



USOF
The Universal Service and Access Fund

UNIVERSAL SERVICE AND ACCESS FUND

QUARTER THREE REPORT

01 OCTOBER 2016 – 31 DECEMBER 2016



COMPANY INFORMATION

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Contents

CHAIRPERSON'S FOREWORD	4
1. USAF OPERATIONS REPORT	7
2. FINANCIAL MANAGEMENT SERVICES REPORT	11
3. GOVERNANCE REPORT	19
QUARTER 3 PERFORMANCE REPORT FOR 2016/2017	20

CHAIRPERSON'S FOREWORD

Honourable Minister Cwele,

I hereby would like to present the Universal Service and Access Fund report for the Third Quarter of the financial year 2016/2017.

It is with great concern that I present this report to your Honourable self as the projected performance target for the quarter under review was not achieved. However, BrightWave Technologies was appointed at the beginning of the third quarter which paved a way for the full network rollout of electronic communications infra structure in two local municipalities, i.e. Mhlontlo and King Sabata Dalindyebo in Eastern Cape. Despite the fact that the third quarter targets on electronic communications network were not achieved, there is a vast improvement on the programme implementation as equipment for 109 base stations has been procured and delivered in the Eastern Cape. Partly, this could be resulting to the unsmarts APP 2016/17, as such milestones were not identified properly.

Integrated Rural Broadband

The appointed service provider is procuring its backhaul facilities from Broadband Infraco and there is no need for the service provider to upgrade its backhaul facilities. USAASA has also a Memorandum of Understanding in place with Broadband Infraco in order to synergies the efforts of the respective entities for rapid rollout of broadband infrastructure and services with an intent to achieve universal access to electronic communications network to all South Africans by 2020 as provided for in the National Development Plan (NDP). Regular meetings between ourselves and the respective Executives of Mhlontlo and King Sabata Dalindyebo took place, which is important for project support and sustainability.

Rapid Deployment and Maintenance

The rapid deployment and maintenance programme is one of the strategic key priority projects of USAASA that emanating from the NDP. The NDP requires all schools, health facilities and similar social institutions to be connected and individual citizens should have affordable access to information

services and voice communication at appropriate locations by 2020. This is further expressed in South Africa Connect Policy.

The Board is exploring various connecting models that will ensure sustainable broadband connectivity which will be utilised by all citizens residing in under-serviced areas.

Broadcasting Digital Migration (BDM)

The BDM programme continues to be dogged by numerous legal impediments which resulted in a low uptake of the set-top-boxes by the targeted households, as well, as the Supreme Court of Appeal (SCA) judgement of 31 May 2016 which declared some of key provisions in the Digital Migration Policy of 2015 relating to the encryption of set-top-boxes as invalid. In light of the legal impediments facing the BDM programme, the Board has continued to engaged the Minister of Communications, Honourable Minister Faith Muthambi in order to find an amicable solution to ensure that the legal impediments are minimised in order to safeguard the state financial resources and the rollout of the BDM Project.

The embargo placed by the Board on manufacturing of the DTT set-top-boxes remains in place pending the outcomes of the petitioning and appeal to the Constitutional Court by the Minister of Communications. The delivery of the DTH set-top-boxes have been halted as the manufacturer of the boxes has resolved to take USAASA and its Board of Directors to arbitration for inclusion of smart cards and variance owing to currency exchange.

In conclusion, the unceasing commitment of the Board members during the quarter under review are to be commended. The Board members look forward to the usual support of the Ministry and wishes to affirm its commitment to becoming an unwavering pillar to the USAASA management team and employees as they strive to fulfil the USAF mandate.

A handwritten signature in black ink, consisting of a stylized 'M' and 'C' followed by a horizontal line extending to the right.

Mawethu Cawe

Chairperson

OFFICIAL SIGN - OFF

It is hereby certified that this USAF Performance Report:

- Was developed by the management of USAASA under the guidance of the Universal Service Fund (USAF) Board of Directors.
- Accurately reflects the targets and performance outcomes achieved by USAF in the quarter under review given the resources and capabilities at its disposal.

Mahomed Chowan
Chief Financial Officer

Signature:



Winile Lamani
Acting Executive Manager: Operations

Signature:



Sipho Mngqibisa
Acting Executive Manager: Performance Management

Signature:



Lumko Mtimde
Chief Executive Officer

Signature:



Mawethu Cawe
Chairperson

Signature:



1. USAF OPERATIONS REPORT

1.1 EXECUTIVE SUMMARY

The Quarter 3 performance targets pursued by the Operations Division during the final quarter of the 2016/17 financial year were as follows:

- Last mile connectivity installed at Mhlontlo and King Sabata Dalindyebo local municipalities;
- Broadband network connectivity maintained in 127 schools, 93 clinics and 38 traditional ICT centres;
- 14 615 Set-Top Boxes & antennas procured and installed for qualifying needy TV-owning households.

In all set targets, the unit did not achieve any of them as a result of delays in finalising the appointment of the licensed operator(s) to be subsidised to implement the broadband project. The focus was primarily to catch up on the missed targets of the previous quarters. The implementation schedule has been revised and compressed to ensure attainment of Q3 and Q4 targets.

1.2 Integrated Rural Broadband

2016/2017 Annual Target: 02 under-serviced local municipality broadband projects initiated & completed in the OR Tambo District Municipality in the Eastern Cape:

The business objectives for this project, supporting the strategic plan of USAF are as follows:

A once-off subsidy issued through USAF for the construction and / or extension of broadband infrastructure that provides services to the underserved areas of Mhlontlo Local Municipality and King Sabata Dalindyebo Local Municipality in the OR Tambo District of the Eastern Cape. A high-level project plan for Broadband rollout is depicted in the figure below:

The project experienced delays in the awarding of the bid to a licensed operator thus necessitating the procurement process to be concluded in Quarter 3 and the project will thus be fast tracked to meet the end of financial year for completion. Key stakeholders have been engaged and a project steering committee established. As at the close of the quarter, all site surveys had been concluded indicating no need for EIA processes as no towers above 15 metres are necessary. Site acquisition has

commenced, which is the most time consuming process in deployment of telecommunications infrastructure.

1.3 Rapid Deployment and Maintenance

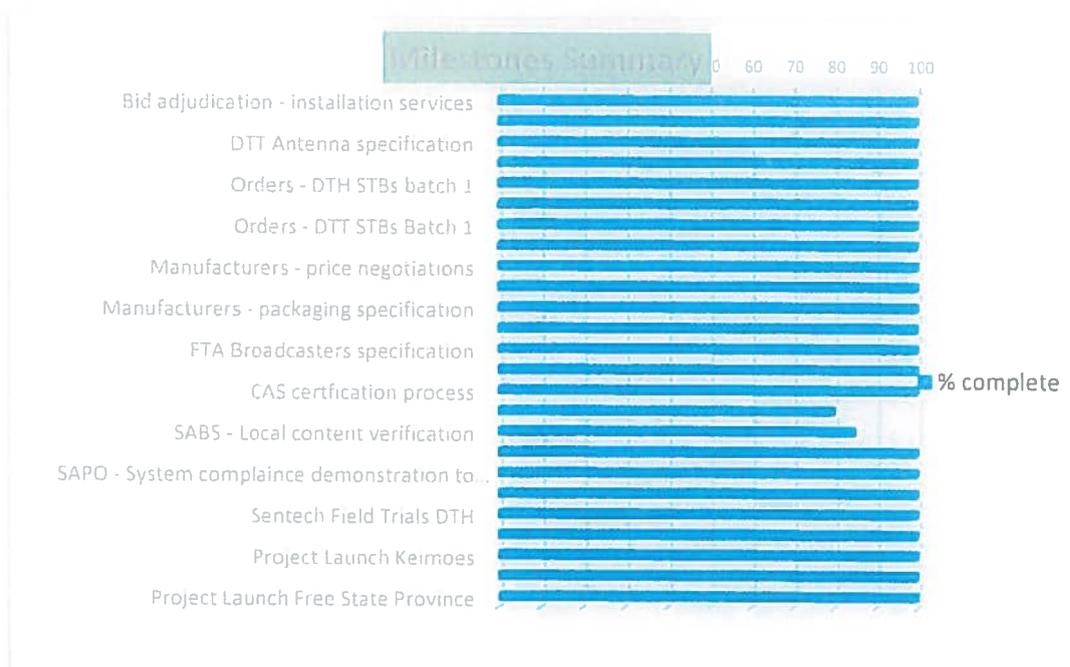
2016/2017 Annual Target: Maintain broadband network connectivity in 127 schools, 93 clinics and 38 traditional ICT centres in compliance with Section 88 of the Electronic Communications Act:

Service contracts with all Internet service Providers expired at the end of the 24 months' period entered into with each one of them at the end of Quarter two

A total number of 104 schools and traditional ICT centres were monitored. The lack of a remote monitoring access facility to the 154 sites could not be finalised as the contracts with the service providers came to an end during Quarter3. This has necessitated a complete review of connectivity of all the existing centres. Such review will be concluded during the 4th Quarter.

1.4 Broadcasting Digital Migration (BDM)

A total number of 8 477 set-top-box installations to households were concluded, this being 58% of the planned Quarterly 3 target of 14 615 households installations. The completed BDM milestones as at the end of Q3 of 2016 are depicted below:



SABS Local Content Verification – the six (6) companies which were allocated DTT / DTH set-top-box and antennae orders during 2015/2016 have engaged SABS for local content verification audits, however, this process was yet to be finalised as at 30 December 2016. It is anticipated that DTI will present its findings to USAASA in the course of the fourth quarter of 2016/17.

At the time of reporting, two set-top-box suppliers reported clearance of 40% in this regard. The rest have indicated completion of process and are awaiting reports from SABS.

The conclusion of Service Level Agreement (SLA) between USAASA and the South African Post Office (SAPO) for BDM logistics and distribution services in Quarter 1 allows for payments to SAPO for all services provisioned to USAASA. It furthermore allows for the payment of installer companies at the point of redemption at the SAPO outlets.

Below is a synopsis of Set-Top-Box (STB) installation activity:

STB Installation status											
Province	Total number of Installtions allocated			Total number of Installations redeemed for payout				Total amount of redeemed vouchers	Balance of allocated Installations not redeemed		Total number of Installation vouchers rejected
	DTT	DTH	Total	DTT	DTH	Total	%		Number	%	
Northern Cape	10 622	16 176	26 798	18 601	6 227	24 828	93%	R 12 975 394	1 889	7%	74
Free State	295	0	295	245	0	245	0%	R 146 150	50	17%	0
KwaZulu-Natal	0	57	57	0	57	57	100%	R 31 350	0	0%	0
Limpopo	26	12	38	33	0	33	87%	R 20 650	5	13%	0
Mpumalanga	0	8	8	0	2	2	25	R 1 300	6	75%	0
Total	10 943	16 253	27 196	18 879	6 286	25 165	93%	R 13 174 844	1 950	7%	74

1.5 USAF EXPENDITURE ON SMME BUSINESSES

During the quarter under review, both the Broadcasting Digital Migration and the Rapid Deployment line items showed expenditure with SMMEs to a total of R7, 329, 035.42. This amount is R2, 804, 000 spent over the quarter on connectivity to schools and clinics while R4, 525, 035.42 was spent throughout the quarter on installation companies doing work on the Broadcasting Digital Migration project.

1.6 HIGHLIGHTS

Matter	Mitigation
Milestone delays on broadband project in OR Tambo District	<ul style="list-style-type: none"> - Delays in the procurement process have been resolved, with five (5) licensed operators appointed to the panel of operators. From the panel of operators, a single operator has been allocated work for both Mhlontlo and King Sabata Dalindyebo local municipalities. Deliverables from Q1 and Q2 have been resolved and are completed. - The Q3 target while not completely met has been partially met with the procurement of equipment having been achieved. This will enable the installation to masts at the immediate commencement of Q4. The appointed operator has indicated the ability to meet the timelines required to ensure completion by financial year end
Non-resolution of challenges relating to the provision of smart cards for STBs is delaying delivery of 20 000 units from BUA Africa	<ul style="list-style-type: none"> - The matter referred for arbitration. - The Board has mandated management to procure 10, 000 smart cards to assist the progression of the project as an interim measure while arbitration proceeds.

1.7 FASTTRACKING THE UNACHIEVED TARGETS

The following activities will be undertaken to ensure that all the unachieved targets are met by the end of quarter 4:

1.7.1 Broadband

- Steering committees including a local technical steering committee have been set up at OR Tambo District municipality to fastrack the infrastructure deployment process
- Installation teams have been increased to save more time
- Escalation processes have been agreed with all the Mayors of the affected municipalities

1.7.2 Connectivity

- Expired connectivity contracts are being revived by using the existing panels of internet providers whilst the connectivity strategy is being reviewed.
- New connectivity strategy will be implemented during the first quarter of 2017/18 financial year.
- CEO has taken operational lead and set up a Steering Committee which meets weekly to oversee the delivery of activities planned.

1.7.3 DTT

- Installing companies are being engaged to assist in the awareness campaigns to improve the uptake of the set-top boxes

- Installation will commence at other provinces such as Free State, Limpopo, Mpumalanga, KwaZulu Natal, Eastern Cape and North West. This will reduce inventory that is at the warehouses.

2. FINANCIAL MANAGEMENT SERVICES REPORT

2.1 EXECUTIVE SUMMARY

During the quarter under review USAF appointed a service provider to deploy broadband infrastructure at two local municipalities (King Sabata Dalindyebo and Mhlontlo) within the OR Tambo District Municipality in the Eastern Cape as per the 2016/17 Annual Performance Plan. The 2015/16 USAF Audited Annual Financial Statements were presented in Parliament on 18 October 2016.

2.2 POLICIES AND FRAMEWORKS

The following policies and frameworks were under review during the quarter with the aim of seeking approvals in the third quarter of 2016/17 financial year:

- Significance and Materiality Framework

2.3 HIGHLIGHTS

- Presentation of 2015/16 USAF Audited Annual Financial Statements to Parliament on 18 October 2016
- Appointment of a service provider to deploy broadband infrastructure and broadband connectivity at two local municipalities

2.4 LOWLIGHTS

- There has been slow movement in the distribution of set top boxes (STBs) , antennas and dishes to beneficiaries.
- This has resulted in a build-up of inventory at the SAPO warehouses.
- USAASA is working with SAPO to integrate the inventory management system of SAPO with the USAASA ERP system.
- The Operations division will formulate a distribution plan to increase the current uptake by beneficiaries.

ABRIDGED USAF FINANCIAL STATEMENTS

Universal Service and Access Fund

Financial Statements for the 9 months ended 31 December 2016

Statement of Financial Performance

		09 Months 31 December	09 Months 31 December 2015
	Note(s)	2016 '000	2016 '000
Revenue			
Other income		-	1
Finance income		79 733	71 077
Transfers and subsidies received	12	484 531	227 581
Total revenue		564 264	298 659
Expenditure			
Project Expenses	1	(54 621)	(46 743)
Audit Fees	2	(1 236)	(684)
Administrative Expenses		(20)	(2)
Total expenditure		(55 877)	(47 429)
Surplus before taxation		508 387	251 230
Taxation		-	-
Surplus for the 09 Months		508 387	251 230

Universal Service and Access Fund

Financial Statements for the 9 months ended 31 December 2016

Statement of Financial Position

	Note(s)	2016 R '000	2016 R '000
Assets			
Current Assets			
Receivables	4	22 741	-
Inventories - DTT/ DTH	11	603 146	-
Other receivables	6	67	5 959
Cash and cash equivalents	5	1 734 226	1 828 166
		2 360 180	1 834 125
Non-Current Assets			
Current Assets		2 360 180	1 834 125
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		2 360 180	1 834 125
Liabilities			
Current Liabilities			
Inter-Entity Loans	6	-	257
Payables from exchange transactions	7	58 179	6 927
		58 179	7 184
Non-Current Liabilities			
Current Liabilities		58 179	7 184
Liabilities of disposal groups		-	-
Total Liabilities		58 179	7 184
Assets		2 360 180	1 834 125
Liabilities		(58 179)	(7 184)
Net Assets		2 302 001	1 826 941
Net Assets			
Accumulated surplus		2 302 001	1 826 941

Universal Service and Access Fund

Financial Statements for the 9 months ended 31 December 2016

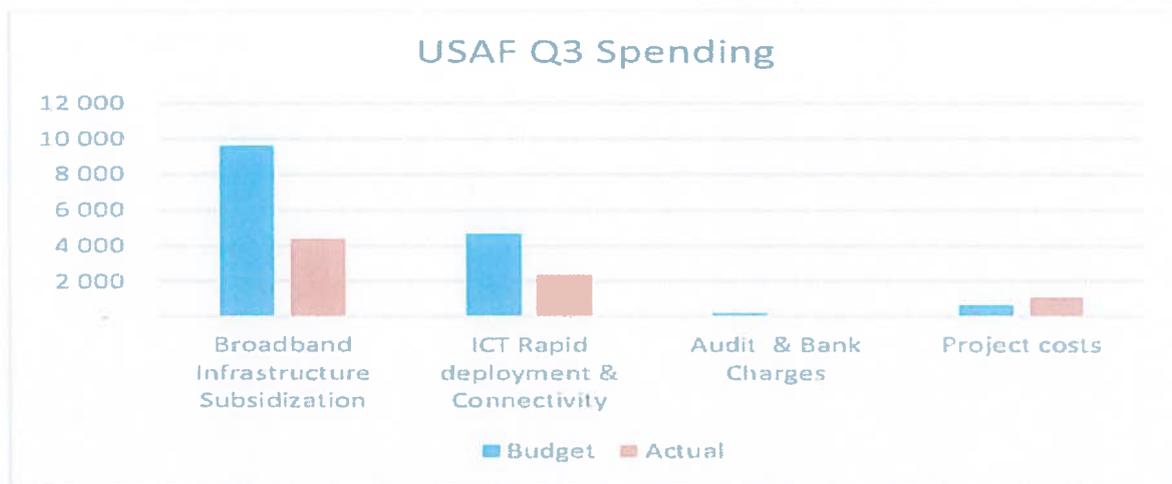
Statement of Cash Flows

		09 Months 31 December	09 Months 31 December 2015
	Note(s)	2016 '000	2016 '000
Cash flows from operating activities			
Receipts			
Cash receipts from Government		484 531	221 622
Payments			
Cash paid to Suppliers		(628 634)	(62 509)
Total receipts		484 531	221 622
Total payments		(628 634)	(62 509)
Net cash flows from operating activities	8	(144 103)	159 113
Cash flows from investing activities			
Interest Income		79 733	71 077
Cash flows from financing activities			
Inter-entity loan		-	231
Net cash from financing activities		-	231
Net increase/(decrease) in cash and cash equivalents		(64 370)	230 421
Cash at the beginning of the period		1 798 596	1 597 745
Net increase in cash and cash equivalents	5	1 734 226	1 828 166

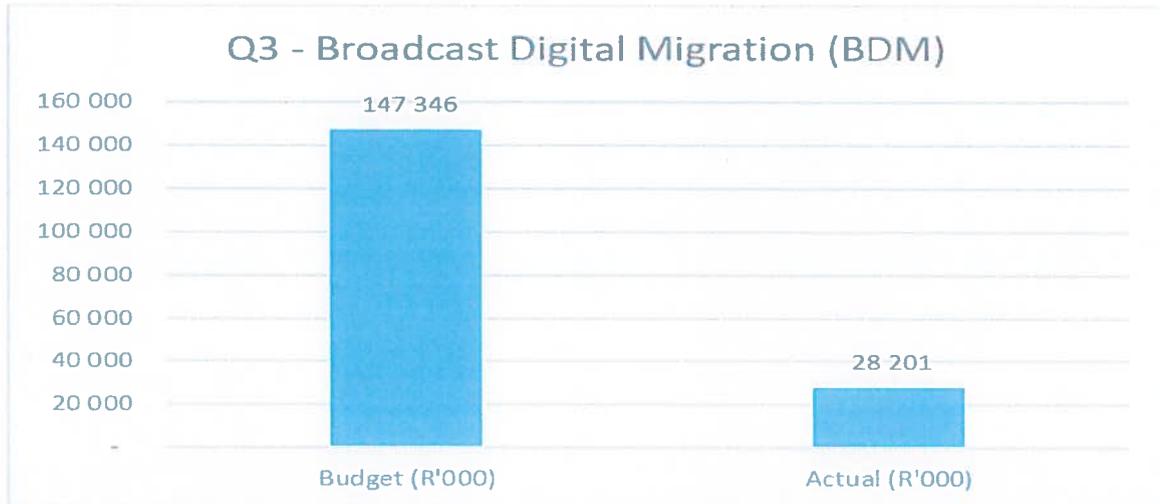
QUARTER 3 USAF SPENDING

The Fund's spending patterns for Quarter 3 are depicted below:

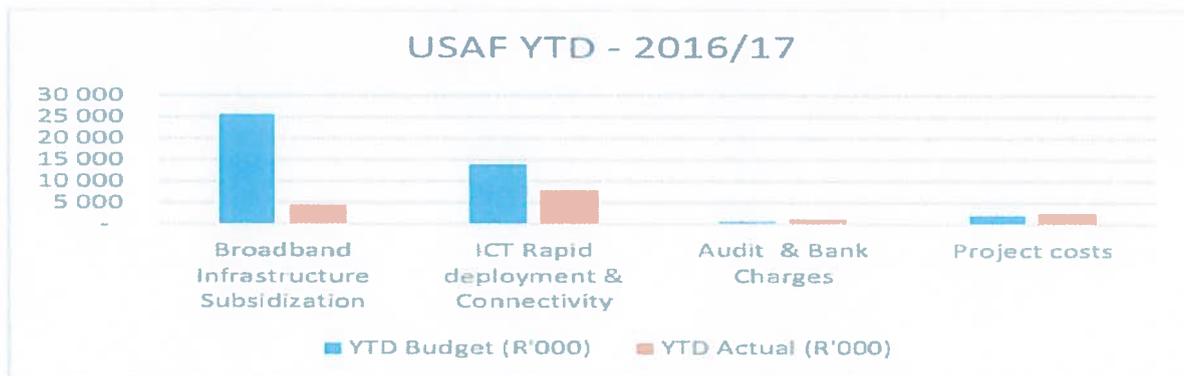
2016/17 Third Quarter Spending Item	Quarter 3 (R'000)	
	Budget	Actual
Broadband Infrastructure Subsidization	9 600	4 435
ICT Rapid deployment & Connectivity	4 694	2 371
Audit & Bank Charges	249	52
Project costs	688	1 102
	15 231	7 960



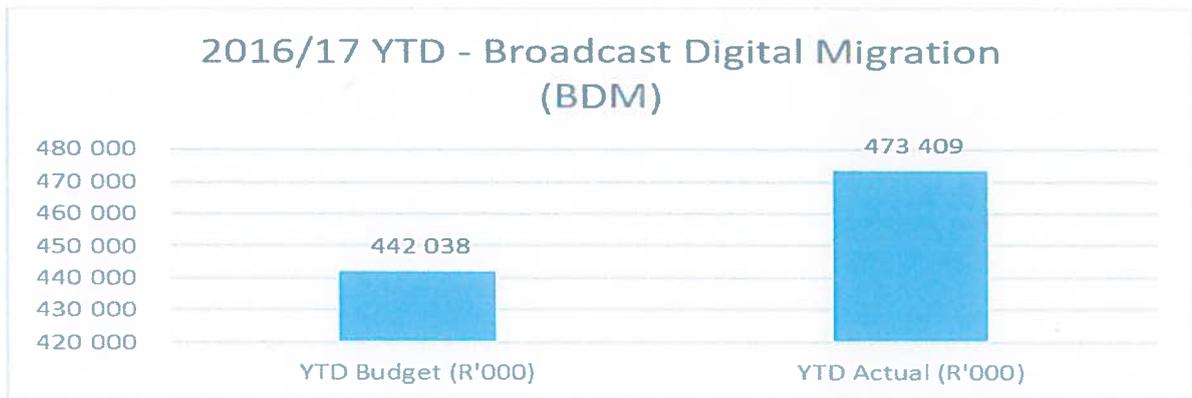
Spending Item	Budget (R'000)	Actual (R'000)
Broadcast Digital Migration (BDM)	147 346	28 201
	147 346	28 201



Spending Item	YTD Budget (R'000)	YTD Actual (R'000)
Broadband Infrastructure Subsidization	25 600	4 435
ICT Rapid deployment & Connectivity	14 082	7 762
Audit & Bank Charges	747	1 255
Project costs	2 064	2 545
	42 493	15 997



Spending Item	YTD Budget (R'000)	YTD Actual (R'000)
Broadcast Digital Migration (BDM)	442 038	473 409
	442 038	473 409



3. GOVERNANCE REPORT

EXECUTIVE SUMMARY

The Board and Board Committees held a number of meetings during the quarter under review to consider various strategic and governance matters.

3.1 Board Meetings

During the third quarter the Board met twice to amongst others:

- consider the USAF 2016/17 Quarter 2 Performance Reports;
- approve the USAF 2017/2021 Strategic Plan and 2017/18 Annual Performance Plan;
- consider USAF Quarter 2 financial statements;
- approve the internal and external Audit Action Plans; and
- consider the Internal Audit Performance Report for Quarter 2.

3.2 Board Audit and Risk Committee (BARC)

BARC met once during the quarter to consider the following among others:

- review and recommend the USAF 2016/17 Quarter 2 Performance Reports to the Board;
- review and recommend the USAF 2017/2021 Strategic Plan and 2017/18 Annual Performance Plan to the Board;
- consider USAF Quarter 2 financial statements;
- review and recommend the internal and external Audit Action Plans to the Board; and
- review the Internal Audit Performance Report for Quarter 2.

3.3 Operations Committee

The Operations Committee did not meet during the quarter.



QUARTER 3 PERFORMANCE REPORT FOR 2016/2017

Progress on Delayed 2016/2017 Quarter 1 Targets

BROADBAND

Strategic Objective		To provide access to ICT services in 6 identified under-serviced areas by 2021 as part of implementing the South Africa Connect digital development strategic pillar in support of the National Development Plan						
Performance Indicator		Accessible broadband network coverage in identified underserviced areas						
Annual Target		02 under-serviced local municipality broadband projects initiated & completed in the OR Tambo District Municipality in the Eastern Cape						
Quarterly Target		Evidence Criteria		Actual achievement		New delivery date	Budgeted expenditure	Actual expenditure
Environmental rights application completed for Mhlontlo and King Sabata Dalindyebo local municipalities in the OR Tambo District	Confirmation letters: Environmental rights applications completed	Actual Achievement Achieved in Q3. Rights to install the antennae at schools and clinics achieved. No environmental rights are required.	Deviation from the planned target The network planning has resulted in network masts that will be less than 15 meters in height Such height does not require applications for environmental rights. This target is therefore regarded as achieved	Action plan for delayed target Nil		Done	R 9 600 000	R 4 434 940

BROADBAND

Strategic Objective	To provide access to ICT services in 6 identified under-serviced areas by 2021 as part of implementing the South Africa Connect digital development strategic pillar in support of the National Development Plan						
Performance Indicator	Accessible broadband network coverage in identified underserviced areas						
Annual Target	02 under-serviced local municipality broadband projects initiated & completed in the OR Tambo District Municipality in the Eastern Cape						
Quarterly Target	Evidence Criteria	Actual Achievement		Actual achievement		Budgeted expenditure	Actual expenditure
50% Backhaul developed / upgraded for Mhlontlo and King Sabata Dalindyebo local municipalities	Progress reports on completed Backhaul extension / upgrades	Actual Achievement Achieved in Q3. Backhaul achieved by procuring backhaul capacity directly from Broadband Infracore ensuring collaboration and efficiency.	Deviation from the planned target Backhaul capacity is being procured directly from BBI instead of developing a new one.	Action plan for delayed target None	New delivery date Completed	R 9 600 000	R 4 434 940

RAPID DEPLOYMENT AND MAINTENANCE

Strategic Objective	To facilitate the broadband connectivity of educational institutions, primary health care facilities and government institutions by 2021.						
Performance Indicator	Number of existing broadband network connections maintained in educational institutions, primary health care facilities and traditional ICT centres						
Annual Target	Maintain broadband network connectivity in 127 schools, 93 clinics and 38 traditional ICT centres in compliance with Section 88 of the Electronic Communications Act						
Quarterly Target	Evidence Criteria	Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date	Budgeted expenditure	Actual expenditure
Broadband network connectivity maintained in 127 schools, 93 clinics and 38 traditional ICT centres	Monthly reports on broadband deployment to educational institutions, primary health care facilities and traditional ICT centres	Not Achieved. Usage at 98 sites was remotely monitored and the remaining sites were physically checked on an ad hoc basis.	Usage reports were only provided for the 98 sites. The contracts for some sites have since come to an end during the third quarter	KZN department of Health is taking over connectivity to clinics (24). All connectivity contracts will be reviewed during the 4 th quarter.	31 March 2017	R4 694 000	R2 371 033

BROADCASTING DIGITAL MIGRATION

Strategic Objective		To fund digital television access equipment for qualifying TV-owning needy households by 2021					
Performance Indicator		Number of set-top boxes & antennas procured and installed for qualifying needy TV-owning households					
Annual Target		58 460 Set-Top Boxes & antennas procured and installed for qualifying needy TV-owning households					
Quarterly Target	Evidence Criteria	Actual achievement			New delivery date	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan on delayed target			
14 615 Set-Top Boxes & antennas procured and for installed qualifying needy TV-owning households	Progress reports on the procurement and installation of set-top-boxes for qualifying needy TV-owning households	Not Achieved. 7 221 set top boxes & antennas installed for qualifying needy TV-owning households during the quarter under review	7 221 out of the targeted 14 615 STBs and antennae installed, which equates to 49.41% of the quarterly target	Continued engagements with Department of Communications (DOC)	The new delivery date is 31 March 2017	R147 346 000	R12 355 594

Progress on 2016/17 Quarter 2 Targets

BROADBAND

Strategic Objective		To provide access to ICT services in 6 identified under-serviced areas by 2021 as part of implementing the South Africa Connect digital development strategic pillar in support of the National Development Plan					
Performance Indicator		Accessible broadband network coverage in identified underserviced areas					
Annual Target		02 under-serviced local municipality broadband projects initiated & completed in the OR Tambo District Municipality in the Eastern Cape					
Quarterly Target	Evidence Criteria	Actual achievement				Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
Backhaul upgrades completed for Mhlontlo and King Sabata Dalindyebo local municipalities in the OR Tambo District	Progress and verification reports on completed backhaul upgrade	Achieved in Q3. Backhaul capacity has been procured directly from Broadband Infracore. There is no need for upgrades.	Backhaul capacity is being procured directly from BBI instead of developing a new one.	None	Completed	R9 600 000	R 4 434 940
100% base stations upgraded for Mhlontlo and King Sabata Dalindyebo local municipalities		Not Achieved. Equipment for 109 base stations has been procured and delivered. However, the installation of the base stations will be completed during Quarter 4.	Equipment for 109 base stations has been procured and delivered but have not yet been installed	Base station installations will commence during Quarter 4	31 March 2017		

RAPID DEPLOYMENT AND MAINTENANCE

Strategic Objective	To facilitate the broadband connectivity of educational institutions, primary health care facilities and government institutions by 2021.						
Performance Indicator	Number of existing broadband network connections maintained in educational institutions, primary health care facilities and traditional ICT centres						
Annual Target	Maintain broadband network connectivity in 127 schools, 93 clinics and 38 traditional ICT centres in compliance with Section 88 of the Electronic Communications Act						
Quarterly Target	Evidence Criteria	Actual achievement			New delivery date	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target			
Broadband network connectivity maintained in 127 schools, 93 clinics and 38 traditional ICT centres	Monthly reports on broadband deployment to educational institutions, primary health care facilities and traditional ICT centres	Not Achieved. Usage at 98 sites was remotely monitored and the remaining sites were physically checked on an ad hoc basis.	Usage reports were only provided for the 98 sites. The contracts for some sites have since come to an end during the third quarter.	KZN department of Health is taking over connectivity to clinics (24). All connectivity contracts will be reviewed during the 4th quarter.	31 March 2017	R4 694 000	R2 371 033

BROADCASTING DIGITAL MIGRATION

Strategic Objective	To fund digital television access equipment for qualifying TV-owning needy households by 2021							
Performance Indicator	Number of set-top boxes & antennas procured and installed for qualifying needy TV-owning households							
Annual Target	58 460 Set-Top Boxes & antennas procured and installed for qualifying needy TV-owning households							
Quarterly Target	Evidence Criteria	Actual achievement			Action plan on delayed target	New delivery date	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Actual achievement from the planned target				
14 615 Set-Top Boxes & antennas procured and installed for qualifying needy TV-owning households	Progress reports on the procurement and installation of set-top-boxes for qualifying needy TV-owning households	Not Achieved. Only 9 501 set top boxes & antennas installed for qualifying needy TV-owning households during the quarter under review	9 501 out of the targeted 14 615 STBs and antennae installed, which equates to 65% of the quarterly target. The focus has been in the SKA area. A total of 36 840 registrations have taken place. To date 19 738 installations have been allocated to the installers with 16 706 completed. The completion percentage is 84, 64%	Continued engagements with Department of Communications (DOC). The project is dependent on increased marketing awareness campaigns by the DOC	The new delivery date is 31 March 2017	R147 346 000	R12 355 594	

Progress on 2016/17 Quarter 3 Targets

BROADBAND

Strategic Objective		To provide access to ICT services in 6 identified under-serviced areas by 2021 as part of implementing the South Africa Connect digital development strategic pillar in support of the National Development Plan					
Performance Indicator		Accessible broadband network coverage in identified underserviced areas					
Annual Target		02 under-serviced local municipality broadband projects initiated & completed in the OR Tambo District Municipality in the Eastern Cape					
Quarterly Target	Evidence Criteria	Actual achievement			Action plan for delayed target	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Reason for deviation			
Last mile connection for Mhlontlo and King Sabata Dalindyebo local municipalities in the OR Tambo District	Progress and verification reports on last mile connection for Mhlontlo and King Sabata Dalindyebo local municipalities	Not Achieved. Equipment for base stations has been procured and delivered. However connectivity has not been provided	Connectivity is not in place as yet as base stations are yet to be installed	Delayed appointment of the service provider has resulted in the delays of all the quarterly targets	Connectivity will be installed during the 4 th quarter.	R 9 6000 000	0
					New delivery date 31 March 2017		

RAPID DEPLOYMENT AND MAINTENANCE

Strategic Objective	To facilitate the broadband connectivity of educational institutions, primary health care facilities and government institutions by 2021					
Performance Indicator	Number of existing broadband network connections maintained in educational institutions, primary health care facilities and traditional ICT centres					
Annual Target	Maintain broadband network connectivity in 127 schools, 93 clinics and 38 traditional ICT centres in compliance with Section 88 of the Electronic Communications Act					
Quarterly Target	Evidence Criteria	Actual achievement		Action plan for delayed target	Budgeted expenditure	Actual expenditure
Broadband network connectivity maintained in 127 schools, 93 clinics and 38 traditional ICT centres	Monthly reports on broadband deployment to educational institutions, primary health care facilities and traditional ICT centres	Actual Achievement Not Achieved. Only Usage at 32 sites was remotely monitored and the remaining sites were physically checked on an ad hoc basis	Deviation from the planned target Usage reports were only provided for the 32 sites. The contracts for some sites have since come to an end during the third quarter	Reason for deviation Contracts for some sites came to an end during the 3 rd quarter	KZN department of Health is taking over connectivity to clinics (24) All connectivity contracts will be reviewed during the 4 th quarter	R4 694 000 R2 371 033
				31 March 2017		

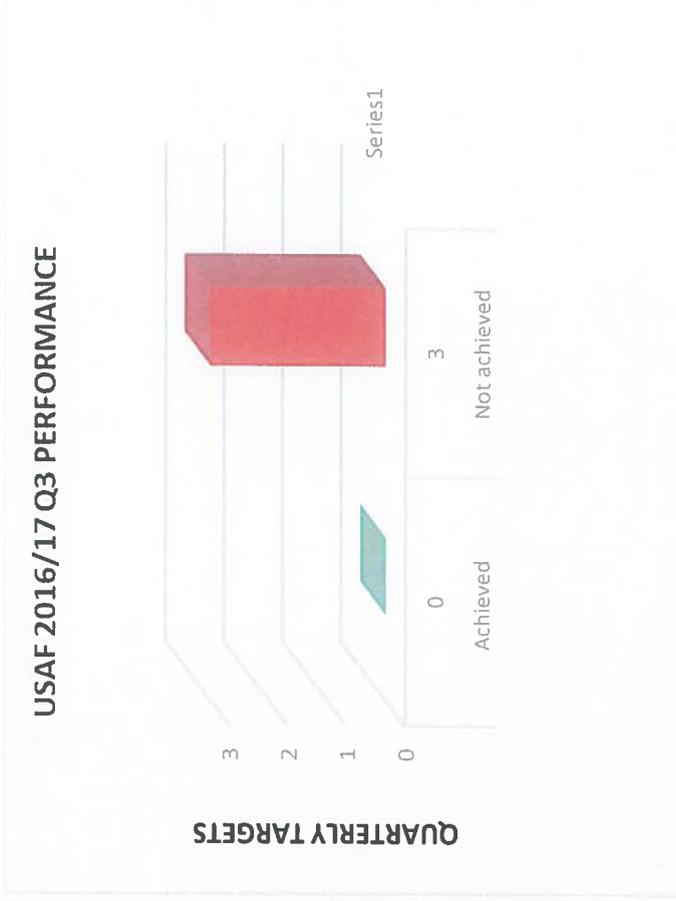
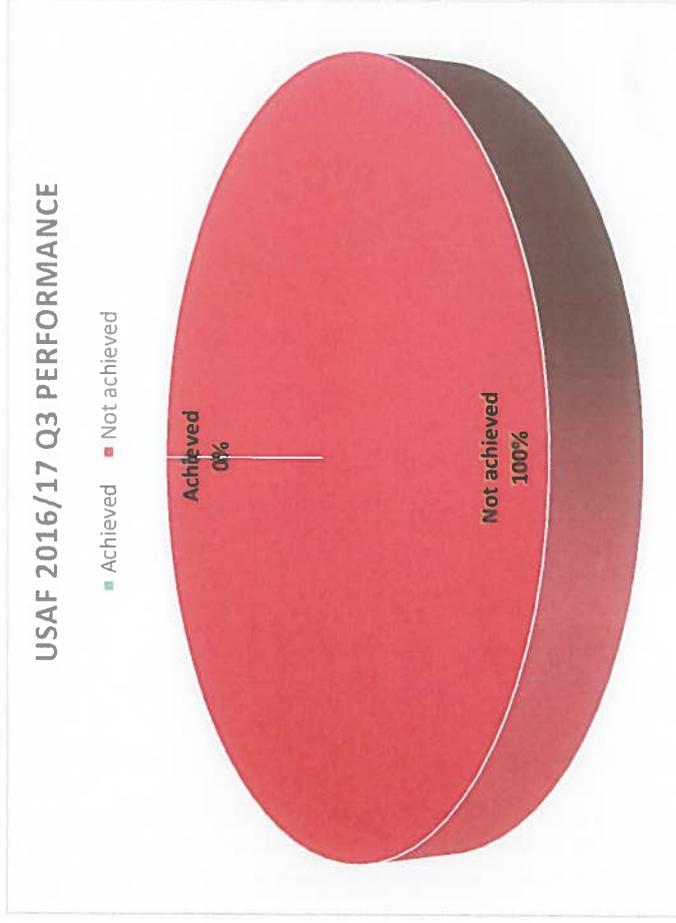
BROADCASTING DIGITAL MIGRATION

Strategic Objective		To fund digital television access equipment for qualifying TV-owning needy households by 2021					
Performance Indicator		Number of set-top boxes & antennas procured and installed for qualifying needy TV-owning households					
Annual Target		58 460 Set-Top Boxes & antennas procured and installed for qualifying needy TV-owning households					
Quarterly Target	Evidence Criteria	Actual achievement			New delivery date	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan on delayed target			
14 615 Set-Top Boxes & antennas procured and installed for qualifying needy TV-owning households	Progress reports on the procurement and installation of set-top-boxes for qualifying needy TV-owning households	<p>Not Achieved.</p> <p>8 477 set top boxes & antennas installed for qualifying needy TV-owning households during the quarter under review</p>	<p>8 477 out of the targeted 14 615 STBs and antennae installed, which equates to 58% of the quarterly target.</p> <p>The focus has been in the SKA area. A total of 50 282 registrations have taken place nationally. To date 27 196 installations have been allocated to the installers with 25 165 installations completed. The installation completion percentage is 92.53%</p>	<p>Continued engagements with Department of Communications (DOC). The Free State Province was launched for installations on the 1st of December 2016 and engagements will take place with the DOC to launch Limpopo and Mpumalanga</p>	The new delivery date is 31 March 2017	R2 251 544 000	R 12 355 594

				<p>Provinces to increase the installation numbers. The project is dependent on increased marketing awareness campaigns by the DOC for which they have not received adequate funding</p>			
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SUMMARY OF USAF QUARTER 3 PERFORMANCE

The below graphs depict the Fund's achieved quarterly targets against the planned quarterly targets in the 2016/17 approved Annual Performance Plan for the third quarter. None (0) of the three (3) planned targets were achieved, being 0% of the total planned targets, and three of the three planned targets were not achieved, being 100% of the total Q3 planned targets.



SUMMARY OF CUMULATIVE 2016/17 USAF PERFORMANCE

The below graphs depict the Fund's achieved cumulative quarterly targets against the planned quarterly targets in the 2016/17 approved Annual Performance Plan as at the end of the third quarter. Three (3) of the eleven (11) planned targets were achieved, being 21% of the total planned targets, and eight (8) of the eleven (11) planned targets were not achieved, being 79% of the total planned targets.

