# Broadband Infraco SOC Limited

2013 | Annual Report

**Broadband Infraco**

Connect. Growth, UNLOCKED.

# Presentation to the Portfolio Committee

25 February 2014

# Agenda

**Overview**

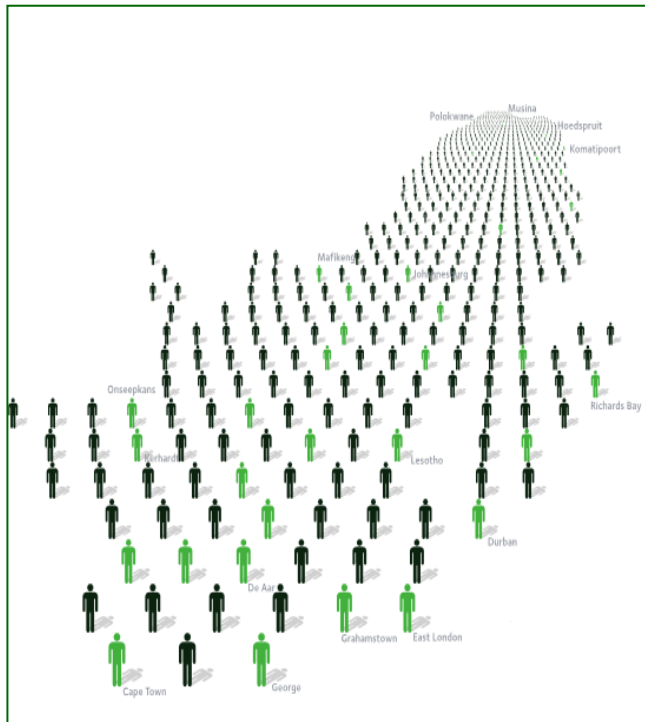**Executive Summary: Mr K Motlhabane (Executive: Legal & Regulatory)**

**Audited Financial Statements: I Hassen (Acting CFO)**

**Going Forward: Mr K Motlhabane**

# Mandate

**Broadband Infraco**

⮞ Broadband Infraco's legislative mandate is set out in the Broadband Infraco Act No. 33 of 2007 (the "Act").



The main objectives as set out in the Act are to expand the availability and affordability of access to electronic communications;

- Including but not limited to under developed and under serviced areas;
- In support of projects of National Interests;
- In accordance with the Electronic Communications Act and commensurate with international best practice and pricing;
- Through the provision of electronic communications network services and electronic communications services.

# Executive Summary

| Delivery of Mandate | As at 31 March 2012 to Year to Date | As at 31 March 2013 Year to Date |
|---|---|---|
| **Kms of Fibre** | 12681km | 12793km (112km added) |
| **Access Points** | 144 | 152 ( 8 more PoPs built) |
| **SADC Connectivity** | 4 PoPs | 5 PoPs (Beitbridge PoP added) |
| **International Access** | Only SADC | WACS connected (undersea Cable connected to BBI) |
| **Business Operations** | None | Insourcing completed, OSS/ BSS designed. Implementation in progress. |
| **Security around 54 Mesh** | None | One (1) site secured (Athene site). Thirteen (13) sites planned for the next financial year. |
| **IP Update to date** | IP/MPLS on Golden Triangle | No expansion - currently using Ethernet over SDH as workaround. |

# Performance against Compact
## as at 31 March 2013

### Stakeholder Management

| Strategic objectives | Key Performance Indicator | Planned Target 2012/2013 | Actual Achievement 2012/2013 | Deviation from planned target to Actual Achievement for 2012/2013 | Comment on deviations |
|---|---|---|---|---|---|
| To ensure customer satisfaction | Customer satisfaction index rating | Baseline +5% | Survey done in April 2012 | n/a | √ |
| To ensure revenue growth through retention and acquisition | Failure to convert trials to paying customer | 80% | Three (3) trials one (1) conversion | n/a | √ |
| Optimise operating cost structure | Capacity sold to SADC | At least one STM4 per year | Two (2) | n/a | √ √ |
| To ensure collaboration with other state owned companies/ departments on project in PPP sphere | Identify and support project of national interest | One project per year | One project in progress not yet finalised | n/a | √ |

# Performance against Compact
## as at 31 March 2013

## Regulatory and Compliance

| Strategic objectives | Key Performance Indicator | Planned Target 2012/2013 | Actual Achievement 2012/2013 | Deviation from planned target to Actual Achievement for 2012/2013 | Comment on deviations |
|---|---|---|---|---|---|
| Compliance with license condition | Number of Universal Service Obligation POP site roll-out | 18 | 25 | n/a | √ √ |

# Performance against Compact
## as at 31 March 2013

## Socio Economic Objectives

| Strategic objectives | Key Performance Indicator | Planned Target 2012/2013 | Actual Achievement 2012/2013 | Deviation from planned target to Actual Achievement for 2012/2013 | Comment on deviations |
|---|---|---|---|---|---|
| Ensure proper and effective talent management strategy is in place | Talent management plan and number of critical skills identified | HRD strategy, Competency framework for Engineering, Talent management policies endorsed by HRRC | Talent management plan and number of critical skills identified | n/a | √ |
| | Number of training hours per person | 40 hrs | 64hrs | n/a | √ √ |
| Creates and maintains high performance culture | Staff satisfaction index/employee culture survey | Baseline | Survey done | n/a | √ |
| Demographic alignment, gender focus | Employment Equity Report | 25% | 34.6% | n/a | √ √ |
| Interns | Job creation/skills | 10 | 6 | 4 | ✗ |

# Performance against Compact
## as at 31 March 2013

### Network Operations

| Strategic objectives | Key Performance Indicator | Planned Target 2012/2013 | Actual Achievement 2012/2013 | Deviation from planned target to Actual 2012/2013 | Comment on deviations |
|---|---|---|---|---|---|
| Ensure Network Performance | Network Mean down time (hrs) | 8 | 5.22 | n/a | √ √ |
| | % of network service availability | 99.5% | 99.64% | n/a | √ √ |
| | SLA penalties as a % of revenue | <5% | <5% | n/a | √ |
| | Expansion of IP core network points (cumulative) | 20 | 0 | 20 | ✗ |
| Effective and Efficient customer roll out | Project time variance from agreed customer delivery date | <15% | <15% | n/a | √ |
| | Project cost variance from approved investment decision | <10% | <10% | n/a | √ |
| Expansion | KMs of Fibre Installed | 104km | 112km | n/a | √ √ |
| | Number of POP roll out | 7 | 8 | n/a | √ √ |

# Performance against Compact
## as at 31 March 2013

## Finance

| Strategic objectives | Key Performance Indicator | Planned Target 2012/2013 | Actual Achievement 2012/2013 | Deviation from planned target to Actual for 2012/2013 | Comment on deviations |
|---|---|---|---|---|---|
| Retain and grow revenue | Revenue per AFS | 8% | 35% below budget | 35% below budget | ✘ |
| EBITDA Margin | EBITDA Margin | (2%) | (112%) below target | n/a | ✘ |
| BEE Spend | % of total discretionary spend | 60% | 86 | n/a | √ √ |
| Debt Equity Ratio | Debt < 50% of equity | Debt less than 50% of equity | No debt | n/a | √ |
| Develop and implement a Funding Plan for developmental expansion | An approved funding plan | Approved plan | Not yet completed | Funding plan not approved | ✘ |
| Approved PPP | Approved plan | Approved plan | Not yet completed | PPP plan not approved | ✘ |

# KPI's NOT achieved for 2012/2013

| | |
|---|---|
| **Interns** | It continues to be the companies intent to train Technicians and Engineers. Focus is also on developing ICT among women. The KPI is carried over year on year and the target has been met. |
| **Expansion of IP** | With limited funds available the Company has had to focus on ensuring that the existing network is useable and we are able to protect existing revenue. BBI is currently using Ethernet over SDH to provide these services. This is not efficient or cost effective. |
| **Retain and grow revenue** | In the new year existing revenues have been retained and customer base diversified. 35% year on year capacity growth is required to achieve the projected revenue run rate. Market price declines are projected at 15% p. |
| **EBIDTA** | As at 31 March 2013 accumulated loss of R484,4 million. Key challenges: old equipment, first 5 years not designed for sustainability. Network designed for one customer. Equipment is being renewed to protect existing revenue and fulfil the Company mandate. |
| **Funding plan for developmental expansion** | With the policy approved on 4th December 2013 we will be submitting MTEF application as well. As grant funding from USAASA. We are studying availability of funds with developmental funder institutions. |
| **Public Private Partnership** | The Company has defined two kinds' strategic partnerships. Infrastructure partnerships for deployment of fibre as well as partnerships for delivery of customer solutions. Rules pertaining to these partnerships are being defined as part of the company's demand strategy. |
| **Debt Fund** | To date no debt has been sourced. The Company is working with the Shareholder on developing ways of assisting the Company to gain access to funds. A number of development finance institutions have been engaged. |
| **Business Operations Strategy** | A project was initiated in the 2013/2014 financial year to critical processes in the organisation. This has resulted in addressing IT challenges of the organisation in a modular fashion. HR processes will be automated by 1st Quarter of the 2014/2015 financial year with procurement and finance to follow studies are underway in the Engineering Environment. |

# ANNUAL FINANCIAL RESULTS

# Financial overview
## As at 31 March 2013

- Revenue down 40% to R237.4 million.
- Transition from enabling SNO to commercially operating environment.
- Cost of sales decreased by 37% to R172.2 million
- Negative cash flow utilised in operations R 10.2 million.
- Capital projects of R 109.0 million was capitalised
- A new Master Sale Agreement was concluded with Neotel five years after the expiry of the ROU
- Operating costs increase 2012/13 below inflation rate
- 86% of the total discretionary expenses was spent with Broadband Based Black Economic Empowerment companies.
- 75% of the Company performance targets were achieved
- 73% of procurement spend on BBBEE based on the DTI framework.

# Internal control overview

- Unqualified audit report.

- Irregular expenditure identified by management and reported, back date to 2008/2009 financial year.

- Actions taken against employees was taken in accordance with Company Policy that are aligned to the Labour Relations Act.

- Policy Development Framework and Register designed and implemented

# Statement of financial performance for the year ended 31 March 2013

**Broadband Infraco**

| R'm | Audited March 2011 | Audited March 2012 | Audited March 2013 |
|---|---|---|---|
| Revenue | 298 | 394 | 237 |
| Cost of sales | (261 | (275) | (172) |
| **Gross profit** | **36** | **119** | **65** |
| Operating expenses | (244) | (259) | (268) |
| **Results from operations** | **(208)** | **(140)** | **(203)** |
| Finance income | 48 | 54 | 22 |
| Finance costs | (45) | (9) | 0 |
| **Profit/ (Loss) before taxation** | **(206)** | **(95)** | **(181)** |
| Income tax expense | (1) | - | - |
| **Profit/ (Loss) for the year** | **(207)** | **(95)** | **(181)** |

> Revenue decreased by 40% to R237.4 million.

> Cost of sales decreased by 37% to R172.2 million.

> Operating cost of R268.4 million increased by 4% which is below inflation

> Operating loss increased from R95.2 million to R181.1 million. The main contributors are:

> > Revenue reduction

> > Finance income reduction of R32

> > Provision of R68.0m made as part of the unbundling the ROU

# Review of Gross Profit

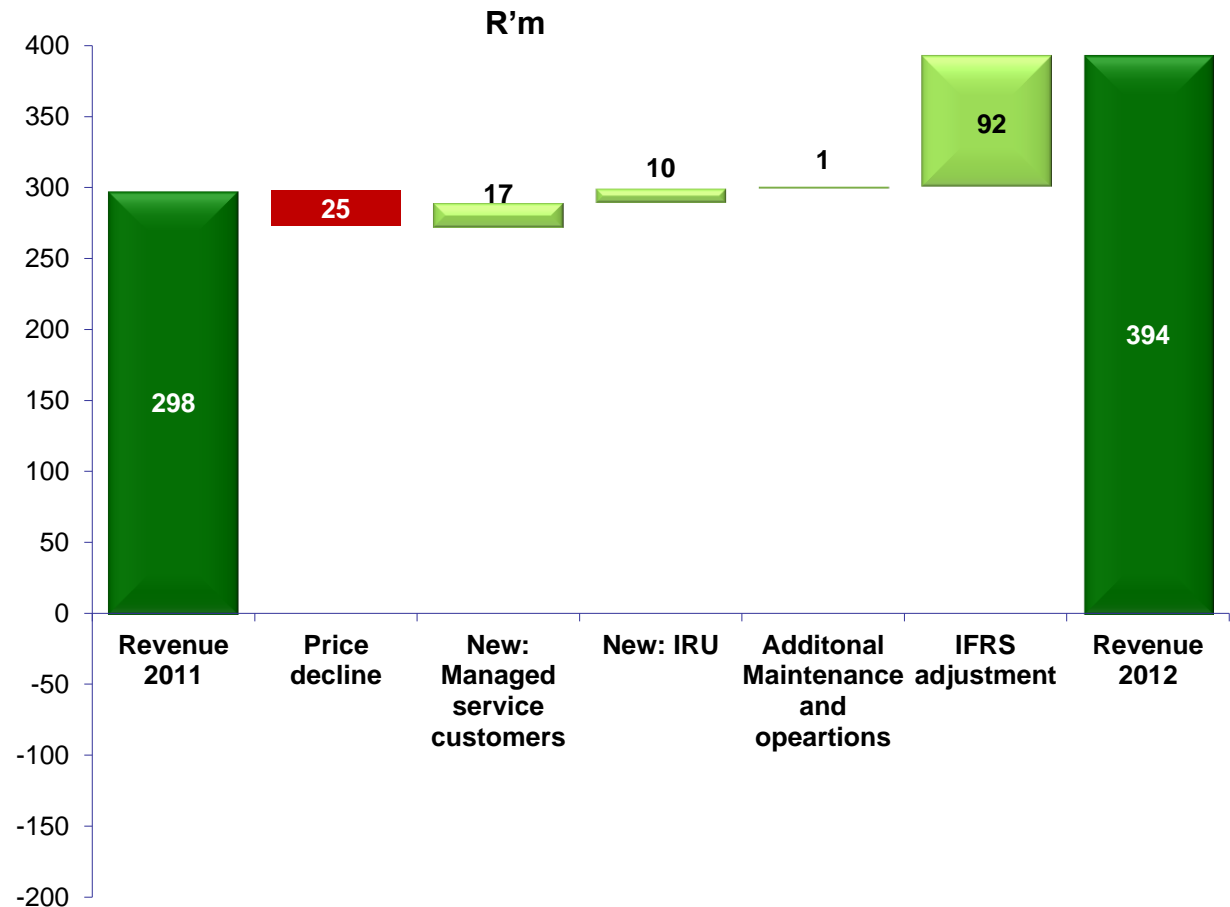| R million | Aud Mar 08 | Aud Mar 09 | Aud Mar 10 | Aud Mar 11 | Aud Mar 12 | Aud Mar 13 |
|---|---|---|---|---|---|---|
| **Total revenue** | **113** | **274** | **306** | **298** | **394** | **237** |
| **Revenue excl. WACS & IFRS** | **55** | **227** | **317** | **391** | **394** | **237** |
| Neotel | 58 | 227 | 317 | 388 | 380 | 197 |
| Other | - | - | - | 3 | 14 | 40 |
| **Cost of sales** | **99** | **266** | **327** | **366** | **347** | **256** |
| Managed services* | 11 | 32 | 63 | 62 | 68 | 4 |
| Fibre maintenance* | - | - | - | - | - | 67 |
| Outsource fee* | 88 | 134 | 167 | 165 | 169 | - |
| Fibre lease* | - | - | 4 | 15 | 21 | 87 |
| Co-location* | - | 1 | 1 | 13 | 17 | 14 |
| Other (repairs) | - | - | - | - | - | 5 |
| **Depreciation** | - | 99 | 92 | 111 | 72 | 79 |

# Revenue Growth

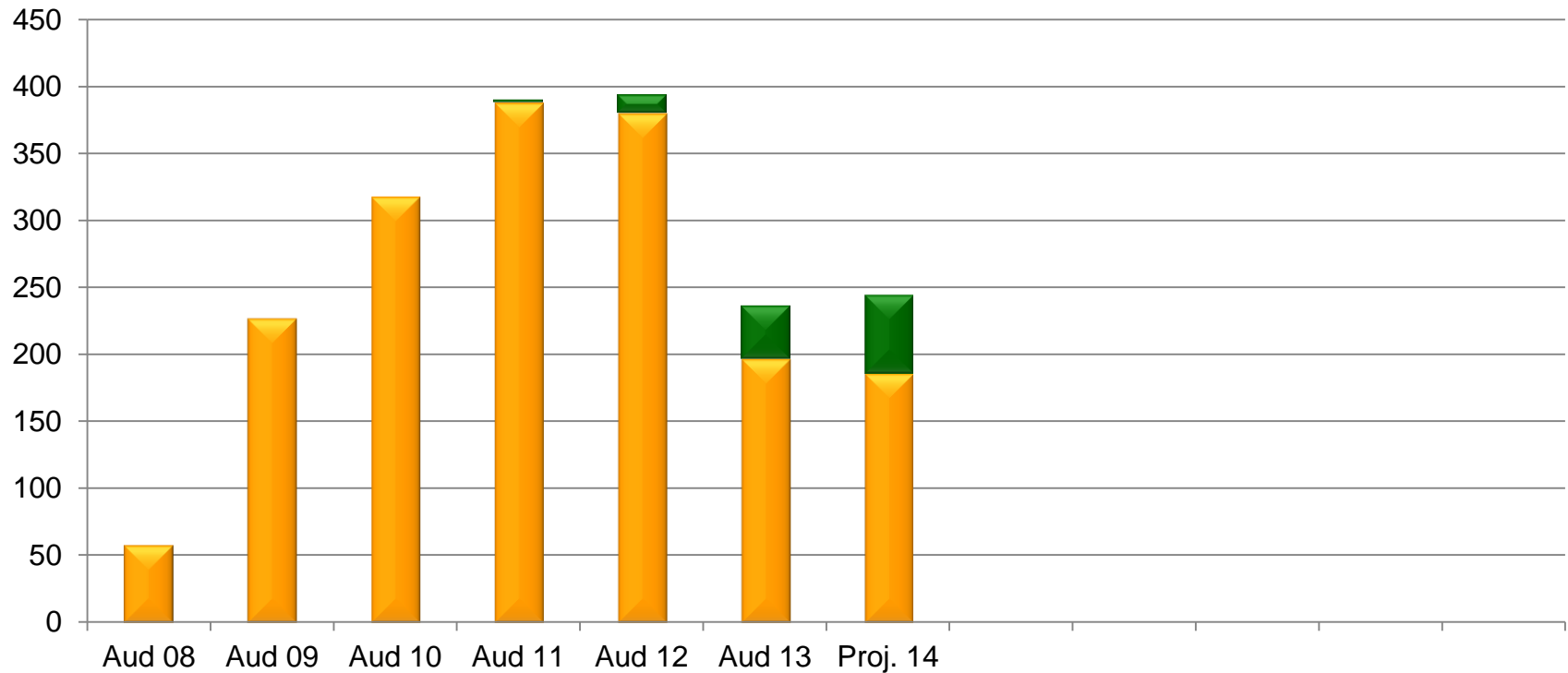**Year on Year revenue movement was due to the following:**

- Gaining four new customers e.g. Vodacom, Seacom, BCX etc.
- Growing revenue base from the existing customers.
- The price decline factored by the Company as part of its mandate of bringing the cost as well as market movement of broadband down resulted in a R25.0m reduction in revenue.
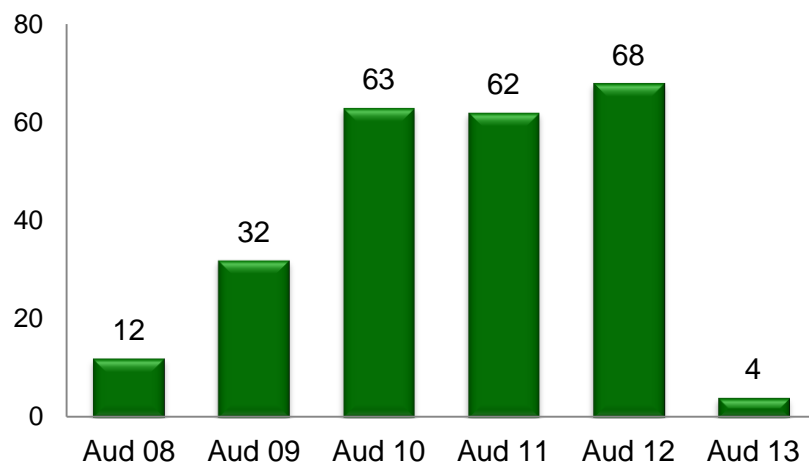


R'm

Waterfall chart:
- Revenue 2011: 298
- Price decline: 25
- New: Managed service customers: 17
- New: IRU: 10
- Additonal Maintenance and opeartions: 1
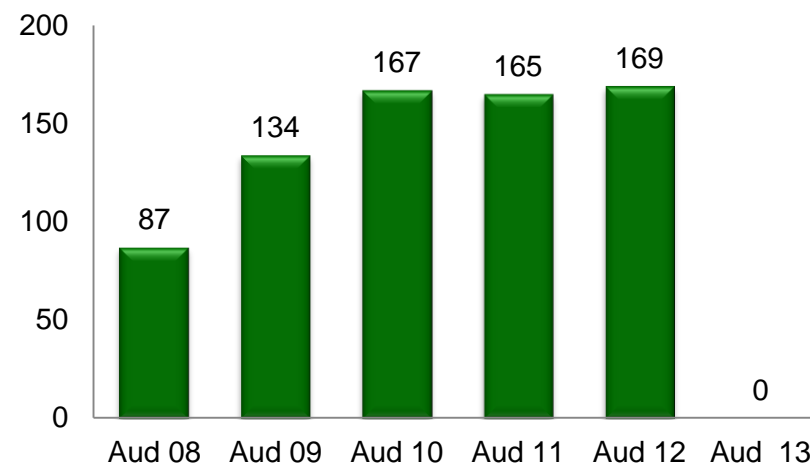- IFRS adjustment: 92
- Revenue 2012: 394

# Revenue Mix



Revenue: - excludes WACS and IFRS adjustments;
- Right Of Use agreement FY 07 until FY 12;
- Master Sale Agreement FY13 with price declines;
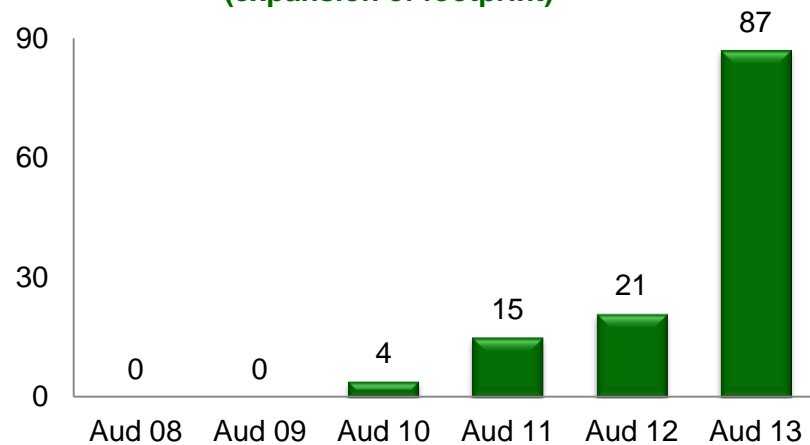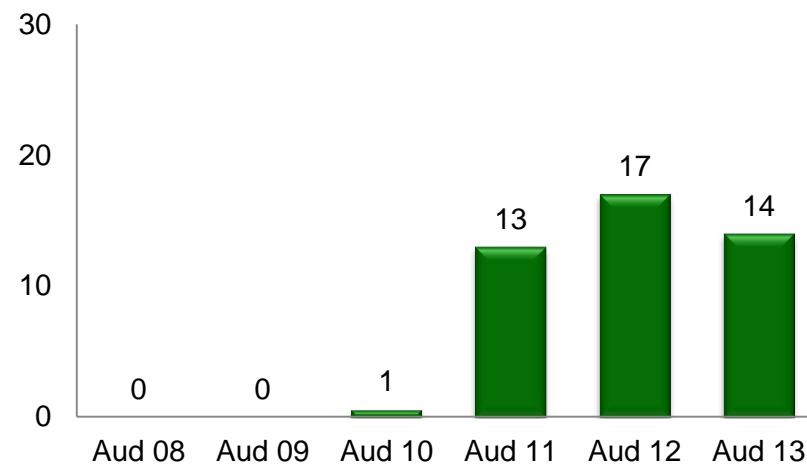- 44% reduction in revenue.

# Fixed costs

**Managed services**

| Aud 08 | Aud 09 | Aud 10 | Aud 11 | Aud 12 | Aud 13 |
|--------|--------|--------|--------|--------|--------|
| 12 | 32 | 63 | 62 | 68 | 4 |

**Outsource fee ***

| Aud 08 | Aud 09 | Aud 10 | Aud 11 | Aud 12 | Aud 13 |
|--------|--------|--------|--------|--------|--------|
| 87 | 134 | 167 | 165 | 169 | 0 |

**Fibre lease
(expansion of footprint)**

| Aud 08 | Aud 09 | Aud 10 | Aud 11 | Aud 12 | Aud 13 |
|--------|--------|--------|--------|--------|--------|
| 0 | 0 | 4 | 15 | 21 | 87 |

**Co-location**

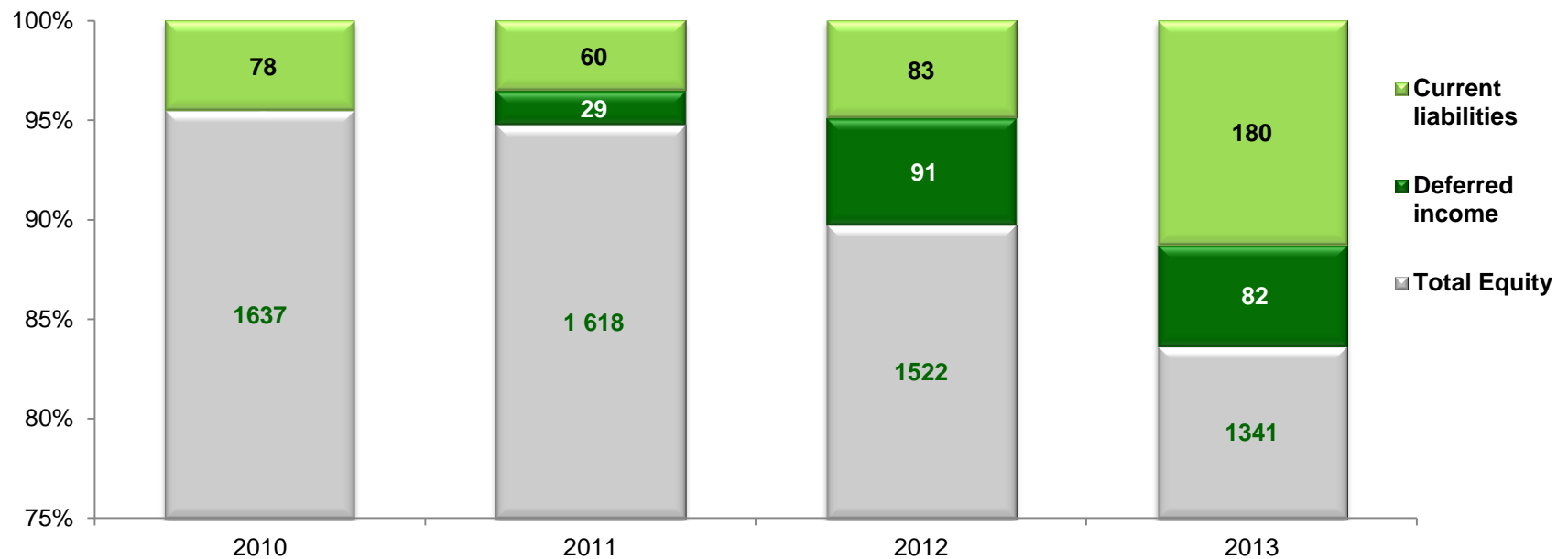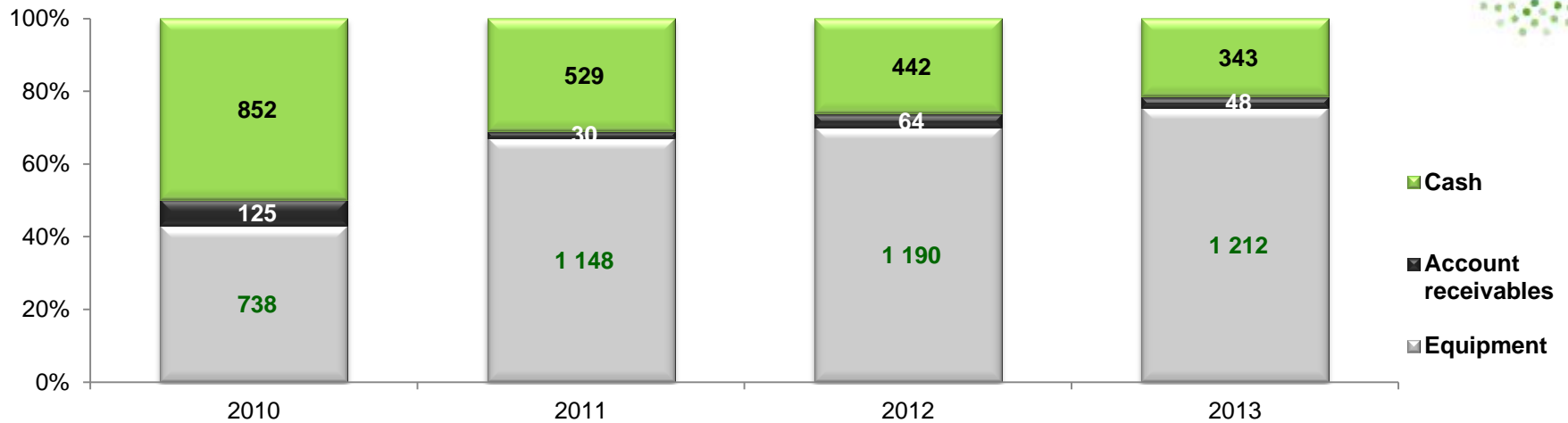| Aud 08 | Aud 09 | Aud 10 | Aud 11 | Aud 12 | Aud 13 |
|--------|--------|--------|--------|--------|--------|
| 0 | 0 | 1 | 13 | 17 | 14 |

'* **Amounts in Rand millions**
'** **The agreement expired on 7 Jan 2012**

# Financial position
## as at 31 March 2013

**Equipment at the end of their useful life in 2012/13 accounted for as obsolete / redundant**

Chart 1 (top): Percentage composition 0% – 100%, years 2010–2013

- **Cash** (green)
- **Account receivables** (dark)
- **Equipment** (grey)

| | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| Cash | 852 | 529 | 442 | 343 |
| Account receivables | 125 | 30 | 64 | 48 |
| Equipment | 738 | 1 148 | 1 190 | 1 212 |



Chart 2 (bottom): Percentage composition 75% – 100%, years 2010–2013

- **Current liabilities** (light green)
- **Deferred income** (dark green)
- **Total Equity** (grey)

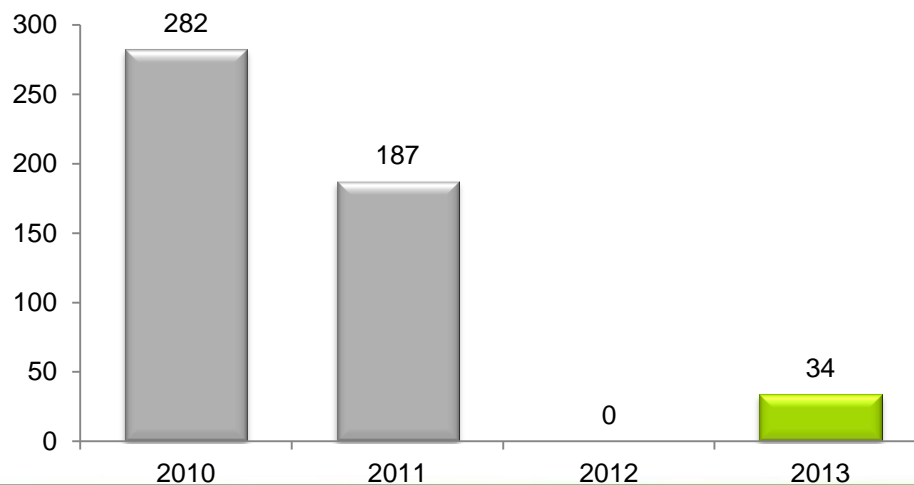| | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| Current liabilities | 78 | 60 | 83 | 180 |
| Deferred income | | 29 | 91 | 82 |
| Total Equity | 1637 | 1 618 | 1522 | 1341 |

# Cash flow position
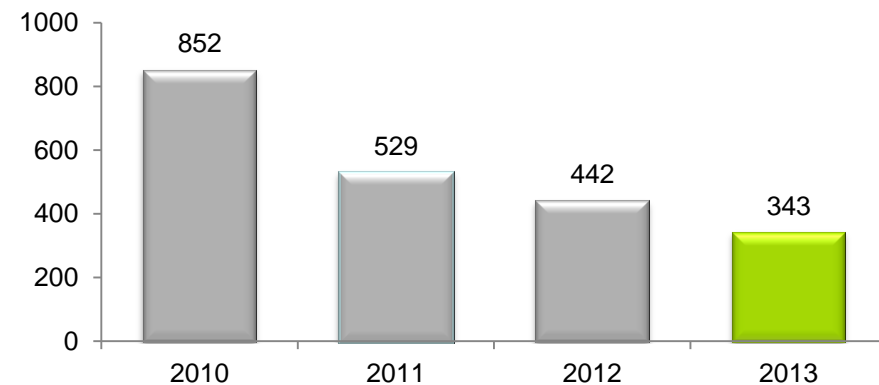


**Cash flows from operations**
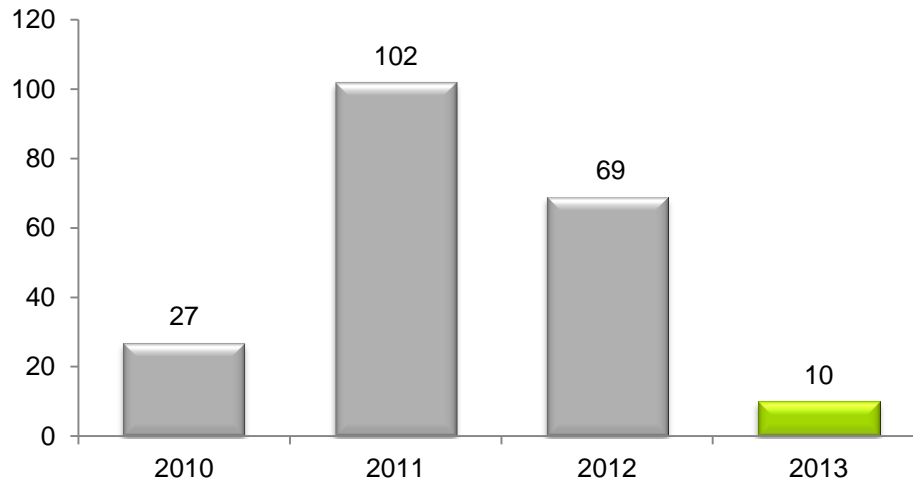
**Cash utilised in investing activities**
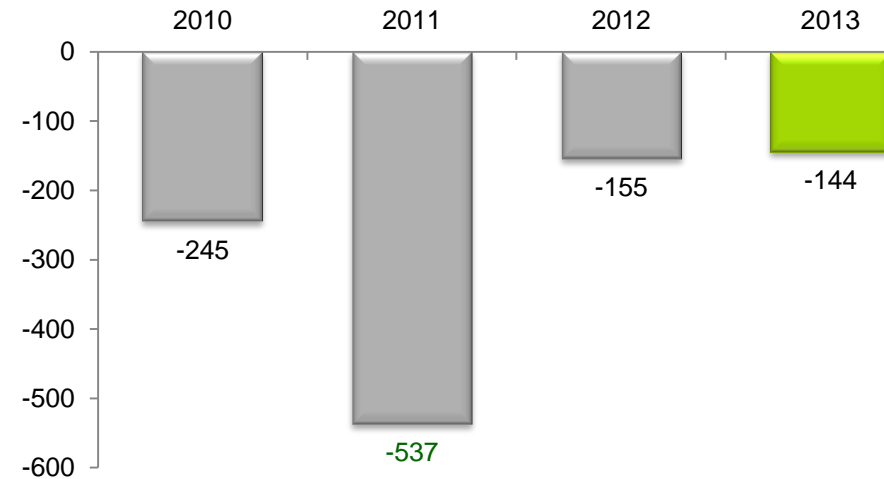
**Cash flows from financing activities**

**Cash and cash equivalents at period end**

# Capital expenditure

- Following from the realignment initiatives to address governance short comings. The capital expenditure had resumed during the year 2012/13. Some of the major projects delivered by March 2013 were:
  - Yzerfontein – A pop site was established at the WACS undersea cable landing station at Yzerfontein including cable extension from our existing POP in Rondebosch covering a total distance of approximately 110Km.
  - Another key achievement was the review of all the projects and the capitalisation of 9 projects to the value of R106m and closure of old projects.

**Table 1: Capital programme : 2012/13**

|  | Audited March 2011 R'000 000 | Audited March 2012 R'000 000 | Audited March 2013 R'000 000 | Year to date 2014 R'000 000 |
|---|---|---|---|---|
| National Backhaul | 250 | 84.2 | 40.7 | 58.1 |
| International capacity : WACS | 283.2 | 69.8 | 100.4 | - |
| Office equipment and software | 3.5 | 1.5 | 2.6 | 1.0 |
| **Total capital expenditure** | **536.6** | **155.5** | **143.7** | **59.1** |

- The lower expenditure was due to the ongoing organisational realignment and clean out of projects. The capital expenditure is expected to be above R150m in 2014.
- The final capital payments were made on the WACS project for the initiation of the project
- Expenditure for office equipment were in line with the Company's requirements, taking into account staff numbers and the life of the equipment.

**Table 2: Work in Progress 2012/13**

|  | Audited March 2011 R'000 000 | Audited March 2012 R'000 000 | Audited March 2013 R'000 000 | Year to date 2014 R'000 000 |
|---|---|---|---|---|
| Work in Progress | 115.6 | 152.9 | 80.9 | 102 |

# Capital expenditure

Broadband **Infraco**

⋗ The investment in the national backhaul for the financial year ended 31 March 2013 of R40.7 million was in the following areas.

**Table : Major capital projects for : 2012/13**

| Province | Project Name/ | Benefit | Amount R'000 |
|---|---|---|---|
| Western Cape | Yzerfontein Site Establishment | Establish a site at the WACS landing site in Yzerfontein and interconnect to the network via diverse fibre routes | 15 300 |
| All Provinces | DCN Upgrade | Upgrade the existing DCN with a completely new vendor designed network that will integrate to the existing Transmission system. | 6 900 |
| All Provinces | New Infrastructure Sites Phase 1 | Develop 39 independent Broadband Infraco Sites due to space contraints at existing leased sites. | 12 800 |
| Regional connectivity | International gateway: Swaziland, Zimbabwe, Namibia borders | Regional connectivity as per the mandate and customer requirements | 4 100 |
| Kwa-Zulu Natal | Short term Fibre lease | Build own fibre route | 1 600 |

# Irregular Expenditure

## Identified in 2011/2012

**Incurred in 2011/2012:**
Initial process followed but contract **value was exceeded**
**R3.9m**

**Incurred prior to 2011/2012:**
Processes were not followed for procurement
R69.5m

Transition from Eskom to BBI
R9.7m

Post transition
R59.8m

## Indentified in 2012/2013

Incurred in 2012/2013
R 0,723m
Transgression of commercial processes and policies

**Incurred prior to 2012/2013:**
Processes were not followed for procurement
R130,0m

Matter under investigation
by the Accountant General's office/Internal Audit

- Review and /or investigations were conducted to determined the impact of the financial loss if any.

- Goods and services were received by the company or for the benefit of the company

- Loss of the advantage of competitive bidding to determine the best possible price from the market.

- Processes have been implemented to avoid future irregularities.

- Training conducted for both the employees and directors.

# GOING FORWARD

# Priorities for Next Year

## Operating Model

Prioritise commercial income generating programs

Target "Government to become anchor client

## Network

Shared infrastructure ownership (joint-build, fibre sharing models, co-manage)

capacity swaps

IP-based higher-order transmission equipment

**Secure funding**

## Financial

- Diversify revenues
- Secure long-term cash-flow via: customer lock-in solutions & long-term IRUs,
- Integrated technical solution
- Grow asset base through reversing "fibre-ownership" model within DPE stable SOEs

## Competitive Landscape

- Change to customer solution provider vs product seller
- Extend "sales" through infrastructure sharing initiatives
- Prioritise access network
- Improve service delivery ability (99.95% to 99.99%)

## Priorities:
## Financial Sustainability

❑ Funding is required to address the fundamental issues of the Broadband Infraco. These include:
  ➤ Expand the network to the broader market replacing reliance on Neotel.
  ➤ Enhance the integrity of the network and upgrade technology.
  ➤ Expand the network in rural area and other areas to address market inefficiencies.

❑ An MTEF application of R4.0b was submitted to National Treasury in August 2012. This was based on improving the integrity of the national backhaul, and providing access in all nine provinces over 5 years.

❑ Over R530m is expected from DST on project of national interest including SKA (70% of WACS over 10 years) and to date R300 million was received

❑ A capital investment plan and funding plan is have been developed.

  • Allocate and manage funding risks in accordance to project requirements

  • Commercially viable capex with project specific finance based on cash flows and risks funded with finance houses

  • Strategic capex funded through development financing with shareholder support and guarantees.

  • Mandate requirements through "SA Connect" in terms of MTEF framework

❑ Secure operating cash flows to ensure working capital sustainability

# Priorities: Customers

**Broadband Infraco**

| | |
|---|---|
| **Mobile Network Operators** | • Leverage Broadband Infraco's network footprint to interconnect with MNO key growth points; e.g. MSC/BSC connectivity, mobile base stations, data hosting centres, call centres; etc. |
| **Second Network Operator** | • Maintain the Neotel anchor account at targeted MSA revenue levels as part of a longer term contract with Neotel; intensify high level executive relationship management. |
| **Other broadband Companies** | • Offer these operators opportunities to co-build with Broadband Infraco and thus collaborate on a shared risk model. |
| **Government As an Anchor Client; SOCs** | • Establish collaborative partnerships with other ICT State-owned companies; Invoke NBP - no duplication of infrastructure; robust positioning to all Government Departments; Metros and Provinces that Broadband Infraco ideally placed to cater comprehensively for public sector bandwidth connectivity demand. |
| **ICT Systems Integrators and Traffic Aggregators** | • Joint Proof of Concept Product Development, Trials, to convert to long-term contracts;<br>• Strategic Partnerships for last-mile, end-to-end solutions; |
| **International & local Operators;** | • Engage market through WACS consortium to infrastructure owners;<br>• Investigate & engage in swapping of capacity (DR & resilience); |

# Priorities: Market Position

Continuously understand market demand for wholesale broadband connectivity and related value added services in order to segment markets and respond customer's with the right value timeously and at the right price;

Ensure that Broadband Infraco's products are fit for purpose, flexible, quality, reliable and competitively priced so that Broadband Infraco is seen as the choice provider of wholesale broadband connectivity;

Develop appropriate, effective marketing and sales strategies that will ensure that we push and pull its products into customer and industry segments to build long term relationships;
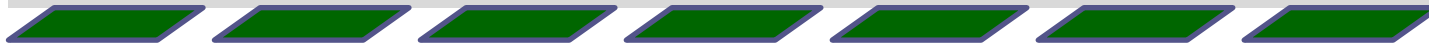
Develop, maintain and operate cost effective national network infrastructure and capacity (including Points of Presence), leveraging its preferential access to Eskom and Transnet servitudes, through appropriate partnerships where required;

Ensure that the business has the right capabilities, operational infrastructure, sound governance, internal controls and risk management in order to facilitate business continuity and compliance;
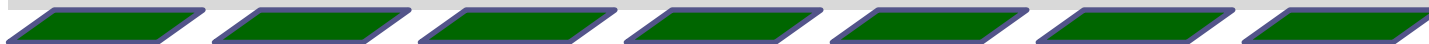
Attract, retain, develop, deploy and appropriately reward people with the right skills, experience, commitment and energy who will proactively implement this strategy and continuously manage performance through our defined performance management system;

# Provincial Focus

| Province | Status as at 2012/13 | Status as at 2014 |
|---|---|---|
| **Mpumalanga** | Several visits to the Province; Presentations to the MEC of Public Works | On the cusp of concluding a Memorandum of Understanding. Also implementing a CSI project. |
| **Limpopo** | Signed a Memorandum of Agreement to roll out a provincial network. | Regular meetings of the Task Teams discussing best implementation path. |
| **Eastern Cape** | Several Business Development engagements | Proposal issued for a Proof of Concept with a comprehensive technical solution with SITA. |
| **Kwa-Zulu Natal** | Several business & Ministerial provincial engagements done. | Comprehensive technical proposal given covering all the health sites including costing. Awaiting feedback from the Province including last-mile discussions. |
| **Gauteng** | Broadband Infraco presented at various Gauteng broadband platforms and shared best practise information. | Broadband Infraco approaching the major metros (Ekurhuleni & Tshwane) to connect to the provincial backbone. |
| **Free State** | After Ministerial and Business Development engagements, FS issued a tender for transaction adviser. | Broadband Infraco re-engaging to establish provincial readiness. |
| **Western Cape** | Very advanced provincial plans developed. | Broadband Infraco awaiting tender response to roll out Western Cape Provincial Broadband network. |
| **Northern Cape** | Project Inspire has seen some connectivity of communal sites. Several Ministerial & Business development engagements. | Broadband Infraco re-engaging to establish provincial readiness. |
| **Western Cape** | Priority province for the DOC's schools connectivity pilot programme. | Broadband Infraco re-engaging to establish provincial readiness. |

**P R I O R I T y**

# ECS LICENCE

- Broadband Infraco has, whilst waiting for the DoC to initiate the Policy Directive process that will enable ICASA to award it an Individual ECS licence, resolved to apply for a Class ECS licence

- ICASA generally issues Class ECS licences through its administrative functions, without invoking a public participation process, unlike the Individual licence process

- Acquisition of this licence will enable the Company to partner with un-licensed retail service providers, particularly in under-serviced areas, in pursuit of the objectives of the National Broadband Policy

- The ECS licence will also enable the company to offer last-mile services to unlicensed Government institutions, thereby ensuring effective collaboration with national, provincial and municipal authorities

- The ECS licence will also enable Broadband Infraco to carry transit traffic of international operators across the country, and (to this end) to bundle its WACS offering with its national distance products, thereby offering its customers an end-to-end solution
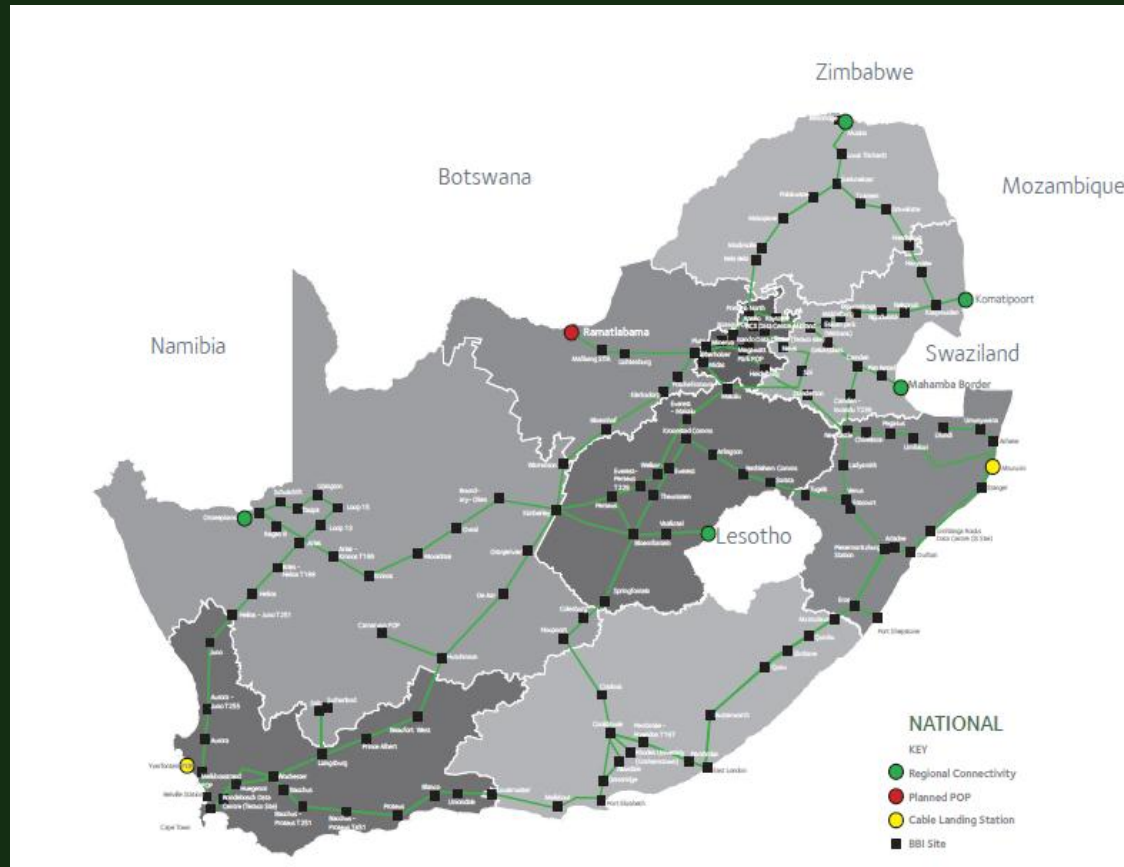
# BROADBAND POLICY

- On 4 December 2013 Cabinet approved South Africa's Broadband Policy
- The National Broadband Policy (South Africa Connect) has redefined broadband to mean an ecosystem of high capacity, high speed and high quality electronic networks, services, applications and content that enhances the variety, uses and value of information and communications for different types of users
- The Broadband Policy outlines various targets aimed at closing the identified gaps between the current relatively poor status of broadband in the country and the vision of a seamless information infrastructure by 2030
- It suggests that **existing SOCs should be rationalised** to contribute to national objectives more efficiently and effectively
- National Departments residing in the Infrastructure Cluster (led by the DoC, DPE and NT) will, in terms of the Policy, **develop a transition plan (which will feed into the broadband road-map and implementation plan**) aimed at positioning and strengthening the relevant SOCs to optimally support and contribute towards the delivery of a robust and cost-effective open access broadband network
- The Broadband Policy prioritises the urgent re-allocation and assignment of the high-demand spectrum (800 MHz and 2.6 GHz spectrum)
- The Broadband Policy also proposes that public sector demand be aggregated (with *Government as an Anchor Tenant)* to facilitate the competitive procurement of discounted, high quality services

# BROADBAND POLICY

- The estimated cost of rolling-out the National Broadband Network is R65bn, with over R130 billion estimated to be contributed to the country's GDP over a 10 year period
- Implementation will be funded through a re-prioritisation and rationalisation of existing budget allocations and private funding sources
- SIP 15 will coordinate the implementation of the National Broadband Network across the three tiers of Government
- A National Broadband Council will be appointed made up of public, private and civil society representatives / experts, who will advise the Minister of Communications on the design and implementation of the Broadband Policy
- Broadband Infraco is of the view that ICT SOCs such as Telkom, Broadband Infraco and Sentech should cooperate and complement one another in deploying the National Broadband Network
- A consortium model is best suited for addressing the access network gaps (where further competition should be encouraged),
- Sufficient spectrum in the high-demand frequency bands should be set aside for the creation of an open access wireless network in under-serviced areas to, not only extend the reach of broadband services, but also to stimulate the growth of SMME businesses located in these areas
- Government should be an anchor tenant on the National Broadband Network to ensure sustainable business cases for operators providing broadband infrastructure and services, particularly in under-serviced areas
- National Treasury should (for strategic reasons) make funds available to Broadband Infraco and Telkom to enable these SOCs to address the gaps identified in the National Backbone Network.

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