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The Universal Service and Access Agency of South Africa (USAASA)

Attention: Mr Trevor Nivi (Policy Research and Strategy)

Email: consultation@usaasa.org.za

Dear Mr Nivi

Discussion Document on Categories of Needy persons and Subsidy Application and Payment Modalities

1. The Internet Service Providers' Association of South Africa (**ISPA**) refers to the Categories of Needy persons and Subsidy Application and Payment Modalities published by the Agency on 1 October 2026 and sets out below its written submissions.
2. ISPA has provided responses to the questions raised in the Discussion Document, but its primary purpose in making these submissions is to advance the case for a free basic data allowance in South Africa.

General submissions

3. ISPA has noted the publication by the Development Bank of South Africa (**DBSA**) of a Digital Infrastructure Investment Study dated March 2026, which finds in clear terms that the primary challenge before us in closing the digital divide is affordability of services and devices.
4. Further, the Study recognises that we will not close the affordability gap solely through supply side interventions targeting the cost to communicate:

   "Structural income inequality continues to limit access to high-speed broadband for lower-income households. This is a macroeconomic constraint beyond the remedial scope of broadband service providers."[1]

   4.1. South Africa remains the country with the highest income disparity in the world. Affordability metrics based on national averages do not accurately describe affordability for all South Africans.

   4.2. While there is evidence that private sector innovation and public sector interventions – including time-of-use data bundles and hybrid technology solutions – are driving

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pricing points down in the lower end of the market, there remains a clear need to provide support to those unable to afford meaningful connectivity.

5. For these reasons ISPA strongly supports the initiation of this process and the Agency's focus on addressing the affordability gap from the demand side through operationalisation of section 88 of the Electronic Communications Act 2005 (**the ECA**).

Towards a Free Basic Data Allowance

6. ISPA requests that the Agency assess the viability of a broad intervention to provide a free basic data allowance for eligible individuals and households, in line with current National Government policy.

   6.1. The **National Infrastructure Plan 2050** requires consideration of free basic data for low-income users, similar to free access to water and electricity. Under the Plan government e-enablement is to be leveraged to promote a digital society and universal connectivity, with a target of 10 GB per household by 2023/24 and 50 GB per household by 2025/2026.

   6.2. Under the **Next Generation Radio Frequency Spectrum Policy for Economic Development 2024** the Minister of Communications and Digital Technologies must develop a regulatory reform to facilitate receipt of a monthly allocation of free basic data for indigent households and other qualifying beneficiaries.

   6.3. Determinations about who qualifies are to be set out in regulations to be subsequently developed by ICASA, while the size of this allowance per household is to be determined by the Minister through a regulatory framework/ policy directive in consultation with ICASA.

   6.4. The **National ICT Policy White Paper 2016** provides that - where regulatory interventions and competition fail to bring prices down sufficiently to meet the needs of those with limited or no income - the government will intervene and provide end-user subsidies through monies collected for the Digital Development Fund (i.e., the USAF).

   6.5. The **ECA** recognised the need for assistance to "needy persons" when it was first enacted in 2006.

7. ISPA submits that this is a comprehensive, long-standing and recently endorsed policy framework for a free basic data allowance. To date, however, there has been no material movement towards implementation.

8. The DBSA Digital Infrastructure Investment Study confirms that there remains a case for demand side interventions and that "a significant proportion of South African households will require some form of assistance to afford meaningful connectivity"[2].

Determining eligibility

9. Programmes of this nature have already been developed in South Africa, and these can be reviewed for implementation learnings:

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9.1. **Free water and electricity as models**: Municipalities are required to identify qualifying indigent households according to their own criteria and resources and to vet registration applications received from households. Municipalities can also decide on the extent to which they subsidise an indigent household.

9.2. A register of indigent households is required to be created and maintained per municipality with a regularly updated version submitted to COGTA. This register is likely to overlap significantly with a register of persons or households eligible for a free basic data allowance.

9.3. The COGTA National Framework for Municipal Indigent Policies guides municipalities on structuring free basic services

9.4. A challenge here is that connectivity and data services are an "emerging utility" and recognised basic human need which is provided predominantly by the private sector. It follows that an alternative mechanism is needed to fund the intervention as it is not purely provided by the State and that implementation will need to bind private sector licensees.

9.5. As noted in the Discussion Document, there is an existing body of work undertaken by ICASA and the DCDT during the **digital migration process**, which could potentially be applied to this determination.

10. ISPA submits that the Agency itself is not best placed to make determinations about what constitutes indigency in South Africa.

10.1. **Statistics South Africa** publishes annual per-person **National Poverty Lines** which provide a basis for determining eligibility.

Poverty Line Tier	**2026 Monthly Threshold (Per Person)**	**What It Measures**
Food Poverty Line (FPL)	R868	Minimum money needed for daily energy intake (2,100 kilocalories). Also called the extreme poverty line.
Lower-Bound Poverty Line (LBPL)	R1,457	Food line plus essential non-food items, requiring households to sacrifice some food to afford basic non-food needs.
Upper-Bound Poverty Line (UBPL)	R2,962	Minimum income needed to afford both adequate food and essential non-food items without sacrificing nutrition.

Source: August 2026 Statistical Release (P0310.1)

10.2. Qualification criteria for **SASSA grants** (child support, disability, older persons, social relief of distress (SRD)) could also be applied.

Determining the size of the free basic data allowance

11. This determination of the size of the FBDA – to be undertaken by the Minister - should be based on an existing international instrument, such as the publications of the ITU Expert Groups on Telecommunication/ICT Indicators adapted for local circumstances.

12. These Indicators are designed to remains relevant and updated, accounting for shifting usage patterns, technological advancements and user expectations.

Funding the free basic data allowance

13. ISPA submits that this would be a lawful use of the USAF.

14. The ECA explicitly authorises USAASA to apply money in the USAF 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, electronic communications network services and electronic communications services.

15. This is the mechanism used for the subsidisation of set-top boxes for indigent households during the broadcast digital migration process (which is also precedent for the subsidisation of devices).

16. The free basic data allowance will then effectively be funded by industry contributions to the USAF, noting that annual licensee contributions are paid over to National Treasury and an allocation made to the USAF thereafter. This is based in part on a business case and funding motivation formulated by the Agency.

17. The USAF contribution is paid by all ECS and ECNS licensees rather than only the MNOs. The FBDA should therefore be available on fixed and mobile networks.

Distributing the free basic data allowance

18. ISPA submits that it make sense and will save costs to piggyback distribution on the existing national government grant distribution system.

19. For example:

    19.1. Persons who qualify for the SRD grant could be deemed to qualify for the free basic data allowance.

    19.2. The SRD grant would be supplemented with a voucher for an amount of data (determined by the Minister from time to time).

    19.3. This voucher would be redeemable with any licensee whose services are available in the area and that contributes to the USAF.

    19.4. Ideally, the voucher would be digital, allowing efficient distribution and tracking of voucher usage. Integration with licensees would be required but those licensees providing services in relevant communities already use voucher and token systems for prepaid access on their networks.

Responses to questions posed

Question 1: Which measurable barriers should define or inform a type of needy person for the purposes of section 88(1)(a)?

20. ISPA supports the Income Plus Barrier approach as being more aligned with reality in underserved and hard-to-serve areas of South Africa with low income levels. This should be used in conjunction with the total cost to the user of meaningful connectivity (including access to devices).

21. ISPA agrees that financial inability to obtain or use an appropriate communications service should be a central consideration, while other relevant barriers may affect eligibility or priority.

Question 2: Should financial need be established by an income threshold, existing social assistance status, another test, or a combination? Please explain likely inclusion and exclusion errors.

22. ISPA submits that existing measures for determining access to social grants would be appropriate as outlined in its submissions on a free basic data allowance above.

Question 3: What is the appropriate unit of eligibility for household connectivity, a personal service, and device or accessibility support?

23. ISPA agrees that the type of needy person and the unit of assistance should be matched to the intended benefit, including the choice between an individual and a household.

Question 4: How should a framework address irregular earnings, informal households, shared dwellings, and people unable to document another member's income?

24. ISPA submits that experience gained in other government subsidy and grant programmes must be applied. These are already geared towards facilitating registration in these circumstances.

25. The experience of licensees in implementing the customer registration requirements of the Regulation of Interception of Communications and Provision of Communication-related Information Act 2002 (RICA) clearly shows that an overly formal approach inhibits and disincentivises take-up.

Question 5: What current evidence should inform a threshold, how should it be adjusted, and how frequently should it be reviewed?

26. ISPA refers to its submissions above relating to eligibility for a free basic data allowance.

Question 6: Which lessons from BDM's household targeting and STB delivery remain useful, and which should not be transferred to other interventions?

27. No response.

Question 7: Who should be permitted or required to apply: the beneficiary, household representative, authorised agent, or another person?

28. ISPA supports an inclusive approach which recognises logistical challenges and the position of persons with disabilities.

Question 8: What combination of digital, assisted, and physical channels would reach intended beneficiaries at reasonable cost?

29. ISPA supports an inclusive approach which offers all three channels for enabling registration.

Question 9: Which documents or data checks are essential, and what alternative evidence should be accepted?

30. No responsive other than to reiterate that the process should be inclusive and not overly formal.

Question 10: What reasons, reconsideration and appeal arrangements are needed for unsuccessful applications?

31. ISPA understands that the process of registration, including the right to being treated fairly in the processing of a registration, would have to comply with the requirements of the Promotion of Administrative Justice Act (PAJA).

Question 11: For each proposed intervention, to whom should the subsidy be paid and why?

32. ISPA supports payment of a subsidy directly to recipients, alternatively to a registered head of household or community-based non-profit entity.

Question 12: Which instruments best secure the intended benefit: direct payment, bill credit, voucher, equipment or installation support, or another method?

33. ISPA refers to its submissions above relating to digital vouchers to distribute a free basic data allowance.

Question 13: What evidence should trigger payment, establish receipt and use, and support reconciliation or recovery?

34. ISPA has no submission other than to note that managing the payment of subsidies, tracking their use and enabling reconciliations and recoveries will be facilitated by a digital voucher system.

Question 14: What practical safeguards are required for personal information, data sharing, fraud prevention and accessibility?

35. The registration and subsidy processes will need to comply with the Protection of Personal Information Act 2013, which requires an industry standard level of security for personal information held and processed by the Agency.

36. If digital vouchers are used then there is again an existing body of experience on securing these, such as cryptographic hashing for digital data vouchers and centralised voucher redemption registries.

37. ISPA notes that the Digital Transformation Roadmap, forming part of Phase 2 of Operation Vulindlela, includes an intention to use technology to address issues such as fraud and exclusion in the SRD grants.

Question 15: What capacity, financing, systems and partnerships would implementation require?

38. ISPA refers to its submissions above relating to a free basic data allowance.

Question 16: Which aspects should be fixed in the Ministerial determination and which in USAASA's section 88(1A) procedures or scheme-specific rules?

39. ISPA agrees that the Ministerial determination should provide clear types of needy persons, persons who must apply and persons to whom subsidies may be paid.

40. Programme-specific criteria could be included as schedules to the USAF Manual.

Question 17: What measures would demonstrate improved access or use among needy persons over time?

41. ISPA suggests that tracking average usage per subsidy and usage per household and community would be useful. Evidence of this nature would only be accessible through community-based crowdsourcing.

42. Registration for and receipt of a subsidy could also be dependent on answering a questionnaire providing basic usage information.

Conclusion

43. ISPA emphasises its support for the Agency in moving forward with implementing the universal access and universal service regulatory framework and its focus on demand side affordability issues.

44. ISPA urges the Agency to proceed with an investigation into enabling a free basic data allowance as envisioned in national policy and to raise this with the Minister and ICASA.

45. ISPA requests the opportunity to participate in any upcoming stakeholder engagements and public hearings.

Regards



ISPA