

COSATU Submission:

South African Postbank Amendment Bill

Portfolio Committee:
Communications & Digital Technologies
National Assembly

25/10/2022



Introduction

- COSATU welcomes & supports the South African Post Bank Amendment Bill as tabled at Parliament.
- The Federation believes it will:
 - Revive & capacitate the Post Bank;
 - Position it as an alternative to poor & disadvantaged customers & communities;
 - Inject badly needed competition into the banking & financial sector;
 - Support the state's developmental mandate; &
 - Provide a path for the revival of the South African Post Office itself.

COSATU Support for the Bill

- COSATU's support for the Bill is based upon the following key premises.

Context for COSATU Support for the Bill

- The SA Post Office has been in financial free fall for years with a business model falling behind sectoral & economic structural shifts.
- Government no longer has the financial resources to bail out struggling State Owned Enterprises.
- The SA Post Office needs a fundamental repivot.
- COSATU hopes that by unleashing the Post Bank, this can help repivot & rebuild the Post Office itself.

Context for COSATU Support for the Bill

- SA Post Office has repeatedly failed to pay its staff their salaries, medical aid & pension funds.
- SA Post Office has repeatedly failed to pay rent owed for its premises.
- Government plans to retrench 6 000 out of the 16 000 SA Post Office employees over the 2022/23 to 2024/25 financial years in an economy with an unemployment rate of 44% yet in a communications sector rich with growth opportunities.

Necessary Administrative Separation from the SA Post Office

- We believe that once these amendments are enacted it will enable the Post Bank to operate & fulfill its own mandate and legal obligations.
- The provisions provided for in the Bill are straightforward & necessary if we are to allow the Post Bank to operate & compete in a difficult market.

State's Developmental Mandate

- COSATU believes that once enacted, these amendments will position the Post Bank on a sustainable trajectory.
- This will enable it to fulfill its developmental mandate, including providing affordable & accessible banking & financial services to the:
 - Poor, the elderly & persons with disabilities;
 - Rural & informal areas;
 - Customers who the mainstream commercial banks have redlined & neglected for decades & who are simply of no concern to commercial banks driven solely by a profit motive.

State's Developmental Mandate

- COSATU believes that this will add to the state's presence in the banking & financial sector, in addition to its existing banks, e.g., the Development Bank of Southern Africa, the Land Bank, the Industrial Development Corporation etc.
- The Bill is clear that the Post Bank will be wholly state owned & its target market, ordinary members of the public.
- This is inline with ANC resolutions calling for a fully fledged state bank for ordinary consumers.

Injecting Competition

- COSATU believes that an active, competitive Post Bank with a wide geographic and demographic footprint will provide badly needed competition into a banking & financial sector often better known for:
 - Anti-competitive behaviour;
 - Monopolistic tendencies;
 - Exorbitant bank charges;
 - Redlining of the poor;
 - An ambivalence about support local economic growth and local procurement; &
 - A laggard approach to transformation.

Injecting Competition

- COSATU hopes that a Post Bank, owned by the state, will help address these gaps & inject competition into the sector.
- This will help compel commercial banks to address these weaknesses on their own side & this will be for the betterment of society & the economy as a whole.

Partnership with SAPO

- Whilst the Bill provides for the legal distinction between the SAPO & the Post Bank, COSATU believes that the two state entities will continue to have an intrinsic link & partnership between each other.
- A self-sustaining Post Bank can help:
 - Reposition SAPO;
 - Expand its customer base; &
 - Provide it with an expanded & more attractive commercial product stable & thus help it too to repivot itself onto a sustainable trajectory that complements the state's developmental mandate.

Partnership with SAPO

- The Bill & the repositioning of the Post Bank, will require some support from the state, in particular to recapitalize it & enable it to enter the market fully.
- It will also require the state & all public entities to support its growth, & to consider it as the banking & financial vehicle to support their own commercial, banking & financial needs.

Conclusion

- COSATU welcomes & supports the South African Post Bank Amendment Bill.
- We believe it will position the Post Bank to provide accessible & affordable banking services to the poor and marginalized.
- It will help the state fulfill its developmental mandate & provide badly needed competition in the banking & financial sectors.

Conclusion

- The Post Bank will require some support from the state & public entities if it is to succeed.
- COSATU urges Parliament to prioritise & pass this long overdue & progressive Bill.