**MEDIA STATEMENT**

**POST OFFICE EXPERIENCES SEVERE FINANCIAL CONSTRAINTS**

The South African Post Office (SAPO) is under severe financial constraints, as its liabilities continue to exceed its assets. SAPO appeared before the Select Committee on Public Enterprises and Communication today to brief the committee on its financial viability and measures it has put in place to mitigate its position.

 General Manager of Strategic Planning at SAPO, Mr Geert Bataille, stated that to date employee compensation costs stands at R1.7 billion, accounting for 62 per cent of its total accumulated expenditure of R2.6 billion and against collected revenue of R1.3 billion in the current financial year. SAPO debt to creditors is R4.927 billion. So dire is the situation that SAPO owes money to the South African Receiver of Revenue and cannot pay service providers nor landlords. It has also been forced to close many of its branches.

The Post Office of Tomorrow Strategy aims to digitise SAPO and bring it in line with current technological developments in the postal environment. These measures will allow SAPO to reclaim its market share. However, funding it lacking to make this a reality.

The Deputy Minister of Public Enterprises, Mr Philly Mapulane, told the committee that the department had requested the funding, but was disappointed to hear it had not been granted, given SAPO’s precarious position.

The Chairperson of the Select Committee on Public Enterprises, Mr Zolani Mkiva, asked how much SAPO needs to make it sustainable. SAPO’s Acting Chief Financial Officer, Mr Lenny Govender, said R2 billion would suffice to fund its turn-around strategy. Mr Mkiva then asked if SAPO would survive without a government bail-out. The Deputy Minister replied that the department is doing everything it can to ensure that it does.

Committee member Mr Itumeleng Ntsube asked if the current SAPO board should bear some of the blame for the current situation. However, Mr Mapulane pointed out that the current problems are historical and cannot be blamed on the current board, as the number of months they have served are too short.

Mr Mapulane then gave a broad overview of SAPO’s problems, saying it had failed to adjust to new market trends, losing market share and value. Another ongoing problem is one relating to ghost employees on the payroll. However, SAPO’s Chief Executive Officer, Ms Nomkhita Mona, assured committee members that an employee authentication process has saved SAPO R8 million. SAPO has now enlisted the services of an external forensic entity to continue with this process. Any worker who fails to authenticate themselves will be regarded as a ghost employee and will not be paid their salary.

Ms Mona went on to say that SAPO is on the verge of securing an e-commerce partnership with a leading member of the global postal industry. “If it can be funded, we can unlock SAPO’s e-commerce space, financial technology, logistics capabilities, courier and freight potential, among others that would enable it to reclaim its market share.” However, Ms Mona admitted that without a government bailout, SAPO will be unable to meet its statutory obligations.

Mr Mapulane shared this concern and called on the committee to exercise its legislative mandate to ensure that SAPO’s turn-around strategy is funded. Chairperson Mkiva replied that SAPO had the committee’s support, as it serves South Africa’s marginalised communities. He added, “Something must be done to preserve this entity, because we know what would happen if it were to collapse.”

**Abel Mputing**