**PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NO: 821**

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**DATE OF REPLY:**

**Mr D Bergman** **(DA) to ask the Minister of Telecommunications and Postal Services:**

(a) What is the nature and terms of involvement of a certain company (name furnished) with Sentech, (b) how was the arrangement initiated, (c) what is the value of the involvement, (d) what deliverables are expected from the specified company, (e) what are the details of the costs to Sentech of connecting the company’s signals to its network and (f) has he found that the arrangement is compliant with the Public Finance Management Act, Act 1 of 1999?

NW906E

**REPLY:**

**I have been informed by SENTECH as follows:**

1. Sentech procures satellite capacity from Intelsat and currently has three lease agreements with Intelsat with the longest (length of agreement) due to expire on 30 July 2030.
2. The satellite capacity is a key commodity and strategic product for Sentech as it allows Sentech to continue to be relevant in the DTH broadcasting space. Sentech followed a negotiated process which was approved through internal approval committees. The reason for the negotiated process was due to Sub-Saharan transponder covering African and part of Europe becoming available on Intelsat’s IS20 satellite platform and this presented an opportunity for Sentech to enhance and improve its DTH revenue stream. The capacity could also be used to offer Sentech existing customers HD services.

1. The value of the satellite services provided amounts to R252 million per annum, based on audited annual financial statements for the year ending 31 March 2017. The company generates annual revenue of R1.2 billion mainly from broadcasting services provided using satellite solution.
2. Intelsat’s involvement is only limited to providing the capacity and monitoring the respective satellites that provide signal distribution and for broadband services. Intelsat is expected to supply the satellite capacity as contracted, at the defined service level.
3. Sentech spends approximately R250 million annually.
4. Yes, these are valid contracts that have been concluded through the procurement process in compliance with the PFMA and the relevant Treasury Regulations.