



BACKHAUL PROVIDER OF CHOICE



Presentation to Portfolio Committee on Telecommunications & Postal Services

**Status of Funding for Broadband Infraco
22 September 2015**

**P Kwele
Chief Executive Officer**

Status of Funding

Shareholders	Status of funding
DTPS	THE BROADBAND INFRACO APPLICATION WILL BE PRESENTED AT THE NATIONAL TREASURY FISCAL AND LIABILITY COMMITTEE SCHEDULED FOR THE 30TH OF SEPTEMBER
IDC	THE BROADBAND INFRACO APPLICATION WILL BE PRESENTED TO THE IDC BOARD INVESTMENT COMMITTEE EITHER ON THE 28TH OR THE 30TH OF SEPTEMBER

DTPS Funding engagements

Meeting Date	Purpose of engagement	Further Comments
10 June	Discussion on the revised corporate plan and an indication that R243 million cash injection will be required	The External auditors have to be engaged re verification of the cash shortfall
01 July	Submission of the revised corporate plan to the shareholders	
01 July	Submission of the Guarantee application	
08 July	Further engagements on the guarantee application with external auditors	Request for written notification from the auditors and NT requested for further information and made inputs
17 July	Resubmission incorporating inputs from the 8 th of July	
22 July 2015	Review of BBI guarantee application before submission	
25 July	Submission to the DTPS officials for review	
29 July	Accounting Authority Consideration of the Guarantee application, inputs provided and recommended to the Executive Authority	
24 July	Submission of external Auditors letter to the DTPS	

DTPS Funding Engagement

<u>Meeting Date</u>	<u>Purpose of engagement</u>
31 August	Compulsory matters from the DTPS received
15 September	Consideration of the compulsory matters by the Accounting Authority
21 September	Latest date for Submission of response of compulsory matters to the Executive Authority
30 September	Fiscal and Liability Committee of National Treasury will convene

IDC Funding Requirements

<u>Meeting Date</u>	<u>Purpose of engagement</u>	<u>Further Comments</u>
7 July	Submission of Guarantee Application	
9-15 July	Due Diligence Process Conducted	Review of financial, legal, HR and technical information
20 July	First submission to the Credit Committee	
7 th August	Proposed guarantee conditions presented to management	
13 August	Accounting Authority Submission of Proposed Conditions to the IDC	
15 September	IDC Credit Committee Convened and recommended to the Board Investment Committee	
28/30 September	IDC Board Investment committee will convene	

Mechanism	March (strat plan)	April (APP)	August (Quartely)
<p data-bbox="112 354 150 396">1</p> <p data-bbox="112 796 338 873">Shareholder Funding</p>	<ul data-bbox="421 521 859 1106" style="list-style-type: none"> ▪ R3.5 Billion MTEF application submitted to the Department of Public Enterprises. Applications were considered by the Fiscal and Liability Committee of National Treasury and funds have not been allocated ▪ R170 Million short term guarantee and R528 million medium term guarantee were submitted to the Executive Authority in the in Mid October and these applications were not successful 	<ul data-bbox="927 399 1371 1263" style="list-style-type: none"> ▪ MTEF application to be submitted to the Department Public Enterprises. Applications were considered by the Fiscal and Liability Committee of National Treasury and funds have not been allocated ▪ R170 Million short term guarantee and R528 million medium term guarantee were submitted to the Executive Authority in the in Mid October and these applications were not successful ▪ An MTEF application which focuses on strengthening the balance sheet through fixed capital formation and preservation of the value of the Company is currently being developed and will be submitted to the Shareholder in due course 	<ul data-bbox="1429 578 1864 1092" style="list-style-type: none"> ▪ Guarantee for R243M has been submitted to both shareholders – This process is at approval stages with both shareholders ▪ An MTEF application in support of the BBI capital Asset renewal and Fixed Capital Formation programmes for value R1.8 billion over the medium term expenditure framework has been submitted to DTPS.

Mechanism	March	April	August
<p data-bbox="112 354 137 386">3</p> <p data-bbox="106 796 355 872">Other funding efforts</p>	<ul style="list-style-type: none"> • Standard Bank, Nedbank, ABSA, FNB, and HSBC require government guarantee • BNP Paribus- BBI could not meet balance sheet expectations of the bank • DBSA cashflow requirements not met • Application to the Universal Service Fund is being finalised 	<ul style="list-style-type: none"> • Standard Bank, Nedbank, ABSA, FNB, and HSBC require government guarantee • BNP Paribus- BBI could not meet balance sheet expectations of the bank • DBSA cashflow requirements not met • A Universal Services and Access Fund (USAF) subsidy application to cater for the Universal Access capital investment expenditure requirements will be submitted before the end of April • AFBD has provided a letter of intent and willingness to fund the institution provided there is government support 	<ul style="list-style-type: none"> ▪ The DBSA has advised that the SITA business case is undergoing governance processes, the first of which presentation to the Business Development Committee. ▪ The AfDB has been provided with the Pre – Investment report. The Bank will await the RSA stakeholder governance processes before conducting a due diligence for fundability of the projects ▪ The application has been approved by EXCO and submitted to USAASA.

Thank You