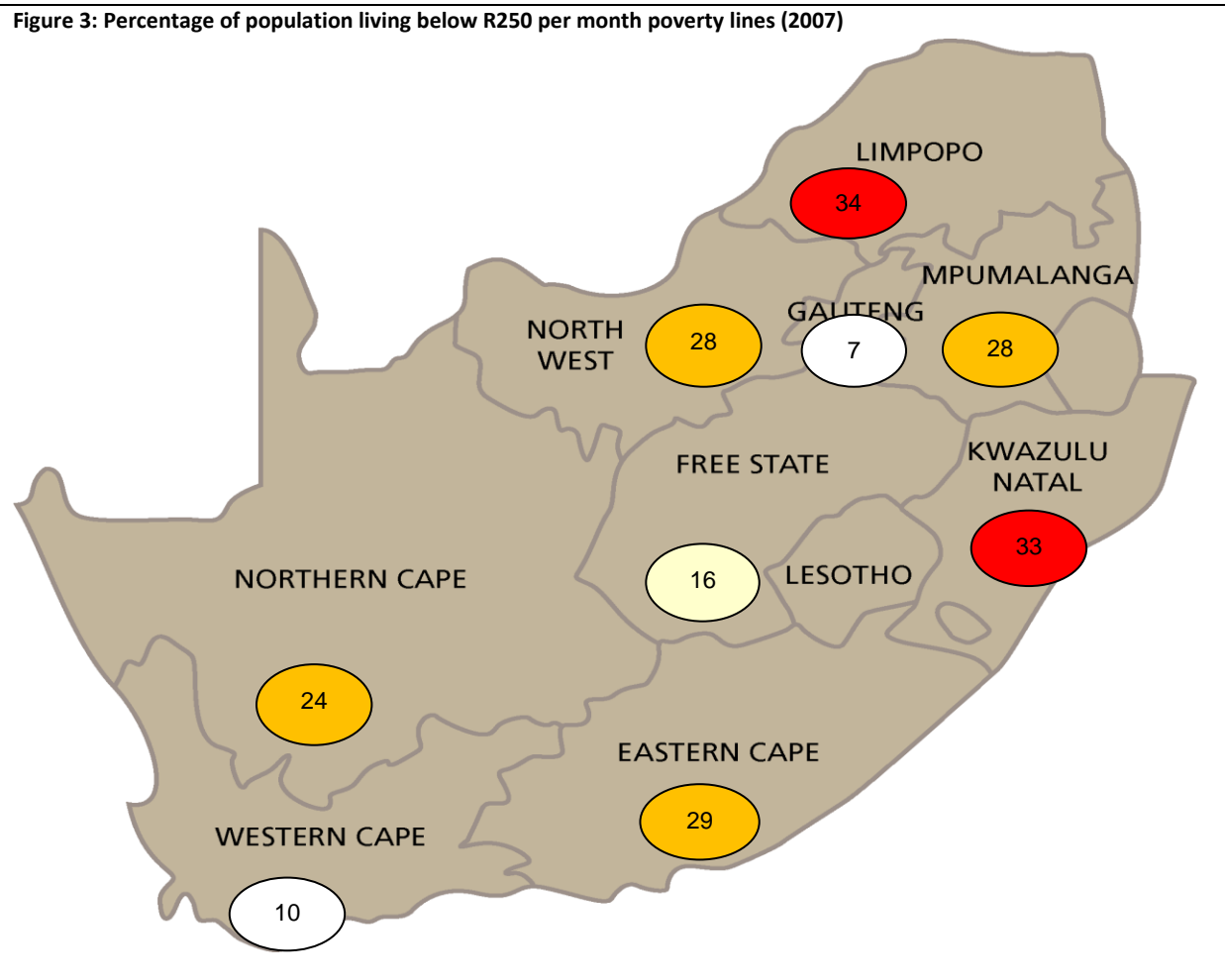
Community Needs

Figure 2: USAASA's role as Universal Access and Service Facilitator



USAASA's Role in supporting socio-economic development in SA

This section describes the role USAASA can play in the socio-economic development of South Africa. South Africa's overall poverty levels remain high, despite improvements experienced and provincial poverty levels are shown below:



Source: The Presidency of RSA, Development Indicators, 2008 report.

<i>Legend</i>	<i>% population of province living below R250 p/m</i>
	≥30%
	20 to 29%
	11% to 19%
	≤10%

The Role of the USAASA in the developmental state

Economic development is the active creation of processes and programs that bring into being new economic activities that did not exist in the economy before (i.e. new capacities, research, products, technologies and infrastructure). Some new capacities would not arise from the ordinary workings of the national and global markets, and require specific interventions by the State.

Agencies such as USAASA are potentially powerful agents for such State interventions, and their potential resides in their ability to bring various role-players together to drive socio-economic development, whilst capitalising on the profit motive to support developmental goals in the form of contributions, grant mechanisms and expanding the ICT footprint to the benefit of all, including private sector.

The major characteristics of the conceptual developmental state can be summarised as:

- Strategic interventions by government in identified industries that will drive growth. These initiatives will normally constitute direct investment and will cover mainly areas of national interest that could not be left to normal market forces.
For example, underserved areas are not seen as lucrative by private sector players to provide ICT infrastructure or services to these areas. USAASA needs to ensure, with its partners, that citizens in these areas have affordable access to ICT infrastructure and services to fulfil the Bill of Rights (e.g. Sections 16 and 32) as well as deliver on its own mandate.

- Creating and driving unique relationships of interdependency and symbiosis between bureaucracy and the private sector from which both parties benefit.

As explained in section 4.3.1 of this report, sufficient evidence exists that government and private sector can work together to ensure universal service and access, building the ICT footprint and enhancing socio-economic development.

- Focused intervention, potentially allowing for competitive scenarios that are beneficial to the greater economic concern but may violate traditional free-market competition rules.

The proposed operating model described in section 4.3 suggests that the longer term economic impact by creating smaller players in the ICT value chain require medium term interventions to ensure underserved areas become attractive for the traditional free-market players.

- Partnering with global companies that can provide additional capital and rapid access to strategic new technologies, business processes and markets.

Section 2.6.2.2 describes the major capital intensive developments that are occurring in Africa and SA that will support USAASA in its role and without these developments, speeding up universal access and service would not have been possible.

- The efficient mobilisation and coordination of resources within the ICT value chain and across various stakeholders.

USAASA is in a unique position to build strong partnerships and achieve its goals through a new operating model and using the ICT value chain to support new economic activity.

- Having the capability to build a social compact around the vision and the plan.

If USAASA can link its strategy and future actions to overcome developmental challenges, it will give USAASA and government a strong basis for driving universal access and service initiatives.

USSAASA is therefore uniquely positioned to support government's vision for economic growth and socio-economic upliftment, through the use of ICTs by ensuring universal access and service.

ICT Leadership, Policy Making and USA Facilitation

USAASA can provide visible, challenging and visionary leadership to the industry, focused in the following areas:

1. Research, knowledge dissemination and policy advice - Establishing a knowledge and research hub to support policy making to enable universal access and service;
2. Promotion of ICT infrastructure deployment through facilitation - Innovative and practical support to facilitate the implementation initiatives to enable universal access and service, especially in underserved areas. This will include assisting DoC where requested to drive new projects e.g. digital migration, broadband infrastructure roll-out to underserved areas and other projects of strategic importance;
3. ICT awareness and publicity - Implementing practices and awareness campaigns to speed up bridging the digital divide;
4. Monitoring and evaluation - Setting, monitoring and evaluating targets to achieve the goals of universal access and service, including affordability;
5. USAASA organizational excellence – Ensuring specialist skills, good corporate governance and the application of sound management principles.

Supporting the MDGs

The three main ICT indicators generally used, for measuring the ICT contribution to Goal 8 of the Millennium Development Goals, are based on:

- Telephone lines per 100 people;
- Mobile cellular subscriptions per 100 people; and
- Internet users per 100 people.

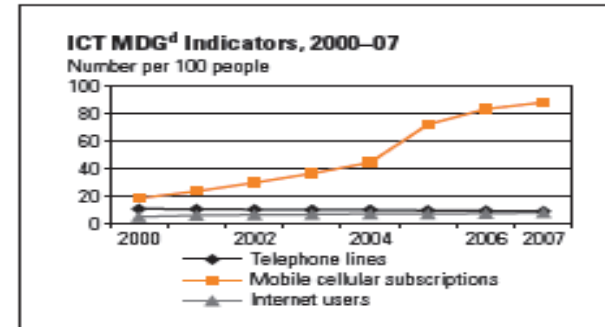


Figure 4: SA ICT MDG Indicators

The recent World Bank report on ICT for Development indicated a huge growth in mobile cellular subscriptions as shown in figure 4. However, these indicators are not sufficient to measure the overall ICT contribution to the MDGs and USAASA has accepted that convergence and the introduction of new services are challenging traditional universal service policies and the means by which universal service objectives are currently met. There are many services such as e-mail, VoIP, instant messaging and broadband access that need to be included and the availability at reasonable costs of both access to multimedia information services as well as the network that transport these services also need to be considered.

WSIS reports also indicate that there is sufficient evidence to support the fact that ICT can play a strong role in supporting development. The UN Millennium Declaration outlines that there should be a focus on partnerships with the private sector to *"ensure that the benefits of new technologies, especially information and communication technologies ... are available to all."* These partnerships should also support income poverty reduction, education, health, environment and gender equity through the:

- Creation of economic opportunities that contributing to poverty reduction;
- Management of the processes providing basic services (e.g. healthcare, education) at lower cost and with greater coverage;

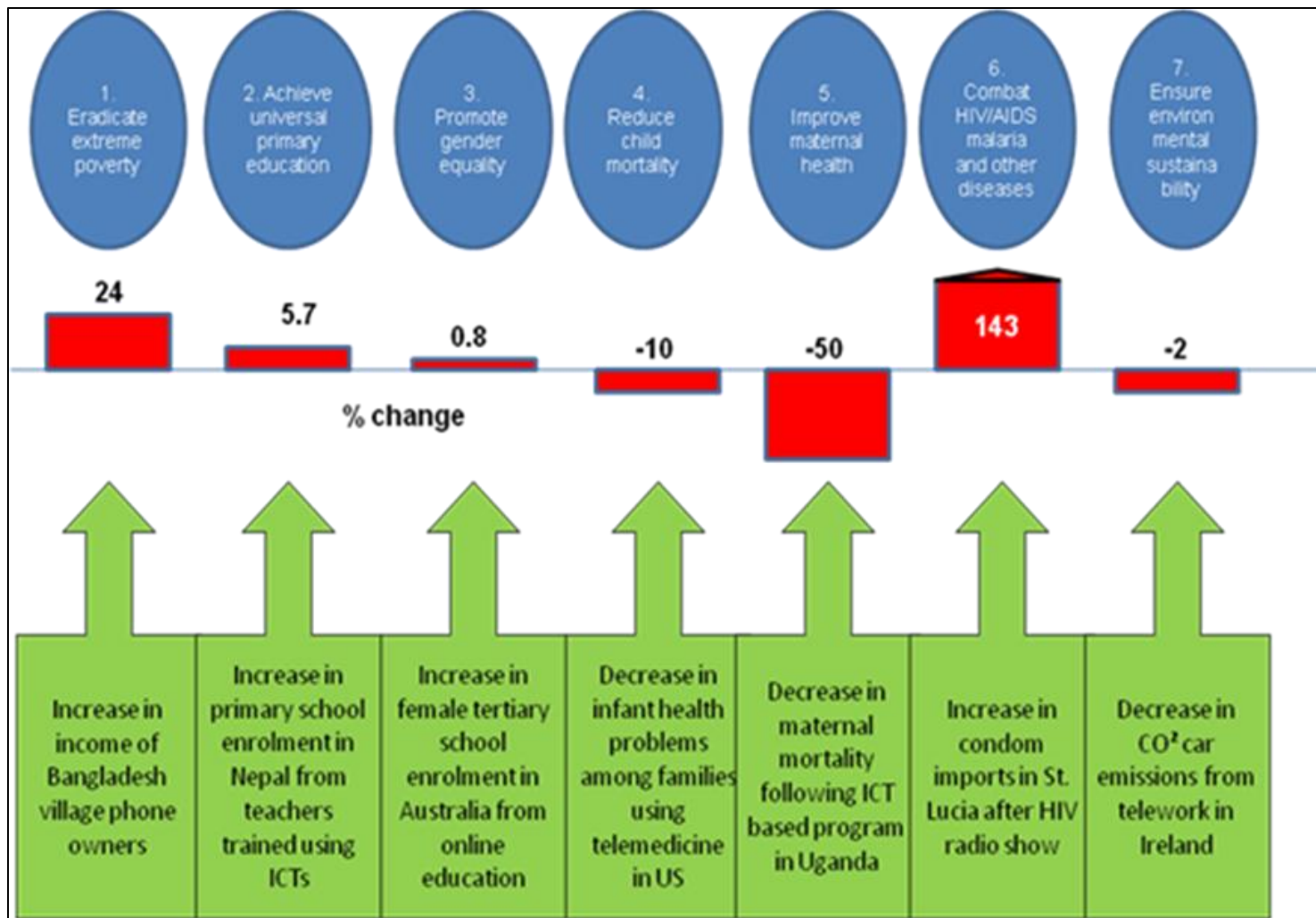
- Facilitation of access to information and the involvement of stakeholders through greater engagement;
- Transparency and support to networking at every stage; and
- Enhancement of the capacity to measure, monitor and report progress on the goals and strategise.

Although more detailed monitoring mechanisms are required to determine the social impact of ICTs on the MDGs, it is possible to determine the positive impact ICTs can have on advancing the MDGs and this should be considered in the roll-out of ICTs in SA.

Although a range of different ICT interventions can support the MDGs, those with most socio-economic impact should be driven by government and its partners.

Figure 4: Development Impact of ICTs on the MDGs

Percentage change in different MDG indicators caused by ICT-based activities

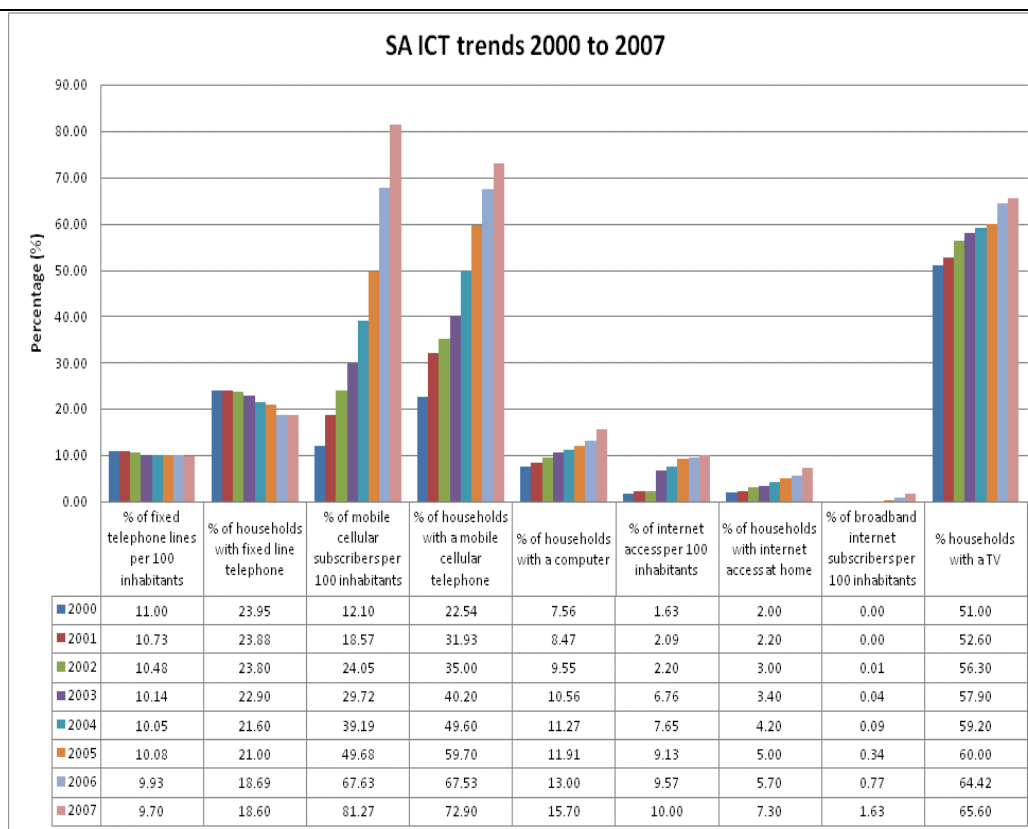


Source: ITU, UN ICT task force report 2005

South Africa ICT trends

USAASA research as contained in the Government Gazette of 15 August 2008 (*definitions document*), indicated that although there has been good ICT growth in SA, the country is a long way from Universal Access and Services for all. The following ICT trends exist in South Africa:

Figure 6: SA ICT trends 2000 to 2007



Source: Operator results, Census 2001, Stats SA Household Surveys, SA Community Survey, Government Gazette of 15 August 2008

A further breakdown of the ICT trends per topic is contained in Appendix D.

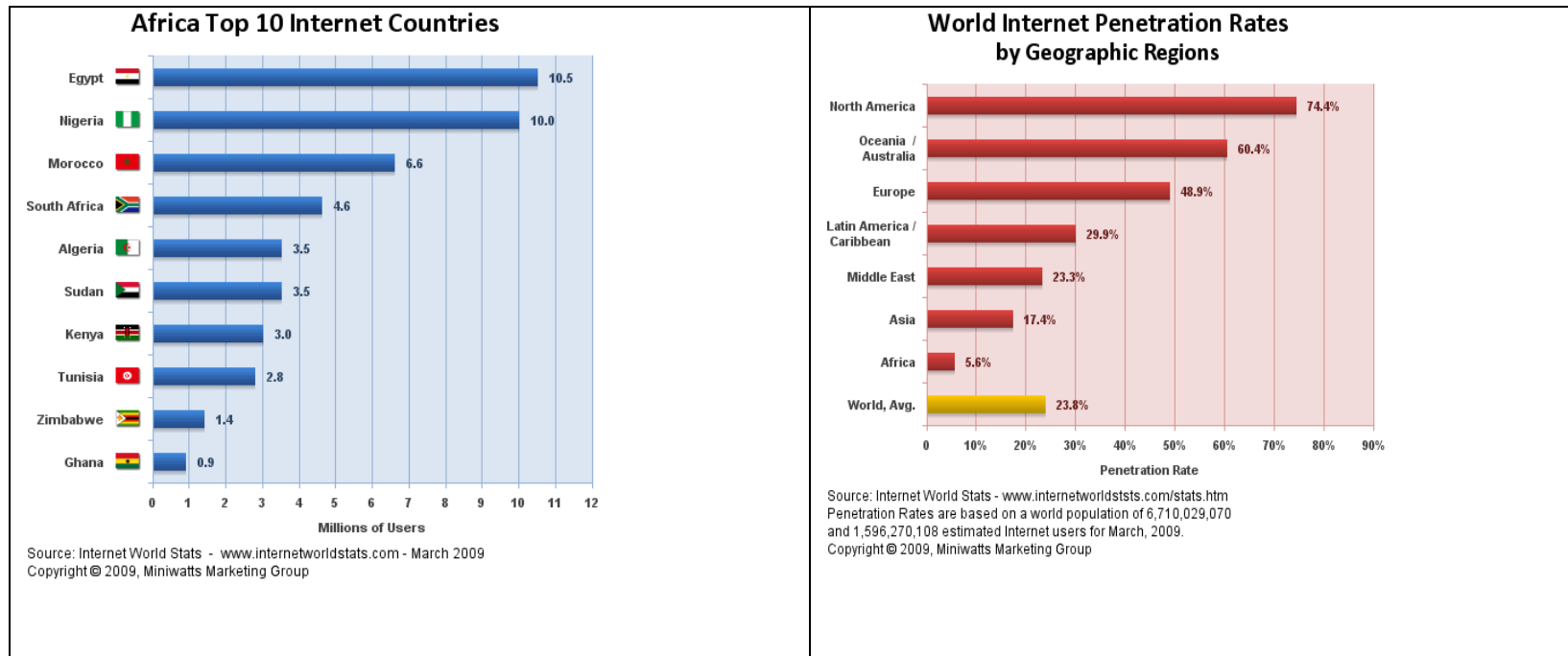
The worldwide trend of the reduction of fixed telephone lines and the increased use of mobile cellular phones is also evident in South Africa. The relatively slow growth of internet access in South Africa supports the notion for more affordable internet access is required and with the future increase in bandwidth it is opportune to speed up plans to increase internet penetration.

It is promising to note that South Africa's **Digital Opportunity Index (DOI)** ranking has improved from the 2004/05 to the 2005/6 ranking. During 2004/05 South Africa had a score of 0.38 and was ranked 91st amongst 180 countries and during 2005/6 South Africa had a score of 0.42 and ranked 86th amongst 181 countries. However, other African countries are ahead in the DOI ranks such as Mauritius (58th), Seychelles (62nd), Morocco (68th) and the Maldives (72nd).

However, according to a 2009 ITU **ICT Development Index (IDI)** report, South Africa has fallen 10 places in ranking from 77th in 2002 to 87th in 2007 amongst 154 countries. The report states that South Africa has relatively low access and usage values and little progress was made during the past five years, in particular on ICT usage. Again, there are other African countries ahead of the South Africa in the IDI ranks such as Mauritius (62nd), Seychelles (62nd), and Tunisia (83rd).

Global **internet penetration rates** reflect that Africa only holds 5.6% of the world internet penetration rates, which indicates that Africa is not doing well overall. In Africa, South Africa is in fourth place under the top ten Africa internet countries shown in figure 7 below.

Figure 7: Africa and World Internet Penetration Rates, December 2008



Source: www.internetworldstats.com

For Africa to ensure ICT and UAS is optimal for its people and development, new and innovative ways are required to close the digital divide.

African Developments

- **An African Transformation – connecting Africa to the World**

In the past, South Africa has accessed the SAT3 cable - historically controlled through Telkom – which provides the only optical fiber link between West Africa and the remainder of the world.

Given that this was the only cable available in South Africa for so long it impacted on the price and speed of internet connections the more people are accessing internet the slower the speed of the service and more expensive it became due to a premium based on bandwidth availability. With advent of 10 new cables, the benefits are beginning to flow to South Africans and Africans at large.

Ten cables have gone live in the last two to three years and this has already dramatically changed Africa's telecommunications landscape. South Africa is home to at least four of these and these have major beneficial impacts on the future of UAS and ICT. Some of these include:

- The **Seacom cable**, running along the East African coast, provides international fibre optic bandwidth that connects Southern Africa to the rest of the world for the first time;
- The **Eastern Africa Submarine Cable System (EASSy)** launched in 2010 links East and Southern Africa to the rest of the world;
- The **Main One system** set for completion in 2010, connects countries from Portugal to South Africa, this time on the West coast of Africa;
- In 2011, the **West African Cable System (WACS)** - the biggest of all the cable systems in development - goes live, linking Southern and West African countries with Europe.
- **Africa Coast to Europe (ACE)**, which was initially planned to stretch from France to Gabon, has since been extended to South Africa, thus connecting the entire West African coast, and due for delivery in 2011; and
- In addition, two other cables will also expand capacity to the rest of the continent. The **GLO1 cable system**, by Nigerian carrier Globacom, will connect Nigeria to the UK, while the **East African Marine System (TEAMS)** will connect Kenya to the United Arab Emirates.

- **Major impacts on South Africa**

The development of this infrastructure has major impacts on Africa and South Africa in particular. The biggest change in South Africa's telecoms and Internet industry will be from the predicted growth in mobile Internet access and the impact that will be had on how Internet access is delivered in the future. An explosion in internet growth and usage is predicted to double in the coming years to 9 million users, but only partially due to the undersea cables.

Some of expected benefits of the new cable developments include:

- Growth in Internet Service Providers due to the upgrading of all existing VANS licences to network provider licenses;
- An explosion of access at SMEs as they upgrade to broadband and wireless networks;
- Increased internet access use on cell phones;
- Growth rate in PC-based access up to 2014 (*i.e. by 2014 most PCs will be connected, and growth of PC-based access will depend on growth of PC sales*);
- Expected growth in mobile Internet access - reflective of the nature of the South African landscape, with the majority of the population currently accessing telecoms services through cell phones rather than fixed-line services;
- Growing dominance of large mobile operators in the data / broadband arena, as they already have large subscriber bases to which they can cross-sell broadband services;
- Prices should come down if international bandwidth is cheaper, although other costs involved for an ISP including infrastructure, marketing, distribution and support exist – but which could also hold SMME development potential;
- Driving down costs due to increased competition and economies of scale;
- New wave of growth in the IT and BPO industries could be triggered;
- Data caps will increase dramatically over the next three years.

The more players there are in the communications market the greater benefit the consumer will have as prices will be driven down as a result of the increased availability of bandwidth and although bandwidth will not be available directly through Seacom - as the company acts as a wholesaler – it is expected that cost savings will be passed on to the end-user, especially if increased competition exists.

Innovative services such as cell phone banking have already proven successful in South Africa, and perhaps over the next decade, aided by cheaper access through the new cable networks, South Africa can also innovate with the way the wider population will access and use the Internet.

PESTLE Analysis

During a USAASA senior team workshop in June 2009 and again in November 2011, a political, economic, social, technological, legal and environmental (PESTLE) analysis indicated Table 4:

Table 4: USAASA PESTLE Analysis, June 2009. Reviewed, November 2011

External Impacts:	Positive contributor: To be utilised	Negative inhibitor: To be mitigated/addressed
Political	<ul style="list-style-type: none"> • Developmental state agenda - focus on development agenda for next five years to 2014/15 • Framework to deal with the digital divide • USAASA set up to address government needs • ICT agenda affirmed on political level • Performance management of ministers provides clarity • Identification of focus areas 	<ul style="list-style-type: none"> • Limited budget from government • ICT's not recognised by government as vehicle for poverty alleviation • External environmental requirement for deploying networks • Agency used by politicians to push political agenda • Limited coordination of UAS initiatives • Lack of appreciation of role of USAASA • Silo implementation of ICT strategy in RSA
Economic	<ul style="list-style-type: none"> • ICT sector contribution to GDP has been good 	<ul style="list-style-type: none"> • Cost of ICT service high and not affordable • Financial crisis (can impact on

External Impacts:	Positive contributor: To be utilised	Negative inhibitor: To be mitigated/addressed
	<ul style="list-style-type: none"> • Implementation of the digital migration in which USAASA will play a critical role towards disbursement of STB subsidies • Global financial recovery requiring intensive ICT spend to overcome • New entrants to the market, therefore more possible contributions to the fund • Improved systems for commercial transactions 	<p>contributions and ICT investment aversion)</p> <ul style="list-style-type: none"> • High rate of poverty and illiteracy • Current USAF contributions not scientifically determined
Social	<ul style="list-style-type: none"> • Platform to sharing knowledge • Support social entrepreneurship movement • Can support bringing better education and health services to under serviced areas as well as increased capacity building in communities 	<ul style="list-style-type: none"> • Increased capacity building in communities required • Level of literacy and e-literacy • Low level of awareness of ICT service and benefits

External Impacts:	Positive contributor: To be utilised	Negative inhibitor: To be mitigated/addressed
	<ul style="list-style-type: none"> • Opportunity to forge partnerships with the private sector to roll out services and infrastructure in under serviced areas 	
Technological	<ul style="list-style-type: none"> • Continuous innovation in the sector and new developments • Potential to bridge digital divide through intervention • Opportunity to explore new innovative technologies and to deploy new solutions • Support access to information • “Explosion” in bandwidth due to undersea cable developments 	<ul style="list-style-type: none"> • Ever changing technology, overtaking current programmes • Not enough technology graduates in the country • Role not elevated to deal with digital divide
Legal	<ul style="list-style-type: none"> • Legislation that supports universal access and service 	<ul style="list-style-type: none"> • Lengthy processes created by legislation • Revision of the mandate required to be

External Impacts:	Positive contributor: To be utilised	Negative inhibitor: To be mitigated/addressed
	<ul style="list-style-type: none"> • The ECA supporting USAASA's mandate 	<p>clear in order to make proper assessment</p> <ul style="list-style-type: none"> • Lack of public awareness to enable uptake of ICT's by communities • Limited current role of USAASA • Disjointed legislation to deal with the same topics
Environmental	<ul style="list-style-type: none"> • Possible R&D and investment on alternative technologies • ICT use can support "Greening" as it leads to less use of energy resources and reduced emissions during travel – supporting MDG 7 	<ul style="list-style-type: none"> • Environmental requirement for deploying networks • Limited engagement with environmentalists to ensure proper waste strategies on ICT equipment • Harmful radiation by networks and no data to identify affected areas

Agency Risk Profile

Summary of Key Risks Identified

According to a September 2011 risk profile exercise, the following top ten risks were identified during the risk assessment process (details of all the risks identified are under Section 5 and 6):

- Lack of communication to the potential beneficiaries of the STB;
- Inadequate guidance in developing the Universal Access and Service Strategy;
- Insufficient skills to achieve the objectives;
- Insufficient funding to implement the objectives;
- Lack of a fraud prevention plan policy;
- Minimal intervention by legal division to provide legal advice;
- No Disaster Recovery Plan and Disaster Site;
- Non-aligned corporate strategy vis-a-vis business plan in terms of operational model;
- Incorrect recruitment and placement, i.e. not acquiring right people at the right time;
- No quality and quantity checks made of goods/services received prior to approval and payment of invoices.

#	Strategic Objective	Risk description	Impact		Likelihood		Inherent Risk	IR	Current controls	Perceived control effectiveness		Residual Risk	RR	Risk owner	Actions to improve management of the risk	Action owner	Time scale
1	Facilitate interventions in ensuring affordable and equitable access and usage	The non-financialisation of the fund manual.	Critical	5	Common	5	High	25	Fund manual	Unsatisfactory	1.00	High	25	Executive BDS	Finalisation of the fund manual.	Exec BDS	30 Sept 2011
2	Facilitate interventions in ensuring affordable and equitable access and usage	The non declaration of under-serviced areas.	Critical	5	Common	5	High	25	List of under-serviced areas.	Unsatisfactory	1.00	High	25	CEO	1) Annual updating of the list of under serviced areas. 2) The chairperson to negotiate the Minister to approve the list of under serviced areas.	Exec BDS	30 Sept 2011
3	Efficient and effective management of the Universal Service and Access Fund	Absence of clear processes of accessing the fund.	Critical	5	Common	5	High	25	No controls	Unsatisfactory	1.00	High	25	CFO	Finalisation of the fund manual.	Exec BDS	30 Sept 2011
4	Provide universal service and access strategy, policy and leadership	Lack of coordinated approach in finalisation and adoption of the national strategy and policy.	Critical	5	Common	5	High	25	1) Standing ministerial bilaterals with the minister of communication. 2) The annual stakeholder engagement forum.	Weak	0.20	High	20	CEO/ Accounting Officer	1) Approval of the national strategy. 2) Focused discussions on strategic matters.	Chair-person/ CEO	Quarterly / Annually

#	Strategic Objective	Risk description	Impact		Likelihood		Inherent Risk	IR	Current controls	Perceived control effectiveness		Residual Risk	RR	Risk owner	Actions to improve management of the risk	Action owner	Time scale
5	Monitor and evaluate effective use and social appropriation	Lack of the monitoring and evaluation tool.	Critical	5	Likely	4	High	20	No controls	Unsatisfactory	1.00	High	20	Exec BDS & Exec Performance Management	Develop and implement monitoring and evaluation strategy.	Exec BDS; Exec Performance Management	30 Sept 2011
6	Efficient and effective management of the Universal Service and Access Fund	The fund is subjected to DoRA resulting in delayed disbursements.	Major	4	Common	5	High	20	No controls	Unsatisfactory	1.00	High	20	CFO/CEO	1) Provide inputs to amend the ECA.	CFO/CEO	30 Sept 2011
7	Facilitate interventions in ensuring affordable and equitable access and usage	High cost due to lack of competitive environment.	Major	4	Likely	4	High	16	No controls	Unsatisfactory	1.00	High	16	Executive BDS	1) Legislative reform. 2) National Infrastructure plan. 3) SMME development and support.	Exec BDS	30 Sept 2011
8	Facilitate multi sectoral networks towards improving the public profile of the universal access and service	Non alignment of operations at the Head Office and the provincial offices.	Critical	5	Common	5	High	25	1)Restructuring 2) Quarterly meetings	Satisfactory	0.50	Medium	13	Heads of all units	1) Communication strategy (internal & external). 2) Development and implementation of induction pack.	Heads of all units	30 Sept 2011

#	Strategic Objective	Risk description	Impact		Likelihood		Inherent Risk	IR	Current controls	Perceived control effectiveness		Residual Risk	RR	Risk owner	Actions to improve management of the risk	Action owner	Time scale
9	Monitor and evaluate effective use and social appropriation	Limited interaction with other key stakeholders.	Moderate	3	Likely	4	Medium	12	Engagement with Statistics SA.	Weak	0.70	Medium	8.4	Exec BDS	Develop structured engagements with Stats SA, CSIR and the Presidency monitoring and evaluation unit.	Exec BDS	30 Sept 2011
10	Achieve project based organisational excellence	Lack of skills and capacity	Major	4	Likely	4	High	16	Annual organisational review and skills audit.	Good	0.20	Low	3.2	Exec Corporate Services; Exec Performance Management	1) Attraction and retention strategy. 2) succession plan	Exec Corporate Services; Exec Performance Management	30 June 2011

PART B

Strategic Objectives

RESEARCH & STRATEGY

Programme Purpose

The Research and Strategy function is mandated to capture evidence based information to advise on attainment of Universal Services and Access goals in the country.

It is a critical function through which the entire ICT sector is tracked and measured towards the attainment of communications as a basic human right.

Resource Considerations

- Specialist research and strategy skills
- Adequate financial allocation
- Adequate IT infrastructure capacity and reporting platform

Risk Management

- Inadequate guidance in furthering the development of the National Strategy on Universal Service and Access (the Strategy) and the Fund Manual and Standard Operating Procedures
- Inadequate internal communication of outputs and milestones in the development of the Strategy and the Fund Manual
- Insufficient funds to publicly advance the cause of Universal Services and Universal Access
- Lagging prioritization to the development of a monitoring framework in terms of section 82(4)(b & c) and tracking and reporting thereof
- Skills deficit

Strategic Objectives

- Research
- Strategy

- Articulate and advise on policy developments
- Chapter 14 of ECA: Ownership of the UA & S Agenda
- Establishment of ICT sector progress framework; monitor, evaluate and ensure effective use of existing infrastructure
- Provision of thought leadership and innovation in terms of section 82(1)(c) of the ECA
- Advocate the mainstreaming of ICT towards the attainment of social impact

Indicator		Audited/Actual performance			Estimated performance 2011-12	Medium-term targets		
		2008-9	2009-10	2010-11		2012/13	2013/14	2014/15
1	Provide thought leadership on universal services and access through-out SA							
1.1	Oversight on the implementation of the definitions on Universal Access and Universal Services; needy persons and Under-served areas.					Universal Access, Universal service and Under-served areas definitions published	Implementation of Targets within definitions of Universal Access, Universal Services and Under-served areas facilitated and monitored. Advocacy implemented.	Implementation of targets within definitions of Universal Access, Universal Services and Under-served areas reviewed and recommendations made to Minister and ICASA.
						Targets within definitions of Universal Access, Universal Services and under-served areas on needy persons developed, approved and implemented		
1.2	Oversight of the implementation of the Universal Access and Service Strategy					Facilitation & monitoring of the implementation of the Universal Access and	Facilitation & monitoring of the implementation of the Universal Access and	Review of the implementation of the Universal Access and Services Strategy & advocacy thereof.

						Services Strategy & advocacy thereof.	Services Strategy & advocacy thereof.	
1.3	Advocacy on prevailing national issues relating to ICT for development.					Percentage commentary on prevailing issues of the day	Percentage commentary on prevailing issues of the day	Percentage commentary on prevailing issues of the day
1.4	Advocacy and Lobby for e-rate clarification							
1.5	Number of jobs created across all programmes					500 jobs created through relevant USAASA projects	Additional 500 jobs created through relevant USAASA projects	Additional 500 jobs created through relevant USAASA projects
1.6						Develop sector sustainability plan	Facilitate the implementation of sector sustainability plan	Facilitate the implementation of sector sustainability plan – SO1

USAF Projects

Programme Purpose

Facilitation of implementation of USAF Funded programmes through smart partnerships and smart subsidies and in compliance with section 88 of the ECA.

Institution of project governance mechanisms to ensure business case development and funding thereof.

Resource Considerations

- ICT Technical skills set
- Analytical skills set
- Project management skills set
- Treasury budget allocation

Risk Management

- Adequate business case development and budget allocation
- Ad hoc project initiation
- SCM violations
- Disjuncture between operating models
- Management instability; management field experience
- Stakeholder buy-in or lack thereof
- Bidding governance complications/non-compliance

Strategic Objectives

- Deliver 450 access facilities as per Ministerial performance agreement (by 2015)
- Increase the delivery of infrastructure towards broadband connectivity, job creation and economic development
- Action sustainability plan through awareness training, skills development and support of critical educational institutions as per section 88 of the ECA.

Indicator		Audited/Actual performance			Estimated performance 2011-12	Medium-term targets				
		2008-9	2009-10	2010-11		2012/13	2013/14	2014/15	2015/2016	2016/2017
2	Facilitate interventions in ensuring affordable, equitable access and usage of ICTs									
2.1	Number of connected community access centres deployed ⁱ	154	154	154	158	Establishment of 100 new fully functional access centres facilitated	Establishment of additional 150 new fully functional access centres facilitated	Establishment of additional 200 new fully functional access centres facilitated	Establishment of additional 250 new fully functional access centres facilitated	Establishment of additional 300 new fully functional access centres facilitated
2.2	Number of connected computer labs in educational institutions (schools and FETs) in accordance with e-rate	-	-	0	0	Internet connectivity to 28 FET's subsidized	Internet connectivity to an additional 12 FET's subsidized	Internet connectivity to an additional 14 FET's subsidized	Continued connectivity to all 54 FET Colleges subsidized	Continued connectivity to all 54 FET Colleges subsidized
						Cyberlabs & internet connectivity to 200 schools subsidized	Cyberlabs & internet connectivity to additional 600 schools subsidized	Cyberlabs & internet connectivity to additional 1200 schools	Cyberlabs & internet connectivity to additional 2400 schools	Cyberlabs & internet connectivity to additional 4800 schools

								subsidized	subsidized	subsidized
2.3	Number of access centre personnel trained		0	0	100	200 access centre personnel trained	300 access centre personnel trained	400 access centre personnel trained	500 access centre personnel trained	600 access centre personnel trained
2.4	Number of under-serviced areas connected with broadband infrastructure ⁱⁱ	-	-	-	0	3 Underserviced Municipalities connected with Broadband infrastructure	4 additional Underserviced Municipalities covered	4 additional Underserviced municipal areas	6 additional Underserviced municipal areas	8 additional Underserviced municipal areas
2.5	Number of needy households with access to Digital Television	-	-	-	0	30% needy TV owning households subsidized with STBs	Additional 30% needy TV owning households subsidized with STBs	Additional 30% needy TV owning households subsidized with STB	No further allocations indicated	No further allocations indicated. Project closed

Stakeholder Management

Programme Purpose

To chart the way in facilitating the implementation of delivery partnerships.

To manage the reputation of the Agency

Resource Considerations

- Adequate financial resourcing.
- Adequate human resourcing.

Risk Management

- Clarity of messaging
- Project inclusion
- Delivery on projects

Strategic Objectives

- Partnerships to provide comprehensive services delivery on the mandate
- Partnerships towards better coordination to improve impact of mandate on ICT landscape

Indicator		Audited/Actual performance			Estimated performance 2011-12	Medium-term targets				
		2008-9	2009-10	2010-11		2012/13	2013/14	2014/15	2015/16	2016/17
3	Facilitate and sustain multi-sectoral partnerships towards improving integrated service delivery									
	Partnership models investigated, developed and approved.					Partnership models in deploying ICT infrastructure documented and approved	Approved partnership models implemented per project and project site reviewed and documented.	Approved partnership models implemented per project and project site reviewed and documented.	Approved partnership models implemented per project and project site reviewed and documented.	Approved partnership models implemented per project and project site reviewed and documented.

Fund Management

Programme Purpose

To define, facilitate and automate access to the fund as per section 87, 88, 89, 90 and 91 of the ECA

Resource Considerations

- Adequate human resourcing.
- Adequate IT system to automate processes and access thereof

Risk Management

- Non-existence of any systems and procedures
- Non-existence of guidelines to work from

Strategic Objectives

- Action and automate standard operating procedures to the Fund
- Action transaction systems and controls in administering the USAF in terms of sections 88, 89, 90 and 91 of the ECA
- Benchmark processes against like DFIs

Indicator		Audited/Actual performance			Estimated performance 2011-12	Medium-term targets				
		2008-9	2009-10	2010-11		2012/13	2013/14	2014/15	2015/16	2016/17
4	Ensure efficient and effective management of the Universal Service and Access Fund									
	Action Standard Operating Procedures.					Standard Operating Procedures developed, benchmarked and approved. Comprehensive Business Case developed and submitted to National Treasury to access USAF	Implementation, monitoring & review of access to Fund against Universal Service and Access Strategy targets conducted	Implementation, monitoring & review of access to Fund against Universal Service and Access Strategy targets conducted	Implementation, monitoring & review of access to Fund against Universal Service and Access Strategy targets conducted	Implementation, monitoring & review of access to Fund against Universal Service and Access Strategy targets conducted
4.1	Institute transaction systems, procedures and controls					Operating guidelines for the application of the fund developed and implemented	Operating guidelines for the application of the fund implemented and monitored	Operating guidelines for the application of the fund implemented, monitored and reviewed	Operating guidelines for the application of the fund implemented, monitored and reviewed	Operating guidelines for the application of the fund implemented, monitored and reviewed
4.2	Automation of Fund Access					Develop and implement automated access facilitation to fund	Implementation and report	Implementation and report	Implementation and report	Implementation and report

4.3	Refer to prescripts of Act					Align fund administration to PFMA, Companies Act and best practice in development finance & venture capitalisation	Implementation [review where necessary]	Implementation [review where necessary]	Implementation [review where necessary]	Implementation [review where necessary]
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Shared Support Services

Programme Purpose

To enhance internal functioning of the organization towards achieving the mandate.

Resource Considerations

- Adequate financial resourcing.
- Adequate IT infrastructure and systems

Risk Management

- Deficit of competent skills sets
- Policies, procedures and process deficiencies i.e. outdated and full of gaps

Strategic Objectives

- Institute processes and procedures to ensure compliance to all regulated labour and sector provisions
- Ensure to full operability of systems and infrastructure of the Agency in service to the mandate

Indicator		Audited/Actual performance			Estimated performance 2011-12	Medium-term targets				
		2008-9	2009-10	2010-11		2012/13	2013/14	2014/15	2015/16	2016/17
5	Enhance the strategic and operational capacity of USAASA									
5.1	Implementation of a comprehensive Organizational Development program					Organizational Development program developed, approved and implemented	Organizational Development program implemented and reviewed	Organizational Development program implemented and reviewed	Organizational Development program implemented and reviewed	Organizational Development program implemented and reviewed
5.2	Implementation of Corporate Governance Model					Corporate Governance Model developed and implemented in line with legislation	Corporate Governance Model implemented, evaluated and reviewed	Corporate Governance Model implemented, evaluated and reviewed	Corporate Governance Model implemented, evaluated and reviewed	Corporate Governance Model implemented, evaluated and reviewed

APPENDICES

APPENDIX A: LEGAL QUESTIONS

1. *Summary of the obligations and mandate of the Agency*

The Universal Service and Access Agency of South Africa (“**the Agency**”) is a so-called ‘*creature of statute*’ as it is established in terms of an Act of Parliament. The existence, functions, duties and mandate of the Agency are governed by sections 80 – 91 of the [Electronic Communications Act 36 of 2005](#) (“**the EC Act**”) which came into operation on 19 July 2006.

The Agency is also a public body as confirmed by Schedule 3A of the [Public Finance Management Act 1 of 1999](#).

The EC Act provides for a Board of the Agency (to be appointed by the Minister of Communications). The Board, in turn, appoints a CEO. The Agency is under the direction and control of the CEO.

The Agency is funded by money appropriated by parliament. The EC Act also established the Agency’s Fund which is financed by contributions from telecommunication licensees. The money in the fund must be utilised for specific subsidies to needy persons, underserved areas and schools.

In terms of the EC Act the Agency **must**:

- strive to promote the goal of Universal Access and Universal Services;
- encourage, facilitate and offer guidance in respect of any scheme to provide Universal Access, Universal Services or telecommunication services in terms of the Reconstruction and development Plan (RDP);
- foster the adoption and use of new methods of attaining Universal Access and Universal services;

- make recommendations to enable the Minister to determine what constitutes Universal Access, Universal Services and Under serviced areas;
- conduct research into and keep abreast of developments in the Republic and elsewhere on Information Communication Technology, electronic communications services and electronic communications facilities;
- continually survey and evaluate the extent to which Universal Access and Services have been achieved;
- make recommendations to the Minister in relation to policy on any matter relating to Universal Access and Universal Services;
- advise the Authority (ICASA) on any matter relating to Universal Access and Universal Services;
- continually evaluate the effectiveness of this Act and things done in terms thereof towards the achievement of the goal of Universal Access and Universal Services;
- manage the Universal Service and Access Fund in accordance with the provisions of the Act;
- submit annual reports in its operations, budget and expenses to the Minister;
- utilise the Fund exclusively for the payment of certain subsidies; and
- provide incentives to network licensees to construct operate and maintain networks in Under-serviced areas.

In terms of the EC Act, the Agency **may**:

- undertake such investigations into matters relating to its functions as it may consider necessary;
- issue information from time to time on the provision of electronic communications services and electronic communications networks in the Republic and access thereto;
- liaise, consult and co-operate with any person or authority; and

- appoint experts and other consultants on such conditions as the Agency may determine.

Finally, the EC Act also prescribe rights and duties regarding the Agency to the Minister, the board, the CEO, staff members of the Agency, the Authority (ICASA) and Licensees as fully detailed in the table below:

	MUST (duty)	MAY (right)
Minister	86(3), 91(3)	80(2), 88(4)
Board	81(2)	
Agency	82(1), 82(3), 82(4), 82(5), 84(3)(a), 85, 86(1), 90(1), 90(2), 91(1)	82(4), 84(3)(b)
CEO	83(2) – 83(11)	
Staff	83(9)	
Authority	88(2), 88(3), 89(2)	
Licensees	89	

2. What is the meaning of ‘subsidies’ as used in section 88 of the EC Act 36 of 2005?

Section 88(1) of the EC Act states that: *“The money in the Universal Service and Access Fund must be utilised exclusively for the payment of subsidies...”*.

The term “**subsidy**” is not defined in the EC Act or any other Act of general application and accordingly the word should be interpreted according to its general meaning – financial assistance, financial support, funding or grant.

However, section 88(1) determines in detail how and to whom subsidies should be paid:

The money in the Universal Service and Access Fund must be utilised exclusively for the payment of subsidies—

- for the assistance of needy persons towards the cost of the provision to, or the use by, them of broadcasting and electronic communications services;
- to any broadcasting service licensee and electronic communications network service licensee for the purpose of financing the construction or extension of electronic communications networks in Underserved areas as prescribed;
- to public and private schools and public and private further education and training institutions; and
- for the establishment and operation of broadcasting services and for the establishment and operation, including training of and the payment of allowances to personnel of centres where access can be obtained to electronic communications networks.

The Authority (ICASA) must, by regulation, define Under-served areas and the Minister may determine the types of needy persons to whom assistance may be given.

3. What is the meaning of ‘under-served areas’ as used in the EC Act 36 of 2005?

Section 88(2) of the EC Act states that: “[t]he Authority must, by regulation, for purposes of section 88(1) define under-served areas”.

Furthermore, section 1 defines an under-served area as follows: “**under-served area** means the geographically identified areas defined by the Authority in accordance with this Act”.

To date, the Authority (ICASA) has not yet issued any regulations that define Under-services areas, Universal Access or Universal services.

However, a draft regulation published in GN 987 of 15 August 2008 of Government Gazette No. 31333 proposes the following definition for Under-serviced areas:

The following definition of “underserviced area” is proposed:

“An underserviced area is, as defined from time to time by the Agency, any municipal area or ward within a metropolitan municipality where the average electronic communication network service penetration rate of a particular service type is below the national average penetration rate.”

The suggested target for the underserviced areas is that the yearly percentage growth rate of each of the service types grows by a greater magnitude than the national average's percentage growth of that service type.

4. May the USAASA only operate in ‘under serviced areas’ or also in other areas if there is an extended benefit for the Agency?

In relation to the general operations of the Agency, its role in Under-services areas is rather limited.

The only reference to Under-services areas in the EC Act is found in section 88(1)(b) which states that: “[t]he money in the Fund must be utilised exclusively for the payment of subsidies to any broadcasting service licensee and electronic communications network service licensee for the purpose of financing the construction or extension of electronic communications networks in Underserved areas as prescribed”.

Another broader reference to Under-served areas are found in section 2(1)(c) of the [Electronic Communications and Transactions Act 25 of 2002](#) (“the ECT Act”) which states that: “The objects of this Act are to enable and facilitate electronic communications and transactions in the public interest, and for that purpose to. promote Universal Access primarily in Underserved areas”.

The provisions of the ECT Act do not apply to the mandate of the Agency.

It follows that the Agency’s mandate regarding Under-services areas is limited only to the provision of subsidies from the Fund.

In general, the other operations fund is not limited to Under-services areas.

5. Does the Agency’s mandate extend to ‘content’ provision?

The provision of content is not expressly excluded by the Agency’s mandate in the EC Act.

Two specific provisions, sections 88(1)(a) and 88(e), indirectly authorise the provision of content services in the form of training material.

Section 88(1)(a) states that: *“The money in the Universal Service and Access Fund must be utilised exclusively for the payment of subsidie. for the assistance of needy persons towards the cost of the provision to, or the use by, them of broadcasting and electronic communications services”*.

Section 88(1)(e) states that: *“The money in the Universal Service and Access Fund must be utilised exclusively for the payment of subsidies... for the establishment and operation of broadcasting services and for the establishment and operation, including training of and the payment of allowances to personnel of centres where access can be obtained to electronic communications networks”*.

6. Does the Agency have the right to directly collect contributions from Licensees / meaning of ‘manage the fund’?

Section 89 of the EC Act governs contributions to the Fund:

Contributions to Universal Service and Access Fund.—

- (1) *Subject to subsection (3), every holder of a licence granted or considered to have been granted in terms of Chapter 3 must pay, in addition to any other fees contemplated in this Act or the related legislation, the prescribed annual contributions of the licensee’s licensed activity to the Universal Service and Access Fund.*
- (2) *The Authority must prescribe—(a) the basis and manner of determination of such contributions, which must not exceed 1 per cent of the licensee’s annual turnover or such other percentage of the licensee’s annual turnover as may be determined by the Minister after consultation with the affected parties, by notice in the Gazette; and (b) the dates when such contributions become payable and **the manner in which they may be paid.** [our emphasis]*

- (3) *Broadcasting service licensees contributing to the Media Development and Diversity Agency (“MDDA”) must have their annual MDDA contribution set off against their prescribed annual contribution to the Universal Service and Access Fund.*

From the above mentioned it is clear that the Authority (ICASA) has an obligation to prescribe (by way of regulation) the manner in which contributions to the Fund by Licensees must be paid.

Regulations as provided for in section 89 were issued on 10 October 2008 and published as GN 1270 in GG No. 31499.

Regulation 4(6) states that: *“Payments to the Fund must be made by electronic fund transfer or bank guaranteed cheque into the Authority’s bank account and proof of payments to the Fund and MDDA must be sent to the Authority, within two (2) months from the date of payment”.*

It follows that the Agency may not collect contributions directly from Licensees.

7. *Is the appointment of the Agency’s Board by the Minister of Communication a transparent process and how may this process be influenced by the Agency and its staff?*

In terms of section 80(2) and (3) of the EC Act:

- (1) *The Minister may, by notice in the Gazette, appoint a board of up to seven members to provide oversight of and guidance to the Agency.*
- (2) *A board appointed by the Minister in terms of section 58 (2) of the Telecommunications Act is considered to have been appointed in terms of this Act.*

Since the Agency is classified as a Schedule 3A public entity in terms of the provisions of the [Public Finance Management Act 1 of 1999](#) the board’s members are not subject to a shareholder’s compact.

A decision by a Minister to appoint the board of a public body is defined as an administrative action and accordingly the provisions of the [Promotion of Administrative Justice Act 3 of 2000](#) apply to such a decision.

In terms of the Act, a Minister's appointment of a public body board (referred to as an "action" in the Act) may be subject to legal review in the following circumstances:

- a) *the administrator who took it- (i) was not authorised to do so by the empowering provision; (ii) acted under a delegation of power which was not authorised by the empowering provision; or (iii) was biased or reasonably suspected of bias;*
- b) *a mandatory and material procedure or condition prescribed by an empowering provision was not complied with;*
- c) *the action was procedurally unfair;*
- d) *the action was materially influenced by an error of law;*
- e) *the action was taken- (i) for a reason not authorised by the empowering provision; (ii) for an ulterior purpose or motive; (iii) because irrelevant considerations were taken into account or relevant considerations were not considered; (iv) because of the unauthorised or unwarranted dictates of another person or body; (v) in bad faith; or (iv) arbitrarily or capriciously;*
- f) *the action itself- (i) contravenes a law or is not authorised by the empowering provision; or (ii) is not rationally connected to- (aa) the purpose for which it was taken; (bb) the purpose of the empowering provision; (cc) the information before the administrator; or (dd) the reasons given for it by the administrator;*
- g) *the action concerned consists of a failure to take a decision;*

- h) the exercise of the power or the performance of the function authorised by the empowering provision, in pursuance of which the administrative action was purportedly taken, is so unreasonable that no reasonable person could have so exercised the power or performed the function; or*
- i) the action is otherwise unconstitutional or unlawful.*

It follows that the appointment of the Agency's Board may only be challenged if one or more of the abovementioned circumstances applies.

APPENDIX B: EC ACT SECTIONS APPLICABLE TO USAASA

CHAPTER 14 UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA

80. Continued existence of Universal Service Agency.

- (1) Despite the repeal of the Telecommunications Act by this Act, the Universal Service Agency established in terms of [section 58 \(1\)](#) of the Telecommunications Act continues to exist as a juristic person in terms of this Act and will henceforth be called the Universal Service and Access Agency of South Africa.
- (2) The Minister may, by notice in the *Gazette*, appoint a board of up to seven members to provide oversight of and guidance to the Agency.
- (3) A board appointed by the Minister in terms of [section 58 \(2\)](#) of the Telecommunications Act is considered to have been appointed in terms of this Act.

81. Functions of Board.

- (1) The Agency's Board must exercise the powers conferred, and perform the duties imposed, upon it in accordance with any policy direction issued by the Minister.

(2) The Board must—

- (a) represent the Agency before the Minister and the Authority;
- (b) oversee the functions of the Agency;
- (c) prepare and update a strategic plan for the Agency at least once every three years to be used by the Agency in exercising its powers and carrying out its functions;
- (d) approve the annual report referred to in [section 86](#) prior to submission to the Minister;
- (e) approve the statement of estimated income and expenditures and any adjusted statements referred to in [section 84](#) prior to submission to the Minister;
- (f) approve the Chief Executive Officer's (CEO's) recommendations referred to in [section 83 \(3\) \(b\)](#);
- (g) oversee the accounts of the Agency referred to in [sections 84, 85](#) and [91](#); and
- (h) take such other decisions as may be requested by the CEO of the Agency in terms of this Chapter.

82. Functions of Agency.

(1) The Agency must—

- (a) strive to promote the goal of Universal Access and Universal Services;
- (b) encourage, facilitate and offer guidance in respect of any scheme to provide—Universal Access or Universal Services; or

telecommunication services as part of reconstruction and development projects and programmes contemplated in [section 3 \(a\)](#) of the Reconstruction and Development Programme Fund Act, 1994 ([Act No. 7 of 1994](#)), where such provision will contribute to the attainment of the object of the project or programme in question; and

(c) foster the adoption and use of new methods of attaining Universal Access and Universal Services.

(2) For purposes of [subsection \(1\) \(b\) \(ii\)](#), reference to telecommunication services in relation to development projects and programmes contemplated in section 3 (a) of the Reconstruction and Development Programme Fund Act, 1994, must be regarded as reference to electronic communications network services under this Act.

(3) (a) The Agency must from time to time, with due regard to circumstances and attitudes prevailing in the Republic and after obtaining public participation to the greatest degree practicable, make recommendations to enable the Minister to determine what constitutes—

(i) Universal Access by all areas and communities in the Republic to electronic communications services and electronic communications network services; and

(ii) the universal provision for all persons in the Republic of electronic communications services and access to electronic communications networks, including any elements or attributes thereof.

(b) Such a determination—

must be published in the *Gazette*; and

may be amended or substituted by the Minister on the recommendation of the Agency as provided for in this subsection.

(4) The Agency—

(a) may undertake such investigations into matters relating to its functions as it may consider necessary;

- (b) must conduct research into and keep abreast of developments in the Republic and elsewhere on information communication technology, electronic communications services and electronic communications facilities;
 - (c) must continually survey and evaluate the extent to which Universal Access and Services have been achieved;
 - (d) may issue information from time to time on the provision of electronic communications services and electronic communications networks in the Republic and access thereto;
 - (e) must, when so requested by the Minister, make recommendations to the Minister in relation to policy on any matter relating to Universal Access and Universal Services;
 - (f) must, when so requested by the Authority, advise the Authority on any matter relating to Universal Access and Universal services;
 - (g) must continually evaluate the effectiveness of this Act and things done in terms thereof towards the achievement of the goal of Universal Access and Universal services;
 - (h) may liaise, consult and co-operate with any person or authority;
 - (i) may appoint experts and other consultants on such conditions as the Agency may determine.
- (5) The Agency must manage the Universal Service and Access Fund in accordance with the provisions of this Chapter.

83. CEO and staff of Agency.

- (1) The Agency is under the direction and control of the CEO appointed by the Board.
- (2) The CEO—
 - (a) must be a suitably qualified and experienced person;

- (b) is subject to the direction and oversight of the board in the performance of all financial and administrative functions as well as other work as may arise from the performance of the Agency's functions under this Act; and
 - (c) must exercise any powers delegated to him or her by the Board.
- (3) Without derogating from his or her general powers, duties and functions as set forth in this section, the CEO must—
 - (a) approve of expenditures from the Universal service and Access Fund;
 - (b) conduct competitive tenders in terms of [section 90](#) and make recommendations to the Board.
- (4) The CEO must enter into a performance agreement with the Board. The performance agreement must, amongst other things—
 - (a) set appropriate key performance indicators; and
 - (b) set measurable performance targets.
- (5) The CEO must employ a staff, including senior management and such other persons as may be necessary to assist him or her with the performance of the functions of the Agency.
- (6) The staff of the Agency is accountable to and must enter into a performance agreement with the CEO.
- (7) The CEO must manage and direct the activities of the Agency.
- (8) The CEO must, in the selection of the staff of the Agency—
 - (a) promote the empowerment of historically disadvantaged persons, including women, the youth and people with disabilities;
 - (b) subject to [paragraph \(a\)](#), apply equal opportunity employment practices.

- (9) The CEO and other staff of the Agency must be appointed on the grounds of their qualifications, expertise or experience in the fields, when viewed collectively, of development planning, community development, social sciences, economics, electronic communications and publicity.
- (10) A person may not be appointed or continue in office as CEO or other member of the staff of the Agency if he or she becomes unfit to hold the office or becomes incapacitated.
- (11) The CEO of the Agency must be appointed for such period not exceeding five years as may be determined when he or she is appointed.
- (12) The CEO and other employees of the Agency hold office on such conditions as to remuneration and otherwise—
 - (a) in the case of the CEO, as the Minister may determine with the concurrence of the Minister of Finance;
 - (b) in the case of other employees, as the CEO may determine with the concurrence of the Minister and the Minister of Finance.
- (13) Different periods and conditions may be determined under [subsections \(11\)](#) or [\(12\)](#) in respect of different employees.

84. Financing of Agency.—

- (1) The operating and capital costs of the Agency must be financed from money appropriated by Parliament from time to time for that purpose.
- (2) The Agency must utilise any money contemplated in [subsection \(1\)](#) in accordance with the statement of estimated income and expenditure referred to in subsection (3).
- (3) The Agency—
 - (a) must in each financial year, at a time determined by the Minister, submit a statement of estimated income and expenditure for the following financial year to the Minister for his or her approval, granted with the concurrence of the Minister of Finance; and

- (b) may in any financial year submit adjusted statements of estimated income and expenditure to the Minister for his or her approval, granted with the concurrence of the Minister of Finance.

85. Banking account.

The Agency must, with the approval of the Director-General, open and maintain with a bank, registered as such in terms of the Banks Act, 1990 ([Act No. 94 of 1990](#)), an account in which there must be deposited the money received by the Agency and from which payments for it or on its behalf may be made.

86. Annual and other reports.—

(1) The Agency must submit to the Minister—

- (a) such information and particulars as he or she may from time to time, in writing, require in connection with the activities of the Agency; and
- (b) a report in regard to the functions, affairs and activities of the Agency, annually and as soon as is reasonably practicable after the end of each period of 12 months ending on 31 March, in respect of such period.

(2) Without derogating from the generality of the provisions of [subsection \(1\)](#), the annual report must, among others, include—

- (a) information regarding progress towards achieving the goal of Universal Service; and
- (b) such other information as the Minister may determine.

- (3) The Minister must table a copy of the annual report in Parliament within 30 days after it is received by him or her if Parliament is then in ordinary session or, if Parliament is not then in ordinary session, within 30 days after the commencement of its next ordinary session.

87. Continued existence and control of Universal Service Fund.

- (1) Despite the repeal of the Telecommunications Act by this Act, the Universal Service Fund established in terms of [section 65 \(1\)](#) of the Telecommunications Act continues to exist in terms of this Act and will henceforth be called the Universal Service and Access Fund, and the Agency must keep account of the Fund in its books and credit the Fund with—
- (a) universal service contributions referred to in [section 89](#); and
- (b) money accruing to the Universal Service and Access Fund from any other source.
- (2) All money received, the amounts of which in terms of [subsection \(1\)](#) must be credited to the Universal Service and Access Fund in the books of the Agency, must be paid into the National Revenue Fund established by [section 185](#) of [the Constitution](#).
- (3) Subsidies paid from the Universal Service and Access Fund in terms of [section 88](#) must be financed from money appropriated by Parliament for that purpose.
- (4) The Universal Service and Access Fund must be administered by the Agency subject to the control and in accordance with the instructions of the Minister.

88. Application of money in Universal Service and Access Fund.

- (1) The money in the Universal Service and Access Fund must be utilised exclusively for the payment of subsidies—

- (a) for the assistance of needy persons towards the cost of the provision to, or the use by, them of broadcasting and electronic communications services;
 - (b) subject to [subsection \(2\)](#), to any broadcasting service licensee and electronic communications network service licensee for the purpose of financing the construction or extension of electronic communications networks in Underserved areas as prescribed;
 - (c) to public schools and public further education and training institutions as defined in the South African Schools Acts, 1996 ([Act No. 84 of 1996](#)), and the Further Education and Training Act, 1998 ([Act No. 98 of 1998](#)), respectively, for the procurement of broadcasting and electronic communications services and access to electronic communications networks;
 - (d) to schools and further education and training institutions as defined in the South African Schools Acts, 1996 ([Act No. 84 of 1996](#)), and the Further Education and Training Act, 1998 ([Act No. 98 of 1998](#)), respectively, for the procurement of broadcasting and electronic communications services and access to electronic communications networks: Provided that— in the case of public schools, they are recognised by their provincial Departments of Education as falling into the lowest three quintiles for socio-economic redress in terms of the National Norms and Standards for School Funding (1998); and in the case of independent schools and independent further education and training institutions—
 - (aa) they are registered with the Commissioner for Inland Revenue as public benefit organisations in terms of [section 10 \(1\) \(cN\)](#) of the Income Tax Act, 1962 ([Act No. 58 of 1962](#)); and
 - (bb) they are registered with their provincial Departments of Education or the National Department of Education (as the case may be) for the receipt of state subsidies;
 - (e) for the establishment and operation of broadcasting services and for the establishment and operation, including training of and the payment of allowances to personnel of centres where access can be obtained to electronic communications networks.
- (2) The Authority must, by regulation, for purposes of [subsection \(1\) \(b\)](#), define Under-served areas.

- (3) The Authority must at least bi-annually review and update, the prescribed definition of under-served area and the list of designated under-served areas eligible for construction payments from the Universal Service and Access Fund.
- (4) The Minister may, for the purposes of payments referred to in [subsection \(1\) \(a\)](#), by notice in the *Gazette* determine—
 - (a) types of needy persons to whom assistance may be given;
 - (b) the persons who must apply for assistance and the manner in which such applications must be made;
 - (c) the manner in which and persons to whom subsidies may be paid.

89. Contributions to Universal Service and Access Fund.

- (1) Subject to [subsection \(3\)](#), every holder of a licence granted or considered to have been granted in terms of [Chapter 3](#) must pay, in addition to any other fees contemplated in this Act or the related legislation, the prescribed annual contributions of the licensee's licensed activity to the Universal Service and Access Fund.
- (2) The Authority must prescribe—
 - (a) the basis and manner of determination of such contributions, which must not exceed 1 per cent of the licensee's annual turnover or such other percentage of the licensee's annual turnover as may be determined by the Minister after consultation with the affected parties, by notice in the *Gazette*; and
 - (b) the dates when such contributions become payable and the manner in which they may be paid.
- (3) Broadcasting service licensees contributing to the Media Development and Diversity Agency ("MDDA") must have their annual MDDA contribution set off against their prescribed annual contribution to the Universal Service and Access Fund.

90. Competitive tender for universal service and access projects.

- (1) The Agency must provide incentives to electronic communications network service licensees to construct, operate and maintain electronic communications networks in under-serviced areas through the award of project grants.
- (2) The Agency must, in consultation with the Authority—
 - (a) publish a notice in the *Gazette* stating its intention to award one or more project grants and invite interested electronic communications network service licensees to submit proposals;
 - (b) identify the targeted under-serviced area or under-serviced areas where project grants will be awarded and determine—
 - the time and place for submitting proposals;
 - the scope of the projects which may vary according to the needs of the targeted under-serviced area or under-serviced areas;
 - the criteria for evaluating proposals;
 - the projected cost of the proposed project; and
 - such other matters as may be helpful in securing qualified proposals.
- (3) the criteria for evaluating proposals may take into consideration—
 - (a) the objects of this Act set out in [section 2](#);
 - (b) the scope of the electronic communications network service licensee’s proposal, including the electronic communications network proposed for construction in the under-serviced area and the technologies proposed;

- (c) any electronic communications services the electronic communications network service licensee proposes to offer in terms of its electronic communications network service licence and, as applicable, any electronic communications service licence or other licence held by the electronic communications network service licensee;
 - (d) the terms and conditions relating to any proposed services, including wholesale and retail pricing, taking into account the lack of competitive electronic communications networks and services in the targeted underserved area; and
 - (e) such other matters as the Agency, in consultation with the Authority, finds appropriate for the targeted under-served area.
- (4) The subsidy for project grants must be paid out of the Universal Service and Access Fund.
- (5) The Agency must supervise the execution of projects awarded under [subsection \(1\)](#).

91. Accounts of Universal Service and Access Fund.

- (1) The Agency must—
- (a) cause full records to be kept of the transactions of the Universal Service and Access Fund;
 - (b) as soon as possible, but not later than three months after 31 March in each year, cause the books and accounts relating to such transactions to be balanced as at that date and thereafter prepare a statement showing in all necessary detail—
 - the income and expenditure of the Fund during the preceding financial year; and
 - a balance sheet showing the assets and liabilities of the Fund as at the end of that year.
- (2) The accounts and balance sheet of the Fund must be audited by the Auditor-General.
- (3) As soon as possible after the accounts and balance sheet for any year have been audited, the Agency must submit a copy of the accounts and balance sheet to the Minister.

(4) The Minister must table a copy of the audited accounts and balance sheet in Parliament—

(a) within 30 days after they have been received by him or her if Parliament is then in ordinary session or, if Parliament is not then in ordinary session, within 30 days after the commencement of its next ordinary session; or

(b) if so determined by the Minister, together with the annual report of the Agency in regard to the period concerned.

(5) For the purposes of this section, “**financial year**” means the period extending from 1 April in any year to 31 March in the next succeeding year.

APPENDIX C: WORLD BANK ICT SA SUMMARY

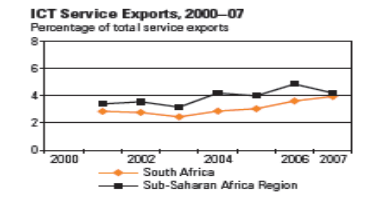
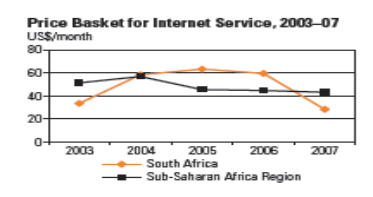
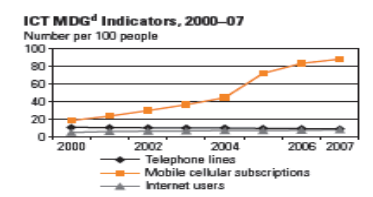
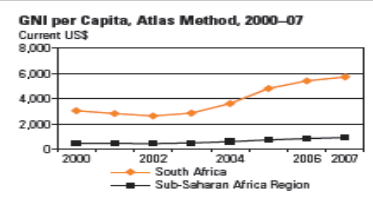
South Africa

	South Africa 2000	South Africa 2007	Upper-middle- income group 2007	Sub-Saharan Africa Region 2007
Economic and social context				
Population (total, million)	44	48	824	800
Urban population (% of total)	57	60	75	36
GNI per capita, World Bank Atlas method (current US\$)	3,050	5,720	7,107	951
GDP growth, 1995–2000 and 2000–07 (avg. annual %)	2.5	4.3	4.3	5.1
Adult literacy rate (% of ages 15 and older)	—	88	94	62
Gross primary, secondary, tertiary school enrollment (%)	76	77	82	51
Sector structure				
Separate telecommunications regulator	Yes	Yes		
Status of main fixed-line telephone operator	Mixed	Mixed		
Level of competition ^a				
International long distance service	M	C		
Mobile telephone service	C	P		
Internet service	—	C		
Sector efficiency and capacity				
Telecommunications revenue (% of GDP)	5.1	7.5	3.3	4.7
Mobile and fixed-line subscribers per employee	264	1,145	566	499
Telecommunications investment (% of revenue)	25.5	9.8	—	—
Sector performance				
Access				
Telephone lines (per 100 people)	11.3	9.7	22.6	1.6
Mobile cellular subscriptions (per 100 people)	19.0	88.4	84.1	23.0
Internet subscribers (per 100 people)	1.6	9.1	9.4	1.2
Personal computers (per 100 people)	6.6	8.5	12.4	1.8
Households with a television set (%)	55	59	92	18
Usage				
International voice traffic (minutes/person/month) ^b	2.1	—	—	—
Mobile telephone usage (minutes/user/month)	—	106	137	—
Internet users (per 100 people)	5.5	8.3	26.6	4.4
Quality				
Population covered by mobile cellular network (%)	92	100	95	56
Fixed broadband subscribers (% of total Internet subscrib.)	0.3	3.9	47.8	3.1
International Internet bandwidth (bits/second/person)	8	71	1,185	36
Affordability				
Price basket for residential fixed line (US\$/month)	13.3	20.8	10.6	12.6
Price basket for mobile service (US\$/month)	—	13.9	10.9	11.6
Price basket for Internet service (US\$/month)	—	28.2	16.4	43.1
Price of call to United States (US\$ for 3 minutes)	1.98	0.79	1.55	2.43
Trade				
ICT goods exports (% of total goods exports)	2.0	1.8	13.5	1.1
ICT goods imports (% of total goods imports)	13.6	11.3	16.2	8.2
ICT service exports (% of total service exports)	2.9	3.9	4.6	4.2
Applications				
ICT expenditure (% of GDP)	—	9.7	5.2	—
E-government Web measure index ^c	—	0.55	0.37	0.16
Secure Internet servers (per 1 million people, Dec. 2008)	11.6	36.8	26.2	2.9

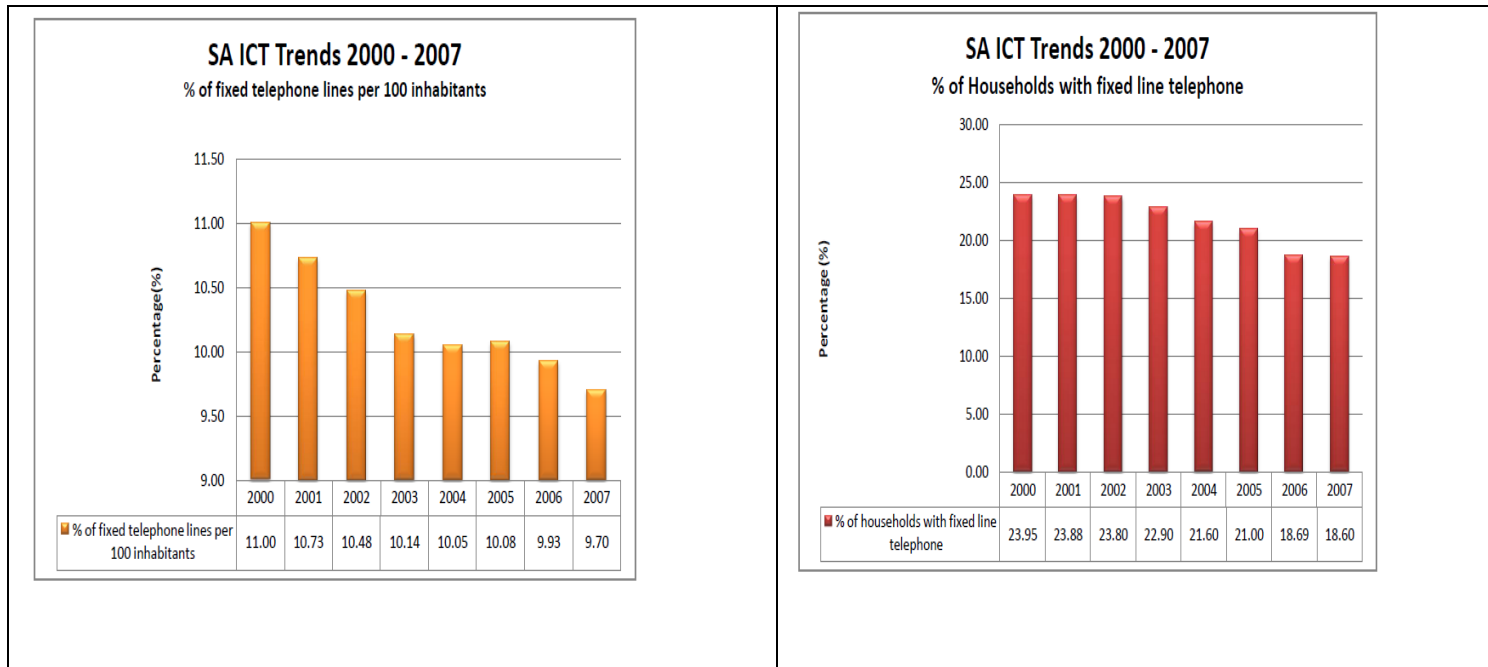
Sources: Economic and social context: UIS and World Bank; Sector structure: ITU; Sector efficiency and capacity: ITU and World Bank; Sector performance: Global Insight/WITSA, IMF, ITU, Netcraft, UN Comtrade, UNDESA, UNPAN, Wireless Intelligence and World Bank. Produced by the Global Information and Communication Technologies Department and the Development Economics Data Group. For complete information, see Definitions and Data Sources.

Notes: Use of italics in the column entries indicates years other than those specified. — Not available. GDP = gross domestic product; GNI = gross national income; ICT = information and communication technology; and MDG = Millennium Development Goal.

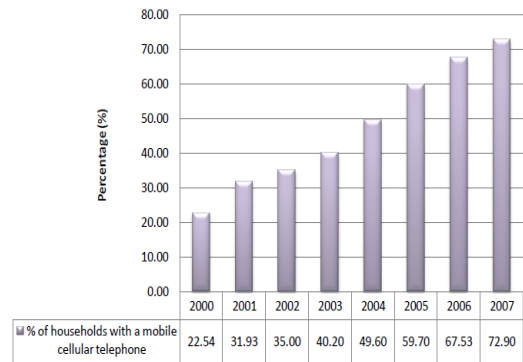
a. C = competition; M = monopoly; and P = partial competition. **b.** Outgoing and incoming. **c.** Scale of 0–1, where 1 = highest presence. **d.** Millennium Development Goal indicators 8.14, 8.15, and 8.16.



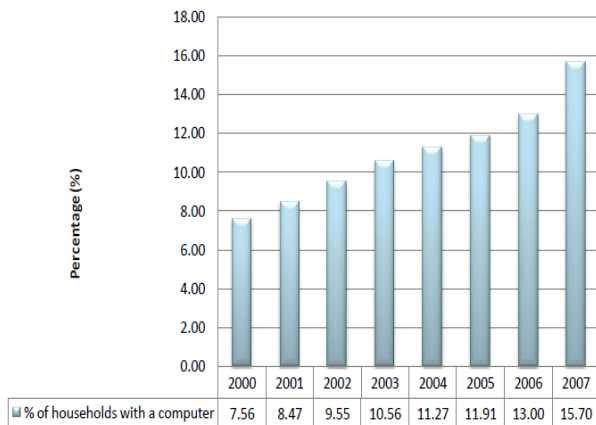
APPENDIX D: RSA ICT TRENDS BREAKDOWN 2000 TO 2007



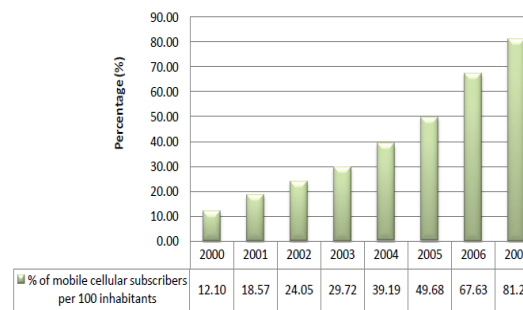
SA ICT Trends 2000 - 2007
 % of households with amobile cellular telephone

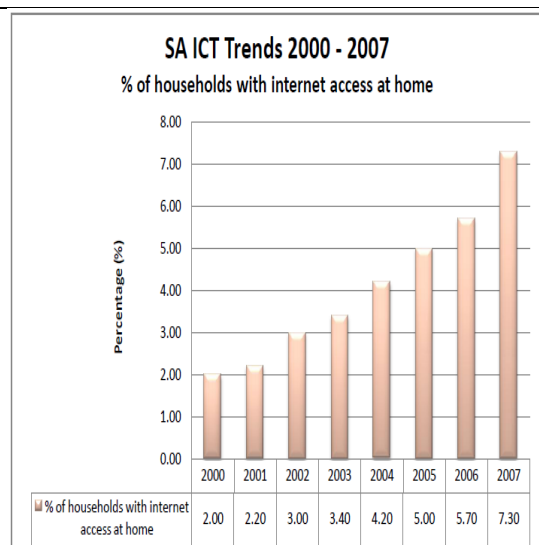
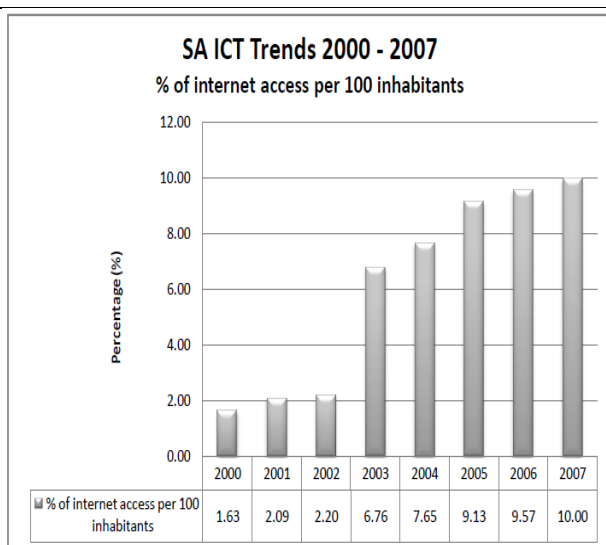
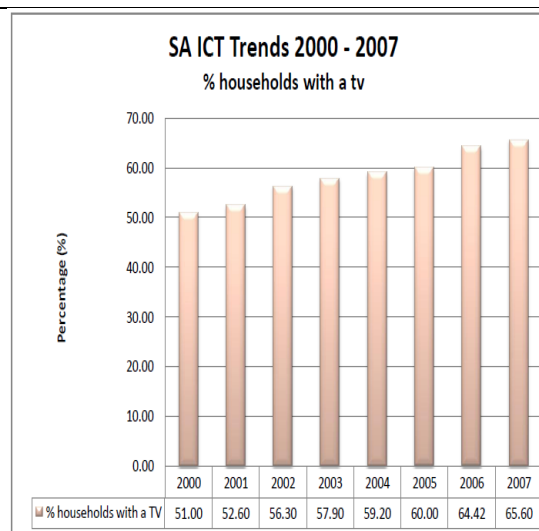


SA ICT Trends 2000 - 2007
 % of households with a computer

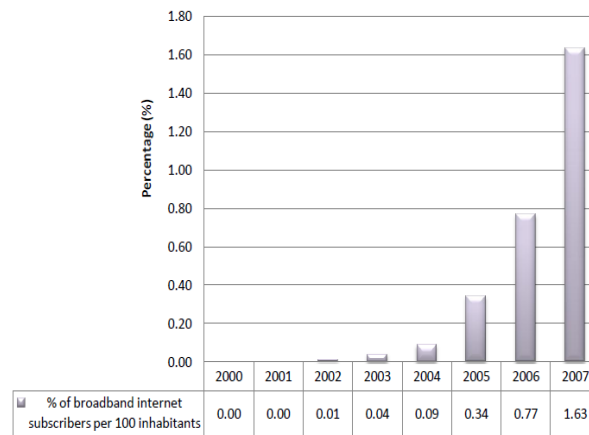


SA ICT Trends 2000 - 2007
 % of mobile cellular subscribers per 100 inhabitants





SA ICT Trends 2000 - 2007
 % of broadband internet subscribers per 100 inhabitants



APPENDIX E: FINANCIAL RESOURCE CONSIDERATIONS

Financial Performance data R Thousand	Accrual		
	2012/13	2013/14	2014/15
	Medium-Term Estimate		
Revenue			
Interest	112	124	138
Department of Communication	273 977	289 046	291 988
Total revenue	274 089	289 170	292 126
Expenses			
Advertising	-	-	-
Audit costs	762	717	857
Bank Charges	27	29	31
Contractors	-	-	-
Research and development	-	-	-
Travel and subsistence	2 165	2 539	2 693
Projects			
Strategy document and USAF Manual	2 850		
Handover of Existing Access Centres			
E-connectivity	11 400	9 310	8 550
Rapid Deployment	10 000	15 000	20 000
STB subsidies	230 000	240 000	240 000
Broadband Infrastructure	16 885	21 575	19 995
Total expenses	274 089	289 170	292 126

ⁱ Figures are based on a subsidized deployment model as pronounced in the approved Rapid Deployment Concept Documentation. Figures have the potential to increase should talks with funding partners bear fruit.

ⁱⁱ The magnitude of this project deliverable is contingent on the allocation of additional broadband funds in the DoC coffers for deployment by USAASA as per section 90 of the ECA under competitive bidding. A Competitive Bidding Strategy is already in place at USAASA having gone through the necessary governance structures and a operator/network subsidy approach is contained therein. To this end, the DBSA and IDC are on record as supporting a partnership.