

2022

SOUTH AFRICAN POST OFFICE SOC LTD  
**ANNUAL REPORT**

# Highlights for the year

## Financial Highlights

- Revenue increase of R6 million (1%) from previous year
- Expense budget of R6.912 billion achieved at R6.130 billion
- Net loss for the period under review at R2.2 billion

## Operational Highlights

- Mail delivery performance improvement from 52.95% to 68.36%
- 274 771 addresses were geo-referenced
- Continuation of distribution network optimisation by consolidating and merging urban non-performing branches with better performing outlets
- Identification of co-development opportunities with industry partners
- 146 branches closed, of which 55 were amalgamated
- Logistics fleet reduction from 1 236 to 366 vehicles, requiring national line-haul to run on 18 routes
- Continued contribution to the Nal'ibali programme to distribute 90 280 supplements to branches for collection and delivered reading supplements to 1 034 reading clubs

## Strategy

- Post Office of Tomorrow Strategy adopted for turnaround of the organisation
- Critical modernisation and digitalisation programmes initiated

## Information Technology

- Online Motor Vehicle License system was launched in February 2022
- Engagement with SITA for Government private cloud hosting
- Whitespace proposal for the lift and shift of the current IT infrastructure at the SA Post Office Data Centre to a stable data centre environment
- Development of Electronic eRegistered mail service for Road Traffic Management Corporation (RTMC)
- Integration of international customers onto IPS platform

## Human Resources

- Permanent staff numbers reduced from 15 826 to 14 460
- Employee Satisfaction level established at 42%
- No annual salary increases were implemented
- Process to ensure proper management of the Post-Retirement Medical Aid subsidy (PRMA) liability is continuing
- Voluntary Severance Package was offered to all employees, 1820 quotations were issued and 656 employees took up the VSP offering
- Employment Equity plan and report submitted to Department of Labour
- Workplace Skills Plan and Annual Training Report approved by the CEO and Organised Labour, submitted to the Services SETA and 7891 employees trained

## Government

- Submissions made to the amendments of Postal Legislation (SAPO Act, Postal Services Act, Postbank Act, 4IR)
- Continued payment of Social Grants during Covid-19 lockdown
- 7.2 million SASSA beneficiaries paid monthly
- 15.2 million beneficiaries received Social Relief of Distress grants
- 362 465 qualifying needy households registered for the DTT subsidised programme
- Approximately 356 000 Set-Top-Boxes to qualifying households distributed



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# History of SA Post Office



The SA Post Office (SAPO) has delivered an uninterrupted service to its clients for centuries. The story of Post Office operations began in a small office in Cape town in 1792. Today, the organisation has evolved into the principal mover of mail in the country. This is no easy task, considering that operations are scattered across an area of more than 1.2 million square kilometres!

## 1792

On 2 March 1792, the acting governor, Johan Isaac Rhenius, issued a proclamation to establish a post office in a small room next to the pantry in the Castle in Cape town. Adriaan Vincent Bergh was appointed postmaster and Aegidius Benedictus Ziervogel the first postman. Letters were accepted every morning between 09:00 and 10:00 at a cost of six stuiwers (half pennies). The postman would deliver the mail the next morning at an additional cost of two stuiwers.

During the early nineteenth century mail ordinances on horseback replaced the runners on the routes between Stellenbosch, Paarl, Tulbach and Swellendam. From Swellendam Khoi took the mail on foot to Graaff-Reinet and Uitenhage. Matthew Gall was appointed Cape Postmaster General.

## 1815-1886

A mail boat service was introduced between England and the Cape during 1815. Fast ships conveying mail, passengers and light freight for the Cape Colony, Mauritius and India departed monthly from Britain. The first mail boat, the Eclipse, reached Cape town 114 days later.



The first mail coach to transport passengers and mail departed from Cape town to Swellendam during August 1843. The guard was dressed in a bright red uniform.

The main gold reef was discovered on the Witwatersrand in 1886 and that augured one of the most colourful periods in our postal history. The coaches of George Heyes & Co ran between Matjiesfontein and Kimberley, and between

Kimberley and Johannesburg. Matjiesfontein was then the end of the railroad.

The first South African stamp, the Cape Triangular stamp, was commissioned in 1853. The figure of Hope appears on the stamp. Sir George Cathcart requested that the Cape stamps should look quite different from British stamps. The triangular stamp appeared in two values, the 'four-pence blue' and the 'one-penny red'.

The stamps were not perforated and had to be cut with a pair of scissors. These stamps could be used to pay inland postage only – postage for mail to other countries had to be paid in advance, in cash.

The first post boxes were erected in the Cape on 8 June 1860. To this day, one of these postboxes can be used in Worcester Street, Grahamstown. It was manufactured in 1857 by Smith & Hawkes in Birmingham, England.



The railroad track from Cape town to Wellington was completed by 1862 and shortly afterwards, mail was transported here by train. The mail train was commissioned in 1883. Railroad coaches specially equipped for this purpose acted as mobile post offices between Cape town and Hutchinson, where the railroad ended at the time. Until 1950 this service was offered in the remote areas of South Africa.

## 1900-1945

The first steam ships were commissioned in 1925 and covered the distance between England and the Cape in 58 days. The Union Castle Steamship Company was established in 1900, handling the conveyance of mail to Britain until 1977.



The surface mail contract between South Africa and the Union Castle Steamship Company, which for a century ensured a weekly dispatch of mail between Cape town and Southampton, lapsed at the end of September 1977. From 1 October 1977 mail was transported only by container ships and aeroplanes.

Mail was transported by motor car for the first time in 1911. The first time that mail was transported by air, was between Kenilworth and Muizenberg, and in fact it took the form of a novelty and was not a serious attempt at introducing an air-mail service. This service was introduced on a regular basis in 1929. The first overseas airmail service was introduced in 1932. The Springbok Air Service between the Union of South Africa and Britain began to operate during 1945. An air-mail parcel service was introduced simultaneously.



### 1967-2013

The first mail-sorting machine was installed in Pretoria in 1967. This was the result of a study started in the Johannesburg office in 1963 to compare the cost of manual and automatic sorting of mail. The mail-sorting machine was commissioned in 1968, and that was also the year when the office was made financially independent.



### 1994/95

This was the year of the first democratic elections in South Africa, and the SA Post Office issued a set of stamps with peace as a theme. South Africa is readmitted to the Universal Postal Union thanks to the abolition of apartheid.



In March 1994, Track and Trace was introduced. Each mail article and parcel gets a unique bar-coded label which is scanned at each point where the article is handled. Customers can now trace where their mail items are in the postal chain. The first Postpoint, a post office within a host

business, opened in the Moreleta Park Pharmacy in Pretoria on 1 August 1994.

### 1995/96

The first retail postal agency (RPA) was opened in Bloemfontein in August 1995. Retail postal agencies are third party businesses that are appointed to offer a postal service when postal activities are too low to justify a fully-fledged post office branch. The business owner is paid for each transaction he or she does on behalf of the SA Post Office.

By the end of 1995 the Witwatersrand mail sorting activities were moved into the Witspos mail centre in Ormonde, Johannesburg. As the largest mail centre in the Southern hemisphere, it enabled the elimination and duplication of many processes, since mail processing is now done at one level.

### 1996/97

The Post Office administrations of the former 'independent homelands' (Transkei, Bophuthatswana, Venda and Ciskei) are incorporated into the SA Post Office.

### 2002/03

A world first for the SA Post Office, as South African President Thabo Mbeki electronically signs the Electronic Communication and Transaction Act into law. This is the first Act in the world to be signed into law by an electronic signature. The signing was enabled using the SA Post Office authentication service. The Act defines the SA Post Office as the preferred authentication service provider of identification procedures necessary for the issuing of advanced electronic signatures.

### 2003/04

The SA Post Office launches its Paymaster to the Nation project. In terms of this project, recipients of social grants can open a Postbank account. The bank card contains a chip with the beneficiary's photo, digital signature and fingerprints encoded on it. His or her social grant is now paid into the Postbank account, eliminating the need to queue on payout days. This gives grant recipients the freedom to withdraw their grants when it suits them – at any post office branch, without any transaction charges, or at the ATM of any Saswitch-linked bank. Every social pensioner can now enjoy the status and confidence that a bank account brings.



## 2004/05

The SA Post Office posts the first operating profit in its history. This was achieved without any negative effect on its universal service obligations. During this year, the SA Post Office also won an international award for its Paymaster to the Nation project. It also won the World Mail Award in the security category for its campaign to promote ethical conduct among its employees.

## 2005/06

Postbank, the SA Post Office's banking division, took the lead with Mzansi accounts. This is attributed to Postbank's unrivalled coverage – every post office branch is a Postbank. Mzansi accounts were designed especially for the unbanked.

## 2006/07

Postbank improves its lead with Mzansi accounts to 40% of the total market. The SA Post Office issues a miniature sheet of stamps to commemorate the handover of the Soccer World Cup from Germany to South Africa, where the next Soccer World Cup will be hosted in 2010. The design features a wild dog, Africa's most endangered predator, and was designed by a final-year graphic art student. The annual Congress of Commonwealth Postal Administrators is held in South Africa for the first time in history.



## 2007/08

MultiChoice's share offer is done using the SA Post Office as an outlet for application. This share offer was so popular that it was three times oversubscribed and more than 125,000 citizens participated in the scheme. By offering outlets in practically every village, town and city, the SA Post Office allowed rural South Africans to participate in this scheme on an equal footing with urbanites. CTF (Certifying top Performers) in conjunction with Accenture names the SA Post Office as one of the top 25 best employers in South Africa.

## 2008/09

The SA Post Office joins the rest of the world in July 2008 in celebrating the 90th birthday of former President Nelson Mandela by issuing two miniature sheets of stamps. The photo on the postage stamp for domestic postage was taken by Halden Krog while the stamp for international small letters used a



painting by Cyril Coetzee. With denominations for both domestic and small international letters available, it was possible to send South African birthday wishes for Madiba throughout the world. These items immediately turned into collectors' items. Sasol and Vodacom chose the SA Post Office as a vehicle for their Broad-based Black Economic Empowerment (BBBEE) transactions.

## 2009/10

Building on its strategic theme of becoming government's preferred partner for the delivery of services, the SA Post Office introduced its facility for the renewal of motor vehicle licences to the Gauteng province. This service was so successful that it was expanded to more post offices within seven months of the launch. 2009 also saw the SA Post Office deploy a strategy to reduce the impact of its business activities on the environment. The company planted a total of 857 trees at schools in the year ended 31 March 2010 to offset carbon emissions and introduced various energy saving measures. Postbank became a partner in the Climate Change Leadership Awards. The awards recognise individuals, communities and businesses that are taking a leading role in the fight against climate change. The SA Post Office successfully manages the applications for SA Breweries' Zenzele share scheme.



## 2010/11

During 2010, Postbank celebrates its centenary as a savings bank and quite appropriately, legislation is promulgated that will enable the organisation to change from a deposit-taking institution to a fully-fledged bank. More than two million South Africans used this facility during the year. The SA Post Office is again chosen as application channel for a share scheme, this time by MTN for its Zakhele scheme.

From the beginning of 2018, the SA Post Office and Postbank began an era of partnership with the South African Social Security Agency (SASSA) for the onboarding of new social grant recipients, and the issuing of new bank cards to beneficiaries. The task is enormous. Approximately 17 million South Africans receive social grants.

## 2012

The SA Post Office dips a toe in the electronic waters by launching the virtual post office, which enables users to complete certain transactions without visiting a physical post office branch. The SA Post Office later expanded its electronic offerings to include transactions such as customs declarations for foreign parcels.



## 2013

Following accreditation under the Electronic Communication and Transaction Act, the SA Post Office Trust Centre is launched. Through its digital certificates and public key infrastructure, the Trust Centre can authenticate users of electronic devices and ensure the users are who they say they are; validate the transaction to ensure non-repudiation; protect messages from tampering; encrypt messages to protect the message from unauthorised access; and make it possible for users to digitally sign transactions and communications to authenticate code, data messages and documents.

## 2014

After three years of protracted strikes, the SA Post Office records record financial losses and its board of directors resign. The entity is placed under administration until 2015, and a new board of directors is appointed.

## 2016

The SA Post Office launches an app for smartphones which customers can use to track parcels and find the SA Post Office branches nearest to their location.

## 2017

The facility for motor vehicle owners to renew their motor vehicle licences at certain SA Post Office branches is extended to the Northern Cape. The facility gives vehicle owners longer hours for licence renewal and is a huge success – nationally, around 3 million motor vehicle licences are renewed at Post Office branches annually.

## 2018

The SA Post Office begins a partnership with the SASSA for the onboarding of new social grant recipients, and the issuing of new bank cards to beneficiaries. By the end of 2018, almost 8 million people who receive social grants had chosen the SASSA card issued by Postbank. They receive one free cash withdrawal per month and unlimited card swipes to pay for shopping at merchants without having to pay a cent in bank charges.



## 2019

Changes in legislation turn Postbank into a subsidiary of the SA Post Office with its own assets, board of directors and balance sheet – a requirement to qualify for a banking licence. Postbank operated as a division of the Post Office

until separation.

The SA Post Office cooperated with the Independent Electoral Commission to verify the addresses of citizens on the voters' roll, even those in informal settlements. The Post Office helped to ensure that all South Africans could exercise their democratic right to vote.

The payment of motor vehicle licences becomes available at selected post offices in Mpumalanga. The only province in SA where car licences cannot be renewed via the SA Post office, is the Western Cape.

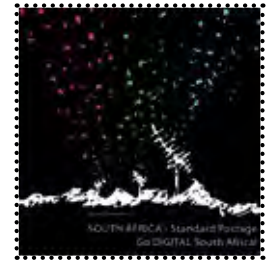
## 2020



The Covid-19 pandemic spreads worldwide, and in South Africa the SA Post Office pays out the Covid relief grant to an average of two million of citizens per month. During 2020 SA Post Office branches turned into beacons of hope for South Africans who had lost their income to the pandemic.

## 2021

As South Africa is migrating to digital broadcasting, meaning that older television sets will no longer work, unless they are connected to a digital decoder. The SA Post Office continues to manage the registration of five million qualifying households for subsidised decoders, and also manages the issuing of decoders, aerials and satellite dishes to installers.



The SA Post Office concludes partnerships with Wish.com and Mail Americas for the exclusive delivery of their items in South Africa. Delivery timeframes are faster by 50%, turning the entity into a fully-fledged role player in eCommerce.

## 2022

In February 2022, the SA Post Office launches an online platform for renewing motor vehicle licences. Customers in all provinces except the Western Cape can now renew vehicle licences 24 hours a day, seven days a week from any mobile device. The licence itself can be delivered to any address in South Africa or collected from any convenient SA Post Office branch.

The facility to renew vehicle licences over the counter at selected branches remains in place.



# Part A: General Information



**“Be  
the change  
that you wish  
to see in the world”**

**Mahatma Gandhi**



Postman at Tshwane Mail



# General Information

<b>Registered name</b>	South African Post Office SOC (Limited)
<b>Registration number</b>	1991/005477/30
<b>Registered office address</b>	497 Sophie de Bruyn Street, Pretoria, 0001
<b>Postal address</b>	PO Box 10 000, Pretoria, 0001
<b>Contact telephone number</b>	(012) 407 7000
<b>Email address</b>	customer.service@postoffice.co.za
<b>Website address</b>	www.postoffice.co.za
<b>External auditors' information</b>	Auditor-General of South Africa
<b>Banker's information</b>	Standard Bank South Africa
<b>Company Secretary</b>	Mr Dawood Dada, (ACIS)



2008 First Day Cover with stamps displaying Post Offices built in beautiful architectural styles



# List of Abbreviations and Acronyms

<b>AARTO</b>	The Administrative Adjudication of Road Traffic Offences
<b>AGSA</b>	The Auditor-General South Africa
<b>ALCO</b>	Asset and Liability Committee
<b>ALM</b>	Asset and Liability Management
<b>APP</b>	Annual Performance Plans
<b>ARC</b>	Audit and Risk Committee
<b>ATM</b>	Automated Teller Machine
<b>AU</b>	African Union
<b>BAC</b>	Bid Adjudication Committee
<b>BBBEE</b>	Broad-based Black Economic Empowerment
<b>BCP</b>	Business Continuity Plan
<b>BDM</b>	Broadcasting Digital Migration
<b>BEC</b>	Bid Evaluation Committee
<b>BoD</b>	Board of Directors
<b>BOT</b>	Build Operate Transfer
<b>BUs</b>	Business Units
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>CCPA</b>	Conference of Commonwealth Postal Administrations
<b>CENTRIQ</b>	Centriq Insurance Innovation (Pty) Ltd
<b>CEO</b>	Chief Executive Officer
<b>CFG</b>	The Courier and Freight Group (Pty) Ltd
<b>CFO</b>	Chief Financial Officer
<b>CIT</b>	Cash in Transit
<b>CIO</b>	Chief Information Officer
<b>CPP</b>	Cash Pay Points
<b>CRASA</b>	Communications Regulators' Association of Southern Africa
<b>CSI</b>	Corporate Social Investment
<b>COO</b>	Chief Operations Officer
<b>CRMP</b>	Compliance Risk Management Plan
<b>DAFF</b>	Department of Agriculture, Forestry
<b>DIRCO</b>	Department of International Relations and Cooperation
<b>DOCEX</b>	The Document Exchange (Pty) Ltd
<b>DCDT</b>	Department of Communications and Digital Technologies
<b>DOA</b>	Delegation of Authority
<b>DPS</b>	Domestic Postal System
<b>DRM</b>	Disaster Risk Management
<b>DTH</b>	Direct to Home

<b>DTT</b>	Digital Terrestrial Television
<b>EAP</b>	Enterprise Application Platform/Employee Assistance Program
<b>EBDN</b>	Electronic Bulk Mail Delivery Note
<b>EEA</b>	The Employment Equity Act
<b>eCom API</b>	eCommerce Application Programming Interfaces
<b>ERP</b>	Enterprise Risk Plan
<b>ESS</b>	Employee Satisfaction Survey
<b>EWT</b>	Endangered Wildlife Trust
<b>EXCO</b>	Executive Committee
<b>FAIS</b>	Financial Advisory & Intermediary Services
<b>FICA</b>	Financial Intelligence Centre Act 38 of 2001 (as amended)
<b>FIC</b>	Financial Intelligence Centre
<b>FNB</b>	First National Bank
<b>FSB</b>	Financial Services Board
<b>FRA</b>	Forward Rate Agreed
<b>FY</b>	Financial Year
<b>GIS</b>	Geographic Information System
<b>GPC</b>	Government Private Cloud
<b>HR</b>	Human Resources
<b>HRRTTP</b>	Human Resource, Remuneration and Transformation Committee
<b>ICASA</b>	The Independent Communications Authority of South Africa
<b>ICT</b>	Information and Communications Technology
<b>IDTV</b>	Integrated Digital Television
<b>IFRS</b>	International Financial Reporting Standards
<b>IGPS</b>	Integrated Grant Payment System
<b>ILO</b>	International Labour Organisation
<b>IPS</b>	International Postal System
<b>IT</b>	Information Technology
<b>KING IV</b>	The King Report on Corporate Governance IV
<b>KPIs</b>	Key Performance Indicators
<b>MCP</b>	Mail Collection Point
<b>MD</b>	Managing Director
<b>MTEF</b>	Medium-term Expenditure Framework
<b>MVL</b>	Motor Vehicle License
<b>NCD</b>	Negotiable Certificates of Deposits
<b>NCOP</b>	National Council of Provinces

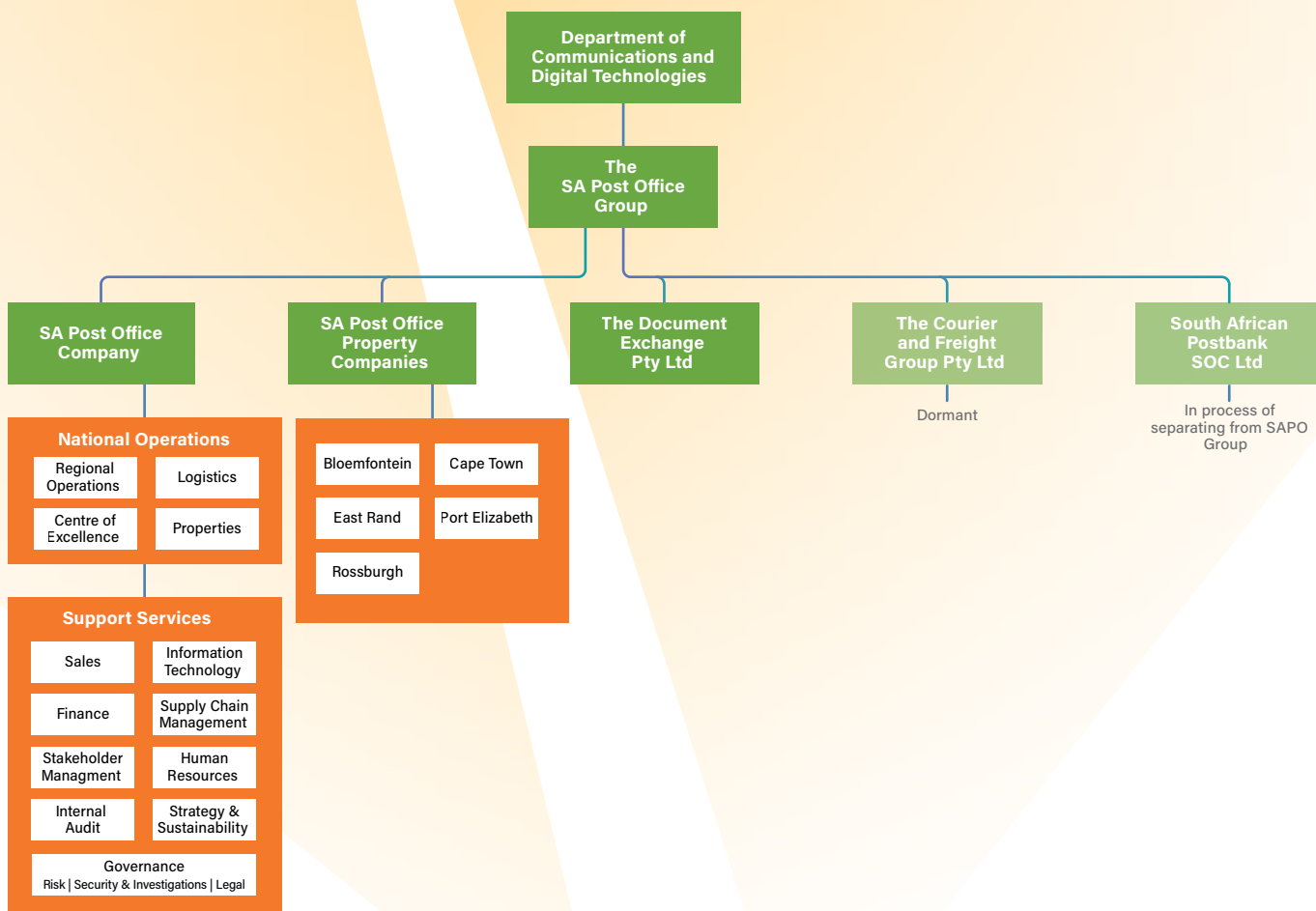
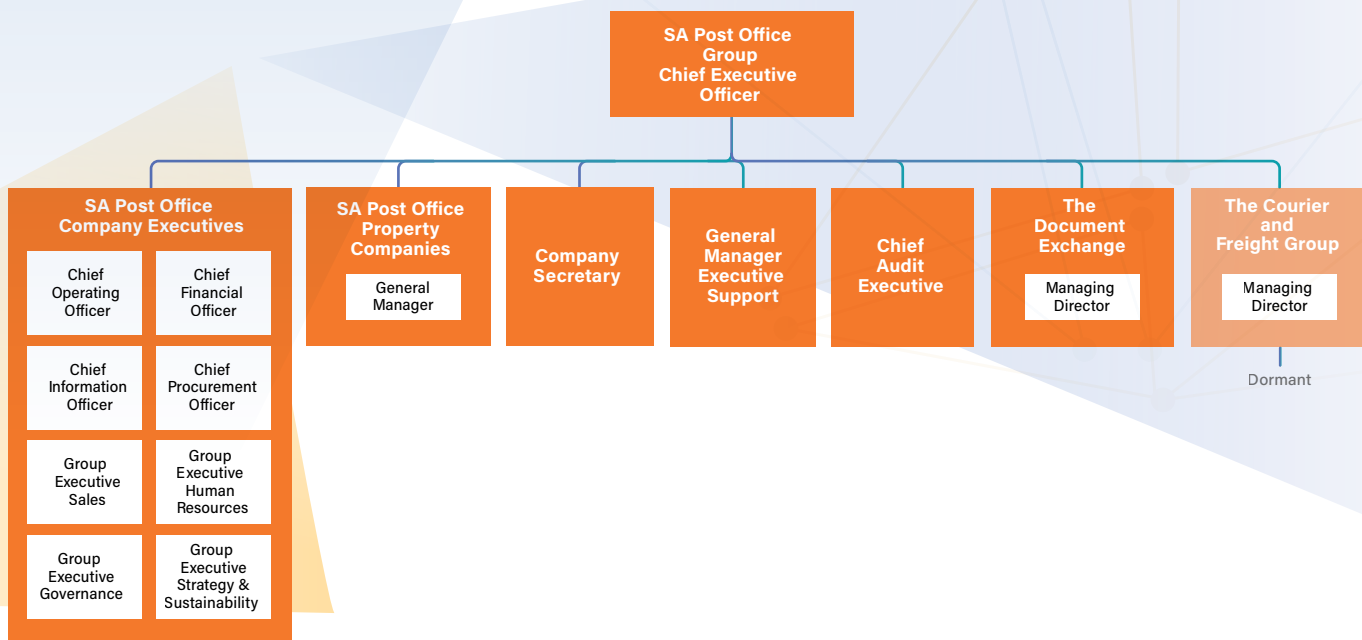


<b>NHTL</b>	National House of Traditional Leaders
<b>NPS</b>	National Payment System
<b>OECD</b>	Organisation of Economic Co-operation and Development
<b>OSHA</b>	Occupational Safety and Health Administration
<b>PAA</b>	Public Audit Act, No 25 of 2004
<b>PAPU</b>	The Pan African Postal Union
<b>PFMA</b>	Public Finance Management Act, No. 1 of 1999 (as amended)
<b>PPE</b>	Personal Protective Equipment
<b>PPMD</b>	Payroll Personnel Master Data
<b>PPTE's</b>	Permanent Part-Time Employees
<b>POD</b>	Proof Of Delivery
<b>POPIA</b>	Protection of Personal Information Act
<b>POS</b>	Point of Sale
<b>POW</b>	Programmes of Works
<b>PRMA</b>	Post-Retirement Medical Aid
<b>PTC</b>	Postal Technology Centre
<b>QoS</b>	Quality of Service
<b>RDMS</b>	Retail Document Management System
<b>REMS</b>	Risk Evaluation and Mitigation Strategy
<b>RFI</b>	Request for Information
<b>RFP</b>	Request for Proposal
<b>RFQ</b>	Request for Quotation
<b>RPA</b>	Retail Postal Agency
<b>RTIA</b>	Road Traffic Infringement Agency
<b>RTMC</b>	Road Traffic Management Corporation
<b>SAAF</b>	South African Air Force
<b>SAC</b>	Stamp Advisory Committee
<b>SADC</b>	Southern African Development Community
<b>SAPOA</b>	Southern African Postal Operators Association

<b>SAPO</b>	South African Post Office
<b>SARB</b>	South African Reserve Bank
<b>SARS</b>	South African Revenue Service
<b>SASSA</b>	South African Social Security Agency
<b>SCM</b>	Supply Chain Management
<b>SDA</b>	Social Disbursement Accounts
<b>SDGs</b>	Sustainable Development Goals
<b>SETA</b>	Sector Education and Training Authority
<b>SFTP</b>	Secure File Transfer Protocol
<b>SITA</b>	State Information Technology Agency SOC Ltd
<b>SLA</b>	Service Level Agreement
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>SOC</b>	State-Owned Company
<b>SOE</b>	State Owned Entity
<b>SRD</b>	Social Relief of Distress
<b>STB</b>	Set Top Boxes
<b>STP</b>	Strategic Turnaround Plan
<b>SWAD</b>	Scanning, Weighting, and Dimensioning
<b>The SA Post Office</b>	The South African Post Office (SOC) Limited
<b>The Post Office Act</b>	The South African Post Office Act No. 22 of 2011 (as amended)
<b>TP</b>	Turnaround Plan
<b>TVBC</b>	Transkei, Venda, Bophuthatswana and Ciskei
<b>UIF</b>	Unemployment Insurance Fund
<b>UPU</b>	Universal Postal Union
<b>USAASA</b>	Universal Service and Access Agency of South Africa
<b>USO</b>	Universal Service Obligation
<b>WRE</b>	Web Riposte
<b>VSP</b>	Voluntary Severance Package
<b>YoY</b>	Year on Year



# Organisational Structure





## Foreword by the Chairperson

“ Whilst the SA Post Office continued to experience another difficult year, SA Post Office remained committed to deliver on the mandate that is entrusted to it since the first Post Office opened in 1792 by affording all citizens access to basic communication and financial services at acceptable quality standards and affordable rates, regardless of geographical location. ”

The SA Post Office is an essential contributor to the social infrastructure of South Africa, whilst also facilitating economic inclusion.

The 2021/22 FY annual report as presented to all our stakeholders indicates the transformation journey upon which the SA Post Office has embarked.

### Key considerations during the financial year

#### South African economy

The South African economy grew by 1.2% in the fourth quarter (Q4) of 2021 to bring an annual expansion of 4.9%. Following a 6.4% contraction during 2020, output levels are still well below pre-Covid-19 pandemic levels, and the effect of the overall negative growth was especially keenly felt in the postal sector in South Africa.

The Covid-19 pandemic also greatly accelerated the migration to digital alternatives, sustaining the continued move away from physical mail, the main source of revenue for the SA Post Office.

#### Covid-19

In response to the Covid-19 threat, the Covid-19 Steering Committee was constituted on 23 March 2020, with the Chief Risk Officer as the Chairperson with Executives from various Business Units also forming part of the Committee so as to ensure representation across the organisation. Similar structures were replicated at the regional level reporting into the main Steering Committee.

The Steering Committee remained in force to manage the



remnant risks associated with the pandemic, in particular the obligation of the employer to provide an occupationally safe environment.

During the 2021/22 FY, lockdown regulations were adjusted to alert level 1, and additional adjustments to the level 1 regulations were announced on 30 December 2021. The most significant adjustments were the lifting of the curfew with no restrictions, while the number of people were increased for indoor and outdoor gatherings. Subsequently the president announced the lifting of the National State of Disaster which meant that almost all the lockdown rules have since been repealed.

As at 31 March 2022, the SA Post Office had 2 768 confirmed Covid-19 cases, 2 691 recoveries, 5 active Covid-19 cases and 72 Covid-19 related fatalities. The recovery rate improved from 93.1% to 97% from December 2021 to March 2022, expressed as a percentage of confirmed cases.

### Post Office of Tomorrow

During October 2021, the Post Office of Tomorrow strategy was developed under the guidance of the Minister and Deputy Minister of Communications and Digital Technologies and the SA Post Office Board of Directors to move the organisation on the journey towards digitalisation and modernisation.

### Leadership Stability

The SA Post Office had numerous leadership vacancies during the 2021/22 FY and the appointment of the new CEO on 1 April 2021 has brought stability to the Organisation. The positions of Chief Financial Officer, Chief Operating Officer, Chief Information Officer and Chief Audit Executive remained vacant during the 2021/22 FY.

A number of vacancies on the Board of Directors have persisted during the 2021/22 FY. The position of Chairperson of the Board of Directors is currently performed by Mr Sipho Majombozi in an acting capacity. The Board of Directors aims to consult with the Shareholder on filling the vacant positions.

### Cost Base

Despite declining revenues across most of its product lines, the SA Post Office has not adapted its operating model and costs have continued to rise. Staff expenses comprise approximately 61% of all expenses, followed by Security and Property expenses at 9% respectively.

A restructure is currently being finalised to address organisational inefficiencies and the cost structure.

The SA Government currently funds the Universal Service Obligation (USO) via annual budget allocations to ensure the continued provision of postal services to rural and under-served communities where it is uneconomical to do so. Notwithstanding the funding allocation, to ensure that SA Post Office remains able to continue providing the USO, it is critically important that the legal provisions regarding reserved services be applied, or revised to ensure the continued sustainability for the provision of the USO.

## Key successes during the financial year

### Social Grants

The payments of social grants is of national importance and payment continued at the SA Post Office branches and cash pay points during the financial year.

The SA Post Office also extended this service to assist with the payment of Special Relief of Distress (SRD) grants, introduced by the SA Government to offer relief to South Africans worst affected by the Covid-19 pandemic and the associated economic downturn. Payment of the SRD grants continued during the financial year.

### Digital Terrestrial Television (Broadcast Digital Migration Project)

The SA Post Office continued to play a vital role in the objective of migrating television transmission from analogue to digital. During the 2021/22 FY, the SA Post Office registered a total of 362 425 indigent households to receive subsidised Set-Top-Boxes and distributed approximately 356 000 Set-Top-Boxes to qualifying households.

### Online MVL

An online platform for the renewal of motor vehicle licences was successfully launched.

### eCommerce

Logistics has made good progress in the fulfilment of the last mile, clearing, warehousing and delivery of eCommerce products and services. The Customs Declaration System (CDS) and upgraded International Postal System (IPS) has strengthened the technology backbone to operate in the eCommerce space. A number of customers were successfully integrated on the IPS platform which include Wish.Com, Mail Americas, Signature Mail, ICE, and CNE.



## Governance

The SA Post Office has continued to improve mechanisms of governance. Key to this was the monitoring and oversight by the Board of Directors, Audit and Risk Committee, Human Resource, Remuneration, Transformation and Performance Committee and the IT Governance, Strategic Turnaround and Procurement Committee. The Financial Misconduct Committee continues to review instances of Irregular - and Fruitless and Wasteful expenditure.

## Looking beyond this year

In order for the SA Post Office to become a trusted exchange channel of service delivery in South Africa, respected for its relevance, reliability, reach and resilience, a sustainable strategy focusing on its operating model, capital investment requirements, modernisation, digitalisation and revenue lines has been developed: The Post Office of Tomorrow.

The Post Office of Tomorrow has been premised on a level of external funding being received for implementation. The strategy has also been adopted as the medium term strategy for the SA Post Office on its path towards digitalisation and modernisation.

## In closing

I am grateful to the Minister Ms Khumbudzo Ntshavheni and Deputy Minister Mr Philly Mapulane, the Department of Communications and Digital Technologies led by the Acting Director-General Ms Nonkqubela Jordan-Dyani, Executive Management, Staff and all other stakeholders of the SA Post Office for their dedication in service to the people of South Africa.

I am indebted to my fellow board members, who have rigorously engaged with matters and issues thereby providing the best oversight and leadership to the Executive team.

I am confident that with the strategic direction set by the Post Office of Tomorrow, that a sustainable SA Post Office is attainable, respected for its relevance, reliability, reach and resilience.



**SLM Majombozi**

*Acting Deputy Chairperson*





## Chief Executive Officer's Overview

“ The SA Post Office is a state-owned organisation contributing to South Africa's social and state developmental goals by providing postal, logistics, financial, and government services via its postal network. ”

**D**eriving its mandate from the Postal Universal Service Obligation (USO), the SA Post Office affords all citizens access to basic communication and financial services at acceptable quality standards and affordable rates, regardless of geographical location. Within this context, the postal network is a strategic contributor ensuring economic inclusion, improving living standards, reducing inequality and alleviating poverty.

I joined the South African Post Office on 1 April 2021 with the entity being at a crossroads, as with most postal operators worldwide. Letters have largely been replaced by digital alternatives, small parcels and a growing e-commerce market that caters to the needs of customers across the globe. The provision of financial services by postal operators

is also undergoing disruption by financial platforms, which enable electronic financial transactions, including electronic payment of accounts, as well as sending and receiving money.

Developments in the global postal industry have indicated that technology plays a pivotal role in the provision of efficient postal services by acting as an enabler for improved service delivery. The traditional post office is also in the process of transformation to a 21st-century space offering postal, financial and government services to families, especially in rural and remote areas.

Although postal services play a vital role in connecting people, businesses and government across the world, the postal industry is faced with substantial challenges presented by digital disruption.

In South Africa, the migration to digital alternatives was accelerated by the Covid-19 pandemic and has contributed to a marked growth in the eCommerce market, driving growth in parcel mail volumes. The Covid-19 pandemic has also brought about a general downturn in the South African economy, which has had a knock-on effect on the revenue of the SA Post Office.

The SA Post Office's traditional financial sustainability model is no longer fit for purpose, compounded by the cost of operating the postal network, which has continued to rise - with staff costs remaining the highest cost driver. Low levels of investment have also resulted in outdated technologies, buildings falling into disrepair and continuous IT infrastructure failures.

The SA Post Office is at a critical point in its existence. Rapid changes in the environment, some of these impossible to predict, have meant that its product portfolio and business



model need to adapt and modernise in order keep the organisation relevant and financially sustainable.

## Post Office of Tomorrow

During October 2021, the Post Office of Tomorrow strategy was developed to take the organisation on a journey towards digitalisation.

The Post Office of Tomorrow further seeks to revise the role of the SA Post Office from a traditional conveyor of letter-post to an integrated logistics and eCommerce service provider, including designation as the National Authentication Authority and a provider of Digital Business hubs to cater for the digital and business needs of communities.

The Post Office of Tomorrow has been adopted as the medium term strategy for the SA Post Office on its journey towards digitalisation, and has been premised on a level of external funding being received for implementation.

The implementation of the strategy has already commenced in the form of an online platform for the renewal of motor vehicle licences, agreements with various international eCommerce companies for the exclusive delivery of items in South Africa, and the over-the-counter distribution of chronic medication.

## Overview

During the 2021/22FY, lockdown regulations were adjusted, with the most significant adjustments being the lifting of the curfew with no restrictions, while the number of people for indoor and outdoor gatherings, was increased. The President also announced the lifting of the National State of Disaster.

As at 31 March 2022, the SA Post Office had 2 768 confirmed Covid-19 cases, 2 691 recoveries, 5 active Covid-19 cases and 72 Covid-19 related fatalities. The recovery rate improved from 93.1% to 97% from December 2021 to March 2022, expressed as a percentage of confirmed cases. Our heartfelt condolences are extended to the families who lost their loved ones.

During the 2021/22FY there has been a continued mismatch between monthly revenue generated and corresponding operating expenditure, resulting in a deficit, thus making it difficult to meet monthly financial obligations. The SA Post Office has been severely impacted due to the effects of the Covid-19 lockdown, associated business slowdown and the increased rate of digital migration.

The revenue shortfalls have added further pressure to the already constrained cash flow position of SA Post Office and the achievement of the planned strategies in the corporate

plan. There was no amendment to the Annual Performance Plan 2021/22FY as approved by the Board of Directors. A total of 17 Key Performance Indicators (KPIs), aligned towards attaining the strategic objectives as per the Corporate Plan, were set and measured for the 2021/22 FY.

Performance for 2021/22 FY has been poor with only 3 KPIs having achieved 100% of the planned target or 18% overall achievement on target.

The revenue target of R4.812 billion has not been attained at R3.033 billion (63%). The lower than projected revenue performance is due to the lingering effects of the Covid-19 lockdown and the associated business impact, increased customer migration to digital alternatives and transaction volumes, together with the weak financial position of the SA Post Office and suppliers not having been paid, thus withdrawing services, further impacting revenue generation.

The low revenues have further contributed to the non-payment of trade, international, and other payables, including accruals amount to R4.4 billion.

In addition to the above, a further amount of R2.8 billion is owed to Postbank.

The expense budget for the 2021/22 FY at R6.912 billion was achieved at R6.130 billion. Staff expenses comprises approximately 61% of all expenses, followed by Security and Property expenses at 9% respectively.

Logistics remain a very important link and enabler for the effective and efficient movement of postal items. As at 31 March 2022, the fleet comprised of 366 vehicles, compared to 1 236 vehicles as at 31 March 2021. The reduction in vehicle fleet has had a negative impact on delivery standards.

Notwithstanding the above challenges, the Logistics unit has made good progress in the fulfilment of the last mile, clearing, warehousing and delivery of eCommerce products and services. Agreements were reached with some suppliers to increase parcel delivery opportunities. The Customs Declaration System (CDS) and upgraded International Postal System (IPS) have strengthened the technology backbone to operate in the eCommerce space; the relocation of the Johannesburg International Mail Centre to Germiston took place after the period under review. The IPS tool for tracking of items is in place, while procurement of additional essential equipment is fast tracked to ensure stability of the entire IPS system.

A review of the security infrastructure upgrade program was undertaken with the objective to prioritise those security measures that would - apart from enhancing effective



security at branches - bring about reduced costs pertaining to cash-in-transit (CIT) and guarding services. Only 256 of the target of 1 680 installations of cash protection devices were achieved due to the service provider suspending deployment due to payment challenges. The project remains critical to the provision of a secure environment for our employees and customers.

Since the commencement of the payment of social grants, crime levels for armed robberies at branches, CIT, vehicle hijacking and business burglaries have increased to unprecedented levels. During 2021/22FY a total of 3 437 crime incidents were reported with a total reported loss value of R105.2 million.

The SA Post Office Group headcount reduced from 15 826 at 31 March 2021, to 14 460 as at 31 March 2022, a reduction of 1366 employees.

The reduction in headcount was due to resignations, demise, dismissals, end of contract, retirement, and voluntary severance packages. Phase 1 of a voluntary severance programme (VSP) was implemented and constitutes the largest portion of headcount reduction at 668 employees. Phase 2 of the VSP has not been implemented due to funding constraints, with an additional 417 applications received. An owner driver scheme was also announced and 234 applications were received.

The organisational restructure is being finalised, aimed at flattening and optimising the organisational structure in line with and in support of the implementation of the Post Office of Tomorrow Strategy.

A number of vacancies on the Board of Directors and Executive level have persisted during the 2021/22FY.

## Government Service Delivery

The payment of social grants continued during the 2021/22FY. The SASSA/SA Post Office Social Disbursement Accounts (SDAs) decreased by 10% during the 2021/22 FY, bringing the total number of beneficiaries to 7 204 262 compared to 7 964 381 during the 2020/21 FY. The SASSA withdrawal cumulative transaction value for the financial year is approximately R119.2 billion with 55% withdrawn at ATMs, 33.9% at Retailers, 4.4% at SA Post Office branches and 6.6% at Cash Pay Points (CPPs).

A total of 153 936 beneficiaries were paid through 1 570 CPPs at the end of March 2022, compared to 180 425 beneficiaries as at the end March 2021. The average number of beneficiaries

paid per month at CPPs for the 2021/22 FY was 156 094 compared to 201 464 for the 2020/21 FY.

The payments of Covid-19 SRD grants continued during the 2021/22 FY. During March 2022 a total of 1 629 418 beneficiaries were paid as compared to 2 070 132 beneficiaries paid in March 2021. Cumulatively 15.2 million beneficiaries were paid until end March 2022, with the cumulative cash value since the introduction of the SRD grant at R9.8 billion.

During the 2021/22FY, the SA Post Office registered a total of 362 425 indigent households to receive subsidized Set-Top-Boxes and distributed approximately 356 000 Set-Top-Boxes to qualifying households.

## Governance

The Financial Misconduct Committee continues to review instances of irregular - and fruitless and wasteful expenditure. The process of submitting applications for condonation to National Treasury has commenced. Where required, consequence management has been recommended for implementation.

## Critical Stakeholders

The SA Post Office faces profound changes in order to remain relevant, sustainable and provide for the needs of the South African society, customers and Government.

I am thankful for the support and guidance provided by Minister Khumbudzo Ntshavheni and Deputy Minister Philly Mapulane, the Department of Communications and Digital Technologies led by the Acting Director-General Ms. Nonkubela Jordan-Dyani and the Board of Directors of the SA Post Office.

I would also like to thank the executives and staff of the SA Post Office for their dedication and service to the people of South Africa - under severely challenging circumstances.

Lastly, we thank our customers for entrusting us with your business. We are working towards delivering the service that South Africa and its people deserve. Customer service is our obsession.



**Nomkhitha Mona**  
*Chief Executive Officer*



# Strategic Overview

To be the Trusted Exchange Channel of Service Delivery in South Africa respected for our Relevance, Reliability, Reach and Resilience.

## VISION

## VALUES

## MISSION

**Accountability:** Personal responsibility, honouring commitments to our Customers and fellow Employees.

**Respect:** Treat Customers and fellow Employees with courtesy, politeness, and kindness.

**Trust:** Confidence in the integrity, reliability and fairness of the SA Post Office by our Customers and Employees.

**Innovation:** Transforming new ideas into tangible results.

**Excellence:** Commitment to being the best and delivering the best

**A Reliable and Relevant Service Delivery Channel providing access to Government Services, Enabling Secure Digital and Physical Transactional Services to All.**



# Legislative and Other Mandates

## Mandate, Regulation and License

The South African Post Office SOC Limited was established on 1 October 1991 as a company in terms of the Companies Act, No. 61 of 1973. The State (Republic of South Africa), represented by the Minister of Communications and Digital Technologies, is the sole shareholder.

Following the repealing amendment of the Companies Act No. 61 of 1973 and the enactment of the Companies Act No. 71 of 2008 (as amended), the SA Post Office was designated as a state-owned company (SOC) as per the South African Post Office Limited Act No. 22 of 2011, as amended.

The SA Post Office is also a major state entity in terms of Schedule 2 of the PFMA No. 1 of 1999 (as amended).

## Regulation

The SA Post Office is mandated to provide postal services in accordance with the Postal Services Act of 1998. This Act provides for the regulation of postal services including its Universal Service Obligations (USO).

The Reserved Postal Services license to operate as South Africa's postal services provider was issued to the SA Post Office by the regulator in August 2001. This license is valid for 25 years and is reviewed every three years in terms of targets and performance.

Through its license, the SA Post Office is afforded exclusivity of reserved postal services where it has monopoly over sub 1 kg items. In terms of the mandate, the SA Post Office is also required to maintain certain standards and certain obligations which includes customer care standards, roll-out

of street addresses and the provision of retail postal services in under-served areas whilst aligning with the government's developmental programme for 2030.

The Postal Services Act of 1998 obligates the Regulator, the Independent Communications Authority of South Africa (ICASA), to protect the provision of the universal service on behalf of the Reserved Postal Services licensee, namely the SA Post Office. The Postal Services Act further requires ICASA to monitor the incumbent against 'anti-competitive' behaviour.

## Legislative and Governance Framework

The SA Post Office complies with the protocols and legislation governing SOCs and is guided by various postal, courier and financial regulations laid down by the regulatory bodies such as ICASA, the Financial Intelligence Centre (FIC) and the Financial Services Board (FSB).

**The Group is required to comply with, inter alia, to the following:**

- SA Post Office Act No. 22 of 2011 (as amended)
- Postbank Act No. 9 of 2010 (as amended)
- Postal Services Act No. 124 of 1998
- Public Finance Management Act No.1 of 1999 (as amended)
- Companies Act No. 71 of 2008 (as amended)
- Relevant legislation applicable to the postal sector and to SOCs
- King IV Code on Good Corporate Governance
- Other relevant local and international codes for the postal sector

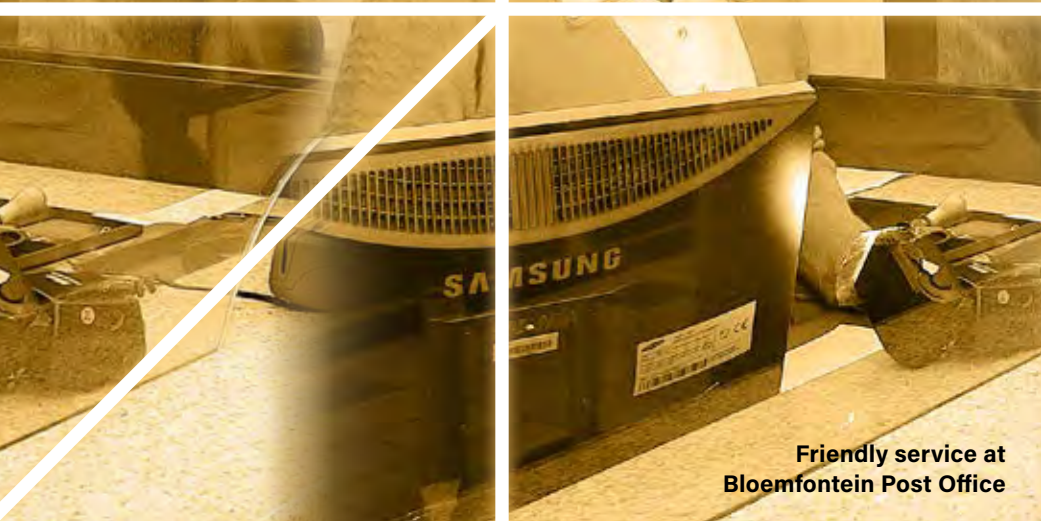


## Part B: Performance Information



“What you know is just a point of departure. So let’s move!”

Willie Kgositsile



Friendly service at Bloemfontein Post Office



# Report on Predetermined Objectives

## Covid-19 Pandemic

In response to the Covid-19 threat, the Covid-19 Steerco was constituted on 23 March 2020, with the Chief Risk Officer as the chairperson with executives from various Business Units (BUs) also forming part of the Committee so as to ensure representation across the organisation. Similar structures have also been replicated at the regional level reporting into the main Steering Committee.

The Steering Committee remained in force to see to the remnant risks associated with the pandemic, in particular the obligation of the employer to providing an occupationally safe environment. Government has continued to encourage South Africans to get vaccinated as first line of defense in our combat of the virus. Covid-19 Steering meetings were held with the aim of creating continued awareness and mitigate the risk of Covid-19 variants. Covid-19 challenges and procurement of PPE's continued to be managed on an ad hoc basis.

During the 2021/22FY, lockdown regulations were adjusted to alert level 1, and additional adjustments to the level 1 regulations were announced on 30 December 2021. The most significant adjustments were the lifting of the curfew with no restrictions, while the number of people were increased for indoor and outdoor gatherings. Subsequently the president

announced the lifting of the National State of Disaster which meant that almost all the lockdown rules have since been repealed.

The consolidated Directions on Occupational Health and Safety measures in certain workplaces published on 11 June 2021, which was the authority on workplace health and safety under the state of national disaster, no longer remains in force. The Code of Good Practice: Managing exposures to SARS-COV-2 in the workplace came into effect from 15 March 2022. The Code is intended to guide employers on the manner in which to fulfill their obligations to keep the workplace safe which includes the obligation to limit and mitigate the risk of Covid -19 in the workplace.

The table below indicates the escalation of Covid-19 cases per quarter. As at 31 March 2022, the SA Post Office had 2 768 confirmed Covid-19 cases, 2 691 recoveries, 5 active Covid-19 cases and 72 Covid-19 related fatalities. The recovery rate improved from 93.1% to 97% from December 2021 to March 2022, expressed as a percentage of confirmed cases.

The Communication section continued to convey the message of vigilance, compliance to Covid-19 protocols and regulations, whilst the above statistics were shared regularly with employees.

Region	Confirmed Cases				Recoveries				Active Cases				Fatalities			
	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Eastern	174	216	227	238	164	199	208	230	5	10	11	0	5	7	8	8
Central	211	251	281	287	196	238	251	281	11	8	25	1	4	5	5	5
Gauteng	531	731	846	852	413	700	814	822	100	3	4	2	18	28	28	28
KZN	240	318	390	408	228	284	361	395	4	23	18	1	8	11	11	12
North	135	245	273	284	113	238	251	279	20	3	18	1	2	4	4	4
Western	288	465	513	550	267	453	468	541	14	3	36	0	7	9	9	9
HQ	95	125	148	149	46	116	140	143	45	3	2	0	4	6	6	6
<b>Total</b>	<b>1674</b>	<b>2351</b>	<b>2678</b>	<b>2768</b>	<b>1427</b>	<b>2228</b>	<b>2493</b>	<b>2691</b>	<b>199</b>	<b>53</b>	<b>114</b>	<b>5</b>	<b>48</b>	<b>70</b>	<b>71</b>	<b>72</b>



## Service Delivery Environment

There was no amendment to the Annual Performance Plan 2021/22FY as approved by the Board of Directors.

During September / October 2021, following a request by the Minister and a subsequent workshop with stakeholders, a strategy towards building the Post Office of tomorrow was submitted to the Department of Communications and Digital Technologies (DCDT). A number of interactions were held with the DCDT to finalise and improve the Post Office of tomorrow strategy. The Post Office of tomorrow was approved by the Board of Directors and submitted to the DCDT on 31 January 2022.

Aligned to the Medium-Term Strategic Framework 2019-2024, the Post Office of tomorrow strategy revises the strategic role of the SA Post Office from a conveyor of letter-post to an integrated logistics and e-commerce service provider, including designation as the National Authentication Authority. Implementation of critical activities and projects of the Post Office of tomorrow strategy commenced during Quarter 3, however implementation has remained challenged in view of the funding requirement on a number of key projects.

During the 2021/22FY there has been a continued mismatch between monthly revenues generated and corresponding operating expenditure, resulting in a deficit to meet monthly financial obligations. The SA Post Office has been severely impacted with a loss of customers and planned revenues due to the effects of the Covid-19 lockdown, associated business slowdown and the increased rate of digital migration. The revenue shortfalls have added further pressure to the already constrained cash flow position of SA Post Office and the achievement of the planned strategies in the corporate plan. Whilst SA Post Office has commenced with its digital transformation, the rate of digital transformation of the SA Post Office has lagged and has not been at a rate sufficient to absorb the impact of the COVID-19 pandemic and the resultant rate on digital migration of customers and the resultant decline in volumes.

The low revenues have further contributed to the non-payment of critical creditors, including contributions to medical aid, pension fund, UIF and SARS. As at 31 March 2022 creditors, including accruals, amount to R4.4 billion and includes a salary debt for R150 million for the period April 2020 to February 2021. A further amount of R2.4 billion is owed to Postbank.

There has been an overall decline in the service delivery environment of the SA Post Office due to the effects of

Covid-19 combined with the constrained financial position. The average mail carry-over per month increased from 2.73 million items to 4.03 million items at the end of March 2022. The withdrawal of vehicles have further contributed in the decline in delivery performance.

The mail delivery performance as at 31 March 2022 was recorded at 68.36%, substantially below the ICASA regulated standard of 92%.

The system availability uptime target of 98% for 2021/22 FY has not been achieved at 97.61%. A critical component of the network availability is completion of the network upgrade. As at 31 March 2022, a total of 1 272 of 1 329 sites have been fully commissioned with new equipment and upgraded connectivity to the fibre network, a 96% achievement of the network upgrade project. 57 sites remain to be completed of which 4 are workable sites but require alternative solutions and 33 non-workable due to outstanding landlord approvals.

With regards the payment of social grants, the SASSA/ SAPO Social Disbursement Accounts (SDAs), beneficiaries decreased from 7.8 million beneficiaries during April 2021 to 7.2 million during March 2022. A total of 15.23 million Special Relief of Distress (SRD) beneficiaries were paid from 1 April 2021 to 31 March 2022. A total of 4.29 million beneficiaries received their grant payments at Cash Paypoints (CPPs) from 1 April 2021 to 31 March 2022. During March 2022 a total of 153 936 beneficiaries were paid through 1570 CPPs and 1 629 418 beneficiaries were paid Covid-19 SRD grants.

The South African Post Office continued to play a vital role in the countries objective of migrating all television transmission from analogue to digital transmission. The Broadcast Digital Migration Project and Analogue Switch Off is a strategic project for the DCDT. It aims to improve media services and leverage the efficiencies brought about by the new digital broadcasting technology. The project, once implemented will create new possibilities for South Africa and open up opportunities for to partake credibly in the global digital economy.

The SA Post Office has been mandated by the DCDT to be one of the critical stakeholders of the Analogue Switch Off project which intends to supply 100% of registered households with Government subsidised Set top Boxes by 31 March 2022. This is to ensure that once all analogue transmitters are switched off, no one in South Africa is left behind.

SA Post Office role as a distribution partner includes the following services:

- The display and distribution of Set-top Box marketing



- material at SA Post Office online outlets.
- Process applications for the subsidised Set-top boxes
- The ordering, warehousing and distribution of STB equipment to SA Post Office outlets.
- Process delivery of STB equipment in sequential distribution number order to qualifying applicants.
- The exchange/replacement of faulty/incomplete/incorrect Set-top Box equipment (Reverse distribution process).
- Acceptance of the return of un-installed STB kits by the assigned STB Installers at SA Post Office branches.
- The insurance of STB kits up to installation level.

During the 2021/22FY, the SA Post Office registered a total of 362 425 indigent households to receive subsidized Set-top-Boxes and distributed approximately 356 000 Set-top-Boxes to qualifying households.

## Organisational Environment

The SA Post Office Group headcount reduced from 15 826 at 31 March 2021, to 14 460 as at 31 March 2022, a reduction of 1366 employees. The reduction in headcount was due to resignation, demise, dismissals, end of contract, retirement, and voluntary severance packages.

Phase 1 of a voluntary severance programme (VSP) was implemented and constitutes the largest portion of headcount reduction at 668 employees. Phase 2 of the VSP has not been implemented due to funding constraints, with an additional 417 applications received. An owner driver scheme was also announced and 234 applications were received.

The SA Post Office had numerous leadership vacancies during the 2021/22FY and the appointment of the new CEO on 1 April 2021 has brought stability to the Organisation. A number of vacancies on the Board of Directors have persisted during the 2021/22FY.

An organisational restructure is currently being finalised, aimed at flattening and optimising the organisational structure in line with and in support of the implementation of the Post Office of tomorrow Strategy.

## Key Policy Developments and Legislative Amendments

The South African Post Office SOC Amendment Bill was published during 2021 and submissions requested. The Amendment Bill seeks to amend the South African Post Office Act to enable the SA Post Office to take advantage of technological developments in its environment, revise its duties and expand its mandate, become a provider of

universal postal and courier services, integrated logistics provider, e-commerce platform provider and a digital hub for business and communities.

to ensure that the interest of the SA Post Office is considered in all related postal legislation amendments or additions, and potential opportunities identified in such amendments or additions, SA Post Office Management have provided feedback and proposals regarding Postal Legislation (SAPO Act, Postal Services Act, Postbank Act, 4IR).

The section 16 application to register a bank was submitted on 26th June 2017 to the SARB, by the Postbank. Cabinet approved the legislative changes of the Banks Act through the Financial Matters Bill which will now enable Postbank to register as a fully-fledged bank. On 29 March 2019, the Honourable Minister of Department of Telecommunication and Postal Services gazetted the transfer of Postbank division from the SA Post Office as at 1 April 2019. The transfer of Postbank to operate as a separate company has been concluded and from the 01 April 2019 Postbank prepares separate annual financial statements.

## Performance Information

In establishing the strategic objectives of the SA Post Office, the principles of Relevance, Reliability, Resilience and Reach as identified by the UPU Integrated Index for Postal Development were utilised as guiding principles. The strategic objectives over the 2021/22 FY considered 7 key areas focusing the SA Post Office towards ensuring compliance with and in support of the 4IR principles as identified by the UPU.

### The seven strategic objectives identified for the Strategic Plan:

1. Financial Sustainability
2. Optimised Assets and Infrastructure
3. Customer and Communities First
4. Efficient Systems & Processes
5. Business Modernisation & Digital Transformation
6. Culture of Excellence
7. Corporate Governance

A total of 17 Key Performance Indicators (KPIs) were set and measured for the 2021/22 FY, aligned towards attaining the 7 strategic objectives. Performance for 2021/22 FY has been poor when considering only 3 KPIs achieved 100% of the planned target or 18% overall achievement on target.

The financial challenges experienced by the SA Post Office have directly contributed to the poor performance on performance targets.



Strategic Objectives	Planned Target	Number Achieved 100%	100% Achievement	Number achieved 80% - 99%
Financial Sustainability	2	1	50%	0
Optimised Assets and Infrastructure	2	0	0%	0
Customer and Communities First	2	0	0%	0
Efficient Systems & Processes	3	0	0%	1
Business Modernisation & Digital Transformation	3	1	33%	0
Culture of Excellence	3	0	0%	0
Corporate Governance	2	1	50%	0
<b>Total</b>	<b>17</b>	<b>3</b>	<b>18%</b>	<b>1</b>

## Financial Sustainability

This strategic objective focused on improving the financial position of the SA Post Office by becoming financially sustainable and achieve a positive net financial and cash position. The strategic objective comprised of 2 KPIs, to attain the planned revenue target and attain the planned expense budget.

The revenue target of R4.812 billion has not been attained at R3.033 billion (63%). The lower than projected revenue performance is due to the lingering effects of the Covid-19 lockdown and the associated business impact, increased customer migration to digital alternatives and transaction volumes, together with the weak financial position of the SA Post Office and suppliers not having been paid, thus withdrawing services, further impacting revenue generation.

The low revenues have further contributed to the non-payment of critical creditors, including accruals amount to R4.4 billion and includes a salary debt for R150 million for the period April 2020 to February 2021. Included in the R2.4 billion for statutory obligations is R928 million due to SARS, R769 million to Post Office Retirement Fund, R645 million to Medipos, and R100 million to UIF. In addition to the above, a further amount of R2.8billion is owed to Postbank.

The expense budget for the 2021/22FY at R6.912 billion was achieved at R6.130 billion.

Staff expenses comprises approximately 61% of all expenses,

followed by Security and Property expenses at 9% respectively.

## Optimised Assets and Infrastructure

The objective considered 2 KPIs towards optimising the value of the SA Post Office's assets and infrastructure by way of improving security in SA Post Office branches and Mail Centres, ensuring employee and customer security, whilst minimising financial losses to the SA Post Office. It also considered enhancing the return on assets and infrastructure.

A review of the security infrastructure upgrade program was undertaken with the objective to prioritise those security measures that would apart from enhancing effective security at branches, bring about reduced costs pertaining to cash-in-transit (CIT) and guarding services. Only 256 of the target of 1 680 installations of cash protection devices were achieved due to the service provider suspending deployment due to payment challenges. The project remains critical to the provision of a secure environment for our employees and customers.

The optimisation of the property infrastructure benefit budget for the 2021/22FY is at R265 million, comprising of revenue and cost savings. The annual target for the optimisation of the property infrastructure was not achieved with a saving of R42.7 million for rental expenses due to the amalgamation / consolidation and closure of branches. No other benefit initiatives were achieved in terms of the revenue optimisation program and no sale of properties took place.



## Customers and Communities First

The SA Post Office remains at its core, a Government entity that primarily exists to serve the citizens of South Africa. The SA Post Office is thus to ensure that customer experience is enhanced, improved and maintained at all points of presence through effective delivery of services, including Government services, to all communities.

In ensuring that the strategic objective is achieved, 2 KPIs were identified and monitored, the effective resolution of customer complaints, and to improve the customer satisfaction level.

The target of 100% resolution of customer complaints recorded at the call centre within 7 days has not been achieved, at 60% for the 2021/22FY, a negative variance of 40% on target. During the period a total of 81 860 complaints were recorded at the call centre and 49 515 complaints were resolved within 7 working days.

The annual target to achieve a 75% customer satisfaction level has not been achieved as the survey could not be undertaken due to resource constraints. Although the Customer Satisfaction Survey is not a Corporate KPI for the 2023FY, it is recommended that a bi-annual Customer Satisfaction Survey (CSS) be conducted to monitor the outcomes of the implementation of the Post Office of tomorrow strategy.

## Efficient Systems and Processes

The goal of the strategic objective is to enhance, improve and maintain service delivery standards to all customers by way of achieving the regulated mail standard, maintain system availability uptime at online SA Post Office branches, and the rollout of International Parcel System (IPS) equipment.

Due to the delays in mail processing, backlogs and carry over accumulated during the hard lockdown period, together with financial challenges which resulted in the withdrawal of the delivery fleet, closure of branches and lack of tools of trade, the regulated mail delivery standard of 92% was not achieved at 68.36%. Notwithstanding the mentioned challenges, there has been an improvement of 15.41% in the mail delivery standard from the prior year performance of 52.95%.

The target system availability uptime at online SA Post Office branches at 98% was not met at 97.61% system availability uptime. The annual performance was negatively affected by the Data Centre challenges experienced during Quarter 3.

The rollout of International Parcel System (IPS) equipment during Q1 was not achieved at a 50% performance level. The lack of funding for the acquisition of hardware to enable the

IPS equipment rollout was not available, however, existing hardware was withdrawn from other areas in the organisation to assist with the rollout of the IPS equipment.

## Business Modernisation and Digital Transformation

The strategic objective aims to improve the market relevance of the SA Post Office through business modernisation, digital transformation and increased customer access to digital services. In considering the strategic objective, 3 KPIs were set comprising of the automation of mail centres, launch digital solutions for products and services, and implementing an Omni Channel Platform.

The automation of mail centres considers the number of ordinary mail / standard letters processed on mail sorting machines. The target for 2021/22FY has not been achieved with 48% against the target of 100%. Machine parts were not available at Durmail, negatively impacting overall performance.

The target for the launch of 2 digital solutions for products and services was achieved with the launch of Electronic Messaging Services for the RTIA in October 2021 and the online MVL system during February 2022.

The target for the implementation of the Omni-channel platform was not achieved, with a 74% achievement on target. Sub-projects supporting the Omni-channel platform includes the Enterprise Application Integration and Modernisation, eCommerce Market Place and Integration Platform and API Management. A number of eCommerce clients have been on boarded which include Wish.Com, Mail Americas, Signature Mail, ICE and CNE.

## Culture of Excellence

The goal of the strategic objective is to improve organisational performance and have engaged and high performing employees. The strategic objective considered 3 KPIs by improving employee satisfaction, attaining productivity levels, and implementing Business Unit (BU) strategic initiatives. Targets for all 3 KPIs were not achieved.

The Employee Satisfaction Survey (ESS) indicated a satisfaction level of 41.57%, a decrease of 1.4% from the prior year ESS. Most factors influencing employee satisfaction are outside the scope and control of Human Resources, and are of a repetitive nature, requiring capital funding to address. A critical focus during the 2023FY will be to resolve the outstanding labour matters to ensure the morale and satisfaction level of employees is improved.



The implementation of productivity monitoring for 2021/22FY was not achieved. Operations applies a productivity model for Mail Centres and Depots. This is currently being reviewed with applicable productivity measures and standards and will be further enhanced to include a productivity management suite. Productivity has been measured for delivery productivity as at the end of March 2022 at 49% and processing productivity at 83%. Productivity levels should be viewed in conjunction with the mail delivery standards as the factors affecting the mail delivery standards are applicable to the delivery – and processing productivity. Measurement of support unit productivity levels is very difficult.

The annual target for the implementation of BU strategic initiatives at 100% was not achieved. A total of 102 Initiatives of 131 initiatives (78%) are at various stages of implementation, however a large number are dependent on funding for implementation and have thus not proceeded as required.

## Corporate Governance

The goal of the strategic objective is to strengthen organisational governance with well entrenched and consistently applied governance principles in managing the organisation. The strategic objective considered 2 KPIs.

The target to have an unqualified audit opinion for 2021/22FY was not achieved with a Disclaimer of Opinion issued by the Auditor General. Internal Audit has commenced with the process to track the implementation of corrective measures on audit findings.

To ensure that the interest of the SA Post Office is considered in all related postal legislation amendments or additions, and potential opportunities identified in such amendments or additions, SA Post Office is to provide formal feedback, proposals and/or amendments to the DCDT on such proposed amendments or additions. The annual target for such formal feedback, proposals and/or amendments to be submitted, was achieved.

The detailed performance for the KPIs is indicated in the table on the next page:



# Performance Information

Annual Performance								
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance	Achieved/Not Achieved	Performance and Reasons for Target Variance/Deviation
<b>1. Financial Sustainability</b>	to be financially sustainable and achieve a positive net financial and cash position	1.1	Attain the planned revenue target	100%	76%	24%	<b>Not Achieved</b>	The operating revenue target of R4.944 billion has not been attained at R3.770 billion, a variance of R1174 billion on target (76%).  The lower than projected revenue performance is due to the lingering effects of the Covid- 19 lockdown and the associated business impact, increased customer migration to digital alternatives and transaction volumes, together with the weak financial position of the SA Post Office and suppliers not having been paid, thus withdrawing services, further impacting revenue generation.  Additional factors influencing the reduced revenue include a lack of technology investment, lack of tools of trade, operational performance, product offering and closure of branches.
				100%	81%	19%	<b>Achieved</b>	The expense budget for the 2021/22FY at R6.912 billion was achieved at R5.584 billion (excluding finance cost). Staff expenses comprises approximately 61% of all expenses, followed by Security expenses at 9% and Property expenses at 9%.
<b>2. Optimised Assets and Infrastructure</b>	Achieve a positive return on assets	2.1	Implement security upgrades and install equipment items at Post Office branches and Mail Centres	1680	256	1424	<b>Not Achieved</b>	Only 256 of the target of 1 680 installations of cash protection devices were achieved due to the service provider suspending deployment due to payment challenges. The project remains critical to the provision of a secure environment for our employees and customers.
				R265m	R43m	R222m	<b>Not Achieved</b>	During the 2021/22FY, a saving of R42.7 million for rental expenses was generated due to the amalgamation / consolidation and closure of branches, however no initiatives achieved in terms of the revenue optimisation program and no sale of properties took place.

Annual Performance								
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance	Achieved/Not Achieved	Performance and Reasons for Target Variance/Deviation
3. Customer and Communities First	Continued service provision in underserved communities, improve customer experience at all points of presence & enhanced brand equity	3.1	Resolution of customer complaints recorded at the call centre within 7 days	100%	60%	40%	Not Achieved	The target of 100% resolution of customer complaints within the required 7 days has not been attained, at 60% for 2021/22FY, a negative variance of 40% on target. During the period a total of 81 860 complaints were recorded at the call centre and 49 515 complaints were resolved within 7 working days. Factors influencing the non-attainment of the target include the delayed implementation of the call centre management system, poor delivery standards and closure of branches.
			Improve customer satisfaction level	Achieve 75% customer satisfaction level	0%	Achieve 75% customer satisfaction level	Not Achieved	The annual target to achieve a 75% customer satisfaction level has not been achieved as the survey could not be undertaken due to resource constraints. Although the Customer Satisfaction Survey is not a Corporate KPI for the 2023FY, it is recommended that a bi-annual Customer Satisfaction Survey be conducted to monitor the outcomes of the implementation of the Post Office of tomorrow strategy.
	Achieve the regulated Mail Delivery standard	4.1	92%	68.36%	23.64%	Not Achieved	The Mail Delivery performance for 2021/22FY is at 68.36%, 23.64% below target. Due to the delays in mail processing, backlogs and carry over accumulated during the hard lockdown period, together with financial challenges which resulted in the withdrawal of the delivery fleet, closure of branches and lack of tools of trade, the target was not achieved. Notwithstanding these challenges, there has been an improvement of 15.41% in the mail delivery standard from the prior year performance of 52.95%.	
4. Efficient Systems & Processes	Improved service delivery to all customers	4.2	Maintain system availability uptime at online Post Office branches	98.00%	97.61%	0.39%	Not Achieved	The system availability uptime target of 98% for 2021/22FY has not been achieved at 97.61%, a variance of -0.39% on target due to the Data Centre challenges, Internet and VPN connectivity and hardware failures
			Rollout of IPS equipment	4.3	100%	50%	50%	Not Achieved

Annual Performance									
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance	Achieved/Not Achieved	Performance and Reasons for Target Variance/Deviation	
5. Business Modernisation and Digital Transformation	Improved market relevance through business modernisation, digital transformation and increased customer access to digital services	5.1	Automation of mail Centres	100%	48%	52%	Not Achieved	The automation of mail centres considers the number of ordinary mail / standard letters processed on mail sorting machines. The target for 2021/22FY has not been achieved with 48% against the target of 100%. Machine parts were not available at Durmail, negatively impacting overall performance.	
		5.2	Launch digital solutions for products and services	2	2	0	Achieved	The target was achieved with Electronic Messaging Services launched in October 2021 for the RTIA and the online MVL system was launched in February 2022.	
		5.3	Implement Omni-channel Platform	100%	74%	26%	Not Achieved	The target for the implementation of the Omni-channel platform was not achieved, with a 74% achievement on target. Sub-projects supporting the Omni-channel platform includes the Enterprise Application Integration and Modernisation, eCommerce Market Place and Integration Platform and API Management. A number of eCommerce clients have been on boarded which include Wish.Com, Mail Americas, Signature Mail, ICE and CNE.	
6. Culture of Excellence	Improved Organisational Performance, engaged and high performing employees	6.1	Improve Employee satisfaction	Achieve 70% employee satisfaction level	42%	28%	Not Achieved	The target for the Employee Satisfaction Survey (ESS) was not achieved and indicated a satisfaction level of 41.57%, a decrease of 1.4% from the prior year ESS. Most factors influencing employee satisfaction are outside the scope and control of Human Resources, and are of a repetitive nature requiring capital funding to address. A critical focus during the 2023FY will be to resolve the outstanding labour matters to ensure the morale and satisfaction level of employees is improved.	
		6.2	Improve productivity levels	Achieve 80% productivity	0%	80%	Not Achieved	The implementation of productivity monitoring for 2021/22FY was not achieved. Operations applies a productivity model for Mail Centres and Depots. This is currently being reviewed with applicable productivity measures and standards and will be further enhanced to include a productivity management suite. Productivity has been measured for delivery productivity as at the end of March 2022 at 49% and processing productivity at 83%. Productivity levels should be viewed in conjunction with the mail delivery standards as the factors affecting the mail delivery standards are applicable to the delivery – and processing productivity. Measurement of Support Unit productivity levels is very difficult.	
		6.3	Implement BU strategic initiatives	100%	78%	22%	Not Achieved	The annual target for the implementation of BU strategic initiatives at 100% was not achieved. A total of 102 Initiatives of 131 initiatives (78%) are at various stages of implementation, however a large number are dependent on funding for implementation and have thus not proceeded as required.	

Annual Performance								
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance	Achieved/Not Achieved	Performance and Reasons for Target Variance/Deviation
<b>7. Corporate Governance</b>	Strengthened Organisational Governance, entrenched and consistently applied Governance principles in managing the organisation	7.1	Achieve an unqualified Audit Opinion	Achieve an unqualified Audit Opinion	Disclaimer of Opinion	Unqualified Audit Opinion	Not Achieved	The target to have an unqualified audit opinion for 2021/22FY was not achieved. Internal Audit has commenced with the process to track the implementation of corrective measures on audit findings.
		7.2	Provide inputs to the amendments of Postal Legislation (SAPO Act, Postal Services Act, Postbank Act, 4IR)	Inputs Submitted to Shareholder	Inputs Submitted to Shareholder	0%	Achieved	to ensure that the interest of the SA Post Office is considered in all related postal legislation amendments or additions, and potential opportunities identified in such amendments or additions, SA Post Office is to provide formal feedback, proposals and/or amendments to the DCDT on such proposed amendments or additions. The annual target for such formal feedback, proposals and/or amendments to be submitted, was achieved

**Legend Performance - Achieved / Not Achieved**

Not Achieved	Less than 100%	Achieved 100%
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# Revenue and Sales

The 2021/22 FY was one of increasing economic instability globally. The Covid 19 pandemic has had a profoundly negative impact on businesses in general and the effects have been evident and progressive. As a result of the pandemic some of our smaller clients had to shut down, and many bigger ones moved to other channels or used new channels for their logistics and financial service needs.

The impact on supply chains was and is still being felt globally with a slow movement of goods internationally. This increased the negative impact on industries whose focus is on-time delivery, such as the SA Post Office. The closure of borders, inflationary pressures and investments into improving and maintaining services resulted in increased costs without the commensurate revenues.

The restrictions on movement and occupancy continued to hamper the day-to-day rendering of service. Operational challenges on collections and delivery had a major impact on our cash flows and service delivery levels. In response, the SA Post Office expedited the digitisation of the entity and digital services are being fast-tracked to the market. The Digital Business Hub and eMail for life are the most important projects to be rolled out this coming fiscal year. At the core of the digital offerings is the financial services and Hybrid, eRegistered mail, and digital certificates.

Our financial services revenue and Hybrid printing continue to show sustained growth. The afore-mentioned digitisation project will assist in bringing more options to these services whilst adding value to users. Our courier capabilities are being upgraded to improve on the last-mile delivery of online transactions. The customers' requirements for courier services are the key focus in ensuring an end-to-end service.

As Government is a key customer, channels continue being developed for easier communication with citizens for municipalities, Government departments and SOEs. Key engagements and projects that have been undertaken in this regard are as follows:

**Electronic Registered email and Registered SMS project**  
- to provide a platform that enables the distribution of Registered email and Registered SMS as per the requirements of the Electronic Communications and Transactions Act 25 of 2002, section 19(4).

**Department of Home Affairs Life Event** - Reprint of certificates of birth, marriage, and death smartcard and ID.

**Central Chronic Medication Dispensary and Distribution (CCMDD)** - Distribution of chronic medication for the Department of Health using the SA Post Office infrastructure.

**Transport Sector** - Preparation of the AARTO rollout to more than 300 municipalities and the printing and distribution of the motor vehicle licences.

All of these projects and engagements are at an advanced state and are expected to be concluded and brought online in the 2022/23 FY. These are the key projects that will see SA Post Office bringing the digital offering to citizens for improved service delivery, while bringing innovation to our people.

The Sales Unit continues to respond to tenders from Municipalities for services with an improved service offering that includes the complete value proposition of SA Post Office. These include the digital offerings to enhance the service the Post Office provides to Government.

Progressive and forward looking engagements continue with our Corporate and SMME customers in order to retain and grow revenue lines. This is in acknowledging that our revenues were negatively affected, mostly by the decline in mail revenue – the result of customers migrating to digital platforms in response to technological innovation and poor delivery standards by the SA Post Office. The switching of statements to SMS and MMS by some of our customers also reduced revenue.

Despite the decline, Sales continued to engage with Key Account customers in order to co-create solutions that will grow existing revenues and also exploring additional or new revenue streams.

Performance against the planned growth target was poor due to reasons stated above, slow traction on contracts and other operational issues experienced in the financial year. Investment into platforms to enable the delivery of services remains a key requirement to secure the technologies and assets needed to improve services and revenues. The integration projects are continuing to ensure speedy integration with customers and offer a wider portfolio of services.

The annual Motor Vehicle License (MVL) revenue continues to grow and other engagements with transport entities like RTMC and RTIA show promise for increased revenues. The



delayed roll out of AARTO had an impact on our projections and we await the processes for the full implementation to conclude. The MVL revenue line shows modest growth and plans are in place to increase MVL points. The introduction of the online MVL renewal system will also ensure continued growth of this product line.

Financial services did not perform as strongly as projected. The financial services revenue was supported by the grant payments and especially the SRD payments. Third party payments and collection services showed a modest growth.

## Capital Investments

During the 2021/22 FY a budget of R530 million was made available for capital investment, with an amount of R11 million expended and a further amount of R41 million committed.

An amount of R478 million of the capital investment budget remains unspent due to cash flow constraints.

Capital Investment items	Budget (R'm)	Actual	Committed	Total Actuals and Committed	Budget Available
Air-conditioning	228	226	2	228	-
Security measures	100 094			-	100 094
Buildings	99 772			-	99 772
Improvement to leasehold	99 880	144	601	745	99 135
Portable Safes	41 906	9 085	32 821	41 906	-
Support and Servicing equipment				-	-
Electronic equipment				-	-
Network and servers	7	7		7	-
Pc's, Notebooks and other computers	44 493	498		498	43 995
Printers, scanners and other	76 500			-	76 500
Delivery and other vehicles	20 000			-	20 000
Motorcycles	846	846		846	-
Software purchased	45 654	246	7 010	7 256	38 398
Software developed				-	-
Furniture and Fittings	120		120	120	-
<b>Total</b>	<b>529 500</b>	<b>11 052</b>	<b>40 554</b>	<b>51 606</b>	<b>477 894</b>

During the 2020/21 FY a budget of R529 million was made available for capital investment, with an amount R25 million expended and a further amount of R44 million committed.

The performance for capital investment has deteriorated from 2020/21 FY where 17% of the budget was expended and committed, to 10% of the budget expended and committed during the 2021/22 FY for the reason as indicated above.



# Operations

## OPERATIONAL REPORT

The Covid-19 pandemic continued to present challenges to daily operations into the 2021/22 FY, as in the previous year. By the end of the financial year the country was on alert level 1. The National State of Disaster was about to be lifted and trading was beginning to gather momentum.

Operations had gradually started to recover with Logistics contracting new clients for the delivery of eCommerce products, however, a fleet of over eight hundred delivery vehicles was withdrawn prematurely by Avis, leading to considerable obstacles regarding mail and parcel delivery.

Mail volumes continued to decline with a number of mail houses no longer lodging with the SA Post Office. On a positive note, services to the people such as the payment of Social and Covid-19 SRD grants continued in the 2021/22 FY. Similarly, the registration of Digital Terrestrial Television decoders continued in all provinces. During the 2021/22 FY, a total of 362 465 qualifying households were registered.

Good progress was made with the focus on geo-referencing and uploading of addresses to the national address database. A total of 274 771 addresses were geo-referenced for the 2021/22 FY.

The SA Post Office's financial challenges resulted in some forced office closures of branches and other facilities by landlords due to non-payment; which, ironically, has hampered the ability to transact and generate revenue which could be utilised to make the rental payments.

Operations continued with the Properties distribution network optimisation aimed at consolidating and merging urban non-performing branches with better performing outlets. Rural branches have remained untouched. In order to address the ageing property portfolio, the SA Post Office has identified co-development opportunities with industry partners.

## South African Social Security Agency (SASSA)

The SASSA/SA Post Office Social Disbursement Accounts (SDAs) decreased by 10% during the 2021/22 FY, bringing the total number of beneficiaries to 7 204 262 compared to 7 964 381 during the 2020/21 FY. The table below reflects the total beneficiaries and proportional split between Integrated Grant Payment System (IGPS) and Mzansi accounts comparatively year-on-year.

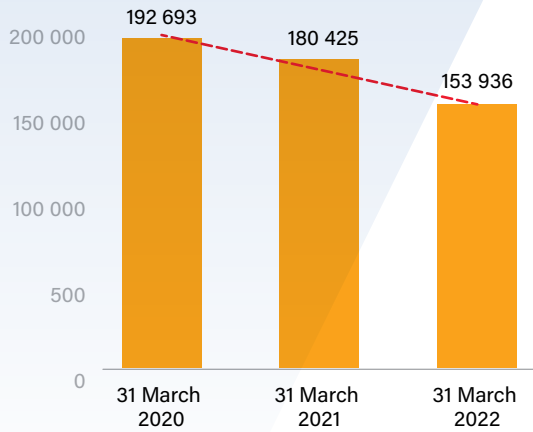
Payments	March 2020	March 2021	March 2022	Change
IGPS	8 069 729	7 873 543	7 119 151	- 754 392
Mzansi	94 511	90 838	85 111	- 5 727
<b>Total</b>	<b>8 164 240</b>	<b>7 964 381</b>	<b>7 204 262</b>	<b>760 119</b>

The SASSA withdrawal cumulative transaction value for the financial year is approximately R119.2 billion with 55% withdrawn at ATM's, 33.9% at Retailers, 4.4% at SA Post Office branches and 6.6% at Cash Pay Points (CPP).

A total of 153 936 beneficiaries were paid through 1 570 CPPs at the end of March 2022, compared to 180 425 beneficiaries by end March 2021. The average number of beneficiaries paid per month for the 2021/22 FY was 156 094 compared to 201 464 for the 2020/21 FY.



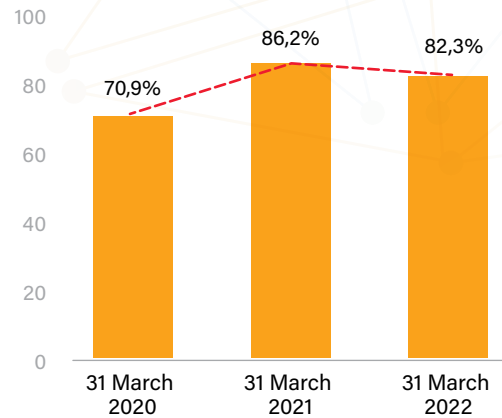
### CPP Beneficiaries - YoY



### SASSA SLA

The overall regional calculated compliance rating in terms of the SASSA SLA during March 2022 was recorded at 82,3%, while the compliance target is at 95% in terms of both the SA Post Office branches and CPPs. Non-compliance is mainly due to challenges of space for sturdy chairs, and the non-provision of dignity services such as ablution facilities.

### SASSA SLA Compliance - Target 95%

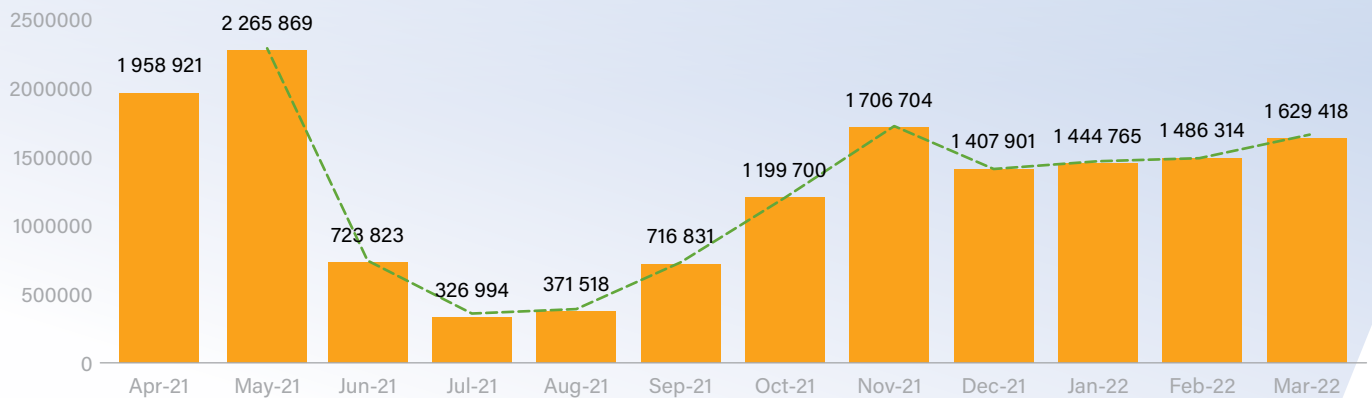


### Social Relief of Distress (SRD) Grants

The payments of Covid-19 SRD grants continued during the 2021/22 FY. In March 2022 a total of 1 629 418 beneficiaries were paid compared to 2 070 132 beneficiaries paid in March 2021. Cumulatively 15.2 million beneficiaries were paid until

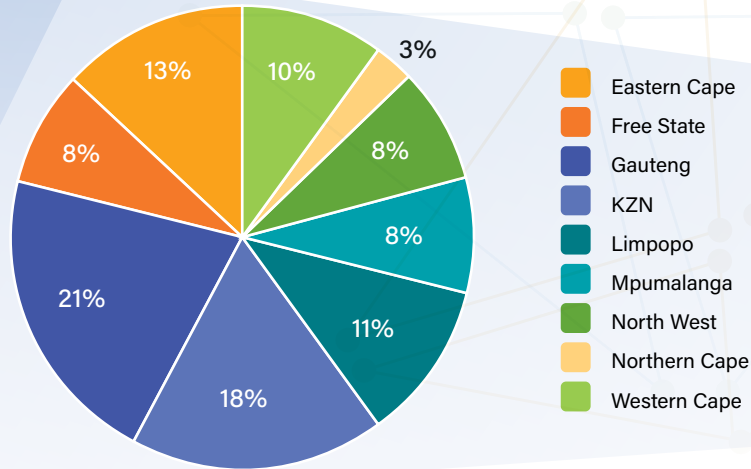
end March 2022, with the cumulative cash value since the introduction of the SRD grant at R9.8 billion. The beneficiary volumes over the financial year are depicted below:

### SRD Beneficiary Volume



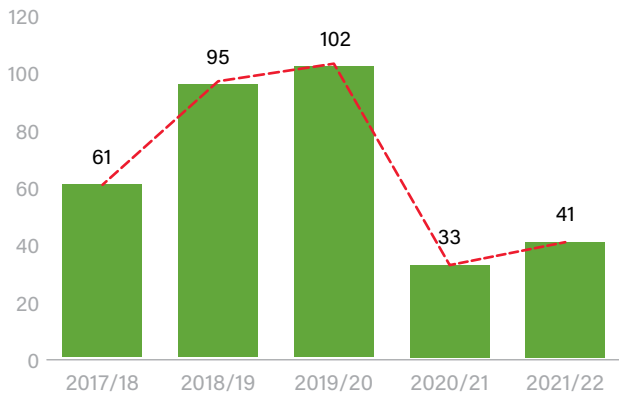
The provincial split of beneficiaries is depicted in the chart to the right for the period 1 April 2021 to 31 March 2022.

### Provincial % Split



Revenue for CN22 international parcels underperformed with the annual revenue of R41.1 million which represents a 39% achievement of the budget of R106 million. The historical revenue for CN22 parcels is depicted in the graph below:

### CN22 Parcel Revenue - Millions



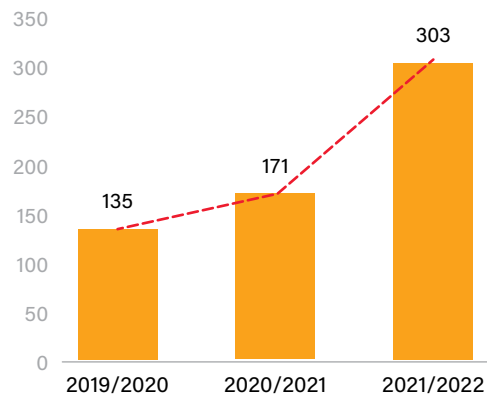
### Branch Profitability

Profitable branches remained very low with only 303 branches or 23.9% regarded as profitable out of 1266 branches, while 963 branches proved to be unprofitable at the end of March 2022. The 2021/22 FY ended with 303 branches being profitable compared to the 171 branches during 2020/21 FY, a marked improvement.

A total of 146 branches were officially closed during the 2021/22 FY. Of these, 55 were amalgamations.

The graph below depicts the branch profitability year on year:

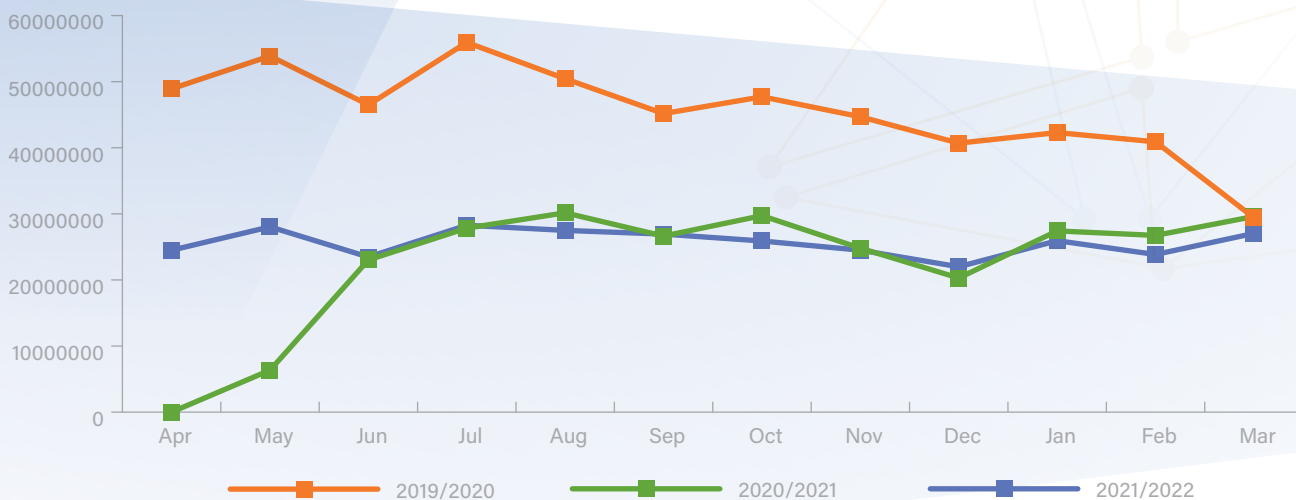
### Branch Profitability YoY



## Mail Business

The graph below indicates the consolidated domestic mail volumes for standard mail, non-standard mail, fastmail, registered letters and parcels over a three-year cycle from 2019/20 FY to 2021/22 FY.

**Mail Business: Std, Nstd, Fastmail, Register, Parcel Volumes**



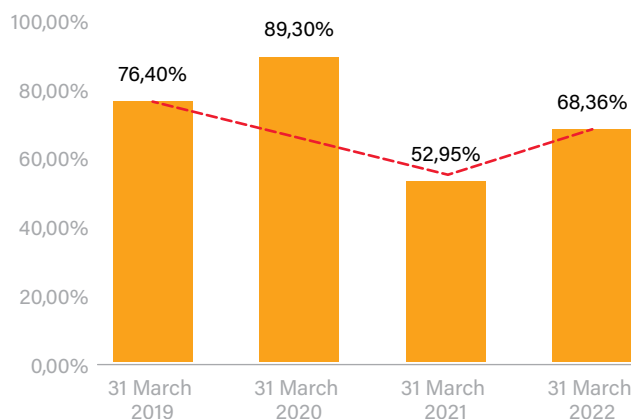
## SERVICE STANDARD

### Delivery Standards

The mail delivery performance was severely affected by the Covid-19 pandemic, disrupting the progress made during the previous financial year. The mail delivery performance stood at 89.3% by the end of March 2020 and this had regressed to 52.95% by the end of March 2021.

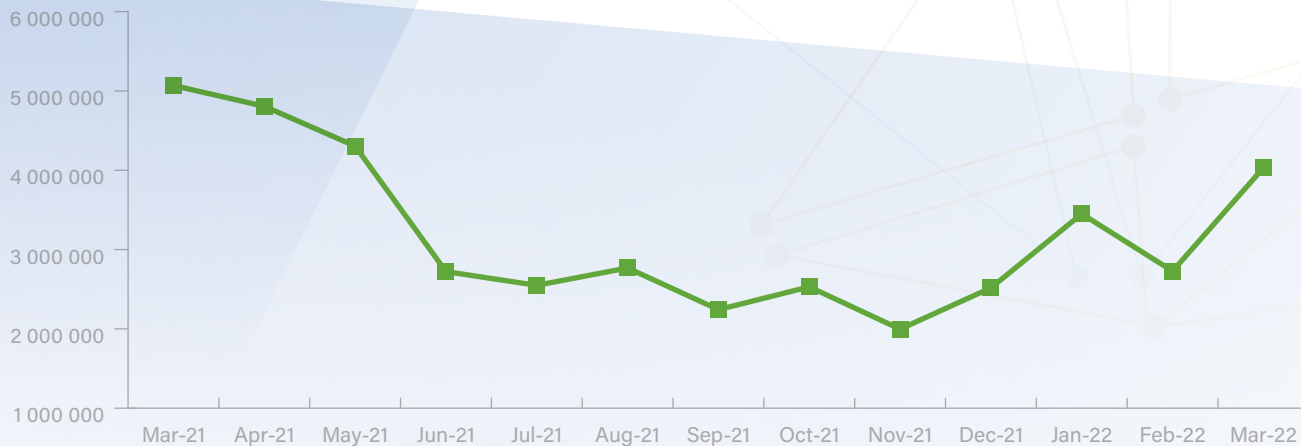
A clear sign of improvement, however, is that the performance picked up by 15.41% from the previous year to 68.36% in the current financial year – still below the target of 92%. The graph below gives a perspective of the past few years and the impact of Covid-19 in 2020/21/22.

**Delivery Performance**



The average carry overs were recorded at 3.1 million items throughout the year. SA Post Office delivers on average 1 166 270 items per day. The carryover trend since March 2021 to 31 March 2022 is shown in the graph below:

### Monthly Carryover 2021/22

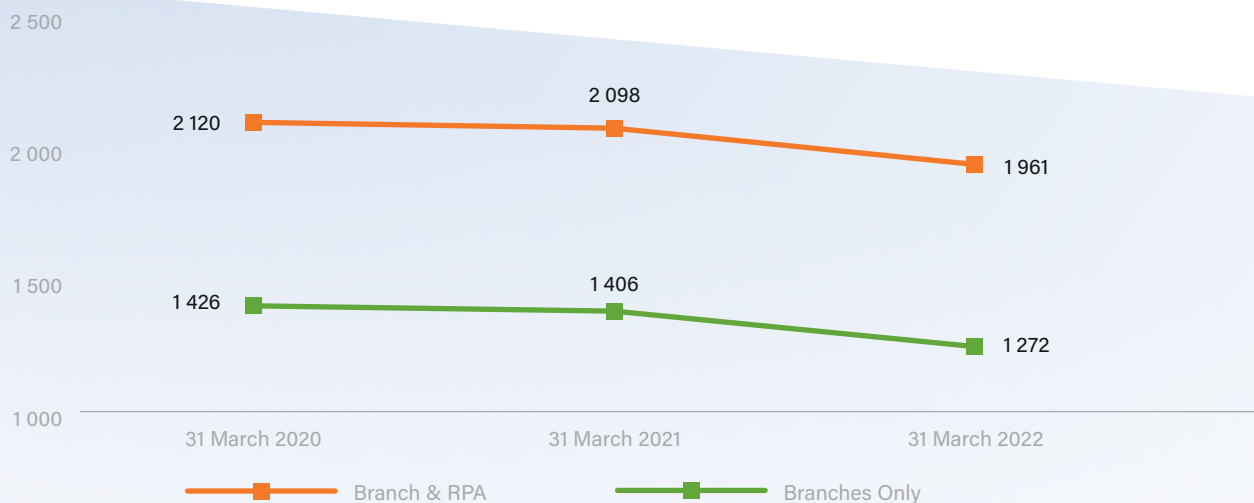


## OPTIMISED ASSET AND INFRASTRUCTURE

### Operations Footprint - Competitive Advantage

Post Office by type and RPAs - 31 March 2022						
Description	Post Office	Postpoints	Transportables	Mobiles	RPAs	Total
<b>Total</b>	1 206	40	17	9	689	1 961
<b>PO Only</b>	1 272					

The graph below depicts the retail outlet footprint year on year:



The retail outlet footprint remains one of the SA Post Office key enablers and the SA Post Office is well positioned to fulfil its Government mandate and to provide a range of services to benefit all of South African citizens, such as the payment of social grants.

Currently the mail processing environment is serviced through 24 mail processing hubs across the country and three offices of exchange for international services at Johannesburg, Durmail and Capemail.

## Property Infrastructure program

No site was refurbished by the Properties division during the 2021/22 FY. However, it is worth noting that substantial work was done during the year and spending was incurred on maintenance and cleaning of buildings. Approximately R10.4 million was spent on maintenance and R5.7 million was spent on cleaning of buildings during the financial year. Three buildings were sold in the financial year.

## Addressing

A GIS portal was built for internal use and is envisaged to be accessible externally in the new financial year. With the realigned focus to geo-referencing and uploading of addresses to the national address database, good progress was made with approximately 274 771 addresses being geo-referenced for the 2021/22 FY.

The SA Post Office's private and free post boxes are serviced at branches and loose standing box units with a total of 3 657 787 post boxes on record, of which 1 750 008 or 47.84% are rented out. Of the total rented boxes, 199 257 boxes or 11.39% are paid alternatives, the balance is unpaid first addresses.

## EFFICIENT SYSTEMS AND PROCESSES

### Logistics Optimisation

Logistics remain a very important link and enabler for the effective and efficient movement of postal items. As at 31 March 2022, the fleet comprised of 366 vehicles compared to 1 236 vehicles as at 31 March 2021. The reduction in vehicle fleet has required that national line-haul had to run on 18 routes. The end of the line-haul contract led to innovative use of the public sector's capability and to the introduction of new ideas, such as an owner driver solution which is under development.

The business wants to provide tailor-made logistical solutions by creating convenience to both its customers and partners. Convenience to customers will include:

- Visibility by tracking,
- Quality of service and
- Paperless environment.

Convenience to partners will include: Seamless exchange of data with partners such as information about airline loading etc., customs authorities processes and logistics aggressors through eCommerce Application Programming Interfaces (eCom API).

### eCommerce

Logistics made good progress in the fulfilment of the last mile, clearing, warehousing and delivery of eCommerce products and services. Agreements were reached with some suppliers to increase parcels delivery opportunities. The Customs Declaration System (CDS) and upgraded International Postal System (IPS) has strengthened the technology backbone to operate in the eCommerce space; the relocation of the Johannesburg International Mail Centre to Germiston took place after the period under review.

The IPS as a tool for tracking of items is in place, while procurement of additional essential equipment is fast tracked to ensure stability of the entire IPS system. The Domestic Postal System (DPS) containing Point of Sale (POS) rollout is in progress.



## DIGITAL TRANSFORMATION

### Digital Terrestrial Television (Broadcast Digital Migration Project)

During March 2022 a total of 72 440 beneficiaries were registered and issuing continues in all provinces. At the end of March 2022, 66 361 Digital Terrestrial Television (DTT) applications were uncaptured.

For the year a total of 362 465 qualifying households were registered nationally.

## CUSTOMER AND COMMUNITY SERVICES

The target of 100% resolution of customer complaints seven days was not attained for the 2021/22 FY. The percentage of compliance could not be determined accurately due to the Remedy System being unavailable. The system is being restored and data integrity is being verified.

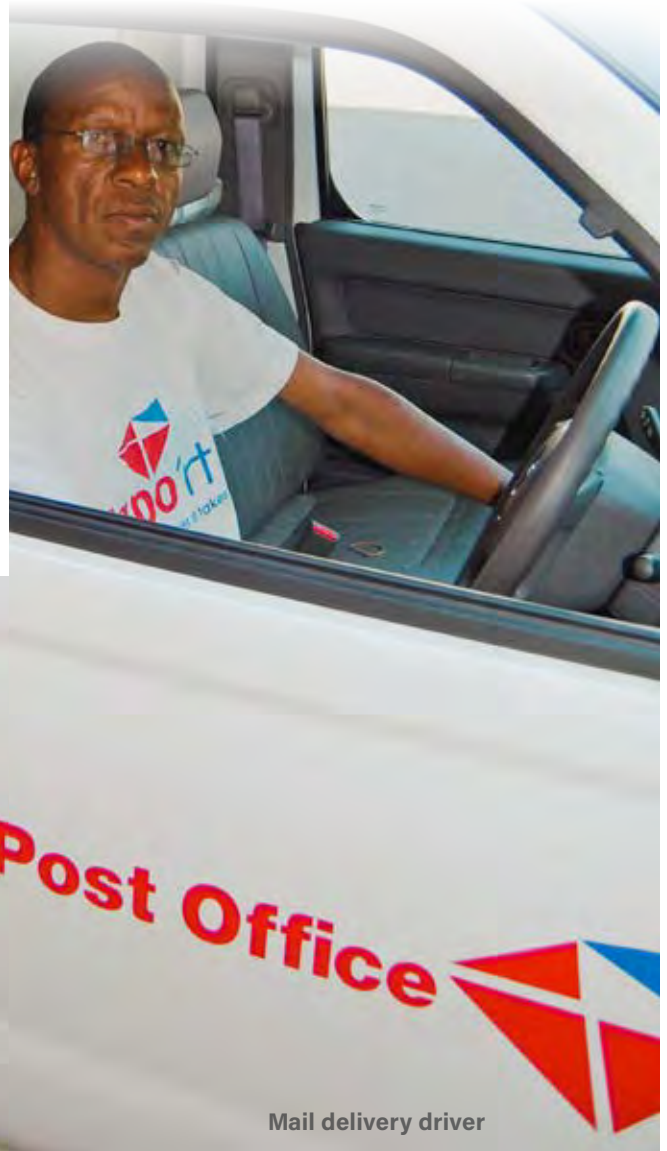
Customer complaints and the response to these remain a key indicator of the level of customer satisfaction and the quality of service provided. The remedial actions implemented to manage complaints from customers are continuously monitored and managed at regional level.

SA Post Office is constantly exploring opportunities with other Government entities to enhance collaboration, improving service offerings to citizens via our infrastructure.

## Customer Experience

Re-engagement with employees is critical to achieve quality customer experience. There are several factors that affect the customer experience which include employees failing to take responsibility for their work areas and this is being addressed by quality circles and corrective action by management on all escalated complaints. The level of post box renewals is very low and is being addressed by realigning and placing them in more convenient locations.

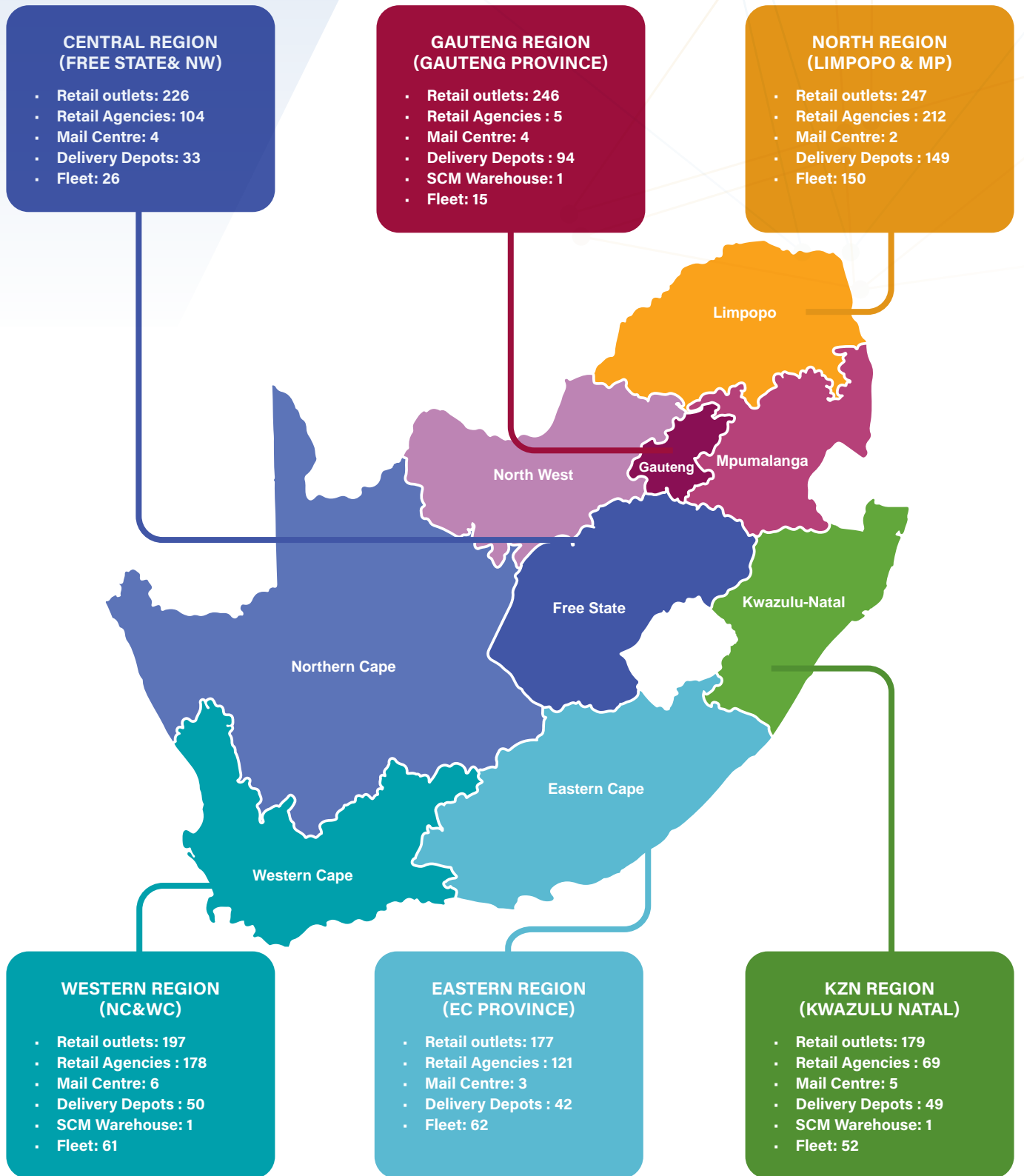
The reliability of the postal service is a key factor determining the customer experience. Covid-19 created substantial logistical challenges and due to the relaxing of restrictions and the lifting of the state of disaster, the environment now allows the SA Post Office to perform at an improved level.



Mail delivery driver



# Operations footprint



# Information Technology (IT)

## INTRODUCTION

SA Post Office IT as the technology enabler for the organisation, is responsible for activities ranging from day-to-day operational support to participation in and ownership of various projects that support the organisation's strategic goals.

SA Post Office IT also remains committed to driving the strategic initiatives aimed at implementing efficient system and processes and to improve SA Post Office's market relevance through digital transformation. Certain initiatives were delayed or suspended, due largely to the lack of available funding. Despite these challenges, certain initiatives were successfully implemented; whilst others are still in progress.

This report aims to highlight the successes as well as the challenges of the SA Post Office IT department for the 2021/22 financial year.

## OVERVIEW

The IT unit has been faced with serious skills shortages and a high vacancy rate for a number of years and 2021/22 was no exception.

As a result of the high vacancy rate, the cross-skilling or upskilling of current resources into new roles is not viable and urgent recruitment is required. Recruitment efforts have been hampered by lack of funds and a moratorium on appointments.

The IT Run function, responsible for IT Infrastructure and Operations, remains severely understaffed. The IT vacancy percentage is currently at 68%.

## IT OPERATIONS AND INFRASTRUCTURE

The state of the IT infrastructure on branch and datacentre level remains a serious risk to the organization. With the exception of the IT network upgrade, there has been no significant investment in IT Infrastructure in the past 10 years.

### Branch Infrastructure

The system used at SA Post Office branches is mainly the Web Riposte (WRE) Point-of-Sale (POS) solution. This system is locally installed on workstations and various issues impacts the availability of the service in offices daily. The most prevalent issue is the outdated, unsupported POS terminals. Systems in offices experience a number of failures on a daily basis and these are repetitive in nature. The IT incident management process is followed, incidents are logged and the resolution of these issues daily are reactive in nature.

Incident analysis for the 2021/22 financial year reveals that 27% of incidents logged by branches were for hardware (screens and base units). These are hardware failures require parts to be replaced. Due to the age of the POS terminals, these spares are no longer available and serviced through refurbishment. Effective response to hardware failures is impacted by lack of spares and lack of funding.

A further 15% of calls logged related to pin pad failures. These failures result from the corruption of configuration files due to aging hardware.

Branches cannot operate effectively with the high rate of hardware failures. The POS hardware refresh requires very high priority in the 2022/23 FY.

### Datacentre Operations

SA Post Office Datacentre Infrastructure (Servers and Storage) was last refreshed in 2012. This aged, unsupported infrastructure provides the hosting platform for all SA Post Office business applications. This entire landscape operates at risk with no support and maintenance contracts active due to lack of funding. Most of IT cost cutting was linked to non-renewal of very expensive hardware and software maintenance contracts.

The hosting facilities (Datacentres, including Trust Centre) require urgent upgrading.

Board approval was received at the end of November 2021 in this regard to engage with SITA for Government private cloud hosting to mitigate this risk. In addition to this, a whitespace proposal has been presented to the SA Post Office Executive Committee (EXCO) for the lift and shift of the current IT infrastructure at the SA Post Office Data Centre to a stable data centre environment.



## IT Network

One of the main initiatives towards ensuring efficient systems and processes is the implementation of the network upgrade project.

The project scope includes migration from old diginet (copper) technologies to fibre and the replacement of old obsolete unsupported network equipment. The network upgrade is a contributing factor towards maintaining SA Post Office network uptime at 98%, and will ensure that customers and employees are able to transact, thereby improving customer satisfaction and reliability of services. The SLA for migrated sites was met or exceeded.

## IT INITIATIVES

### Modernisation and Transformation Initiatives

#### Enterprise Application Integration and Modernisation

A Request for Information (RFI) has been published to gather industry and related input to enable SA Post Office to prepare a Request for Proposal (RFP). The RFI closing date was extended as requested by bidders. The RFI was evaluated and assessed for potential growth and transformation opportunities.

In September 2021, SA Post Office in collaboration with PostBank implemented a new payment channel for SRD-R350 grants which enables grant recipients to transact at various merchants (Pick & Pay, Checkers, and Boxer and other supermarkets). Furthermore, the new channel enables grant recipient to withdraw their grant money at Standard Bank ATMs as first iteration as Standard Bank is

the sponsoring bank for Postbank from an acquiring and settlement perspective.

As part of the SA Post Office modernisation and digitisation strategy, SA Post Office went out on an RFP for eRegistered mail solution to enable customers to submit electronic data or mail to the SA Post Office and for the SA Post Office to register the email and send the email as an electronic registered /confidential product via mail or SMS to the intended recipient's electronic address or mobile number.

SA Post Office in collaboration with SITA, is currently in the process of implementing an electronic eRegistered mail service for the Infringement Notice to Road Traffic Infringement Agency (RTIA) / Road Traffic Management Corporation (RTMC) clients. The development of the electronic mail system has been completed. The user acceptance and go live is pending from the client (RTIA) that needs to address legal issues.

### Supporting Post Office of tomorrow Strategy

Projects, business owners and project team leads have been identified that are aligned to the Post Office of tomorrow Strategy. The prioritisation of the projects has been completed. Funding must be sourced whilst the concept and feasibility studies, business case submission and approvals and other project governance processes are completed.

### Onboarding eCommerce clients for Logistics

Customers were successfully integrated on the IPS platform. These, amongst others, include Wish.Com, Mail Americas, Signature Mail, ICE, and CNE.

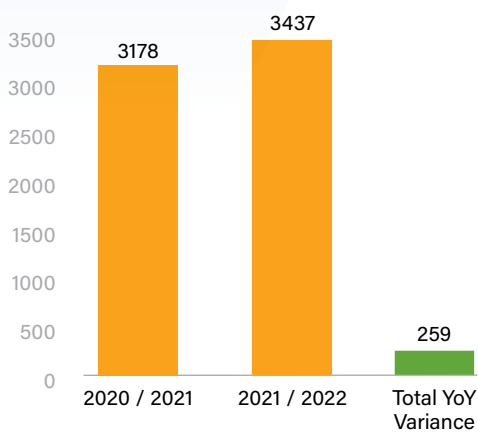


# Security and Investigation Services

## INTRODUCTION

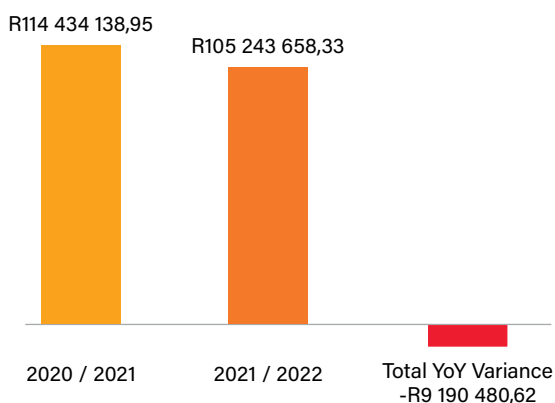
During 2021/2022 the SA Post Office remained a soft target for criminals due to social grant payments at its branches, which necessitated high cash volumes. In comparison to 2020/2021FY, crime reported incidents increased by 259 (8%) - from 3178 to 3437 incidents.

### National Overview of Reported Incidents



In comparison to 2020/2021FY, the reported loss decreased by R9.2m (8%) - from R114.4m to R105.2m.

### National Overview of Reported Loss



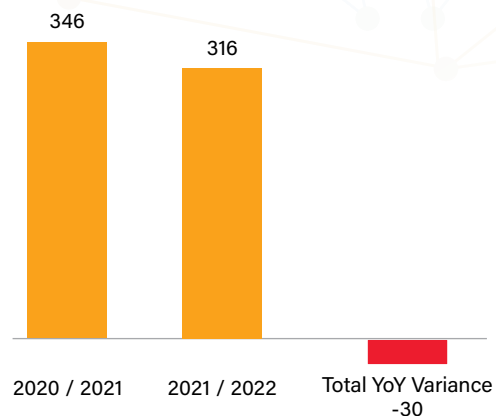
### Violent Crime Overview

During 2021/2022FY SA Post Office branches experienced 956 armed robberies and business burglary incidents with a reported loss of R 64.9m - a 5% (48) increase in incidents and a 28% (R25.3m) decrease in reported loss.

### In comparison to 2020/2021FY, Armed robberies:

- Reported incidents decreased by 30 (9%) incidents - from 346 to 316
- Reported losses decreased by R23.3m (36%) - From R70.4m to R45m

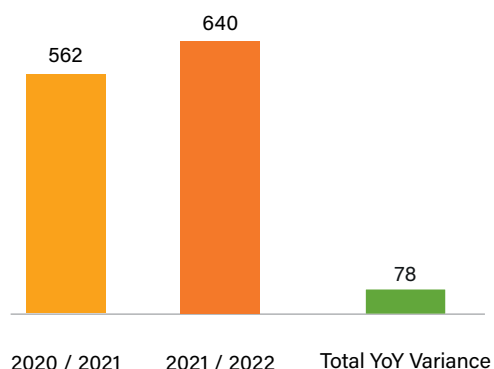
### Armed Robbery Incidents



### In comparison to 2020/2021FY, Business burglaries:

- Reported incidents increased by 78 (12%) - from 562 to 640
- Reported losses decreased by R65k (0.003%) - from R19,87m to R19.81m

### Business burglaries



During the 2020/2021FY, 269 cash protection devices were installed at SA Post Office branches. In total, from project initiation, 770 of the 801 devices have been installed as at 31 March 2022.



# Supply Chain Management (SCM)

The SCM unit comprises of the following units:

- Procurement
- Supplier Development
- Governance
- Logistics – Demand management and warehousing

Each unit contributes to the SCM strategy to ensure that the SCM functions seamlessly.

## PROCUREMENT

The SA Post Office expended approximately R1.3 billion in procuring goods/works and services, excluding statutory payments. The procurement process ranges from low value, individual purchases of commodity items through to complex high value, high risk contracts.

Procurement reaches and affects every facet of the SA Post Office activities and plays a crucial role in meeting the difficult financial challenges that the SA Post Office faces. The effectiveness of how the procurement process and how suppliers perform, impacts the quality of services which our customers receive and also has an impact on local businesses and stakeholders.

As a State Owned Company, the SA Post Office is subject to National Treasury Procurement Legislations that places a number of legal requirements on the manner in which procurement activities are undertaken. National Treasury Procurement Legislation may limit flexibility, but it does not alter the necessity for procurement to deliver financial benefits and value for money on the goods, works and services procured.

There were 90 valid contracts as at 31 March 2022. The highest value contracts are with Security Services and the Information Technology departments.

The strategy for 2021/22 FY was to review all contracts to ascertain the value they add to the business. Contracts could not be reviewed as planned due to a lack of skilled resources to perform the contract review. It is planned that during 2022/23 FY the contract reviews will be outsourced so as to ensure objectivity; however this depends on funding availability.

## SUPPLIER MANAGEMENT

Supplier Management supports the SA Post Office Group procurement strategies by identifying and selecting operationally capable and financially sustainable suppliers. Supplier Management unit is charged with managing and coordinating supplier development initiatives, introducing SMMEs and BEE enterprises into the SA Post Office procurement and mitigating supplier risk and monitoring adherence to legislation.

For the 2021/22 FY, the SA Post Office expended 21% of its annual procurement spend of R1.3 billion on companies that are at least 30% owned by black women.

## GOVERNANCE

This unit is responsible for SCM compliance in terms of SCM policies, contracts, tenders and audit management. The Governance unit produces the SCM monthly report, irregular expenditure and fruitless & wasteful expenditure reports. It is also responsible for the document management and the storage of documentation.

## LOGISTICS

The Logistics unit is responsible for inventory management, that is, saleable (60%) and consumable stock (40%).

Inventory is currently centralised in the SA Post Office premises in Silverton, Pretoria. The strategy going forward is to decentralise the warehousing of inventory, particularly the consumable stock so as to improve the turnaround time to yield positive customer service levels and to promote regional local procurement.

SCM has started with the Eastern Cape and Kwa Zulu Natal regions in piloting regional warehousing. The project has been put on hold due to funding constraints.

The disposal of moveable assets that have been written off in accordance to DOA also resides within this unit.

## SCM 2022/23 FY STRATEGY

A fully capacitated SCM will focus on the Category



Management Approach. Delivering on effective procurement depends on taking into account the nature of the purchases (value and risks), business needs and the nature of the current and future markets.

The advantage of this approach is that it indicates where specialist procurement skills and knowledge should be

focused and where best to exploit aggregations to achieve savings and improved service. The strategy was to be implemented in 2021/22 FY, however, due to lack of funding resources, could not be implemented. The plan has been carried forward for 2022/23 FY.

# International Relations and Participation

## STAKEHOLDER MANAGEMENT

### Government Relations

Government Relations is responsible for establishing and strengthening stakeholder relationships with all three tiers of Government: National, Provincial and Local as well as Parliamentary Portfolio Committees, select committees of the National Council of Provinces and study groups.

Government Relations is an important element of any business that is subject to Government regulations. It is therefore imperative that the SA Post Office develops and nurtures strong relations with the shareholder and Government departments, especially the Department of Communications and Digital Technologies (DCDT), Regulatory bodies, political parties represented in Parliament, State Owned Entities, the private sector, civil society, labour unions and other relevant formations.

Building relationships with Government has become a key strategic objective for businesses throughout the world. This requires understanding the concept of GR, political understanding and the dynamic nature of political and parliamentary relations.

### Parliamentary Relations

Parliament is an essential part of South African politics and interacts on a daily basis with a number of important organisations, including the SA Post Office. It is the supreme legal authority in the country, which makes, amends, and repeals any law. Parliament consists of the National Assembly and the National Council of Provinces.

SA Post Office Interacts with Parliament's Portfolio Committees of the National Assembly and Select Committees of the National Council of Provinces, as well as study groups of various political parties represented in Parliament. Like all

other Government departments and state-owned entities, SA Post Office is accountable to the sector ministries and to these Parliamentary Committees and study groups.

## INTERNATIONAL ENGAGEMENTS

The SA Post Office's participation within the international space is guided by the framework of the Government's White Paper on International Relations. The SA Post Office's active participation in international postal organisation fulfils one of the international obligations as contained in Section 21 of the SA Post Office License.

The SA Post Office is an active member of the following international organisations:

- Universal Postal Union (UPU)
- Southern African Postal Operators Association (SAPOA)
- Pan African Postal Union (PAPU)
- Conference of Commonwealth Postal Administrations (CCPA)

### Universal Postal Union (UPU):

The UPU was established in 1874, with its Headquarters in Bern, Switzerland. It is a specialised agency of the United Nations and helps to ensure a universal network of up-to-date products and services with 192 member countries. It sets the rules for international mail exchanges and makes recommendations to stimulate growth in mail volumes and to improve the quality of service for customers.

### Pan African Postal Union (PAPU)

The PAPU is a specialised agency of the African Union (AU) with its headquarters in Arusha, Tanzania. It was established to organise and improve the postal services within the continent of Africa, and promotes the development of international



collaboration amongst member Postal Enterprises and undertakes technical assistance in postal matters. The SA Post Office is a member through our shareholder.

## Southern African Postal Operators Association (SAPOA)

The organisation represents a collaborative and cooperative forum for the 14 member postal operators. The members correspond to the Southern Africa Development Community (SADC) member countries.

The current members of SAPOA are Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.

SAPOA main objectives are the development, establishment and operation of efficient, affordable and accessible postal services within the Southern Africa Region that meet the diverse needs of customers while being economically and commercially sustainable.

### Currently SA Post Office heads up two senior positions within SAPOA:

- Chair of the CEO's forum ,chaired by the Chief Executive Officer

- Chair of the Operators Directors of SAPOA ,chaired by the Head of Logistics

## Conference of Commonwealth Postal Administrations (CCPA)

The CCPA was formed in 1971 and has a membership of 71 Postal Administrations drawn from the Commonwealth 53 member countries.

It was created as a forum for sharing best practice, discussing matters of common interest and acting as a concerted lobby on key issues given that CCPA membership represents about a quarter of the UPU electorate.

## International Projects

The overarching strategy of the international postal sector is focused on digital transformation.

The eCommerce project has been endorsed by the Minister of Communication and Digital Technologies in terms of which South Africa has been earmarked to be the hub of eCommerce in the region. This also forms a strategic pillar of the Post Office of tomorrow strategy. Assessments have been undertaken by the UPU team in 2017 and the SA Post Office is working towards fulfilling this role.

# Philately and Museum

## PHILATELIC SERVICES

Philatelic Services is the unit that produces stamps for the SA Post Office. The name Philatelic Services stems from Philately, which is the hobby of collecting and studying stamps and related material. We are responsible for the design and printing of postage stamps and postal stationery for the Post Office. The section also distributes and sells stamps. As the producer of stamps, Philatelic Services is also mandated to safeguard stamps as they are part of our heritage as a country; for that reason Philatelic Services provides the Post Office Museum that with all stamps produced in South Africa for safe keeping and posterity.

Postage stamps are the country's smallest ambassadors. They reflect what is going on in the country, its history, geography, people, fauna and flora, culture as well as all facets of society. Stamps are for the general population of South Africa. Philatelic Services produce stamps for the general public and

collectors. They have to be non-partisan and reflective of the country as a whole. Stamps also have a long reach and travel the entire world very cheaply yet effectively.

At Philatelic Services we say, collect stamps and experience fun. The fun part about collecting stamps is the certainty that they will be issued on a constant basis and that the issues will be varied so that as many people as possible can enjoy them. Many people collect stamps according to themes, e.g. cars, trees, sport and even nudity whilst others collect the definitives – the everyday stamps of the country.

Philatelic Services is divided into two sections, Product Development and Business Development. Product Development is responsible for the production process of stamps ranging from procuring and producing artwork to designing stamps and related products. Business Development is responsible for the marketing and sales of stamps as well as client services. Business Development



works closely with the Stamps Distribution Centre as orders are dispatched from there.

### Stamp Issuing Programme

There have been no stamp issues for 2021/22FY. The stamp programme will be amended and the issues will be reprioritised following consultation and approval by the Stamp Advisory Committee.

The Road to Democracy stamp which was originally planned to be launched during November 2021 to coincide with the International Stamp Show, has been rescheduled for issue to 2022, following postponement of the International Stamp Show to November 2022.

**2022 International Stamp Show, Cape town** - Issue date: 8 November 2022. First sketches of the stamp design that depicts the end result of the Road to Democracy, namely the South African Constitution was approved by the SAC. Work on the advanced artwork is in progress and might differ from the sketch below.



**The following stamp issues have been reprioritised:**

- The Bicycle - an expression of lifestyle
- SA Bird Series: Endangered Vultures
- COVID-19 Stamp
- World Post Day – Booklet
- tourism SA series - Part 1

### Services to SA Post Office

The Product Development section has continued to provide much needed services to the company especially to the Marketing, Communications, and Strategy divisions.



### Marketing:

- Speed Services Couriers social media banners
- 2022/23 Rates Brochure



- Launch of the MVL application website
- Display MVL video describing digital application steps



- Postbox renewal 2022/23 social media banners



- Speed Services Couriers parcel tips campaign – series of social media banners
- PosTransfer social media banners – Zimbabwe

### Communications:



- Airmail to US and Australia social media banners



## SA POST OFFICE MUSEUM

The museum was established in 1974 when the SA Post Office and Telkom was still one company. The company was divided in 1991 into the SA Post Office and Telkom and that included the museum.

The museum currently consists of the display at Church Square and the collection kept at the SA Post Office Depot in Silverton.

The museum is responsible for the preservation of the SA Post Office's institutional memory.

The museum develops and maintains a national postal collection of South African historical material. The activities of the museum include acquiring, documenting, researching, writing articles, interpreting and presenting exhibitions, programmes and lectures and preservation. Currently the SA Post Office Museum is an affiliated member to a number of associations in South Africa and actively participates in a number of events related to communication and preservation of heritage. The SA Post Office Museum are looking at reaching audiences on new platforms including online exhibitions.



### ▼ Air Mail, since 1925s



▲ Mailman with his bicycle



▲ Ocean Mail, 1852-1860s



▲ Camel Mail, 1900-1915

Mail Carrier, before existence of organised postal system ▼



▲ Mail Coach, late 1800s: The Post Office experimented with zebras, but the idea was very short lived





## Docex Managing Director's Overview

Docex (Pty) Ltd operates within a niche market providing distribution services of confidential documents to its registered members. It continues to enjoy a dominant position within the distribution of secure and time-sensitive documents, predominantly within the legal fraternity. Its position is boosted by the Docex' vast presence within the nine provinces together with its unique product offering.

Customer service continues to remain a high priority within the company, guaranteeing an overnight delivery of time sensitive documents between members, sheriffs, and courts nationally. Docex will intensify the expansion of its footprint and reach to ensure that the future needs of current and future members are catered for.

The current economic landscape and digitisation continued to add to the pressure on the Docex revenue line; and emphasis was placed on cost efficiency costs in order to the revenue line. A process to acquire the Advanced Electronic Signature was undertaken and this will be fully operational in the coming financial year, 2022/2023.

### DOCEX FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

Revenue for the year increased from R34.6 million in the prior year to R35.3 million in the current financial year. This was due to cost containment measures resulting in reduced operational costs compared to prior year. Furthermore an increase in excess weight revenue compared to the prior year contributed positively to the overall revenue generation.

The marginal increase in revenue was, however, negatively impacted by lower subscription and daily delivery revenue line items; this was due to an increase in the number of member subscription downgrades emanating from the tough economic conditions. The operational expenditure



was positively impacted by the relocation of office space to more cost-effective rented premises, in addition to other cost containment measures implemented in the current year.

The negative impact on the reported profit, which was lower than the prior year, resulted from the implementation of IFRS 16 accounting standards for disclosure purposes. Its implementation resulted in the accounting of additional depreciation and interest expense as required by the accounting standard.

## Financial Indicators

- Net asset position of R15.7 million at the end of March 2022
- Cash and investment reserves of R24.8 million at the end of the period.
- Quick asset ratio is 1.35, this is slightly higher than the prior year's 1.33; this represents the company's ability to pay its current liabilities as they become due.
- Current liabilities increased by 3% year on year, and current assets increased by 5%.

- Ability to cover its operational costs due its profitability in the current year, although the profit was slightly lower compared to prior year.

Due to the digital modernisation strategy and its objective to be in line with the country's judicial digitisation rollout, Docex has commenced with the implementation of the Advanced Electronic Signatures which will be closely followed by a digital platform rollout. These measures will position the company to align to the technological changes driven by the current market demands.

I would like to extend a word of appreciation to the Board of Directors of Docex and to the SA Post Office for their continued support over the past year.



**Dina Lume**  
Managing Director, Docex PTY(Ltd)

## THE DOCUMENT EXCHANGE (PTY) LTD OPERATIONAL PERFORMANCE

### Performance on predetermined objectives at as 31 March 2022

#### Performance Overview

##### Service Delivery Environment

Revenue for the 2021/22 FY is lower by 12.5% (R4.4m), and up marginally by 2% against prior year (R0.7mil), due to a decrease in signing of new members and cancellations of existing members subscriptions. This revenue line continues to be under pressure as a result of mergers and subdued economic conditions.

Subscription revenue was lower by 2.5% against prior year, subscription revenue continues to be the main driver of revenue as it accounts for 80% of total revenue generated by the company. On the positive, there was an improvement in excess weight revenue which is demand driven, this indicates an improvement in customer volumes.

On the expense side, property expenses continue to reduce resulting from more economically sourced office space in the main centres, and improved negotiated prices for the renewal of leases.

##### Organisational Environment

A number of other key positions have remained vacant during the 2021/22 FY but the process is advancing into the recruitment phase. Staff numbers have decreased by 2 over the financial year to 62 from 64 in the prior year due to normal attrition.

### Strategic Outcome Oriented Goals

#### Performance Information

Strategic Objectives, Key Performance Indicators planned targets and actual achievements

The Document Exchange Pty Ltd (Docex) is a subsidiary of the SA Post Office and provides for the secure collection and delivery of confidential documents.

The strategic objectives over the 2021/22 FY considered four key strategic objectives focusing Docex on setting the foundation for its transition to being a modern business - and operating model, competing efficiently in a digitised economy, with revenue generated from its digital service and product revenue streams.



**The 4 strategic objectives identified for the Strategic Plan were:**

1. Financial Sustainability
2. Digital Transformation
3. Operational Efficiency
4. Corporate Governance

A total of 11 Key Performance Indicators (KPIs) were set and measured for the 2021/22 FY, aligned towards attaining the strategic objectives.

Performance over 2021/22 FY has declined considerably from prior year. Some of the KPIs have performed poorly as compared to prior year, with only 4 achieving 100% of target, and the remaining 7 KPIs not achieving target, resulting in an overall 42% achievement of the set KPI target.

It must be pointed out that the performance of Docex has been adversely affected by the organisational performance of the SA Post Office.

Strategic Objectives	Planned Target	Number Achieved 100%	100% Achievement	Number achieved 80% - 99%
1. Financial Sustainability	4	1	25%	1
2. Digital Transformation	2	1	50%	0
3. Operational efficiency	3	1	44%	2
4. Corporate Governance	2	1	50%	0
<b>Total</b>	<b>11</b>	<b>4</b>	<b>42%</b>	<b>3</b>

**Financial Sustainability**

The strategic objective is focused on retaining current and diversifying revenue streams. Docex is a secure distribution service provider to a niche group of customers who frequently send and receive confidential documents.

Currently Docex enjoys a dominant market position within this niche segment, particularly within the legal industry, and is positioned within the letter & parcel distribution sector. Docex has a strong market advantage which is enabled by a large closed loop national distribution network, its subscription-based product model and unique back office access at selected South African courts. To date Docex has not had a direct competitor which has further contributed to its dominant position. The dominant position Docex currently holds within the secure document distribution market is under threat and is currently facing increasing vulnerability to digital alternatives and new market competitors.

The strategic objective comprised of 4 KPIs, which considered the growth in revenue from the previous year, retention of subscriber base, remaining within the allocated cost budget and achieving a projected net profit position. The growth in revenue, increase net profit position from previous FY and the retention of members target was not met. The KPIs relating to remaining within the allocated cost budget was achieved.

**Digital Transformation**

The strategic objective focuses on the development of an integrated service delivery platform, and considered 2 KPIs, Source a digital certification and signature solution and the Launching the Legal Document Digital platform (eDocex).

The Sourcing a digital certification and signature solution KPI was achieved. The launching of the Legal Document Digital Platform (e-Docex) KPI was not achieved.

The Digital Transformation for Docex remains key to its continued future sustainability and relevance. For 2022/23 FY, the implementation of the eDocex platform has remained as a KPI.

**Operational Efficiency**

The strategic objective is focused on improving the effectiveness of the Docex business processes and operational environment. The objective comprised of 3 KPIs, which considered the mail dispatched by 9h00, customer queries resolved within 48hours and the upgrading of the Scanning, Weighting, and Dimensioning (SWAD) machines at the five high volume branches. From the 3 KPIs only one was met, being the upgrading of the SWAD machines at the 5 high volume branches.

**Corporate Governance**

The strategic objective considered 2 KPI by way of obtaining an Unqualified Audit Opinion by the Auditor General for the 2021/22 FY and establishing SLA with key SA Post Office support service. The KPI to establish SLA with SA Post Office support service was met, however the target to have an unqualified audit opinion for 2021/22 FY was not achieved with a qualified audit opinion issued by the Auditor General. Work is continuing with the aim of addressing outstanding audit matters.

The detailed performance for the KPIs is indicated in the table below:



Objective	Goal	KPI Ref	Key Performance Indicator	Annual Performance				
				Target	Actual	Variance	Achieved/Not Achieved	Actual Performance and Reason for Target Variance/Deviation
1. Financial Sustainability	to be financially sustainable and achieve a positive net financial and cash position	1.1	Growth in revenue from previous FY	11%	2%	9%	Not Achieved	Total operating revenue of R35.3 m was generated for 2020/22 FY against a prior year target of R34.5m. The reduced revenue to prior year was as a result of the business slow down associated with Covid-19, impacting barcode sales new subscriptions and cancellation of existing members due to closure of offices and mergers.
		1.2	Retention of subscriber base as at 31st March 2021	100% (2059)	91% (1882)	9%	Not Achieved	Due to the current economic conditions existing members are either resigning, downgrading or placing their subscriptions on hold. There were 177 members who cancelled membership YTD representing 9% decline.
		1.3	Remain within the allocated cost budget	R34.8m	R34m	R0.8m	Achieved	Expenditure slightly lower compared to budget, transport costs remained the main driver to overall costs.
		1.4	Increase net profit position from 31 March 2021	9%	-	9%	Not Achieved	Due to an increase in transport expenses and IFRS16 disclosure requirements, the net financial position was adversely affected by the net profit target of 9% in the prior year not achieved.
2. Digital Transformation	Integrated service delivery platform	2.1	Source a digital certification and signature solution	Launch a digital certification and signature solution	Completed	N/a	Achieved	The launching of digital certification and signature solution was completed in line with the KPI target.
		2.2	Launch the Legal Document Digital Platform (e- Docex)	Platform launched into the market	Not achieved	-	Not Achieved	Target for the year was not met due to delays in the upgrading of the SAPO Trust centre



Objective	Goal	KPI Ref	Key Performance Indicator	Annual Performance				
				Target	Actual	Variance	Achieved/ Not Achieved	Actual Performance and Reason for Target Variance/Deviation
<b>3. Operational Efficiency</b>	Improving the effectiveness of the Docex business processes and operational environment	3.1	Upgrade the SWAD system at five high volume branches	5	5	-	<b>Achieved</b>	Daily reports are received indicating the activity that takes place at the various branches as well as detailed report on the excess weight per branch and individual members
		3.2	% customer queries resolved within 48hrs	96%	91%	5%	<b>Not Achieved</b>	The target was not achieved due to delay in movement of bags, especially to the remote areas. Some of the exchanges only received delivery one to twice a week and as a result the queries were only resolved after 48 hours.
		3.3	% of mail dispatched by 9h00	90%	87%	3%	<b>Not Achieved</b>	The target was not achieved due to the withdrawal of vehicles and challenges relating to the service provider and as a result drivers arrive late at the respective branches and the despatching time was not adhered to.
<b>4. Corporate Governance</b>	Strengthened organisational governance with well entrenched and consistently applied governance principles.	4.1	Improve the Audit Outcome for FY 2021/2022	Unqualified Audit Opinion 2021/22	Qualified Audit Opinion	Unqualified Audit Opinion	<b>Not Achieved</b>	The annual target to have an unqualified audit opinion for 2021/22 FY was not achieved and a qualified audit opinion was issued by the Auditor General. Work is continuing with the aim of addressing outstanding audit matters.
		4.2	Establish SLA with key SAPO support services	Conclusion of SLA	Completed	N/a	<b>Achieved</b>	The SLA with SAPO (Speed services) support services was concluded

Legend Performance - Achieved / Not Achieved	
<b>Not Achieved</b>	Less than 100%
<b>Achieved</b>	Achieved 100%

# SA Post Office Subsidiaries

## Courier Freight Group (Pty) Ltd

The company was incorporated on 19 January 1955 and obtained its certificate to commence business on the same day. The Courier and Freight Group (Pty) Ltd was incorporated in South Africa with interests in the courier services industry. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

The company recorded a net profit after tax for the year ended 31 March 2022 of R 5 581 074 (2021: R644 887).

## The Document Exchange (Pty) Ltd

The company was incorporated on 28 August 1995 and obtained its certificate to commence business on the same day. The Document Exchange (Pty) Ltd was incorporated in South Africa with interests in the services industry. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

The company recorded a net profit after tax for the year ended 31 March 2022 of R 433,986. This represented a decrease of 89% from the net profit after tax of the prior year of R3,780,503. Company revenue increased by 2% from R34,586,819 in the prior year to R35,306,055 for the year ended 31 March 2022.

## SAPOS Properties (East Rand) (Pty) Ltd

The company was incorporated on 24 August 1959 and obtained its certificate to commence business on the same day. SAPOS Properties (East Rand) (Pty) Ltd was incorporated in South Africa with interests in the rental of property sector. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2022 the company's investment property amounted to R45 013 500 (2021: R50 775 846), of which R5 762 346 (2021: R3 494 722) was reduced through fair value of the property.

## SAPOS Properties (Bloemfontein) (Pty) Ltd

The company was incorporated on 30 October 1973 and obtained its certificate to commence business on the same day. The company is domiciled in South Africa where it is incorporated as a private company limited by shares under the Companies Act of South Africa. SAPOS Properties (Bloemfontein) (Pty) Ltd was incorporated in South Africa with interests in the rental of property industry. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2022 the company's investment property amounted to R3 535 840 (2021: R5 584 690), of which R2 048 850 (2021: R 504 820 increase in fair value) was reduced through fair value of the property.

## SAPOS Properties (Erf 145018 Cape town) (Pty) Ltd

The company was incorporated on 29 December 1960 and obtained its certificate to commence business on the same day. SAPOS Properties (Erf 145018 Cape town) (Pty) Ltd was incorporated in South Africa with interests in the rental of property sector. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2022 the company's investment in property amounted to R23 117 000 (2021: R 17 150 485), of which R5 966 515 (2021: R 2 605 168 decrease in fair value) was adjusted through fair value of the property.

## SAPOS Properties (PE) (Pty) Ltd

The company was incorporated on 28 December 1967 and obtained its certificate to commence business on the same day. SAPOS Properties (PE) (Pty) Ltd was incorporated in South Africa with interests in the rental of property sector. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2022 the company's investment in property, plant and equipment amounted to R4 500 000 (2021: R2 425 758), of which R2 074 242 (2021: R144 536) was increased through fair value of the property.



## SAPOS Properties (Rossburgh) (Pty) Ltd

The company was incorporated on 28 December 1967 and obtained its certificate to commence business on the same day. SAPOS Properties (Rossburgh) (Pty) Ltd was incorporated in South Africa with interests in the rental of property industry. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2022 the company's investment property amounted to R0 (2021: R9 685 980) as it was classified as held-for-sale during the financial year. An amount of R7 914 020 related to an increase in the fair value of the property prior to the reclassification (2021: R544 507 decrease in fair value).

The investment property was classified as held-for-sale during the year, since the property was sold at auction during March 2022 for R17 600 000. The consideration for the property will be received in full when the property is fully transferred to the buyer.



Mail being sorted into mail boxes



## Part C: Governance



**“The  
truth isn't  
always beauty,  
but the hunger for it is”**

**Nadine Gordimer**



Church Square Post Office, Pretoria



# Introduction

The SA Post Office is a State Owned Company (SOC) with a public service mandate to ensure that the provision of universal, accessible, reliable and affordable postal services. The provision of these services occurs in line with Universal Service Obligations (USO). The SA Post Office is further required to encourage the development of human resources and capacity building within the postal industry, especially among historically disadvantaged groups.

The Post Office Group comprises the following companies: The Postbank (SOC) Ltd; The Document Exchange (Pty) Ltd (DOCEX); The Courier Freight Group (Pty) Ltd (CFG); Property companies: SA Post Office Properties Companies (Pty's) Ltd: Bloemfontein; Cape Town; East Rand; Port Elizabeth and Rossburgh.

## PORTFOLIO COMMITTEES

The Portfolio Committee on Communications exercises oversight over the SA Post Office through its Executive Authority, the Minister Communications and Digital Technologies. The Board of Directors of the SA Post Office which is the Accounting Authority of the SA Post Office is accountable to the Minister.

The SA Post Office appeared before the Portfolio Committee on Communications on the following matters: Turnaround Plan of the Post Office, social grants, quarterly and annual performance reporting; strategic and annual performance plans. The SA Post Office over the reporting period also provided replies for Parliamentary questions on varied matters through the Minister.

## EXECUTIVE AUTHORITY

The Minister of Communications and Digital Technologies fulfils the PFMA defined role of Executive Authority over the SA Post Office, and is also the sole shareholder on behalf of the South African Government over the SA Post Office.

## THE ACCOUNTING AUTHORITY/ THE BOARD

The Board is the Accounting Authority of the SA Post Office and has strategic leadership and proprietorship of the SA Post Office Strategic Plan, Annual Performance Plans (APP) and in specific over the process of the payment of social grants.

The Board approved the Annual Financial Statements, Auditor-General Report as well as the Annual Report for the SA Post Office Group of Companies for the 2021/2022 year.

The Annual General Meeting was held on 27 September 2022 where the requisite statutory approvals in terms of the Public Finance Management Act and Companies Act were made.



# Board of Directors

## COMPOSITION OF THE BOARD

The Board consists of not more than 10 non-executive members and three executive members who are the following: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Operations Officer (COO).

### **Ms. Tia van der Sandt** **(from 25 October 2019 until 5 Jan 2022)**

Tia van der Sandt was acting Chairperson of the Board of Directors at the SA Post Office. She holds B.Compt Hons from Unisa, a postgraduate diploma in auditing from Unisa, a BSc (ITM) degree from Unisa, and completed the Board Leadership core program at the Gordon Institute for Business.

She has extensive experience in the development of financial strategies, directing annual budgets and forecasts, and financial systems. She also has in-depth experience of risk methodologies, identifying and resolving revenue leakage, and maximising the accuracy of financial information gained through technological systems.

She is a founding member and currently CEO of Equity Assure. She was employed at BCX before that, as Senior Manager: Financial Excellence.

### **Mr. Sipho Luyolo Mtika Majombozi** **(from 01 September 2020)**

Sipho Majombozi has extensive experience in leadership at executive and board level, both in government and the private sector. He is a director of Tourvest Integrated Tourism Group, and chairperson of the NHC Heritage Funding Committee. He is a member of the SA Institute of Directors.

He has a B. Ed. Degree from the University of Melbourne with post graduate diplomas in Educational Administration and in Curriculum Studies from the University of Melbourne, as well as Senior Executive Program from Harvard and Wits Universities.

### **Ms. Nolitha Pietersen CA (SA)** **(from 01 Sept 2020 until 27 Jan 2022)**

Nolitha Pietersen has a Master of Business Administration (MBA) from the NMMU Business School. She is a registered Chartered Accountant and has BCom (Accounting) from University of Fort Hare and a BCom (Accounting) Honours from the University of Johannesburg.

Ms. Pietersen was the Chairperson of the SA Post Office Audit and Risk Committee, as well as a member of the Investigations and Disciplinary Committee.

She is also a member of the Governance and Ethics Committee and Chairperson of SITA and Mayibuye Transport Corporation and a member of the Audit Committee member of Postbank.

She is the Chairperson of the Association for Black Accountants of Southern Africa Eastern Cape region.

Ms. Pietersen is a Board member of Mayibuye Transport Corporation and Committee Chairperson of the Risk Management Committee of the Eastern Cape Development Corporation.

She is managing director and lead consultant for Zamindlela Consulting and Director of Business Development at Building Supplies Direct, and was head of Trading Enterprises/Enterprise Development at Ntinga OR Tambo Development Agency.

### **Adv. Emmanuel Tladiametse Lekgau** **(from 01 September 2020 until 14 Feb 2022)**

Emmanuel Tladiametse Lekgau has an LLB from the University of Pretoria, Master of Laws (LLM) with specialisation in labour and social security from Unisa, and a Master of Laws (LLM) from the University of Pretoria, specialising in Corporate Law.



He also has a post graduate diploma in Compliance from the University of Johannesburg, as well as banking and financial markets law and social security law from the University of Witwatersrand.

He is an admitted attorney of the High Court of South Africa and has years of experience working in the financial services sector as advisor and lawyer. He is currently responsible for the Legal and Compliance Unit of the Government Employees Pension Board.

### **Mr. Sandile Phillip CA (SA) (01 September 2020 until 06 August 2021)**

Sandile Phillip has an Honours Degree in Accounting Services from Unisa and a Bachelor's Degree in Commerce from Nelson Mandela University.

He has extensive experience in the banking industry and currently heads a specialist team in First National Bank, assisting corporate clients with leveraged finance and working capital solutions. Before joining FNB he was employed at British American Tobacco as a project accountant.

### **Amb Mavivi Myakayaka-Manzini (from 01 September 2020)**

Mavivi Myakayaka-Manzini has an MA in Developmental Studies from the Institute of Social Studies in the Netherlands, specialising in woman and development. She also has a BA degree in political science, sociology and developmental studies from the University of Zambia.

She was special advisor to the Minister of International Relations and Cooperation (DIRCO) and before that, South African high commissioner in Namibia. She has continuously played a leading role in promoting gender equality and human rights in South Africa, in particular in the years leading up to democracy.

### **Mr. Sipho Nkese (from 25 October 2019)**

Sipho Nkese is currently employed as Senior Manager: Corporate Services at the Mmabana Arts, Culture and Sports Foundation in the North-West Province. His focus area is Human Resources management, and he holds an Honours Degree in Human Resources and Labour Law.

Sipho has 23 years' experience in Human Resources and various fields. His experience in the private and public sector includes dealing with highly unionised environments. The organisations ranged from 100 to more than 30 000 employees and he has extensive experience in negotiations with trade unions and led skills retention and attraction strategies at various organisations.

He is no stranger to the postal environment, and having been the Group Executive Human Resources at the SA Post Office from September 1995 to January 2006.

### **Ms. Nondumiso Ngonyama (from 25 October 2019)**

Nkosikazi Nobhongo Ngonyama is a Mother of 4 beautiful children and an Admitted Attorney by Profession, a Director at N P Ngonyama and Associates Attorneys. She is a member of the National House of Traditional Leaders (NHTL), she serves as the Chairperson of the Justice, Crime Prevention and Security Committee. She is also the Committee Member of the following Committees, namely Land and Agriculture Committee, and Social Development Committee in the NHTL.

Ms Ngonyama has made it her mission to empower women especially, rural women regarding their rights, paying particular attention on customary laws.

She is also a member of the Eastern Cape Provincial House of Traditional Leaders and a Chairperson of the Rules and Ethics Committee and also serving in Legislation and Crime Prevention Committee.

Nkosikazi Nobhongo Ngonyama, because of her dynamism is serving her Country in different fields which are:

- A member of the Ministerial Advisory Council on Annexed Court Mediation, Ministry of Justice.
- A Council Member of the South African Judicial Education Institute under the leadership of the Chief Justice of South Africa, serving in the Planning and Curriculum Committee.
- A Board Member (Non-Executive Director) of South African Post Office, she serves as the Chairperson of the Stamp and Advisory Committee and a Member of Human Resources and Remuneration Committee. She is also a Member (Non-Executive Director) of the Eastern Cape Rural Development Agency serving in Human Capital and Remuneration Committee and also serving in Finance Projects and Investments Committee.

### **Mr. Toto Ntetho from (1 June 2021)**



Toto Jazzman Ntetho has a National Diploma in Telecommunications from the South African Post Office College, Advanced HR and IR certificate from Rhodes University and BCom Management Degree from Unisa.

Toto has worked for the Telecommunications Company (Telkom) for 33 years.

He served as the Chief Negotiator for Communication Workers Union during the Integration of former TBVC Telecoms Departments to the Democratic South Africa 1996 and beyond.

## Mr. Dawood Dada

Dawood Dada was appointed as the Group Company Secretary with effect 01 August 2017. Previously he was the Board Secretary and Manager in the Office of the National Director of the CCMA.

Mr. Dada is a seasoned manager with experience in defense, acquisition, human resources and labour relations. He is a qualified Chartered Secretary and an Associate member of the Institute of Chartered Secretaries Southern Africa. He holds a Master's Degree in Management and Public and Development Management, a Post Graduate Diploma in Labour Law and a BComm Degree with specialisation in Human Resource Management.

### Attendance of SAPO Board of Directors meeting and committee meetings

Name	Surname	Initial	Title	Appointment	Resignation	Board	Audit & Risk	Social & Ethics	HR RTP	IT Gov STP Proc	Stamp	DOCEX
Sipho Luyolo Mtika	Majombozi	SLM	Mr	2 Sep 2020	-	27	-	2	-	7	-	-
Nondumiso Pumela	Ngonyama	NP	Ms	25 Oct 2019	-	24 1 hour 31/8, 2 hours 12/10	-	-	6	-	1	-
Sipho Thomas	Nkese	ST	Mr	25 Oct 2019	-	26 1½ hour 30/7 3 hours 10/12	-	3	6	-	1	-
Yvette Lillian	Myakayaka-Manzini	YL	Mr	3 Sep 2020	-	22	-	3	5	7	-	-
Toto Jazzman	Ntetho	TJ	Mr	1 Jun 2021	-	21	5	-	2	-	-	-
Sandile	Phillip	S	Mr	4 Sep 2020	6 Aug 2021	4	7	-	-	2	-	-
Catharina Maria	van der Sandt	CM	Ms	25 Oct 2019	6 Aug 2020	17	7 ½ hours 29/7	-	-	6	-	-
Catharina Maria	van der Sandt	CM	Ms	7 Aug 2020	5 Jan 2022							
Nolitha	Pietersen	N	Ms	5 Sep 2020	27 Jan 2022	14 1 hour 16/8	12	2	-	-	-	-
Emmanuel Tladiametse	Lekgau	ET	Mr	1 Sep 2020	14 Feb 2022	15	10	3	3	2	-	-
Nomkhita Princess	Mona	NP	Ms	1 Apr 2021	-	22	11	1	6	6	-	5



Name	Surname	Initial	Title	Appointment	Resignation	Board	Audit & Risk	Social & Ethics	HR RTP	IT Gov STP Proc	Stamp	DOCEX
Lenny Poonsamy	Govender	LP	Mr	1 Jan 2021	-	22	9	A		4		1
Zukiswa	Ntsikeni	Z	Ms	1 Apr 2019	Dec 2021	23	11	1	6	6		5
Dawood	Dada	D	Mr	1 Aug 2017	-	25	2					
Nompumelelo	Semetse	N	Ms	10 Sept 2019	31 Dec 2021	14	11	3		-		4
Maria Helena	Martin	MH	Ms	1 Feb 2009	-	-	-	-	-	-	1	-
David James	Wigston	DJ	Mr	1 Mar 2008	-	-	-	-	-	-	1	-
James Gavin	Younge	JG	Prof	1 Mar 2008	-	-	-	-	-	-	1	-

## Board Committees

### COMMITTEES

The statutory committees of the Board are: the Audit Committee; Human Resources Committee and Transformation Committee; Remuneration and Performance Committee, Social and Ethics Committee. The Board may establish committees to assist it in its work and the following committees have been established in this regard: the IT Governance Committee, the Strategic Turnaround Committee (STP), the Postbank Committee; the Risk Committee and the Stamp Advisory Committee.

### AUDIT AND RISK COMMITTEE

The Committee was established in terms of section 51(1)(a)(ii) of the Public Finance Management Act No 1 of 1999 (PFMA) as amended and relevant Treasury Regulations, and in accordance with the SA Post Office Memorandum of Incorporation. As a major public entity in terms of Schedule 2 of the PFMA, SA Post Office is required to establish an Audit Committee. The Committee is responsible for, evaluating the Group's financial statements which will be provided to Parliament and other stakeholders, the systems of internal control which management and the Board have established, the audit processes, the risk management framework and assessing the Group's financial performance against its Corporate Plan.

The committee also monitors, evaluates and advises the

Board on the adequacy of risk management processes and strategies within the Group and recommends the approval of risk policies to the Board. It further reviews significant risks facing the company and reports these to the Board. The scope of the Committee extends across the Group to include the subsidiary companies whose products and processes expose the Group to Credit Risk, Liquidity Risk, Market Risk, Balance Sheet Risk and Operational Risk within the legislative and regulatory framework that governs the SA Post Office Group. Representatives of Group Risk Management, Internal Audit, the Security and Investigations division and all core Business Units attend all meetings of the Committee.

### HUMAN RESOURCE, TRANSFORMATION, REMUNERATION AND PERFORMANCE COMMITTEE

The Human Resources, Transformation, Remuneration and Performance Committee was established in accordance with the SA Post Office Act, section 14(2)(a)(i) during the financial year. The committee reviews all aspects relating to remuneration and performance within the Group.

The committee monitors compliance with relevant labour and employment legislative matters and recommends approval of significant human resources related policies to the Board. Members are appointed by the Board and comprised of at least three non-executive members of the Board on a term of maximum three years, extendable thereafter.



## IT GOVERNANCE, AND STRATEGIC PLANNING COMMITTEE (STP)

The Committee is responsible for overseeing on behalf of the SAPO Board the execution of the IT and strategic related decisions identified from time to time across the SA Post Office Group within the authorities delegated by the SAPO Board. Members are appointed by the Board and comprised of at least three non-executive members of the Board on a term of maximum three years, extendable thereafter.

## STAMP ADVISORY COMMITTEE

This is an advisory committee which has been established to advise the Minister of Communications and Digital Technologies on the South African annual stamp issue program and related issues. The Committee is made up of specialists in philately and representatives from Department of Communications and Digital Technologies and a representative from the Post Office Board. The committee meets four times a year and on an ad-hoc basis if required.



Emptying mail box

## SUBSIDIARY COMPANIES

### Document Exchange Group (Docex) Board

The Document and Exchange Group (DOCEX) is an operating subsidiary company of the South African Post Office. DOCEX has its own Board of Directors which is accountable to the SA Post Office Group which is the sole Shareholder. The company provides a secure and expeditious delivery of documents, letters and parcels or postal articles within the country.

### The Courier And Freight Group

During the year under review, the Courier and Freight Group was inactive.



Scanning bulk mail



# Risk Management

## Board Accountability

The Board is responsible for the total risk management process within the Group as well as for overseeing the implementation of mitigation strategies to address significant risks facing the Group. The Board acknowledges the legislative, Governance and compliance requirements which define and direct the risk management responsibilities of the Board, executive management and that of employees as defined in the Public Finance Management Act.

SA Post Office has adopted a Risk Management Policy that is aligned to the National Treasury Risk Management framework with the aim of institutionalising risk management within the organisation. The Board, through this policy, has duly accepted accountability for risk management across the Group and has additionally established a board sub-committee to monitor risk and compliance within the organisation. To this end the Board:

- Has established a combined Audit and Risk Management Committee to oversee the Group's risk management program and monitor emerging risks that may emanate from changes in the corporate plan and external environment
- Has duly delegated to management the responsibility to design, implement and monitor the risk management plan by delegating the day-to-day responsibility for risk management to management

## 2021/22 Risk Assessment

The SA Post Office's response plan aimed at stabilising the organisation gave rise to the Turnaround Plan (TP). This plan was formulated during the period the organisation was under severe financial constraints. Subsequently, said TP was comprehensively risk assessed to identify future risks as well as risks that had in fact already manifested or come to fruition as a result of failed risk plans that would further hinder its achievement. At the time the risk exposures were identified, it was acknowledged that the organisation was in fact already operating in crisis mode.

The strategic risks and exposure areas identified were mostly considered very high to extreme. This indicated that the control environment against the said risks were considered inadequate, further signifying that the achievement of the 2021/22 annual plan, which was primarily aimed at stabilising the organisation, would require much effort in order to overcome the exposures identified.

To this end, the requisite mitigation actions were identified intended to minimise the identified exposure. Management was duly mandated to reinforce an effective risk mitigation plan. In this regard, management was therefore required to establish, deploy and maintain risk response plans for their respective areas of responsibility and accountability to avert and manage the identified risks towards the achievement of the TP.

## Status of Risk Mitigation

Risk mitigation strategies for key risks are intended at improving the control environment and to mitigate those aspects that impact negatively on the organisation's ability to:

- Build and grow an efficient and sustainable business
- Embed a robust risk management culture and promote overall compliance
- Align business operations to customer needs as well as shareholder priorities
- Institutionalise good governance
- Enhance adequate internal controls, streamlining processes and enhancing efficient decision making
- Renew and design appropriate infrastructure (Physical and IT systems) for the future, and
- Innovate new products and services

It had been anticipated that the implementation of such initiatives embedded in the annual plan, would yield some positive gains towards stabilising the organisation and ultimately deliver a viable financial recovery plan to sustain the business. This was unfortunately not the case, as some mitigations were not successfully implemented during the period under review. This is also evidenced by the organisation's non-achievement of the TP.

Some of the reasons behind the inability to close identified exposures in the organisation include the organisation's inability to secure funding, the high vacancy rate, especially at executive and senior management level, as well as key critical positions across the organisation. This has an impact on the leadership's capacity and stability to drive implementation, operational and process inefficiencies, appropriate skill and capacity etc. These are identified as key enablers and dependencies towards the successful implementation of business initiatives and risk mitigation actions aimed at radically transforming the business.

Strategic planning has set the platform for changing the organisation in terms of how and what should be done



which is anticipated to evolve into implementable initiative to correct known inefficiencies. The ability to enhance adequate internal controls, good governance, streamlining processes and enhancing efficient decision making is key to this.

The highly challenged financial position of SA Post Office, inclusive of the absence of much needed investment into SA Post Office to address some legacy challenges and correction of instances of extreme disrepair, has had a huge impact on the ability to manage risks to an acceptable level. Continuing operating losses mainly due to operating expenditure that still exceeds declining revenues keep the organisation financially distressed and this impacts on the future sustainability of the organisation.

The organisation's inability to meet its payment obligations at all times as well as to settle historical debt which continues to accumulate due to insufficient revenues, also exacerbated the risk. The organisation is continuously improving its expenditure controls with the integration of risk mitigation procedures to achieve improved control management. However, cost saving efforts had no real impact as they were overshadowed by the declining revenues. Anticipated funding support from Government did not materialise.

The SA Post Office has a high fixed staff cost structure in a declining postal environment. Voluntary Severance Packages (VSP) were offered but did not achieve the planned target; alternatives would need to be considered to decrease staff cost in relation to revenue generated. The acquisition of new skills and training or reskilling of staff in line with strategic imperatives would have to be considered. Furthermore, the high staff cost is also being addressed through other planned future VSP and Owner Driver initiatives. The need for a funding injection from National Government remains critical for a successful turnaround and implementation of mitigations. The ability to ensure adequate investment in employees to take them along and to build capability for the future is also depended on funds availability.

The mandatory Universal Service Obligation (USO) coverage requires the organisation to provide services in areas that are not financially viable. The ongoing disconnect between compulsory fixed costs relating to the social mandate and declining reserved mail revenues over many years, without any external government funding to cover the shortfall, has created recurring financial distress for the organisation and this needs to be addressed to create long-term financial stability for the organisation.

Revenue shortfalls have had a major impact on the SA Post Office's ability to provide optimum services, and a high staff expenditure and decreasing mail volumes exacerbated the

impact. This counters efforts to exploit potential revenue streams.

The risks associated with the enormity and complexity of servicing SASSA grant payments remained high and further placed strain on resources in the organisation, introduced major security and safety risks and significant losses. The grant payments require prefunding which has proved to be a monthly challenge for the organisation.

The cumulative impact of an investment backlog on both IT and Property infrastructure contributed much to the current situation. Continued deterioration of facilities remains a risk mainly due to the minimal repairs and maintenance. Non-alignment of the facilities footprint to customer needs also impacts on service delivery with cases of underutilisation and redundancies.

Suitability of facilities to house operations and ability to adapt structurally, impacts on operations. An initiative to rebalance and rationalise service points for improved cost effectiveness has not been implemented effectively. The availability of capital funding for repairs and maintenance as well as the lack of skills to execute repairs internally are major obstacles.

The past year under review was extremely challenging. Although response strategies were developed for the organisation to claw back lost market share, the capital required to fund those strategies has sadly not been forthcoming. The delay in funding resulted in a deferred strategy implementation.

Although the ongoing risk identification and mitigation monitoring continued as required, the difficulty has been with the successful implementation of identified mitigations. Mainly due to reasons alluded to above. The top ten strategic risks as presented below were largely considered residually high to extreme. Persistent operational risks and inefficiencies indicate that controls have not reached the desired levels.

This indicated that the control environment against the said risks was inadequate. It further signified that the achievement of the current year's Corporate Plan, which was primarily aimed at the continuation of the organisational stabilisation would require additional effort to overcome the exposures identified.

## Risk Financing

Risk financing responds to incidents of damage or loss as a result of unforeseen events. To the extent considered appropriate, external insurance cover is used as one of the mechanisms to mitigate operational risks and transfer some risk to third parties in the insurance market.



## Risk Ranking

Overall Strategic Risk Ranking - Residual Risk					
Control	Excellent	25	12	9	4
	Good	R7 50	24	18	8
	Satisfactory	R4 R6 R5 75	36	27	12
	Proor	R1 R3 R2 100	48	36	16
	Ineffective	125	R8 R10 60 R9	45	20
		Very High	High	Medium	Low
Inherent Risk					

**Unacceptable Risk Levels**

Residual Risk Value	Tolerance	Appetite
60-125	Very High/Extreme	Unacceptable
50 - 59	High	Unacceptable
45 - 50	High	Tolerable
16 - 44	Medium	Acceptable
4 -15	Low	Acceptable



# Top ten strategic Risks

No	Risk	Contributing factors	Inherent Risk
R1	Sustainability risk and inability to maintain Going Concern	<ul style="list-style-type: none"> <li>Strained solvency and liquidity</li> <li>Increasing operating losses</li> <li>Inability to deliver on a viable financial recovery plan to sustain the business</li> <li>Creditor backlog</li> <li>USO and non-commercial initiatives</li> </ul>	Very High
R2	Customer trust deficit and brand equity erosion impairment	<ul style="list-style-type: none"> <li>Inability to maintain satisfactory customer service levels</li> <li>Negative customer experience</li> <li>Inability to deliver to customer expectations</li> <li>Theft and losses</li> <li>Operational failures and inefficiencies</li> </ul>	Very High
R3	Increased vulnerability and susceptibility to competitive forces	<ul style="list-style-type: none"> <li>Lack of agility, adaptability and innovation</li> <li>Digital substitution</li> <li>Stagnant product evolution cycles</li> </ul>	Very High
R4	IT Related Risks	<ul style="list-style-type: none"> <li>IT Infrastructure Readiness</li> <li>Archaic and unstable systems</li> <li>Spend backlog on required investments</li> <li>Stagnant IT transformation and digitisation</li> </ul>	Very High
R5	Execution Risk. Inability to deliver on the STP	<ul style="list-style-type: none"> <li>Operational inefficiencies</li> <li>Inability to sustain and secure essential services from external providers</li> <li>Inability to secure funding</li> </ul>	Very High
R6	Bloated and ineffective organisational structure	<ul style="list-style-type: none"> <li>Ineffective business model</li> </ul>	Very High
R7	Human Capital and Change Management Risk	<ul style="list-style-type: none"> <li>Leadership capacitation and stabilisation</li> <li>Skills and strategy alignment</li> <li>Disenfranchised staff</li> </ul>	Very High
R8	Decayed and Aging Infrastructure	<ul style="list-style-type: none"> <li>Spend backlog on required investments</li> </ul>	Very High
R9	Criminality: Fraud and Theft	<ul style="list-style-type: none"> <li>Fraud, cybercrime and theft</li> </ul>	Very High
R10	Governance Risk	<ul style="list-style-type: none"> <li>Challenges regarding clean governance and audit</li> <li>Non-compliance risks</li> </ul>	Very High

# Social and Ethics committee Report for the year ended 31 March 2022

The Social and Ethics Committee (the Committee) is constituted as a statutory committee of the Board under section 72(4) of the Companies Act (read together with Regulation 43 of the Companies Regulations).

The Committee fulfils its functions across the SA Post Office Group. Therefore, none of the subsidiaries have constituted a separate social and ethics committee.

The Committee met 4 times over the 2021/22 reporting period wherein it received reports from management and provided oversight over the key focus areas such as:

- Compliance Charter, and Compliance Policy
- Compliance Universe under which the company operates
- Compliance Risk Register
- SASSA/SA Post Office Service Level Agreement (SLA) Compliance Reports
- Compliance Activity Plan, which monitors the activity of the SA Post Office Compliance Unit
- FICA/FAIS Report
- BBBEE Compliance Plan

- Occupational Health and Safety Reports
- Employment Equity Reports
- Consumer Relations Report

## Membership of the Committee

- The Committee comprises three non-executive directors (including the Chairperson). Non-executive directors are members of the Committee for a maximum of three years, renewable once.
- Adv. Emmanuel Lekgau (Chairperson), until 14 Feb 2022
- Mr. Siphon Nkese
- Ms. Yvette Manzini-Myakayaka
- Mr. Siphon Majombozi
- The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operations Officer, five other group executives are permanent invitees to all committee meetings.

## Committee Charter

The Charter of the Social and Ethics Committee was reviewed and subsequently approved by the Board.



# Compliance with Laws and Regulations

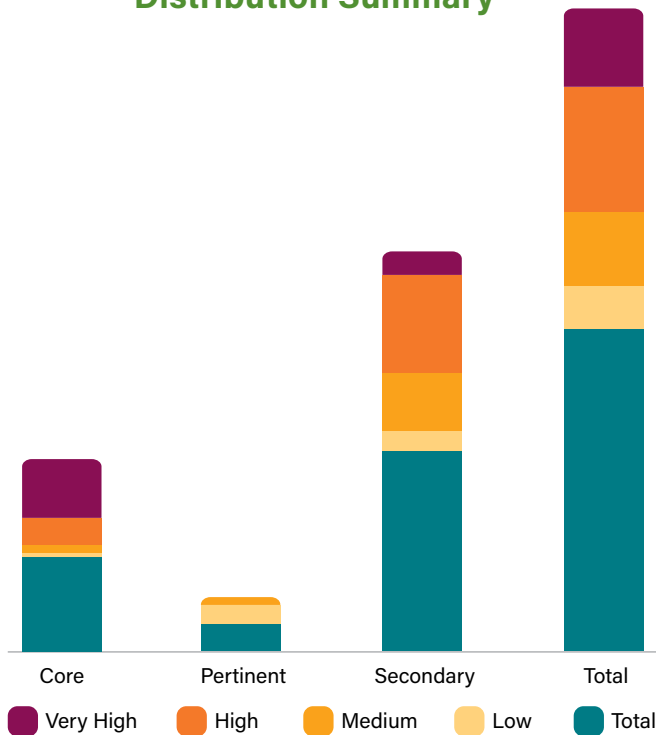
## REGULATORY COMPLIANCE

SA Post Office recognises compliance as an integral part of governance in accordance with the requirements of King IV. Sound corporate governance practices are essential for creating and sustaining value and ensuring that corporate behaviour is ethical and legal. Therefore, the organisation has established appropriate structures and processes to ensure adequate and effective adherence to applicable statutes, guidelines, rules and codes.

In order to support its intentions to be a good corporate citizen, the SA Post Office has an established Compliance Function which reports to and advises the Board through the Social, Ethics and Stakeholder Management Board Committee.

The Compliance Function has established processes to ensure compliance with relevant and applicable legislation, regulations, policies and regulator inspection findings. A Compliance Policy, Compliance Framework and Procedure Manual as well as the applicable and SA Post Office specific Compliance Universe has been established. Compliance Risk Management Plans are developed in line with prioritised acts and regulation for annual focus.

### Compliance Universe - Risk Distribution Summary



The Compliance Function has the responsibility to ensure compliance with various legislative requirements impacting on the organisation. This includes compliance awareness, compliance monitoring to evaluate the compliance status of the organisation which includes the detection and correction of non-conformances, and providing compliance assurance.

The Compliance Unit aims to inculcate a compliance culture within the organisation. It is also intended to assist the Board of Directors and the organisation with the improvement of compliance management and growing compliance maturity within the organisation.

Appropriate controls are in place to ensure compliance with the various regulatory requirements applicable to the Group. The laws that are core to the organisation and hold the most significant risk for the organisation relate to the postal license requirements and other regulations and agreements including, but not limited to:

- Companies Act No. 71 of 2008
- Consumer Protection Act, No. 68 of 2008
- Financial Intelligence Centre Act, No. 38 of 2001
- Financial Advisory and Intermediary Services Act No. 37 of 2002
- National Treasury Regulations
- Protection of Personal Information Act, No. 4 of 2013
- Post Office License (ICASA)
- Postal Services Act, No. 124 of 1998
- Public Finance Management Act, No. 1 of 1999 and related Treasury Regulations
- South African Post Office SOC Limited Act, No.22 of 2011
- SASSA/SAPO Service Level Agreement



# Financial Misconduct

The SA Post Office is a public entity listed in Schedule 2 to the Public Finance Management Act (PFMA). The SA Post Office is thus required to comply with the requirements of the PFMA, related regulations and all instruction notes applicable to all entities listed in Schedule 2 to the PFMA.

In terms of section 51 (1) (b) (ii) of the PFMA, the accounting authority is required to take effective and appropriate steps to, amongst others, prevent irregular expenditure and fruitless and wasteful expenditure. Section 57 (c) of the PFMA further provides that an official of a public entity must take effective and appropriate steps to prevent irregular expenditure and fruitless and wasteful expenditure in their areas of responsibility.

## FINANCIAL MISCONDUCT COMMITTEE

The Financial Misconduct Committee (FMC) has been established in line with the Public Finance Management Act, 1999, as amended.

Section 51 (b) (ii) as well as 51 (e) (iii) of the PFMA read in conjunction with chapter 33 of the Treasury Regulations requires the Accounting Authority to:

- prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the entity

- take effective and appropriate disciplinary steps against any official who makes or permits any irregular or fruitless and wasteful expenditure

During June 2021, the SA Post Office FMC was reconstituted to include additional members and function based membership.

The FMC is currently in the process of reviewing instances of Irregular - and Fruitless & Wasteful expenditure. Where required, consequence management has been recommended for implementation.

## IRREGULAR EXPENDITURE (IRE)

An accumulated balance of R2.349 billion from 2015/16 FY for IRE is to be finalised for condonement and regularisation. The process of submitting applications for condonation to National Treasury has commenced. Where required, consequence management has been recommended for implementation.

## FRUITLESS & WASTEFUL EXPENDITURE (F&WE)

During the 201/22 FY an amount of R648.2 million of F&WE was approved for write-off by the Board of Directors as recommended by the FMC. The amount approved by Board of Directors was an accumulated balance of F&WE from 2015/16 FY to the 2021/22 FY.



# Minimising Conflict of Interest

A declaration of interest is completed annually by Supply Chain Management (SCM). These documents are filed by the SCM Group Executive's personal assistant in the SCM offices with copies sent to Human Resources (HR) in Head Office for record keeping.

The Business Unit (BU) that requests a deviation from the procurement process and contract amendment shall submit a declaration of interest with their request to the Bid Adjudication Committee (BAC). The declaration of the conflict of interest documents are kept at SCM Document Management.

The Bid Evaluation Committee (BEC) members complete the declaration of interest prior to evaluation and these are kept in the project working file. Project working files are kept at the document management office for safekeeping. In the event that a conflict of interest arises, then the member who declares the interest recuses himself or herself from the evaluation process and such interest is recorded.

The BAC members complete a declaration of interest prior to adjudication of the bids. In the event that a conflict of interest arises, then the member who declares the conflict of interest, recuses himself/herself from the adjudication of the bid and such interest is recorded. The declaration of the conflict of interest documents are kept with BAC secretariat at SCM.

The Board of Directors (BoD) members complete a declaration of interest prior to adjudication of bids. In the event that a conflict of interest arises, then the BoD member who declares the interest, recuses himself or herself from the adjudication of the bid and such interest is recorded. The declaration of the conflict of interest documents are kept with the Company Secretariat at Head Office.

All records are kept for a period of five years, in line with regulations as amended from time to time.

## Code of Conduct

The Social and Ethics Committee, a sub Committee of the SA Post Office Board of Directors approved the Code of Ethics Policy Framework in 2021.

**The Code of Ethics Policy Framework aims to achieve the following:**

- All employees, irrespective of title, role, rank, or employment type, must know the minimum standard that is required from them as SA Post Office employees. This document provides principles and guidelines.
- Employees conduct themselves professionally with both their colleagues and clients.
- A common approach is developed, thus enhancing the quality of ethical decisions that are in line with company values, mission and mandate.
- All employees must ensure that they always carry out their jobs in a manner that credits the organisation, considering that the SA Post Office has an important role in the social and business life of South Africa. Thus, decision making is improved and potential risk reduced.
- All employees should take pride in being part of this organisation, living up to the values and ethical integrity, which will lead to a better organisation, as well as personal fulfilment.
- Increasing the awareness of ethical requirements through education and training on ethics, including

fraud and corruption as well as the resources available to address ethical dilemmas. The intention is to raise ethical awareness and minimise or eliminate ethical risk.

- The Social and Ethics Committee has also approved an Ethics awareness and roll out plan during the same period to ensure:
  - The Ethics Implementation Plan supports the strategic intent as set out in the SA Post Office Corporate Plan and embedding an ethical culture as a foundation to achieving a successful organisation.
  - The strategic intent of the activities planned for the 2021/22FY was focused on ethics awareness, setting the tone of ethics within the organisation and preparing the organisation for ethics training across SA Post Office.

Part of the Ethics roll out plan and strategy include developing a barometer to measure the state of Ethics in the organisation at regular intervals in order to assess the success of the Ethics interventions and how these contribute to improving the organisation and achievement of organisational goals and objectives.

Quarterly reports on all activities relating to Ethics and Ethical Conduct is presented to the Social and Ethics Committee for information and strategic oversight.



# Occupational Health and Safety

## INTRODUCTION

SA Post Office endeavours to comply with Health and Safety regulations. In its efforts towards enabling the organisation, and its subsidiaries, to comply, as legally prescribed and/ or required with Occupational Health and Safety requirements.

SA Post Office has established an OHS unit comprising of OHS Advisors whose role is to guide the organisation to observe minimum requirements, be aware of exposure areas and attend to such in a timely manner to ensure the safety and wellbeing of employees as well as customers. In the recent past, due to the dire financial constraints faced by the organisation, it has become challenging for the organisation to fully comply with all related regulations.

Where practical, and where funds permit, known high risk areas are prioritised for rectification. Committees are in place to reduce risks; prevent accidents; incidents and/ or injuries from occurring and/or recurring; and the necessary appointments of responsible officials for the various categories as envisaged in the Act are mostly in place.

SA Post Office employees are advised to report unsafe conditions and act in order to protect the Organisation against possible criminal, civil and vicarious liability or prosecution through proactive alerts of OHSA contraventions. Occupational health and safety training and workplace manual is developed and rolled out as a preventative measure. Employees are expected to perform their duties in accordance with this company philosophy and follow applicable procedures.

## INJURY ON DUTY (IOD) INCIDENTS

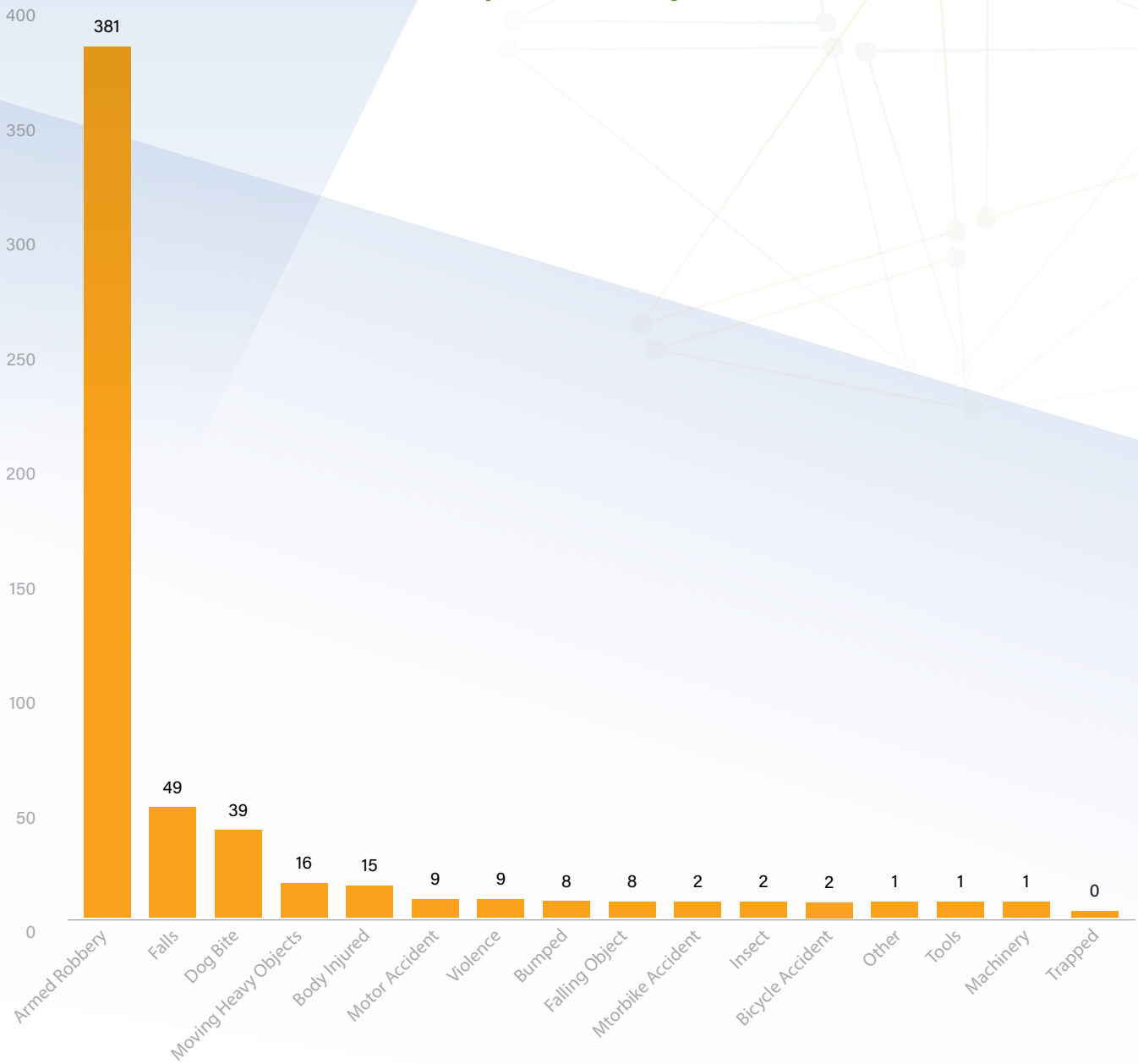
A total of 543 (427 incidents during 2021) IOD incidents were reported for the period April 2021 to March 2022, an increase of 27% from the previous year. The largest contributor to the total number of incidents as well as to the increase in incidents from the previous year are those related to armed robberies which make up 70% of total incidents. Incidents arising from armed robberies rose by 46% compared to the previous year.

Armed robberies are unfortunately a substantial risk in any business where large sums of cash are handled – such as Post Offices paying out SASSA grants. The introduction of the SRD grant added to this as it meant an increase in the flow of cash in the business.

Safety and security measures are continuously assessed to curb this exposure. Additionally, trauma counselling and associated wellness programmes for affected staff is provided. Falls decreased by 47% from the previous year to make up 9% of total injuries; dog bites, traditionally the most prevalent injury, made up only 7% of total incidents. Post-incident assessments are conducted to avoid repeat occurrences. The graph below depict the injuries on duty incidents reported nationally:



## Injuries On Duty



OHS Audit findings confirmed that all OHS representatives' inspections are done monthly and findings reported to management. Some of the existing high level exposure areas include:

- Inadequate and ineffective planned proactive maintenance implementation due to funding constraints
- Reactive maintenance on known exposure areas, also inadequate due to funding constraints
- Emergency evacuation - evacuation drills, evacuation routes. This will be rectified in the current year
- Fire safety - servicing equipment, sufficient equipment
- Structural defects - repair major structural damages, repair and maintenance plans

- Poor ventilation in some buildings

OHS Services encourage Management to conduct regular planned task observations and job safety analyses at their workplaces, and to perform frequent observations of employees' safety behaviours (safe/unsafe acts) and environment safe/ unsafe conditions.

This goes a long way towards eliminating preventable injuries and damage to machinery. This is evidenced by the relatively low number incidents of the injury-on-duty incidents apart from armed robberies.



# Corporate Social Investment

Supporting literacy is the core of the SA Post Office's corporate social investment strategy.

Research indicates that a child that reads in its mother language understands much more, enjoys the activity much more and is more likely to achieve success as a student later in life. The SA Post Office is in a partnership with the non-governmental organisation Nal'ibali, which produces interactive reading material in the 11 official languages of South Africa and so encourages reading in mother languages.

The SA Post Office distributes reading material free of charge to schools and reading clubs all over South Africa, enabling Nal'ibali to focus on reaching more young people with reading material rather than incurring courier costs.

During the year under review, the partnership between the Post Office and Nal'ibali:

- Distributed 90,280 supplements to Post Office branches for collection
- Reached 367,308 individuals
- More than doubled the number of branches that distribute reading supplements from 516 to 1,102
- Delivered reading supplements to 1,034 reading clubs.

Employee volunteerism is also an important component of Corporate Social Investment. During the year under review, employees at branches served approximately 24,000 elderly customers tea or soup and home-made sandwiches on the days when SASSA old-age grants are paid out. These actions are taken by the employees at branches themselves. The employees, in their individual capacity, finance the soup, tea, sandwiches and disposable cups, turning this into a testimony to the quality of employees at SA Post Office branches.



Collecting Speed Services parcel



# Audit Committee Report

The Audit Committee hereby presents its report for the financial year ended 31 March 2022, in accordance with their roles and responsibilities as outlined in the PFMA (Public Finance Management Act) and the Companies Act.

## Members

The Committee is satisfied that the members have the required knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Act, 2011. The members and the number of meetings attended is noted in Part C – Governance.

In addition, the following persons are also permanent invitees to all meetings: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, Chief Audit Executive, Group Executive: Human Capital Management, Group Executive: Operations, General Manager: Risk Management, Group Executive: Supply Chain Management, Managing Director: DOCEX (The Document Exchange), External Auditors.

## Meetings held by the committee

In terms of the Committee Charter, the Committee must meet at least four times a year. Details of the meetings during the financial year under review are disclosed in Part C – Governance.

## Responsibility

The Committee has complied with its responsibilities arising from the PFMA, Treasury Regulation and Companies Act. It further also operated in terms of the Committee Charter as its terms of reference in performing all its responsibilities.

## Specific focus areas

The Committee continues to monitor, support and actively advice management on:

- Enhancement of reporting on performance information
- Modernisation of the information technology
- Improving the control environment, primarily through timely resolution of external and internal audit issues and closing out on critical vacancies

- Ongoing improvement of the SCM processes to ensure elimination of irregular expenditure
- Embedding of a combined assurance model
- Improving quality of financial and operational reporting and monitoring
- Internal Audit Function

The Committee is satisfied that Internal Audit has properly discharged its functions and responsibilities during the year under review. We have also noted the concerns regarding the ability and capacity of Internal Audit to fully discharge their responsibilities. Currently, Internal Audit requires specialised skills in some areas and financial assistance to further improve their effectiveness in providing the required assurance services to Senior Management and the Board.

The Committee continues to support the direction that Internal Audit is adopting in providing the necessary skills and agility required for Internal Audit to respond quickly and effectively to the demands for internal audit across the SA Post Office's business environment.

## Evaluation of the Financial Statements

The Committee has during the financial year 2022 reviewed the Quarterly and Annual Financial Statements at a high level by conducting the following:

- Reviewed the accounting policies and generally recognised accounting practices
- Reviewed the organisation's compliance with legal and regulatory provisions
- Reviewed the Accounting officer's report
- Reviewed the presentation of the statements including notes
- Reviewed the AGSA management report and management responses thereto
- Reviewed any changes in accounting policies, changes in estimates and prior period errors, reviewed the information on predetermined objectives to be included in the annual report
- Reviewed any significant adjustments resulting from the Audit
- Commentary on Annual Financial Statements prepared by the organisation



## Committee remark on SA Post Office Control Environment

The Committee had to consider various reports from Internal and External assurance providers (Auditor General, Internal Audit and Enterprise Risk Management) to assess the control, governance and risk environment of SA Post Office. Essentially, the Committee had to consider the level of assurances to ensure the SA Post Office can achieve the following primary control objectives:

- Reliable Financial and other reporting
- Compliance to laws, regulations, policies and procedures
- Operational efficiency and effectiveness

It is evident from the various reports received that the control environment and the residual risk rating of the organisation to achieve the latter objectives is high. By implication, the SA Post Office Accounting Officers must ensure sufficient interventions are undertaken to ensure a control environment that is designed adequately and executed effectively in order to achieve the primary control objectives of SA Post Office.

Despite the significant resource capacity challenges, it is evident from the audit results for the 2022 financial year that progress is made to stabilise and improve the audit outcome however; the current state of the residual internal risk and control environment is not ideal and the efforts by the Accounting Officers must therefore be intensified to resolve any remaining anomalies reported. The Committee will continue to monitor the effective implementation of all audit/

management issues to improve the likelihood of an improved audit outcome.

Another material impediment to the current control environment is insufficient resources (human and financial) to achieve a number of control objectives. The latter will remain a significant risk for the medium term whilst the organisation is in a transformation process. The latter issues is the priority agenda item for the Shareholder, SA Post Office Board of Directors and Executive Directors. Critical vacancies also continue to undermine the effective functioning of the system of internal control.

It further is of concern to the Committee that the performance targets of the organisation have once again not been achieved however; the Committee note the improved quality and reporting of the targets supported by a more robust review and assessment protocol by line management. This is a strategic focus area that management must continue to place significant effort in the new financial year – this reflects directly on the status of the Strategy and Corporate Plan of the SA Post Office.

The Committee is also concerned with the loss of skills and competencies of the Committee due to resignations of members over the reporting period.

Lastly, the Committee remain concerned over the level of fraud and fraud losses due to weak system and process controls. The matter is monitored closely for action and improvement.



# B-BBEE Compliance Information

The following table has been completed in accordance with compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not Applicable
Developing and implementing a preferential procurement policy?	Yes	Updated policy in final drafting state
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	Yes	Covered in the drafted policy
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Currently no funding capability



Cancellation machine, Tshwane Mail

# Part D: Human Resource Management



**“Whatever  
you go into,  
you have to go in there  
to be the best”**

Hugh Masekela



Mail being fed into the sorting machine, Tshwane Mail



# Introduction

During the year under review, Human Resources (HR) completed the following initiatives within the SA Post Office:

- The Post Office of tomorrow strategy drives the organisation's turnaround, business stability and return to financial sustainability and places focus revising the SA Post Office structures at all levels.
- Performance management assessment for managers ended on 31 March 2022. Consultation with organised labour on performance management for non-managerial employees is ongoing.
- Due to financial constraints, no annual salary increases were implemented.
- The process to ensure proper management of the Post-Retirement Medical Aid subsidy (PRMA) liability is continuing and can be regarded as work in progress.
- A Voluntary Severance Package was offered to all employees. 1820 quotations were issued. 656 employees took up the VSP offering.
- In accordance with the Leave Policy, all employees were required to take statutory leave for the previous leave cycle by 30 September 2021.
- Permanent staff numbers reduced from 15 826 (31 March 2021) to 14 460 (31 March 2022). This equates to a 9.43% staff reduction.
- The Employment Equity plan and report have been submitted to Department of Labour.
- The 2021/2022 FY Workplace Skills Plan and Annual Training Report was approved by the CEO and Organised Labour, and was submitted to the Services SETA with 7891 employees being trained.

NB: the SA Post Office Group figures for March 2022 exclude Postbank.

## Employee Wellness

Employee Health and Wellness focuses on the Employee Assistance Program (EAP), disability management, occupational health and health promotion.

Employees can access professional assistance for a wide range of psychological, acute and chronic medical conditions, interpersonal work related concerns/challenges, and trauma counselling.

A variety of empowerment workshops, health education and health awareness programmes were organised for employees in all regions. A number of health promotion activities were also done based on health problems identified in the organisation during our medical surveillances and disability assessments. The activities included health education, medical screening and mental health awareness.

The Covid-19 affected the SA Post Office, not only financially but also through the infection of employees, long Covid-19 syndrome and, sadly, death. The regional breakdown in Covid-19 cases is indicated in the table below as at 31 March 2022.

Regional Breakdown	Confirmed Cases	Recoveries	Fatalities	Active Cases
Eastern	238	238	8	0
Central	287	287	5	1
Gauteng	852	852	28	2
KZN	408	408	12	1
North	284	284	4	1
Western	550	550	9	0
Head Office	149	149	6	0
<b>TOTAL</b>	<b>2768</b>	<b>2768</b>	<b>72</b>	<b>5</b>



Psychosocial consultations accounted for the highest number of EAP consultations, followed by General Enquiries and work related problems.

Psychosocial Consultations	Number
Financial (Including DMC)	18
Relationship	14
Work related	94
Psychosocial	196
Retirement counselling	34
Addiction	31
General enquiries	122
Other	39
<b>TOTAL</b>	<b>548</b>

### Health and Disability consultations

Most consultations were for General Enquiries, followed by TTD and Ill Health.

Health & Disability Consultations	Number
Disability	48
Illness/Injuries	68
HIV/AIDS counselling	13
TTD and ill health	122
Incapacity investigations	50
Sick leave use/abuse	72
General enquiries	140
Other	53
<b>TOTAL</b>	<b>566</b>

### Robberies

The SA Post Office experienced 122 robberies during this period. 51 Employees suffered from related post-traumatic stress disorder.

Regions	Presenting Cases	Number of sessions
Eastern Region	0	0
Central	47	47
Head Office	0	0
KZN	36	36
North Region	2	2
Western Region	30	30
Wits	7	7
<b>TOTAL</b>	<b>122</b>	<b>122</b>

### Health & Disability

#### Medical Surveillance and VCCT

Gauteng Region is the only Region with an Occupational Health Nurse Practitioner. The nurses in other regions resigned more than six years ago. The Disability Manager resigned on the 31 March 2021, and TTD/IHR Assessments are done by an Occupational health nurse practitioner.

A total number of 238 medical surveillances were done.

#### Health Retirement

In total 14 applications were approved and 1 application was declined.

Applications	Number
Approved	14
Declined	1
Withdrawn	0
Pending	0

#### Temporary total Disability

A total number of 118 TTD Applications were approved for the year. A total of 22 applications were declined, 6 employees withdrew their applications and 7 applications are still pending. The Disability Manager resigned in March 2021. The Occupational Medical Practitioner's one-year contract expired on 31 November 2021. The appointment of an Occupational Medical Practitioner (Doctor) is required

Applications	Number
Approved	118
Declined	22
Withdrawn	6
Pending	7

