

# MINISTRY

#  OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES

# REPUBLIC OF SOUTH AFRICA

**PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NO: 2963**

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**QUESTION PAPER NO: 31**

Ms T Bodlani (DA) to ask the Minister of Communications and Digital Technologies:

(1) (a) What is the rationale for the pending merger of Sentech and Broadband Infraco, (b) how is it anticipated that the merger will impact the (i) workers and (ii) board directorship of the two entities, respectively;

(2) what are the (a) full relevant details of the financial ramifications of the merger and (b) timelines for the completion of the merger?

 NW3596E

**REPLY:**

**I have been informed by the entities as follows:**

(1)(a)The State-Owned Company (SOC) Rationalisation project seeks to harmonise and align SOCs capabilities within the DCDT to form a coherent agent for the efficient delivery of ICT services to South African citizens.. Broadband Infraco holds an Electronic Communications Network Service (ECNS) licence whilst Sentech has both Electronic Communications Service  (ECS) and ECNS licences. The two entities capabilities are complementary in completing the service value chain and therefore logical to merge and equip for the growing service demand.

(1)(b)(i) Both the SENTECH and BBI capabilities will exist in the merged entities and will require workforce to manage these capabilities. Secondly, the merger is premised on Growth and to improve ICT services for South African. It therefore anticipated that the merger will not result in job losses. It will also create opportunities in other areas of the merged entity.

(1)(b)(ii) The Board directorship will be revised for efficiency and effective Leadership of a Merged entity in alignment with the market shifts.

(2)(a) A financial Due Diligence process is being undertaken by the two entities, whereafter the report will be shared with the Minister during third quarter of FY23.

(2)(b) The process is scheduled to be completed by the end of the financial year 2023.

**Authorised for submission by**

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**MS. NONKQUBELA JORDAN-DYANI**

**DIRECTOR-GENERAL (ACTING)**

**DATE:**

**Recommended/not recommended**

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**HON. PHILLY MAPULANE, MP**

**DEPUTY MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES**

**DATE:**

**Approved/ not approved**

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**HON. KHUMBUDZO NTSHAVHENI, MP**

**MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES**

**DATE:**