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**WRITTEN REPRESENTATIONS BY THE SOS SUPPORT PUBLIC BROADCASTING
COALITION ON USAASA'S QUALIFYING CRITERIA FOR THE STB SCHEME OF
OWNERSHIP AND SUPPORT PUBLISHED 28 OCTOBER 2014**

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1. Introduction

1.1. In Notice 938 published in Government Gazette No. 38134 dated 28 October 2014, the Universal Service Agency of South Africa (“USAASA”) published the proposed Qualifying Criteria for the Set Top Boxes Scheme of Ownership and Support (“the Proposed Criteria”).

1.2. These written submissions are made by SOS Support Public Broadcasting Coalition (“SOS”). The SOS Coalition represents a number of trade unions including COSATU, COSATU affiliates CWU and CWUSA, FEDUSA, BEMAWU and MWASA; independent film and TV production sector organisations including the South African Screen Federation (SASFED); and a host of NGOs and CBOs including the Freedom of Expression Institute (FXI), Media Monitoring Africa (MMA), and the Media Institute of Southern Africa (MISA-SA); as well as a number of academics and freedom of expression activists.

1.3. SOS formally requests the opportunity to make oral representations at public hearings on the Proposed Criteria should USAASA hold same.

1.4. SOS has considered the Proposed Criteria, it is important that before we deal with the content of the Proposed Criteria, we raise our concerns around the timeframe. 30 Days is a very short timeframe to engage people on the Proposed Criteria. It is well-known that if the Digital Migration Project is to be rescued, it needs to be launched, and it needs to be launched NOW. However, rushing processes, especially processes such as deliberations on the subsidy scheme, will not only create confusion but will leave a significant proportion of South African people excluded from the migration process altogether.

2. General Impressions

2.1. SOS is particularly concerned with how the Proposed Criteria were developed. Section 3.1 states that “a number of considerations were taken into account and some assumptions had to be made, as depending on the data acquired.”

2.2. In respect of this statement, SOS is concerned about the following issues:

2.2.1. Firstly, the ‘considerations and the assumptions’ referred to were never referenced, making it impossible to determine the basis of the Proposed Criteria.

2.2.2. Secondly, there is also a referral to “data acquired,” again with no clear indication of the data sources or methodologies used to acquire it?

2.3. This detail being lacking, raises questions about the credibility of the data acquired, its reliability in terms of informing the STB subsidy scheme and, therefore, the legitimacy of these Proposed Criteria.

2.4. SOS has further questions about what the proposed subsidy will cover and how. We call on USAASA to clarify the following questions in detail:

2.4.1. Is the proposed subsidy intended to cover:

2.4.1.1. Only the set-top box?

2.4.1.2. The set-top box and antenna/satellite dish?

2.4.1.3. The set-top box, antenna/satellite dish *and* installation thereof?

2.4.2. Moreover, in what proportions has the total government-approved budget allocated towards this subsidy scheme been divided to each of these aspects of the subsidy?

2.4.3. We wish to put it on record that SOS firmly believes that the subsidy should, where required, be able to fully cover any household that, maximally, needs a set-top box, antenna/satellite dish *and* installation.

2.5. SOS calls on USAASA to review the Proposed Criteria and take the following suggestions into consideration:

3. STB qualifying criteria considerations

3.1. SOS wishes to reiterate that all considerations, research and data used to develop the Proposed Criteria need to be made public.

3.2. In its report looking into poverty trends in South Africa, Statistics South Africa indicates that 45.5% of South Africans are poor, with 23 million people or 4.6 million households living below the upper-bound poverty line of R 4500 per month¹. The current Proposed Criteria, however, state that households earning below R3200 will not be subsidised. Based on these figures alone, there is evidently a disjuncture between where the need for STB subsidies lie and the Proposed Criteria presented by USAASA. SOS is of the view that USAASA needs to radically widen the net of the proposed beneficiaries of this STB subsidy scheme.

3.3. SOS is also particularly concerned by the confusion created by USAASA, on 14 September 2014 it presented to Parliament that it would need an additional amount of over R3 billion to give needy households a 100% subsidy. In the Proposed Criteria, no reference is made to a 100% subsidy for any household - no matter how needy. USAASA must clarify why this is the case and review

¹ Read the full Statistics South Africa Report here: <http://beta2.statssa.gov.za/publications/Report-03-10-06/Report-03-10-06March2014.pdf>

- its Proposed Criteria to reflect a 100% subsidy for leconomically vulnerable households.
- 3.4. Section 4 outlines the qualifying criteria and subsidy scheme structure for the provision of STBs to vulnerable households. For the reasons outlined below, SOS believes that these criteria require radical adjustments, and firmly belives that government subsidised STBs must be provided 100% free to any and all households who require them.
 - 3.4.1. Section 4.1 refers to unlisted and unsupported “considerations” and “realities” that were used to develop a sliding scale approach for identifying which households should qualify for a subsidy, and the percentaeg of this subsidy.
 - 3.4.2. USAASA, further argues that this approach will cover 5.2 million poor South African households.
 - 3.4.2.1. SOS would like USAASA to clarify how it came to the figure of 5,2 million targeted households.
 - 3.4.2.2. Further, we would like USAASA to clarify what measure was used to determine households that should benefit or be excluded from the subsidy scheme as it appears that the tiers in the Proposed Criteria are arbitrary.
 - 3.4.3. SOS belives that the numbers don’t add up:

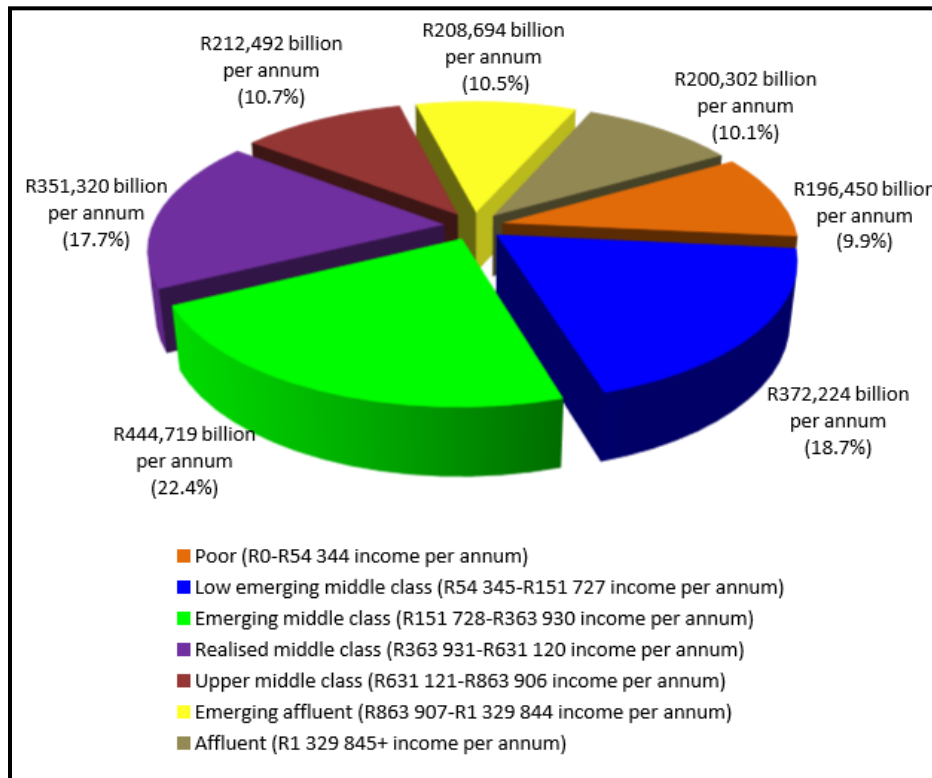


Figure 1: Distribution of total and percentage household income by income groups in SA, 2011 (UNISA Bureau of Market Research)

3.4.3.1. In terms of StatsSA’s 2011 census report, of the 14 million households in South Africa, 9.9% are poor earning around **R0 - R4500** a month. This makes up **1,4 million households**, with the majority of these households (64.8%) being Black (Black-African household at 40.3%, followed by Black-Coloured at 22.4% and Black-Indian at 2.1%²).

3.4.3.2. 18.7% of the 14 million South African households (**2,6 million**) are regarded as the emerging middle class, and these households earn around **R4501 - R12 000** a month³.

² Read the full Statistics South Africa Report here: <http://beta2.statssa.gov.za/publications/Report-03-10-06/Report-03-10-06March2014.pdf>

³ See full report on: <http://www.unisa.ac.za/contents/faculties/ems/docs/press429.pdf>

- 3.4.3.3. Even if we add these two household income groups together, they only make up **4 million** households which falls well short of the 5,2 million households USAASA states it has targeted.
- 3.4.3.4. Further, in applying USAASA's own qualifying criteria, even a portion of those 1,4 million households defined as the **poorest** in South Africa by StatsSA stand to be **excluded** from benefiting from the subsidy scheme.
- 3.4.3.5. USAASA has indicated that it has a Treasury approved budget of R2,39 bn for the STB delivery.
- 3.4.3.6. If USAASA were to give those 1,4 million poorest households a 100% DTT subsidy, this would only amount to R980million (R700 x 1,4m households) , leaving R1,4 bn to cover just over 2 million DTT STBs at 100% subsidies, or to cover the next household income group on a tiered basis.
- 3.4.4. SOS is, therefore, **OPPOSED to** the sliding scale approach proposed in Section 4.1 pertaining to low-income/economically vulnerable households. To this effect, SOS proposes the following amendments:
- 3.4.4.1. The definition of "low-income" or "economically vulnerable" households be minimally expanded to include households earning up to R5000 per month;
- 3.4.4.2. Minimally, all households earning up to R5000 per month, including those outlined in the table in 4.1 of the Proposed Criteria, receive a 100% subsidy for their respective STBs.
- 3.5. SOS is aware of the net cost of any subsidy scheme to the national fiscus and that a 100% subsidy for DTT STBs to the households identified⁴ by USAASA alone would sound in R3.5 billion. We nevertheless believe that the net cost of a comprehensive subsidy scheme should not be viewed as the sole deterrent to meeting the clear need of the people of this country.

⁴ SOS strongly disputes these figures as outlined in 3.4, above.

- 3.5.1. Of the 12.8 TV-owning Households in South Africa, 92% have full access to free-to-air television, this positions free-to-air (FTA) broadcasting as the primary and key means of information access in South Africa.
- 3.5.1.1. In failing to put forward a comprehensive safety net for STB access for poor and economically vulnerable households in South Africa, government would effectively be restricting and, in many respects, facilitating the violation of their right to access to information;
- 3.5.2. SOS alongside other stakeholders have repeatedly outlined that the development of a STB delivery mechanism that comprehensively covers economically vulnerable households in South Africa is urgently pressing and both the then DoC and USAASA needed to make adequate provision for it.
- 3.5.3. As a direct result of governments failure to heed this caution, USAASA, the DoC and/or DTPS and Treasury are compromising both the success of an efficient broadcast digital migration as well as these economically vulnerable households' right to access to information through the national public broadcasting service and free-to-air television;
- 3.5.4. Millions have been squandered in improperly awarded DTT communications tenders⁵, and further moneys have been allocated to fund and staff two new Ministries and Departments following the bifurcation of the Communications Ministry, It is our view that if the moneys for expenses can be found in the national fiscus, then so too can the moneys to finance the rights and needs of the poor of this country also be found.

⁵ http://www.itweb.co.za/index.php?option=com_content&view=article&id=71196

4. Making Accessing the Subsidy Scheme More Efficient

4.1. SOS is particularly concerned by the complicated and inefficient processes that economically vulnerable households must go through in order to both determine whether they qualify for a STB subsidy and apply for one. We believe the process to both must be easy to understand and efficient to process.

4.2. To this effect, we propose that USAASA:

4.2.1. Provide for an Automatic Qualification criteria, and,

4.2.2. Cooperate with key departments and state agencies to identify and aid qualifying households to access the subsidy, making specific provision for the patent gaps in the proposal as will be outlined below:

4.3. AUTOMATIC QUALIFYING CRITERIA

4.3.1. CONCESSIONARY TV LICENSE HOLDERS

4.3.1.1. Currently, and in line with section 5 of the Broadcasting Act, the SABC provides for certain households to qualify for a concession for the annual TV licence fee.

4.3.1.2. These households are recipients of social grants as defined in the Social Assistance Amendment Act 6 of 2008 (see below for more details on this Act).

4.3.1.3. Further, these households fall squarely within our definition of economically vulnerable households (as outlined in section 3.4.4.1 of this submission).

4.3.1.4. In being holders of concessionary TV licences, these households should necessarily qualify for the subsidy.

4.3.1.5. These households must, therefore, be automatically granted the subsidy upon producing their concessionary TV licence.

4.3.2. SOCIAL GRANT BENEFICIARIES

- 4.3.2.1. The criteria for qualifying persons is set out in the Social Assistance Act, the main purpose of the social grants is to provide a financial safety net for economically vulnerable individuals and households
- 4.3.2.2. Based on the qualifying criteria for each social grant these are the types of social grants that economically vulnerable people are able to access:
- 4.3.2.2.1. State pension grant
 - 4.3.2.2.2. Child support grant
 - 4.3.2.2.3. Care dependency grant
 - 4.3.2.2.4. Foster care grant
 - 4.3.2.2.5. Disability grant
- 4.3.2.3. Further, those economically vulnerable individuals and households able to access these social grants fall squarely within our definition of economically vulnerable households (as outlined in section 3.4.4.1 of this submission)
- 4.3.2.4. By receiving a social grant, these households should, necessarily, qualify for the subsidy.
- 4.3.2.5. These households must therefore, be automatically granted the subsidy upon producing proof that they are households receiving social grants.

5. Cooperation with State Departments and State Institutions

- 5.1. SOS believes that USAASA must cooperate with the relevant departments and state institutions that are able to identify and assist citizens and/households in accessing both the STB subsidy and other government services. We believe that, in keeping with the spirit of “working together we can do more to move South Africa forward”, interdepartmental cooperation will not only make the process more efficient and user-friendly for citizens, but will also assist them in accessing directly related services to improve their lives. Critical departments and state institutions SOS has identified include but are not limited to:

- 5.1.1. The Department of Home Affairs (DHA)
- 5.1.2. The Department of Social Development (DSD)
- 5.1.3. Social Assistance Agency of South Africa(SAASA)

6. Undocumented Citizens

6.1. It is a known reality that South Africa continues to have many undocumented citizens, which citizens must also be accounted for in the subsidy scheme. These citizens typically come from households that qualify for but cannot access the subsidy, social assistance and other social services as a direct result of this lack of identifying documentation.

6.2. Principally, USAASA and South African Post Office (SAPO) must work with the DHA to assist undocumented citizens in acquiring identity documents. This process must be incorporated into the subsidy application process to ensure that citizens are documented and then enabled to acquire a subsidy in the same process.

7. Recipients of Social Grants

7.1. In making benefitting from a social grant a necessary automatic subsidy qualification criterion as outlined in Section 4.3.2 above, USAASA and SAPO would necessarily need to cooperate with the DSD and SAASA in the verification process.

7.2. The DSD through SAASA manages a comprehensive database of all social grant beneficiaries in South Africa. USAASA, in cooperation with SAPO must verify all applicant households' claims against this database in order to ensure the efficient disbursement of the subsidy to applicant households. This

can be done by the presentation of the SAASA card which has a unique number verifying all their details RE:

7.2.1. Address;

7.2.2. Identity number;

7.2.3. Monthly household income excluding the social grant, etc

8. SABC TV Licences Division

8.1. Section 4.2.1.1.1 states that eligible households need to have a TV licence or a concessionary TV licence. This requirement means that those households that do not have a TV licence will be excluded. It is a known secret in South Africa that most South Africans opt not to pay their TV licence, with some households it is not a choice but it is something that they can simply not afford.

8.2. USAASA and SAPO must cooperate with the SABC's TV Licences Division to enable qualifying households to apply for a TV licence during the subsidy application process. This will not only enable qualifying TV owning households to comply with the Broadcasting Act, but it will also enable the SABC's TV Licences Division to improve the accuracy of its statistics into actual number of households that own a TV and have a licence

9. SPECIFIC REFORMULATIONS

9.1. SOS is concerned about the requirement set out in Section 4.2.1.3.2 of the Proposed Criteria which states that it "is a compulsory requirement for all applicants" TO provide a bank statement. This is a completely unrealistic requirement. This will exclude all eligible households that do not have bank accounts. We propose that this not be a requirement to all applicants but be

limited those applicants rely on alternative income such as rental income or child/spousal maintained.

9.2. Further, it is our view that section 4.2.1.3.3 which explains which documents are needed when applying for a subsidy is unclear and needs adjustment. The manner in which the section is worded, it reads as if only those that depend on social grants can apply for the subsidy.

9.2.1. SOS proposes that this provision is reworded to indicate that for proof of income, a household should produce the following:

- A payslip from the employer. For persons that do not receive a monthly salary slip, or a letter confirming employment WITH SALARY/WAGE CONFIRMATION from the employer; **and/or**
- A bank certified three months statements for persons that are self employed or have alternative means of income (such as rental income) **and/or**
- Proof of dependency on social grants: Households that depend on either a child support grant, old-age grant and/or disability grant are required to provide confirmation of receiving the social grants. **OR**
- An affidavit from the SAPS in cases where there is no income

10. APPLICATION FOR STB SUBSIDY

10.1. Again, it is important that the application process is easily accessible to all people. While we believe that the South African Post Office (SAPO) is one such institution that can enable ease of access, SOS believes that it should not be the only outlet through which the STB subsidy should be disbursed.

10.2. SOS is aware of and sympathetic to the challenges faced by SAPO concerning capacity and reliability of service. Indeed, in its presentation to Parliament on 19 September 2014, SAPO indicated that the burden that its provision of this additional service would add to its operations would be the delivery of 5'778 STBs per day. This figure does not at all factor in the processing of applications for the subsidy scheme or the volumes of the other services SAPO offers. Our view is that SAPO must not be set up for failure, and that other state institutions supplement the function of processing applications and facilitating delivery of the STBs.

11. CONCLUSION

11.1. SOS thanks USAASA for the opportunity to make these written representations and reiterates its desire to make oral representations at any hearings on the Proposed Criteria held by USAASA.

11.2. SOS further reiterates that a 100% free STB should be made available to any household which requires one but, minimally, households with an income of up to R5000 be declared economically vulnerable households and be guaranteed a 100% subsidy on the DTT and DTH STBs.



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