



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL ASSEMBLY

### QUESTION FOR WRITTEN REPLY

#### QUESTION 1707.

**Mr M J Cuthbert (DA) to ask the Minister of Trade, Industry and Competition:**

Whether he will furnish Mr M J Cuthbert with a list of funding transfers made to a certain company (name furnished) by the Industrial Development Corporation since the inception of the Black Industrialists Programme as well as any other relevant details? NW2097E

#### REPLY

The Industrial Development Corporation (IDC) CEO has advised of the following:

“The Industrial Development Corporation (IDC) approved two facilities to the company referred to in question, totalling R50 million on 26 February 2016. The approved facilities comprised a term loan of R28 million and a subordinated loan of R22 million. At the time of initial approval, the company was a pure start-up business. IDC support facilitated the creation of a fully functional and operational specialized cable factory. Specialised cables are copper based cables that are extensively used in instrumentation and are widely used in the communication, mining, energy as well as rail and air transport industries. They differ from power cables as they generally use less copper, have more intricate insulation and sheeting requirements and are not a standard product but are made to customer specific requirements.

On the back of IDC support, the Department of Trade and Industry (**the dti**) recognised the company as an emerging Black Industrialist with potential and provided ca R45 million in grant funding. The grant funding was earmarked to be used to effect modifications to the factory and to procure and install equipment to manufacture Optical Ground Wire (“OPGW”). The company became the only manufacturer with an OPGW line on the African continent. Eskom’s annual spend on OPGW is estimated at ca R500 million and is currently all supplied by imports.

On the 21<sup>st</sup> of May 2018, the IDC further approved an amount of R16,5m to cover working capital for the business thereby bringing the IDC total funding to ca R66,1m.

The IDC Disbursements were in line with the approved purposes and are summarized below:

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>TOTAL</b>
<b>Disbursed Amounts</b>	R1,597,897.69	R47,600,849.78	R5,815,615.93	R9,417,212.84	<b>R64,431,576.24</b>

The IDC funding was motivated by the need to support the project as it had the OPGW market at its disposal. Discussions were held with the key customer Eskom, which was going to tender to list the services of a supplier for the OPGW and IDC as part of its Due Diligence process engaged with Eskom. The company being the only locally established manufacturer of the OPGW product was in a position of advantage with good prospects of being awarded the contract upon meeting the required quality. However, the tender was subsequently put on hold thereby forcing the company to rely on lower margin, lower volume business which was not sustainable given the company's debt load and fixed overheads structure.

The business is still trading, though marginally. As part of efforts to enhance its viability, the option of seeking a new strategic equity partner/investor is being pursued.”

**-END-**