SAPO should outsource or privatise aspects of the postal service

Speech by Natasha Mazzone MP, DA Shadow Minister of Communications and Digital Technologies

Many post offices have been forced to close down in recent years. According to data compiled by The Outlier, there were 1,512 conventional post office branches and 697 Post Office Agencies in 2018. Today, only 626 post offices are still operational.

South African Post office (SAPO) workers are also facing mass retrenchments and wage cuts, according to a parliamentary report from March this year.

This is despite the fact that over 6.3-million beneficiaries – or 54% of 11.7 million beneficiaries – were paid through the Post Office and Postbank in January 2023, the Outlier indicates.

Postbank has stated that around 175,000 cards expired at the end of March. SAPO has started a gradual process to issue new cards and that almost all beneficiaries whose cards expired last month have already received new cards.

However, approximately 860,000 cards expire in April, nearly 2.8 million will expire this month, and another 1.8 million in June.

SAPO was placed under provisional liquidation earlier this year for failing to settle its enormous debt. The enterprise is technically insolvent and has lost money every year since 2013. It has been forced to close branches across the country for years and has had to cut thousands of jobs.

SAPO is on the brink of collapse and is facing bankruptcy despite receiving R8 billion in bailouts since 2014, there are reports of unpaid rentals and desperate suppliers, postal backlogs, and broken ICT systems.

A High Court judgement revealed that its year-to-date loss as at 31 July 2020 was R1.066 billion. Only 55 of the Post Office's 1,416 operational branches were profitable.

The high court placed the SA Post Office under provisional in February, with an application for final liquidation to be heard on 1 June 2023, where all affected parties—including the SOE's management, workers, and creditors—may put forward reasons as to why the court should not order the final liquidation of the SOE.

A final liquidation is a worst-case scenario as it will result in the SA Post Office's operations closing permanently and workers permanently losing their jobs. Final liquidation of the SA Post

Office would also be detrimental to SA's social grant system as the SOE distributes social grants to more than seven million beneficiaries every month.

SAPO's financial situation is dire, with liabilities outweighing its assets by R4 billion and debt of R8 billion. In the latest 2023 Budget, National Treasury announced the SAPO would get another bailout of R2.4 billion from government coffers. This follows years of bailouts and bailout requests.

Meanwhile, the group said it has been left with no choice but to retrench some 6,000 people – 40% of positions – due to its financial constraints. It noted that the wage bill makes up 68% of its costs, and its business has become unsustainable due to private courier companies encroaching on its services and the government itself steering clear of using it.

In the proposed laws, all government institutions will be encouraged to use the services and infrastructure of SAPO in the delivery of its services. This will not save the post office but instead will just hinder government entities from timeously carrying out their duties.

Instead, the provisionally liquidated SAPO should rather be urgently looking at ways to outsource or privatise aspects of the postal service to develop practical and affordable deliveries to all communities, as well as align itself with the digital age, to avoid its untimely demise.