No.0467 - 2023: Fifth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Tuesday, 05 December 2023

# ANNOUNCEMENTS

none

# TABLINGS

none

**COMMITTEE REPORTS**

**1. The Acting-Chairperson of the Co-operative Governance, Traditional Affairs, Research, Development and e-Government Portfolio Committee, Hon. B P Mncube, tabled the Committee’s Focused Intervention Study (FIS) Report on how has the Gauteng Department of e-Government addressed duplications of ICT infrastructure between Local and Provincial spheres of government in accelerating broadband connectivity, as attached:**

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**CoGTA, RESEARCH AND DEVELOPMENT & e-GOVERNMENT PORTFOLIO COMMITTEE**

**Focused Intervention Study (FIS) Report**

**On**

**How has the Gauteng Department of e-Government addressed duplications of ICT infrastructure between local and provincial spheres of government in accelerating broadband connectivity**

| **Committee Details** | | **Department Details** | |
| --- | --- | --- | --- |
| **Name of Committee** | **CoGTA, Research and Development & e-Government & Portfolio Committee** | **Name of Department** | **e-Government** |
| **Which Financial Year** | **2022/23 FY** | **Dept. Budget Vote Nr.** | **13** |
| **Which SOM Imperative** | **Budget** | **Hon. MEC** | **M. Khumalo** |
| **Committee Approvals** | | | |
|  | **Name** | **Signed** | **Date** |
| **Hon. Chairperson** | **B. Mncube (Acting)** |  | **01 December 2023** |
| **Adoption and Tabling** | | | |
| **Date of Final Adoption by Committee** | | **Scheduled date of House Tabling** | |
| **01 December 2023** | | **06 December 2023** | |

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# Executive Summary

Countries across the globe have embarked on the deployment of broadband network since it is perceived as an enabler that can ignite economic growth and development. South Africa developed the National Development Plan Vision 2030 as a roadmap to achieve among others an economic environment that has high-speed connectivity that can eliminate inefficiencies in government operation and service delivery. The Gauteng Provincial Government developed an ICT strategy that aimed at playing a collaborative and mobilization role by accelerating broadband connectivity and bringing ICT services to the province.

The Department of e-Government (herein referred to as Department) contributes directly to three (3) Medium-Term Strategic Framework priorities of the government. Priority 1: building a capable & ethical and developmental state; with the objectives to promote provincial ICT oversight and governance and to place provincial services on the Digital Platform. Priority 2: Economy, Jobs and Infrastructure; with the objective to modernise Provincial ICT Infrastructure with connectivity.

The Department has reported progress in the rollout of broadband connectivity, to modernise the provincial ICT infrastructure, within the province since 2014. Numerous milestones such as the development and upgrade of eight core nodes, the development and testing of e-services (School online applications), the establishment of innovation hubs and cost-cutting on telephony, through VoIP, between GPG Departments have been achieved.

Engagements with the Department, metros and the State Information Technology Agency (SITA) showed that there are challenges that persist in ensuring uniformity and a seamless approach to providing ICT infrastructure and services to all citizens across the province. The lack of uniform procurement processes for ICT services and the high cost of providing ICT goods and services are a matter of concern as projects are delayed due to protracted contract negotiations. Exacerbating the cost of ICT is vandalism to ICT infrastructure that requires that funds be redirected from planned projects to repair the damage caused by criminality. The SITA, as a procurement agency of ICT goods and services for the state, has adopted a service-based model to curb the high cost of ICT products and services. The model aims to procure goods at a service-based approach where the government will only pay for services consumed. The agency believes that the model will limit capex risk while increasing the rollout of ICT services.

There are efforts made by the Department and metros to resolve the challenges faced. These include the establishment of councils, where Chief Information Officers (CIO) convene to find solutions to challenges and to strategise on best practices to offer ICT goods and services. One of the strategies discussed at the CIO council is the possibility of utilising existing ICT infrastructure to curb high costs and infrastructure and services duplications.

1. **Introduction**

The CoGTA, e-Government, Research and Development Portfolio Committee (herein referred to as Portfolio Committee) oversees the Department of e-Government and conducts its activities as prescribed by the Sector Oversight Model (SOM). The SOM is premised on the prescripts of the PFMA and the methodology that seeks to assess the following:

* the efficacy of public service programmes
* the appropriateness of financial resource allocations and management
* the relationship between these key elements and whether the priorities, inputs and outputs of the Departmental programme achieve a desirable balance with the outcomes they produce.

The methodology applies various toolkits in the assessment of performance, such as A Focused Intervention Study (FIS). This is a research study that allows the Portfolio Committee to conduct an in-depth critical analysis of a portfolio-related subject. After assessing the Annual Performance Report of the Department of e-Government for the 2021/22 FY, the Portfolio Committee resolved to undertake a FIS titled, **“How has the Gauteng Department of e-Government addressed duplications of ICT infrastructure between local and provincial spheres of government in accelerating broadband connectivity”.**

The purpose of the FIS is to establish how the Gauteng Provincial Government (GPG) through e-Government has addressed duplications in delivering ICT infrastructure and to investigate why there are still some gaps that provide the private sector with an opportunity to provide the same services, which might have financial implications on Gauteng Province citizens.

1. **Background**

The South African National Development Plan 2030 and the New Growth Path (NGP), identify the knowledge economy as one of the major job creation drivers. A knowledge economy refers to an economy that is underpinned by universally available and accessible high-speed broadband providing access tothe creation and consumption of a wide range of converged services required for effective economic and social participation[[1]](#footnote-1). Further, the Presidential Infrastructure Coordinating Commission (PICC), in December 2012, launched Strategic Integrated Project (SIP) 15: Expanding Access to Communications Technology. SIP 15 aims “to ensure universal service and access to reliable, affordable and secure broadband services by all South Africans, prioritising rural and under-serviced areas and stimulating economic growth”[[2]](#footnote-2).

The South Africa Broadband Policy (2013) further gives effect to the Constitution of South Africa by creating the conditions in a modern electronic world “to improve the quality of life of all citizens and free the potential of each person” and, in doing so, enables equality in the rights, privileges and benefits of citizenship, including the guarantees of freedom of expression and association in the Bill of Rights. This also aligns with the declaration by the Human Rights Council of the United Nations General Assembly that, access to the internet is a basic human right that enables individuals to “exercise their right to freedom of opinion and expression”[[3]](#footnote-3).

To respond to the above national policy priorities, the Gauteng Provincial Government adopted a ten (10) pillar programme of Radical Transformation, Modernisation and Re-industrialisation (TMR) to make the province an integrated city-region characterised by social cohesion and economic inclusion.

Various research studies indicated that broadband connectivity has a positive effect on economic development and growth. The International Telecommunication Union (ITU) conducted a study on the impact of Broadband on the economy and found that Broadband, however, represents a new challenge for researchers. First, its deployment has proceeded at an incredibly fast pace. Within 12 years, broadband has been adopted by over 62% of households in the United States, 80% in the Netherlands and 95.9% in Korea (ITU, 2010; OECD, 2010)7. Consequently, the length of time series data of broadband adoption is considerably shorter than for voice telecommunications. Second, only the countries that have understood early on its economic potential have proceeded to collect statistics at the beginning of the diffusion process. Third, since broadband is an access technology for data communications, it only has an economic effect in combination with the adoption of information technology, and the implementation of organizational and process changes in enterprises. In sum, because broadband has been deployed in such a short time span and it is an enabler of remote information technology access, it has represented a substantial research challenge. The primary challenge, though, remains the lack of disaggregated datasets that allow to quantitatively establish the conditions under which broadband has an economic effect.

SA Connect (2013) indicated that the high cost of communication has constrained investment in South Africa as a regional business hub, in particular, investment in large-scale business processes outsourcing and similar job-creation industries have suffered. Further, there is increasing evidence of linkages between investment in electronic communications infrastructure and improvement in the economy. It is further emphasised that broadband must reach the critical masses of South Africa, access to broadband must be affordable, demand-side skills must be developed so that broadband services can be used effectively and supply-side skills must be developed so that the economic and innovation potential of broadband can be exploited.

# Problem Statement and Research Questions

There is increasing evidence that broadband connectivity has the potential to ignite economic development and growth through access to high-speed connectivity, support for small businesses, utilisation of various applications aimed at eradicating inefficiencies and improved service delivery and communications between government and citizens through inter-governmental cooperation and public-private partnerships. However, gaps in the realisation of both NDP Vision 2030 and SA Connect objectives persist, particularly in ensuring that broadband connectivity is delivered to the doorstep of the citizens of South Africa and the Gauteng Province. Furthermore; much as both provincial and local spheres have made progress in rolling out ICT infrastructure, there are still some notable grey areas in terms of providing access to the internet at the doorstep of the Gauteng Province citizens to the extent that private companies have seized the opportunity of providing the same. The desire by metropolitan municipalities to become “Smart Cities” resulted in duplications of infrastructure and services. The regulatory side of broadband appears to derail the progress as sizable procurement spending must be done through SITA.

The FIS will respond to the following research questions:

* How has the Department of e-Government’s rollout of ICT infrastructure interfaced with local government ICT rollout plans in the Province and eradicated duplications in rolling out the ICT infrastructure?
* What are the challenges experienced in ensuring that Gauteng province citizens access the internet across the province without having to travel long distances as envisioned by NDP 2030?
* What role has the Department of e-Government, in collaboration with local government, played in facilitating public-private partnerships in the rollout of broadband connectivity?
* As one of the critical economic drivers under the tertiary sector of GDP, what are the effects of broadband on Gauteng Province’s economic growth?

1. **Aims and Objectives of the FIS**

The aims and objectives of the FIS were as follows:

* To assess the economic development spinoffs of the progress made by the Gauteng Department of e-Government in the rollout of the broadband network across the Gauteng City Region and how the local government leveraged the developed ICT infrastructure.
* To investigate how duplications are eliminated between provincial and local government spheres of government in providing broadband networks.
* To establish the underlying challenges relating to ICT procurement processes and effects on policy priorities.
* To assess effectiveness of the facilitating public-private partnerships in the rollout of broadband connectivity across the province by both provincial and local spheres of government.
* To investigate the causes of private ICT companies to exploit opportunities that the government can leverage given that both local and provincial spheres can provide similar ICT services.

# Research Methodology

The focus of the study was on the effects of broadband connectivity against the objectives set in NDP Vision 2030, SA Connect and Gauteng ICT Strategy in the Gauteng Provincial and local government. Metropolitan municipalities were engaged to assess progress made in the realisation of Smart Cities through presentations on the progress made and challenges encountered in the rollout of broadband connectivity within their jurisdictions.

The Department of e-Government was invited to present on the progress made against NDP Vision 2030 and SA Connect objectives and SITA presented on the support provided to both spheres of government in response to policy priorities. Various reports such as budgets, IDPs and annual reports were reviewed to assess the financial investment in broadband and the current returns to such investments on the government’s performances and service delivery to citizens.

# Process Followed

In considering the FIS the Committee undertook the following processes:

* On the 10th of November 2022, the Committee Researcher presented various research topics to the Committee. The Committee agreed on the need to assess **“How has the Gauteng Department of e-Government, through Intergovernmental Relations, addressed duplications of ICT infrastructure between local and provincial spheres of government in accelerating broadband connectivity”**;
* On the 12th of May 2023, the Committee received presentations from the Department of e-Government, the City of Tshwane Municipality, the City of Johannesburg Municipality, the City of Ekurhuleni Municipality and the State Information Technology Agency; and
* On the 1st of December 2023 the Committee deliberated on the findings and recommendations and adopted the Focus Intervention Study report.

**7. Presentations**

The Portfolio Committee received presentations from the Department of e-Government, the City of Tshwane Municipality, the City of Joburg Municipality, the City of Ekurhuleni Municipality and SITA.

7.1 **Presentation by the Department of e-Government**

The presentation highlighted the progress made by the Department against the NDP 2030 ICT (NDP) deliverables. The key deliverables of the NDP are universal access to ICT that affords all South Africans access to ICT, including broadband internet access, to participate in the digital economy, digital skills development that creates opportunities for economic growth, e-government services that are delivered utilising ICT, e-health services that provide digital health solutions, e-education services providing access to all online learning solutions and cyber security that protects critical national infrastructure from cyber threats.

The Committee noted the possible collaboration efforts that the local and provincial governments can undertake to curb ICT duplication. These include centralised planning for ICT sharing of online platforms, utilising electronic communication methods to exchange information, utilising common data storage to store, share and access information and conducting data analytics to analyse data from multiple sources to gain insights into trends and inform decision-making. The Department reported that collaboration between the local and provincial spheres is facilitated through regular inter-governmental meetings and committees comprising Chief Information Officers (CIO Council) of departments. This has led to the development of a centralised ICT strategy namely the Gauteng Growth and Digitization strategy.

The strategy outlines the goals and priorities of the government for ICT development and outlines the responsibilities of different spheres of government. The Committee is of the view that the strategy will assist the different spheres of government to centralise ICT planning and coordination of processes.

7.2 **Presentation by the City of Tshwane**

In their presentation, the City gave details of its broadband project within its jurisdiction and collaboration with the provincial government. The Group Head of Shared Services mentioned that the city’s approach to rolling broadband was to partner with the private sector to leverage the already laid fibre by the private sector. The partnership assisted the City to reduce the costs related to rolling out the broadband project. The Portfolio Committee learned that the partnership will be ongoing for a period of 18 years since 2015. The infrastructure will be handed over to the City at the end of the contract.

By its admission, the City is of the view that the province does not have to roll out parallel infrastructure where the City has already laid fibre. The Committee supports the view of the City. Collaborating on rolling ICT infrastructure will save costs and the budget earmarked for broadband in Tshwane be directed to other projects in the province.

7.3 **Presentation by the City of Ekurhuleni**

The City rolls out broadband fibre as a primary network infrastructure to provide connectivity across the city. Citizens can connect to the network at public access points like libraries and clinics. Due to the high cost of rolling fibre, the city uses SD-WAN technology to provide connectivity to about 550 sites. According to the city, the technology reduces network costs and offers centralised management. The City encounters repeated damage to infrastructure due to criminal activities like theft which then impacts on the ICT budget where money has to be redirected to repair the damages. There are plans in place to collaborate with the Department of e-Government to provide access to libraries and clinics in the city through the GBN. The Portfolio Committee will engage the City and the Department to monitor the progress of the planned collaboration.

7.4 **Presentation by the City of** **Johannesburg**

The City’s presentation highlighted the collaboration efforts the city has with other institutions in rolling out broadband and connecting sites. The aim of the collaboration is mainly to reduce costs by utilising existing infrastructure.

7.5 **Presentation by State Information Technology Agency**

The agency presented how the SA connect deliverables are implemented in support of the NDP’s goals of creating an inclusive information society and positioning the government to play an enabling role in the provision of broadband. The presentation showed the provincial network coverage analysis to illustrate how connectivity gaps are closed through the rollout of broadband.

**8. Findings**

The findings of the study are a presentation of engagements between the Portfolio Committee, the Department of e-Government, the City of Tshwane Municipality, the City of Joburg Municipality, the City of Ekurhuleni Municipality and SITA on progress made in attaining the NDP objectives and responses to the FIS questions.

**How do both spheres of government eradicate duplications in rolling out ICT infrastructure?**

During engagements, the Committee found that there is a developed strategy that outlines the responsibilities of the two spheres of government regarding ICT planning and implementation. Even though there is a strategy in place to synchronise planning between the municipalities and the province, every entity is implementing broadband and ICT from different systems. The Department, however, is of the view that since the establishment of the CIO Council, progress has been made to align the systems to be complementary. For example, the City of Tshwane has signed an MOU with the province to partner in rolling out the e-health system as opposed to the City rolling out the same system that aims to achieve the same objective. **The Committee will continue to monitor the progress made in implementing the ICT strategy to eventually eradicate duplications**.

**What are the challenges experienced in ensuring that citizens of the Gauteng province access the internet without having to travel long distances as envisioned by the NDP?**

The City of Tshwane stated the privately saturated space is a challenge it faces in rolling out broadband. Households are privately connected through pay-to-use services, therefore rolling out the same services may not be prudent. The City is also in discussions with ICT specialists discussing if the current manner that ICT is offered is the best solution for the future. The discussions are also held at the CIO Councils for the province to identify common platforms and services to render to citizens.

The Department of e-Government presented possible mechanisms that can be utilised to provide access to the internet to households. Some of the objectives of the SA Connect policy are universal access and affordable ICT. To attain the objectives for the province, the Department rolls out the GBN to rural areas. The rollout of the network is envisaged to make ICT services affordable for all citizens as access will be provided at public access points such as community centers or libraries. The Portfolio Committee supports the plan of the Department and is of the view that this is a crucial step toward digital inclusion as the network will provide access for both personal and business use.

**As one of the critical economic drivers under the tertiary sector of GDP, what are the effects of broadband on Gauteng Province’s economic growth?**

The Department of e-Government reported that the GBN network connected 1226 sites to WAN across all the corridors in the province. The connection allows citizens to access the e-services developed and accessible on the digital platform. The e-services are developed for the consumer, business and government. these are services like school admission, GPG job application site, tender and trading license applications.

Rolled out and managed correctly, broadband **improves productivity** by enabling businesses to access and share information more quickly and efficiently. This in turn leads to increased outputs and improved decision-making. The rollout of broadband leads to **job creation** in the digital economy areas such as network construction, maintenance, and support, as well as in new businesses that rely on fast, reliable internet access (Gig economy). Through broadband, there is **improved access to both domestic and international markets** allowing businesses to reach new customers and suppliers. The widespread use of broadband can **stimulate innovation** by facilitating the development and diffusion of new technologies, products, and services. The availability of high-speed broadband can be a factor in the **attraction of foreign investment** to the region, as businesses look for locations with good digital infrastructure. **The Portfolio Committee notes the progress reported by the Department in accelerating economic growth by rolling out broadband even though there were no specific achievements reported.**

**Underlying challenges relating to ICT procurement processes and effects on policy priorities**

The Department of e-Government in its presentation stated that public processes relating to ICT procurement are not streamlined. As such each entity procures ICT services according to institutional policies. Procurement of ICT goods and services for the province, from a certain cost price, is governed by the SITA Act. The ACT prescribes that SITA is responsible for the identification and selection of service providers, management of supplier performance as well as ongoing administration of the contracts. The challenge with adhering to the prescripts of the Act is the protracted contract finalisation process that ensues should there be no agreement on the awarding of the contract. The delays are mainly due to the high cost of implementing ICT projects to cover service the entire province with a limited budget. The protracted discussions eventually delay the implementation of ICT projects.

In response to probing how the impasse can be resolved, the Department and the Municipalities propose that ICT procurement processes should be streamlined so that there is synergy across the two spheres, especially where there are service-level agreements in place. The entities can leverage existing contracts and cut down on costs. T**he Portfolio Committee takes note of the raised challenge and will pursue other oversight processes to solicit remedial action to the challenge**.

The SITA supports the view of the province regarding collaboration on utilising already existing infrastructure. This is also the agency’s revised approach to procure ICT goods and services given the limited CAPEX. The result in the agency applying a model that is service based. With the model, procurement of ICT will be based on a build, operate and maintain approach. This effectively means that the agency will leverage the significant balance sheets of the Private Sector for the CAPEX intensive Build requirements of a predominantly fibre-based broadband capability.​ The model will leverage the existing SITA infrastructure from which it provisions broadband connectivity. The government will only pay for services when consumed and have limited capex risk/ exposure.​ ​

**The role of the Department of e-Government in facilitating public-private partnerships in the rollout of broadband**

The Department of e-Government raised policy issues that can be adopted and implemented to assist in the facilitation of public-private partnerships in rolling out broadband. The proposals below as advanced by the Department, are still being discussed at the CIO councils’ meetings and with various stakeholders in the public space.

**Policy and regulation**: The government can create a favorable policy environment for private investment in broadband infrastructure by offering tax incentives, subsidies, and streamlined regulation.

**Public lands and infrastructure**: The government can make its lands and infrastructure, such as buildings and utility poles, available for private companies to use in building broadband networks.

**Funding and financing**: The government can provide funding and financing support to private companies to support the deployment of broadband in underserved areas.

**Technical assistance**: The government can offer technical assistance to private companies in areas such as network planning, design, and operation to help them effectively roll out broadband.

**Procurement processes**: The government can streamline procurement processes and procedures for private companies bidding for government contracts for broadband-related services and infrastructure. This proposal finds expression in the model that the SITA will apply where competitive procurement processes will determine market pricing and incentivise the use of existing infrastructure on an open-access basis. The Portfolio Committee is of the view that this will ultimately contribute to increasing broadband penetration and reduce the digital divide in both urban and rural contexts​. Applying this model, the government will serve as the anchor tenant which will allow the Broadband providers to leverage off the Governments’ aggregated demand to achieve economies of scale and be provided with the necessary incentive to invest in the development of the telecoms infrastructure and be more competitive with the pricing of their solutions.

**The Portfolio Committee will periodically engage the progress made on the proposed partnerships and the service-based model approach by SITA.**

**11. Committee Concerns**

**The Concerns of the Committee are as follows:**

9.1 The lack of evidence to support the effects of broadband in the province;

* 1. The slow pace of synchronising broadband initiatives across the two spheres,
  2. Reported high cost of the procurement and rollout of ICT goods and services

**10. Proposed Recommendations**

**The Committee recommended the following and requests the Department to respond by 29 February 2024:**

10.1 That the Department should submit a report illustrating actual gains achieved against the NDP goals since the rollout of the GBN;

10.2 That the Department should provide a progress report on the process of synchronising broadband initiatives in the province. The report should account for progress with all the metros.

**The below recommendation is inward and not directed to the Department:**

10.3 The Portfolio Committee will pursue other oversight processes and escalate the matter to the relevant oversight bodies to motivate for increased funding of ICT initiatives in the province.

**11. Acknowledgments**

The Portfolio Committee extends gratitude to the Honourable MEC M. Khumalo, the Acting Head of the Department Dr. D. Barclay and officials of the Department of e-Government for their cooperation during the consideration of the Focus Intervention Study. Gratitude is further extended to Municipalities for availing themselves and participating in the FIS and providing valuable information, without whom this study would not be possible.

Appreciation for diligence, dedication and commitment shown during deliberations on the Focus Intervention Study goes to all Members of the Portfolio Committee Ms. P. Mncube, Mr. P. Malema, Mr. N. De Jager, Mr. S. Msimanga, Ms. N. Njokwe, Mr. P. Makwala, Ms. A. De Lange, Mr. D. Adams, Mr. B. Dhlamini and Ms. I. Cilliers.

The Committee’s gratitude is extended to the following support staff: Group Committee Coordinator Ms. Z. Pantshwa-Mbalo, Committee Coordinator Ms. J. Nyembe, Researchers Mr. M. Tshehla, Mr. S. Nene, Media Officer, Ms. P. Bulasigobo; Information Officer Mr. L. Ncume, Committee Administrators Ms. N. Mthembu, Ms. C. DeBeer, Service Officer Ms. C. Mnethwa. Hansard Recorder Mr. N. Mbonani and Senior Committee Coordinator Ms. M. Molote.

**12. ADOPTION OF THE REPORT**

The CoGTA, Research and Development & e-Government Portfolio Committee unanimously adopted the FIS Report on *“****How has the Gauteng Department of e-Government addressed duplications of ICT infrastructure between local and provincial spheres of government in accelerating broadband connectivity*”** emanating from the Budget Report Vote 13 for the 2022/23 financial year. In accordance with Rule 117 (2)(c) read together with Rule 165, the Committee hereby recommends that this report be adopted by the House, taking into account concerns and proposed recommendations made in this report.

1. South African National Development Plan 2030 [↑](#footnote-ref-1)
2. Presidential Infrastructure Coordination Commission [↑](#footnote-ref-2)
3. South Africa Connect Plan [↑](#footnote-ref-3)