**PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NO: 3855**

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**DATE OF REPLY**:

**Mr M G P Lekota (Cope) to ask the Minister of Telecommunications and Postal Services:**

(1) Whether (a) he and/or (b) officials from his department met frequently with the board and management of the SA Post Office (SAPO) in July, August and September 2015 to examine its precarious financial situation; if not, why not; if so, what are the relevant details;

(2) Whether his department has a workable plan to (a) make SAPO economically viable without any handouts and/or (b) solicit the help of business rescue experts to help save SAPO from crashing to the floor; if not, why not; if so, what are the relevant details;

(3) Whether he will make a statement on the Government’s position regarding the 51% sale of equity to the private sector; if not, why not; if so, when?

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**REPLY:**

1. The Minister (a) and officials (b) of the Department of Telecommunications and Postal Services (DTPS) have met frequently with the SAPO Management and Board. Discussions were mainly to facilitate the implementation of the Strategic Turnaround Plan (STP). These included discussions on financial challenges and how to assist SAPO in addressing challenges at hand. As a result of these engagements, the Department facilitated financial requests to the National Treasury and also participated in SAPO's negotiations with the commercial banks on the borrowing requirements.

(2)(a) SAPO's Strategic Turnaround Plan (STP) has been developed and approved by Cabinet. Its effective implementation requires effective leadership and funding. As part of supporting SAPO's turnaround, the Department has recognised the need to stabilise SAPO's leadership. The Board was appointed in August 2015 and the appointment of the Group CEO and COO are also being fast tracked.  To-date there has been more focus on the implementation of cost cutting initiatives. There is currently a need to implement revenue generation initiatives and these require funding. It is envisaged that effective implementation of the STP will enable the entity to be economically viable.  Furthermore, the Department facilitated and opened doors for SAPO's engagements with the National Government Departments in order to encourage them to utilise SAPO's services as part of Government supporting the entity's turnaround.  To-date meetings were held with 21 Government Departments and the DTPS led all the initial engagements. The Department also facilitated SAPO's engagements with the National Treasury on the need to effect Cabinet Lekgotla's decision to ensure that over 30 percent of Government business is given to SAPO. We are awaiting the relevant Instruction Notice to be issued to give effect to this Cabinet decision.

(2)(b) No. There has been no decision to put SAPO on business rescue yet. However, some of its subsidiaries may be considered, if necessary.

(3) No. There has been no such consideration by Government.