

Between SAPO and ICASA, South Africans keep losing

by **Cameron MacKenzie MP** – DA Shadow Deputy Minister of Communications & Digital Technologies

Thank you Chair,

Having finally engaged with the SA Post Office on its long-awaited Annual Report for year ended March 2020, we now know why it's been so long in the coming – SAPO is hopelessly bankrupt, with no indication of how it will fund its multi-billion Rand loss-making operation going forward into 2022 with even more billions in accumulated debt.

Full credit to SAPO executives, Messrs Ruthnam and Govender, who last week were left to fend off questions from the Portfolio Committee while the Minister, the SAPO Board and its new CEO sat on the sidelines, munching popcorn. And what a show it was as the list of unanswered questions is as long as my arm.

Like why have pension contributions been deducted from SAPO staff salaries and not paid over to the fund administrators?

Why have medical aid contributions been deducted but not paid over to the medical aid, leaving staff helpless and vulnerable in the middle of a pandemic?

When will outstanding rental arrears on now-locked post offices be settled – and in the meantime, how do customers access their post, registered mail, or medicines?

And while SAPO grinds to a screeching, bankrupt halt, ICASA heads to court to enforce SAPO's sub 1 kg mail monopoly – a cynical move as SAPO negotiated with government to receive a subsidy for its universal service obligation that this very monopoly is meant to fund. You can't have your cake and eat it.

It is deeply ironic for a government that claims to support competition to be hell bent on shutting out competent and competitive courier companies to enforce a monopoly for an entity that can't even keep the lights on in its branches, pay its statutory obligations – or continue as a going concern.

SAPO's annual report says, and I quote: *"The SA Post Office is without doubt currently experiencing substantial doubt on going concern"*. Here's a promise from me to every SAPO director – you will be held personally liable in terms of the Companies Act for continuing to trade insolvently and recklessly. I will lay those charges myself.

The department of Communications previously pioneered a model that is the only way out for SAPO. Do what you did with Telkom – keep a minority share but find a private sector partner willing to take SAPO and make it what it should be. But act quickly: the lost billions demand it.

Almost immediately after taking office, Minister Stella Ndabeni-Abrahams, to her great credit, issued a policy directive to ICASA to get the spectrum auction going after more than a decade of doing nothing.

Given ICASA's apparent fondness for litigation, it shouldn't come as a surprise to hear that Telkom, MTN, Vodacom, RAIN and even ETV are heading to court over ICASA's subsequent invitation to apply for high demand spectrum.

The President highlighted this possibility briefly in his SONA speech, expressing a hope that the auction wouldn't get bogged down in litigation.

ICASA sensibly temporarily allocated unused spectrum to the sector during national lockdowns, resulting in improved network service quality and reduced communication costs even as demand for data and higher bandwidth shot through the roof.

Temporary spectrum licensees pay hundreds of millions a year for its use – money our severely constrained fiscus can't afford to be without. If returned, temporary spectrum will simply lay idle until the various court actions have run their course, which including appeals, could take up to three years.

ICASA will also be going against its own Covid-19 regulations, which correctly anticipated exponential growth in demand for data services during the Disaster Management period.

Even as millions of South Africans continue to benefit, withdrawing temporary spectrum will result in network congestion, which may force people back to the office at a time when less than 1% of the population is vaccinated.

As the court processes continue to finality, it's in the national interest to leave the temporary spectrum in the hands of those telcos able to use it.

Simply put, its return is a "lose-lose" for all.

I thank you.