

## **MEDIA STATEMENT**

### **COMMUNICATIONS COMMITTEE CONCERNED BY STAGNATION IN ESTABLISHMENT OF STATE DIGITAL INFRASTRUCTURE COMPANY**

**Parliament, Thursday, 31 October 2024** – The Portfolio Committee on Communications and Digital Technologies has expressed reservations about the rationale and process towards establishing the State Digital Infrastructure Company (SDIC), following a presentation from the Department of Communications and Digital Technologies (DCDT) to the committee this week.

The SDIC would be born out of merger between the stated-owned signal distribution company, Sentech, and a provider of backhaul connectivity, Broadband Infraco (BBI).

While the committee appreciates the need to rationalise state-owned companies in the telecommunications space, the department has failed to demonstrate a bankable business case that speaks to the future profitability of the new SDIC, given the underlying liquidity and solvency challenges in the existing companies, notably BBI.

It is further unclear to the committee whether the department has made any advances to consolidate all state digital infrastructure assets, such as those held by ESKOM, TRANSNET, SANRAL and PRASA in the proposed new SDIC. Failure to do so would perpetuate a fragmented, disjointed and unsustainable approach to leveraging the massive infrastructure investment the state has already made in the roll out of fibre to enhance accessibility and affordability of connectivity to the poorest and underserved areas of our country.

To this end, the committee has called on the department to reconsider the options for establishing the SDIC, given the emerging issues related to Sentech acquiring the ailing Broadband Infraco. Further, the department should indicate how BBI's financial fortunes will improve without relying on funding, which was appropriated specifically for the capital rollout of fibre across the country, as part of the SA Connect project.

Should conditions dictate, the department should consider the viability of de-establishing BBI and transferring its assets to Sentech as part of a visionary, forward-looking agenda to diversify Sentech's business while positioning the company as the South African champion in the digital infrastructure space.

The committee Chairperson, Ms Khusela Sangoni Diko, also called on the Independent Communication Authority of South Africa (ICASA) to accelerate the process to hold a market enquiry to assess the current state of the ICT market. Ms Diko recommended a process to ascertain whether it is still necessary to establish such a state-owned digital infrastructure company, as the market has shifted considerably since the promulgation of the rationalisation policy.

"Let there be a process that will provide a better understanding of the market structure from the supply side to establish the extent at which the government still needs to intervene," said Ms Diko.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON COMMUNICATIONS AND DIGITAL TECHNOLOGIES, MS KHUSELA SANGONI DIKO.**

For media inquiries or interviews with the Chairperson, please contact the committee's Media Officer:  
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