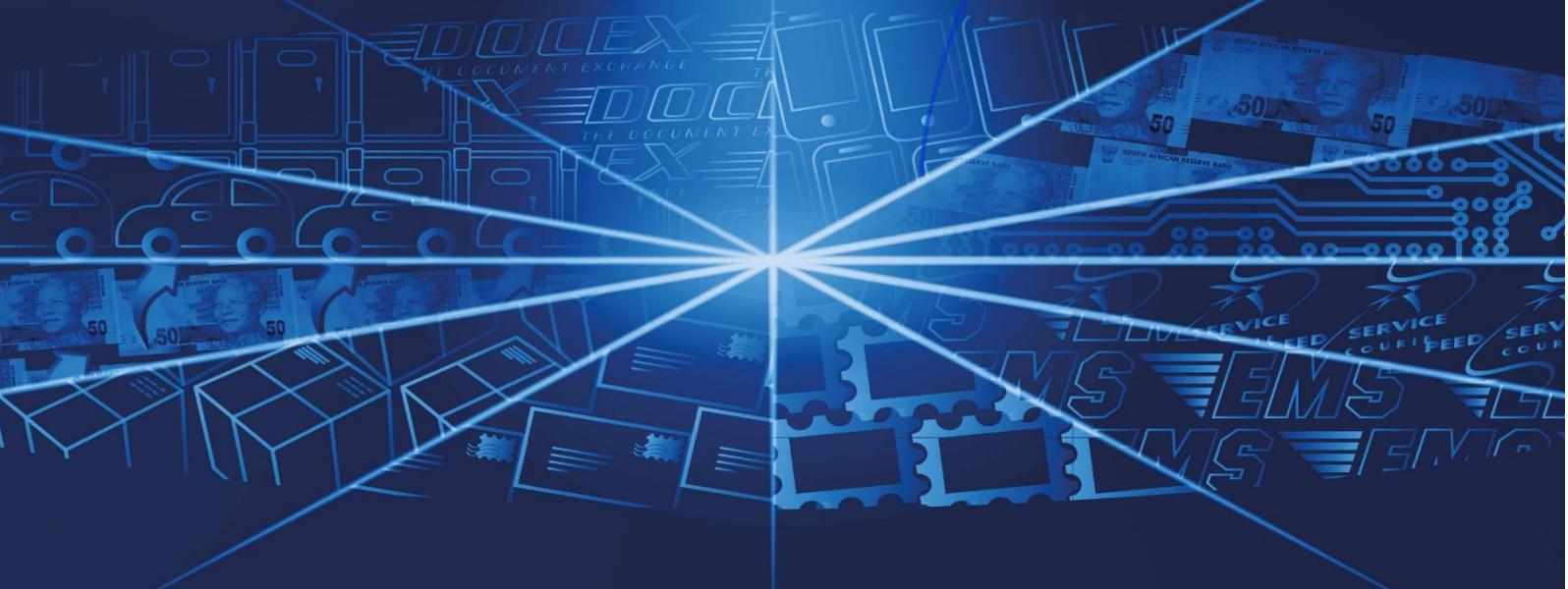




South African Post Office Corporate Plan 2022/23 – 2024/25

*Building the Post
Office of Tomorrow*



GENERAL INFORMATION

Registered Name	South African Post Office SOC (Limited)
Registration Number	1991/005477/30
Registered office address	497 Sophie De Bruyn Street, Pretoria, 0001
Postal Address	PO Box 10 000, Pretoria, 0001
Contact telephone number	(012) 407 7000
E-mail address	Customer.Service@postoffice.co.za
Website address	www.postoffice.co.za
External auditors information	Auditor General of South Africa
Banker's information	Standard Bank of South Africa
Company Secretary	Mr Dawood Dada, (ACIS)

OFFICIAL SIGN OFF

It is hereby certified that this Corporate Plan:

- was developed by the management of the South African Post Office under the guidance of the Chairperson of the Board of Directors, representing the Accounting Authority;
- takes into account all the relevant policies, legislation and other mandates for which the South African Post Office is responsible;
- Accurately reflects the outcome-oriented goals and objectives which the South African Post Office will endeavour to achieve over three years from FY2022/2023 to FY2024/25.

It is hereby certified that this Annual Performance Plan:

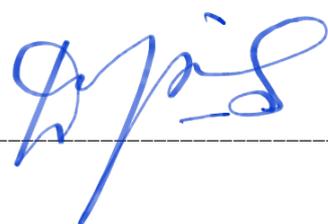
- was developed by the management of the South African Post Office under the guidance of the Chairperson of the Board of Directors, representing the Accounting Authority;
- was prepared in line with the current Corporate Plan of the South African Post Office;
- Accurately reflects the performance targets which the South African Post Office will endeavour to achieve for the FY2022/2023 financial year and medium-term.

SA Post Office
Group CEO:
Nomkhita Mona (Ms)

Signature:  _____

Date: 24 March 2022

Chairperson of the SA Post
Office Board of Directors:
Sipho Majombozi (Mr)
(Acting)

Signature:  _____

Date:

CONTENTS

1.	Acting Deputy Chairperson of the Board	6
2.	Group Chief Executive Officer	8
3.	The SA Post Office	10
3.1	Mandate, Regulations and License	10
3.2	Vision, Mission and Values	12
3.3	Customer Value Proposition and Market Positioning	12
3.4	Alignment to Shareholder Strategy	14
4.	Situational Analysis	18
4.1	Global Postal Trends	18
4.2	South African Postal Market	18
4.3	PESTLE and SWOT Analysis	21
5.	The Post Office of Tomorrow	23
6.	Re-engineering of Products and Services	26
6.1	Leading Logistics Service Provider for Country and Region	26
6.2	Logistics Partnership	27
6.3	e-Commerce	28
6.4	Authentication Authority and Trust Centre	29
6.5	Digital Business Hubs	31
7.	Building Capacity and Capability	35
7.1	Eliminate organisational duplications and inefficiencies by restructuring the organisation	35
7.2	Optimising Operations	35
7.3	Digitising Mail Operations	37
7.4	Postal Services Modernisation	38
7.5	Payment Channel Modernisation	39
7.6	Workforce and Capability Plan	40
7.7	Omni-Channel Platform	41
7.8	Smart Post Office	41
7.9	Technology Modernisation Program	42
8.	Strategic Partnerships	45
9.	Strategy Roadmap and Implementation Plan	46
10.	Annual Performance Plan	48
11.	Financial Plan	58
11.1	SA Post Office Financial Overview	58

11.2	Income Statement	58
11.3	Net Loss/Profit Projection.....	60
11.4	Detailed Income Statement	60
11.5	Statement of Financial Position and cash flow statement	60
11.6	Capex Financial Plan	62
12.	Strategic Risk Plan	64
13.	Corporate Governance and Other Plans.....	69
13.1	Organisational Structure.....	69
13.2	Board of Directors and Sub-Committees	70
13.3	Delegation of Authority.....	71
13.4	The SA Post Office Group Subsidiary Overview	72
13.4.1	Postbank SOC Ltd.....	72
13.4.2	The Document Exchange (Pty) Ltd.....	72
13.4.3	The Courier and Freight Group	72
13.4.4	SA Post Office Properties Subsidiary Companies	73
14.	Materiality Framework	81
15.	Fraud Prevention Plan	83
16.	Communication Strategy	85
17.	Sustainability Plan	86

1. ACTING DEPUTY CHAIRPERSON OF THE BOARD

The SA Post Office is a vital state entity. It is of critical importance that it be financially stable, compliant to legal and regulatory requirements and relevant to the society within which it functions.

The Corporate Plan 2022/23 – 2024/25 sets out the Post Office of Tomorrow strategy which has been developed in conjunction with the Ministry during the latter part of 2021, to create a modern, sustainable entity.

Since its establishment in 1792, the dominant role of the SA Post Office has been the collection and delivery of letter post. However, evolving market factors and technological advancements have displaced the need for physical letters. As a result, letter volumes and revenue have continued to decline, threatening the sustainability of the SA Post Office.

A major consideration for the SA Post Office is the fact that its main source of income has remained the licenced area (essentially the delivery of items below 1kg), which is heavily reliant on letter post. The letter post market is rapidly declining, while the unlicensed sector is highly competitive. This is further compounded by the fact that the SA Post Office is required by law to provide universal services.

The Government currently funds the universal service obligation via annual budget allocations to ensure service delivery to rural and under-serviced communities where it is uneconomical to do so. Notwithstanding the funding allocation, to ensure that SA Post Office remains able to provide the universal service obligation, it is critically important that the legal provisions regarding reserved services be applied, or revised to ensure the continued sustainability of the provision of the universal service.

It is also noteworthy that the SA Post Office has to comply with more legislation and regulations than the private sector, including various postal -, courier - and financial requirements by regulatory bodies. The myriad of legal and regulatory restrictions have had a negative effect on the speed, agility and the SA Post Office's ability to respond quickly to changing market conditions and requirements.

Despite the declining revenues, the SA Post Office has not adapted its operating model and costs have continued to rise. Low levels of investment have resulted in outdated technologies, poor state of buildings and IT infrastructure failures.

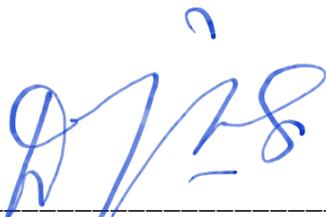
Based on the diminishing business position, the SA Post Office has developed *The Post Office of Tomorrow* – which drives the organisation's turnaround and return to financial sustainability, business stability and growth.

The Department of Communication and Digital Technology (DCDT) strategy aims to create a South Africa where digitally-enabled citizens have secure and affordable universal access to digital services and technologies.

The SA Post Office will leverage the strengths of the DCDT's SOC entities through collaboration to develop and launch services that improve the lives of all South Africans. The support of the DCDT and cooperation with other SOC's reporting to the DCDT will ensure that the SA Post Office becomes more competitive and is well-positioned to be a market leader across its product portfolios.

The SA Post Office can only be transformed into the Post Office of Tomorrow if employees are taken on the journey, together with a tightening of internal controls and a commitment to implementation.

The SA Post Office is thankful for the support and leadership it has received from the Ministry and Department, as well as from other government entities.

A handwritten signature in blue ink, appearing to read "Sipho Majombozi".

Sipho Majombozi (Mr)

Acting Deputy Chairperson

2. GROUP CHIEF EXECUTIVE OFFICER

The SA Post Office as a state-owned entity has the potential to contribute to South Africa's social and developmental state goals by providing postal, logistics, ICT and government services via its postal network. Within this context the postal network is considered a strategic contributor to the goal of ensuring economic inclusion.

As a state-owned entity, the SA Post Office believes it is to be at the forefront of service delivery to all citizens of South Africa.

The vision of the SA Post Office is to be “a Reliable and Relevant Service Delivery Channel providing access to Government Services, Enabling Secure Digital and Physical Transactional Services to All”.

The Corporate Plan 2022/23 – 2024/25 sets out the goals the organisation aims to achieve, as well as the path it will take to turn this vision into reality.

The SA Post Office is at a critical point in its history. Rapid changes in the environment, some of them impossible to predict, has meant that its product portfolio and business model need to adapt and modernise in order keep the organisation relevant and sustainable.

The already difficult challenges facing the postal sector were worsened by the global Covid-19 pandemic with lockdown protocols reducing the speed and predictability of delivery. Notwithstanding the challenges due to the Covid-19 pandemic, it has focused growth in the e-Commerce market, driving rapid growth in parcel volumes.

The SA Post Office is an essential contributor to the social infrastructure and for economic inclusion. It ensures the right to communication by facilitating the exchange of messages, the transportation of parcels and transmission of money. The Post Office of Tomorrow will be an organisation whose services improve the lives of all South Africans, and it will be through collaboration and partnerships that the entity develops and launches these services.

Aligned to the Medium-Term Strategic Framework 2019-2024, the Post Office of Tomorrow 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.

The repositioning of the SA Post Office comprises:

1. Leading Logistic Service Provider for South Africa and the Region
2. Logistic service partner to other e-commerce and logistics players, including SMMEs and informal traders nationally and internationally based on its expansive postal network

3. e-Commerce hub for South Africa and the Region
4. Designated Authentication Authority that fulfils its role as a national Trust Centre in the age of digital identity and services
5. Digital Business Hubs that serve as digital hubs for communities

These strategic outcomes initiate fundamental changes to the SA Post Office business model by:

- Re-engineering the organisation’s product and services portfolio.
- Contracting of services that can be optimally and profitably delivered through alternative channels
- Enhance the provision of the Universal Service Obligation
- Positioning SA Post Office as a service provider of other service providers (Logistic Integrator); and
- Building a delivery capability and capacity.

Whilst the Post Office of Tomorrow strategy focuses on building a modern and relevant organisation, the objective of resolving the SA Post Office’s current financial challenges remains management’s foremost priority. All SA Post Office stakeholders accept that failure to resolve this immediate and critical threat imperils SA Post Office’s transition into the future.



Nomkhitha Mona (Ms)

Group Chief Executive Officer

3. THE SA POST OFFICE

3.1 MANDATE, REGULATIONS AND LICENSE

As per the Companies Act, No. 61 of 1973, the South African Post Office SOC Limited is a public company established on 1 October 1991. Schedule 2 entity of the Public Finance Management Act No. 1 of 1999 classifies the SA Post Office as a major state entity. While the South African Post Office Limited Act No. 22 of 2011 designates the entity as a state-owned company (SOC). The South African Government is the sole shareholder of the SA Post Office and is overseen on its behalf by the Minister of Communications and Digital Technologies.

Regulation and Mandate

The Postal Services Act, no 124 of 1998:

1. Describes the scope of the postal service.
2. Provides for the regulation of the Postal sector.
3. Identifies the South African Post Office as the nation's designated postal operator.

The Independent Communications Authority of South Africa (ICASA) is responsible for regulating the postal services sector. In August 2001, ICASA issued a license to the SA Post Office and, via this license agreement, is afforded a legislated monopoly over reserved postal services. This license is valid for 25 years and is reviewed every three years by ICASA.

The Postal sector consists of two areas, namely, the reserved and unreserved areas. The South African Postal Universal Service Obligation (USO) defines the boundaries of the postal sector's reserved area (Postal Act, No 124 of 1998, Schedule 2). The SA Post Office is the only entity licensed to operate within the reserved area and is regarded as South Africa's Designated Postal Operator.

In contrast, the unreserved area allows for open competition whereby the SA Post Office competes directly with commercial courier operators for market share and volume in this postal sector segment. The unreserved area is highly competitive, making the role of ICASA pivotal to regulate anti-competitive behaviour within this segment and monitoring encroachment into the reserved area by non-licensed operators.

The Postal Universal Service Obligation

The Universal Service Obligation (USO) is a public policy serving as the mission statement for a country's postal system. The USO establishes the requirements for a reliable postal service at affordable rates to all citizens. The South African postal universal service obligation includes the national availability of postal services, frequency and reliability of delivery, management of a national address database and provision of affordable postal products and services at acceptable standards. The adequate provision of the USO requires the SA Post Office to provide the resources and infrastructure necessary to deliver its mandate to all communities reliably. The government currently funds the USO via yearly budget allocations that ensure service delivery to rural and under-serviced communities.

Legislative and Governance Framework

The SA Post Office complies with and legislation that governs State-Owned Companies. To this end, various postal, courier and financial regulations laid down by different regulatory bodies such as ICASA, the Financial Intelligence Centre (FIC) and the Financial Sector Conduct Authority (FSCA) guide the SA Post Office business activities.

The SA Post Office Group complies with, amongst others, the following legislation:

- 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.11 of 1999 (as amended);
- Companies Act No. 71 of 2008 (as amended);
- Relevant legislation applicable to the postal sector and SOCs;
- King IV Code on Good Corporate Governance;
- Other relevant local and international codes for the postal sector; and

Other applicable South African legislation is expanded on the annexure section.

3.2 VISION, MISSION AND VALUES

Vision

The Trusted Exchange Channel of Service Delivery in South Africa respected for its Relevance, Reliability, Reach and Resilience.

Mission

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

Values

Accountability	<ul style="list-style-type: none"> Personal responsibility, honouring commitments to our Customers and fellow Employees
Respect	<ul style="list-style-type: none"> Treat Customers and fellow Employees with courtesy, politeness, and kindness.
Trust	<ul style="list-style-type: none"> Confidence in the integrity, reliability and fairness of the SA Post Office by our Customers and Employees.
Innovation	<ul style="list-style-type: none"> Transforming new ideas into tangible results
Excellence	<ul style="list-style-type: none"> Commitment to being the best and delivering the best

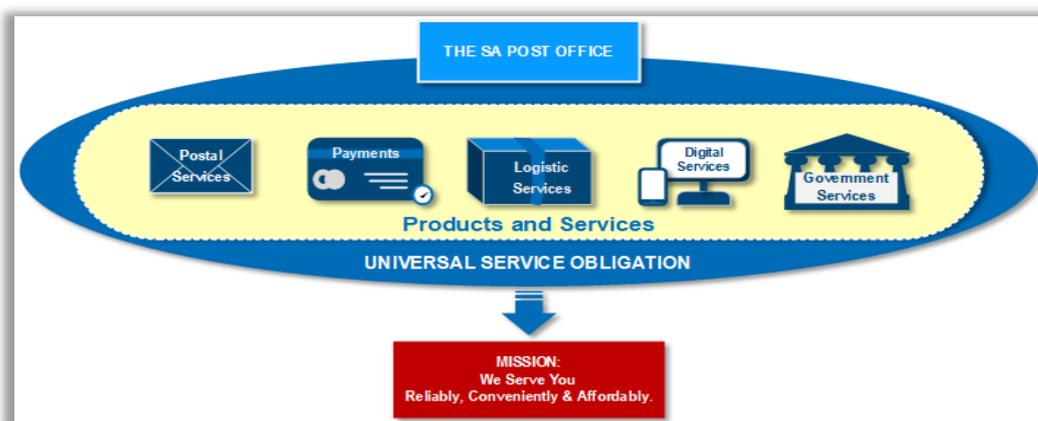
3.3 CUSTOMER VALUE PROPOSITION AND MARKET POSITIONING

Customer Value Proposition

As one of the most recognized brands in South Africa, the SA Post Office is regarded as a public good and is an essential infrastructure to the economy. It is a critical socio-economic vehicle that ensures the right to communication by facilitating the exchange of messages, the transportation of parcels and transmission of money.

Particular attention will be paid to regaining the trust of customers and stakeholders. Therefore, the SA Post Office will ensure a higher quality of service delivery and significantly strengthen its competitiveness in all markets where it operates.

Figure 1: The SA Post Office Services Portfolio



There are five value attributes that comprise the SA Post Office Customer Value Proposition. Of these, Trust and Price are the dominant attributes driving customer loyalty to the SA Post Office brand. Trust assures that all customer information, transactional data and mail items are handled ethically, securely and delivered safely. At the same time, Price drives the assurance that products/services are priced affordably and are of acceptable quality. While convenience ensures the ease of accessing the organization's products and services. While the attributes of reach and reliability provides for the delivery of service in-full, on-time to almost any address, locally and internationally. The table below outlines the customer's key expectations which are aligned to the SA Post Office CVP value attributes.

Table 1: The SA Post Office Value Attributes

Value Proposition Attributes	
Convenience	<ul style="list-style-type: none"> • Easy access to simple and easy-to-use products and services.
Value	<ul style="list-style-type: none"> • Relevant products and services of acceptable quality which fulfil the needs and expectations of customers.
Trust	<ul style="list-style-type: none"> • Secure and safe handling of physical items and electronic data whilst maintaining customer privacy throughout the collection and delivery process.
Reliability	<ul style="list-style-type: none"> • Reliable, consistent and speedy service.
Reach	<ul style="list-style-type: none"> • The availability of a point of presence network that is a convenient distance from home, work and social environments. • Ensuring availability of the postal network in rural and outlying areas.

3.4 ALIGNMENT TO SHAREHOLDER STRATEGY

The National Development Plan (NDP) is the South African government's long-term national strategy. The NDP aims to raise the living standards of South Africans by increasing employment, incomes and productivity through social protection and the provision of quality public services. The Department of Communications and Digital Technologies (DCDT) has aligned its strategy to the National Development Plan 2030 (NDP).

Specifically, the DCDT strategy aims to create a South Africa where digitally-enabled citizens have secure and affordable universal access to digital services and technologies. To this end, the mission of the DCDT is to lead South Africa's digital transformation towards this goal, which is to ensure that all citizens' benefit from South Africa's growing digital economy. The inclusive digital transformation journey will seek to create an enabling environment towards achieving a digital society that will foster socio-economic growth.

Having aligned its Corporate Plan to the DCDT strategy, the SA Post Office is well-positioned to contribute to the strategic objectives articulated in the DCDT Strategic Plan (FY2020-2025) (see Table 3-2). The SA Post Office will leverage the strengths of the DCDT's SOC entities through collaboration to develop and launch services that improve the lives of all South Africans. The support of the DCDT and cooperation with other SOC's reporting to the DCDT ensures that the SA Post Office becomes more competitive and is well-positioned to be a market leader across its product portfolios.

Therefore, the SA Post Office aims to modernize its infrastructure to increase access to secure digital infrastructure. At the same time, having a point of presence in most communities' means that the organization is well placed in harnessing access to government services to all citizens. Table 3-1 overleaf provides additional SA Post Office contributions towards DCDT strategic objectives below:

Table 2: DCDT/SA Post Office Alignment

The Department of Communications and Digital Technologies Strategy FY2020- FY2025		SA Post Office
Outcome	Outputs	
Enabling Digital transformation policies and strategies	Submission of the South African Post Office SOC Ltd Amendment Bill to Cabinet for approval.	Review and expansion of the South African Post Office Act (2011).
	Facilitation and monitoring of the implementation of revised ICT SMME Development Strategy	Development of SMMEs through the implementation of the SA Post Office digital strategy.
Increased access to secure Digital Infrastructure	Monitoring and sustaining provision of Broadband services to 970 connected sites	Provision of physical sites and/or infrastructure for installation of broadband infrastructure.
	Coordination and monitoring of subsidized digital television installations in four (4) provinces (Free State, Northern Cape, North West and Limpopo)	Rollout of the remaining STB kits to facilitate ASO
	Coordination and monitoring of the distribution of subsidized DTT vouchers	
Transformed digital society	Facilitation, monitoring and reporting of the revised National e-Government Strategy and Roadmap, in line with the Presidency review report on e-	Increase digital and physical access to government services in all communities



The Department of Communications and Digital Technologies Strategy FY2020- FY2025		SA Post Office
Outcome	Outputs	
	Government and the PC4IR recommendations.	
	Facilitation and monitoring of the implementation of the Digital and Future Skills Programme.	Finalize the Enterprise Application Platform and Digital modernization initiatives.
High Performing Portfolio to enable achievement of their respective mandates	Development and implementation of a Workplace Skills Plan (WSP), aligned to DCDT mandate.	Development and implementation of workplace skills plan aligned and directed towards attaining Post Office of Tomorrow. Training of staff in digital technologies.
	100% of valid invoices paid within 30 days from date of receipt.	Payment of valid invoices within 30 days from date of receipt. Communication plan for suppliers to address payment delays. Reduction in Fruitless and Wasteful expenditure.
	Monitoring of service delivery performance and compliance of SOEs against strategic plans and relevant prescripts.	Monitoring of organizational performance and compliance against Annual Performance Plan targets. Implementation of remedial action where required.



The Department of Communications and Digital Technologies Strategy FY2020- FY2025		SA Post Office
Outcome	Outputs	
	Monitoring and evaluating Departmental and SOCs Gender, Disability, Youth and Children (GDYC) Responsiveness Planning and Budgeting approach.	Gender, Disability, Youth and Children advancement within the South African Post Office.

4. SITUATIONAL ANALYSIS

4.1 GLOBAL POSTAL TRENDS

The Postal sector is currently experiencing challenges which have been worsened by the global Covid-19 pandemic. These challenges include the reduced speed and predictability of delivery due to lockdown protocols and reduced staff capacity to process and deliver mail items. The Covid-19 has also contributed to growth in the e-Commerce market, driving growth in parcel volumes. As a result, postal operators' logistics and parcel segments will contribute to revenue growth, but this segment is competitive, less profitable, and has more demanding customers. Additionally, lower household disposable income levels in developing economies, even with higher internet connectivity mean, that e-Commerce cannot grow as fast as advanced economies. These factors will require postal operators to adjust to better suit the evolving e-Commerce market.

The global postal sector was already experiencing declining letter-post volumes, but 2018 marked an increased volume decline of -4.9% from the 10-year trend of -2.8%. Declining letter-post is a significant challenge for most postal operators, in that letter-post revenue is still their most considerable revenue driver at 39% over the last three years. Parcel and logistics revenues contributed 27% to total revenue in 2018.

With the low-margin nature of parcel-post and declining letter-post volume, the cost of maintaining the postal network is increasing. As a result, several postal operators optimise their network infrastructure and enhance productivity across the network to mitigate escalating costs. As a result, a dominant trend is outsourcing postal offices, with some European operators completely outsourcing their postal points. In contrast, Asia-Pacific and other regions are reducing the number of outsourced postal points.

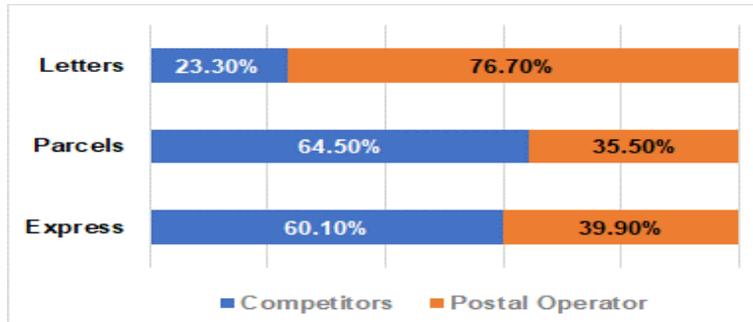
4.2 SOUTH AFRICAN POSTAL MARKET

Figure 12-1 below shows the average market share (2016 -2018) of designated postal operator's market by business segment. Due to their strategic position as the primary postal service, Designated Postal Operators control the bulk of the domestic letter-post market. For example, in Africa, DPOs control on average 80% of the letter-post market.

The parcel-post market also has stronger competition, with DPOs having a lower market share at 35.5% compared to competitors with 64.5% of the market. In Africa, the postal operators have a lower percentage than the global average at 23%. The express deliveries of documents and goods are similar to the parcel-post, in that postal operators have a 39.9% share of the market. At the same time, competitors

control the rest of the express market at 60.1%. In summary, DPO's tend to have a greater share of the letter-post market than the parcel and express markets.

Figure 4-1: Postal Operator Average Market Share. UPU, 2020



According to STATS SA (2019), the South African Postal and Courier market is valued at R15.7 billion. The largest contribution to the total market is the postal and courier services segment at R5.3 billion, followed by the same-day and next-day delivery segment at R5.1bn. The third highest contributor at R2.6bn is generated by International, Domestic and fast mail services. These three services collectively comprise 83.7% (13bn) of the total market (Fig 4-2).

Figure 4-2: Postal Market Revenue Segmentation

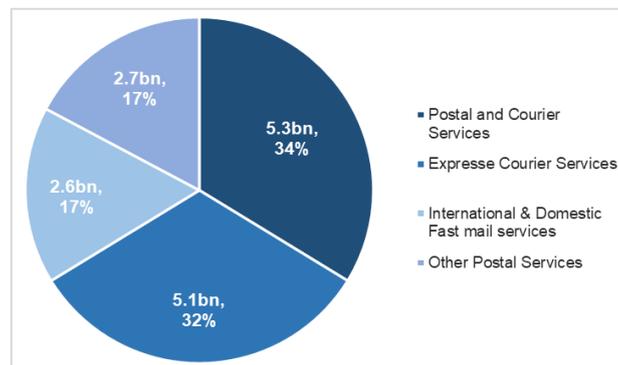


Figure 4-3 provides a segmented view of the Postal Market. The table also reflects a benchmark comparison of the SA Post Office revenue by market segment.

Table 4-1: Postal Market Size. Source. Stats SA, 2019

	2016		2019		Market Growth Trends	
	Rmillion	% Contribution	Rmillion	% Contribution	Rmillion	% Contribution
International, domestic and fast mail services	2 218	19.7%	2 602	18.3%	384	15%
Box rental services	273	2.4%	338	2.4%	65	19%
Agency services (e.g. municipal, Telkom, pre-paid, lotto, game cards, media services)	583	5.2%	721	5.1%	138	19%
Same-day and next-day/overnight delivery services	4 271	37.9%	5 186	36.5%	915	18%
Other postal and courier services	3 924	34.8%	5 365	37.7%	1 441	27%
Total Market Size (excluding Postbank)	11 269	100.0%	14 212	100.0%	2 943	20%
Post bank and other postal services, including document exchange	1 232		1 497		265	18%

Within the **postal sector**, electronic substitution remains the most significant threat to physical mail. Encroachment into the reserved areas needs to be addressed by enhancing the regulation of the reserved area. The increasing pressure to reduce operating costs is driving the trend of remailing, whereby large mailers use international mail streams, which tend to be cheaper than domestic channels. Operational efficiency is the highest priority of most postal operators to increase the profit margin. Mail automation, postal sorting and delivery optimization, and the application of lean management principles, amongst others, drive profitability strategies of the industry. Globally, the cost to service the Universal Service Obligation remains a significant cost driver for Postal Operators.

The **Courier, Express and Parcel sector (CEP)** sector is a highly competitive environment comprising many operators in the sector. As this industry is a high volume, low-profit sector, operational efficiency and innovative technologies are critical success factors for business longevity. In addition, the South African e-Commerce market is an emerging economy segment and is the primary driver of the growing demand for delivery services.

To adequately service this demand, operators maximise efficiencies, strengthening customer trust through flexible and convenient on-time delivery standards and options are key focus areas for all operators in the industry. In addition, collaboration and partnership between transport technology suppliers, industry suppliers, courier operators and retailers are an increasing industry trend.

As a result, there is a growing number of competitors, including non-traditional operators such as retailers within this sector. Another developing trend is related to

pure digital retailers (e-tailers) establishing their own physical delivery distribution networks to improve the quality of service provided to their online customers.

4.3 PESTLE AND SWOT ANALYSIS

Table 4-2 below summarises the SA Post Office's external factors that materially influence the strategic direction of the Corporate Plan. The SWOT table translates these market factors into opportunities that the SA Post Office intends to leverage.

▪ PESTLE Analysis

Table 3-2: PESTLE Analysis

Political	Economic	Social
<ul style="list-style-type: none"> • Rationalisation of SOEs by DCDT. • Amendment of the Postal mandate to include digital services. • Turnaround of the SA Post Office. 	<ul style="list-style-type: none"> • Slow economic growth due to the Covid-19 pandemic with low growth projected for 2021. • SA Economic Recovery and Reconstruction plan set to provide new growth opportunities. 	<ul style="list-style-type: none"> • Consumers are increasingly shopping online. • High unemployment is driving a reduction in consumer spending.
Technology	Legal	Environmental
<ul style="list-style-type: none"> • Increasing growth of online shopping. • Migration to cashless payment solutions such as digital wallets, etc. 	<ul style="list-style-type: none"> • Regulatory changes are required due to mandate amendments. 	<ul style="list-style-type: none"> • Increasing attention to green technologies.

▪ SWOT Analysis

Table 4-3 summarises the organisational strengths and weaknesses that enable the SA Post Office to leverage the market opportunities or hampers its ability to benefit from these trends effectively.

Table 4-3: SWOT Analysis

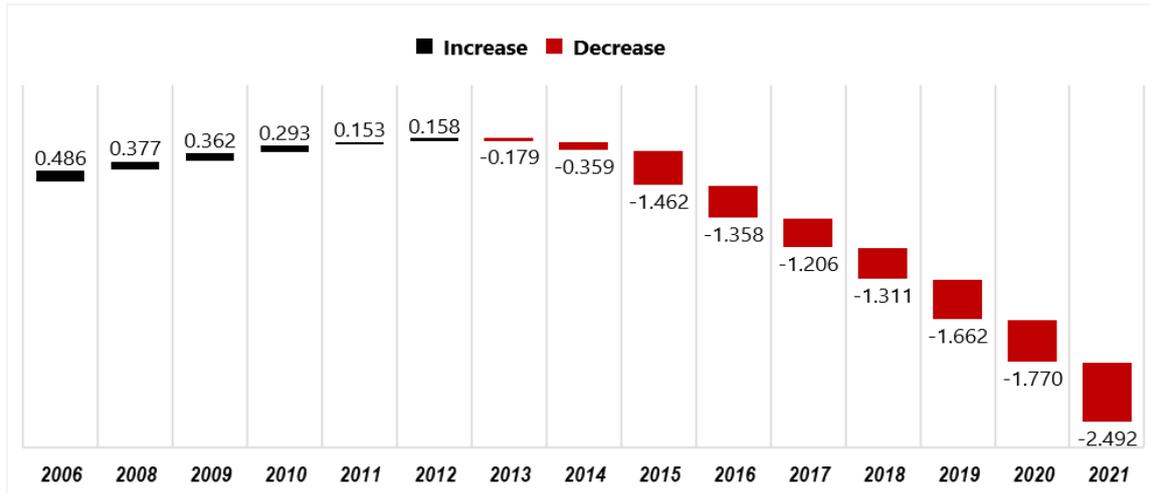
Opportunities	Threats
<ul style="list-style-type: none"> • Rationalisation of SOEs by DCDT • Consumers are increasingly shopping online, driving parcel demand • Migration to cashless payment solutions such as digital wallets, etc. 	<ul style="list-style-type: none"> • Increasing competition from private sector courier operators. • Increasing adoption of digital technologies by customers and businesses. • Increased adoption of cashless solutions

Strengths	Weaknesses
<ul style="list-style-type: none"> • A large number of customers remain motivated to utilise SA Post Office products and services • A vast physical network presence in rural and outlying areas • Shareholder commitment & support towards modernising the organisation • Pockets of high performing employees across the organisation • One of the few South African organisations with existing platforms to support domestic and international distribution of goods, money and information • Well-positioned to support the government's developmental state objectives 	<ul style="list-style-type: none"> • High-fixed operating costs due to labour-intensive business processes. (Staff Properties Security) • Weak product management and development capabilities. • Low staff morale • Weak implementation ethos across the organisation. • High vacancy rate, particularly critical skills and leadership stability • Organisation instability related to service delivery • Low levels of staff training and development programs. • Weak employer of choice value proposition • Ageing infrastructure & workforce • Productivity standards are low across the organisation due to and not limited to the chronic lack of tools of trade, amongst other factors.

5. THE POST OFFICE OF TOMORROW

The SA Post Office is currently in financial distress, with declining service delivery standards triggering a customer exodus. The Figure below highlights the severity of the SA Post Office net position which has been declining since 2013.

Figure 5-1: Net Position R billions (2006 – 2021)



Based on the diminishing business position, the SA Post Office has, in conjunction with DCDT Ministry, developed a plan– *Post Office of Tomorrow* – which drives the organisation's turnaround and return to financial sustainability and business stability and growth.

The Corporate Plan for 2022/23 – 204/25 is based on the Post Office of Tomorrow strategy.

Aligned to the Medium-Term Strategic Framework 2019-2024¹, the Post Office of Tomorrow plan 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.

The repositioning of the SA Post Office comprises:

1. Leading Logistic Service Provider for South Africa and the Region
2. Logistic service partner to other e-commerce and logistics players, including SMMEs and informal traders nationally and internationally based on its expansive postal network
3. e-Commerce hub² for South Africa and the Region

¹ Medium-Term Strategic Framework 2019–2024. DPME. 2019.

² A provider of hosted integration, drop-ship fulfilment and product content management for multi-channel e-commerce merchant

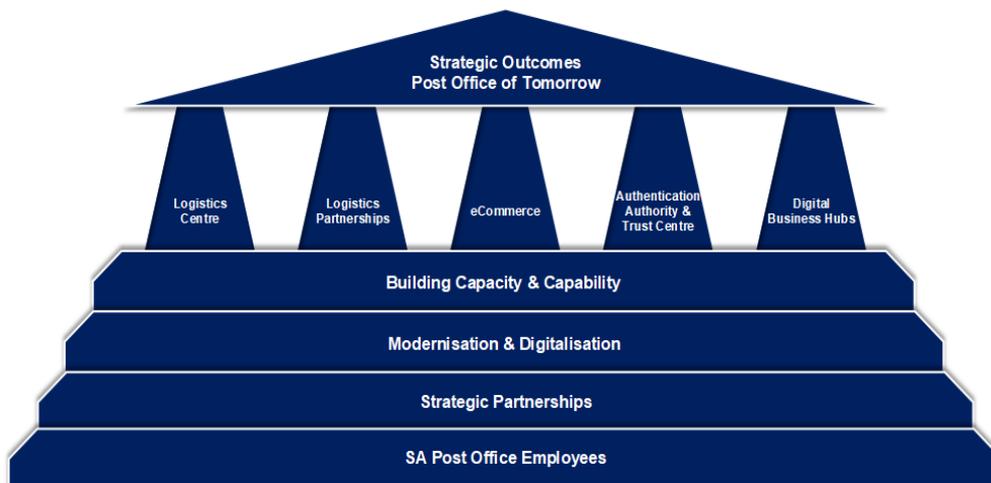
4. Designated Authentication Authority that fulfils its role as a national Trust Centre in the age of digital identity and services
5. Digital Business Hubs that serve as digital hubs for communities

These strategic outcomes initiate fundamental changes to the SA Post Office business model by:

- Firstly, re-engineering the organisation’s product and services portfolio.
- Secondly, the contracting of services that can be optimally and profitably delivered through alternative channels
- Thirdly, enhance the provision of the Universal Service Obligation
- Fourthly, positioning SA Post Office as a service provider of other service providers (Logistic Integrator); and
- Lastly, building a delivery capability and capacity.

The envisaged re-engineered Post Office of tomorrow product and service portfolio is depicted in figure below:

Figure 5-2: SA Post Office Corporate Plan (FY2023 – FY2025)



Ensuring the success of this Plan is dependent on the SA Post Office implementing necessary enterprise-wide adjustments focused on:

- Contracting of services that can be optimally and profitably delivered through alternative channels, thus lowering costs and increasing productivity; and
- Re-engineering the organisation’s product and services portfolio thus leveraging its assets and upskilling the workforce.

The primary aim of the Modernisation program is to resolve operating and productivity deficiencies by establishing an efficient technology-driven operating environment with

an appropriately skilled workforce. This program also implements the critical and necessary capabilities to support the SA Post Office of Tomorrow.

Strategic Partnerships are a crucial enabler to the Post Office of Tomorrow to ensure that the strategic benefits are derived as envisaged.

6. RE-ENGINEERING OF PRODUCTS AND SERVICES

6.1 LEADING LOGISTICS SERVICE PROVIDER FOR COUNTRY AND REGION

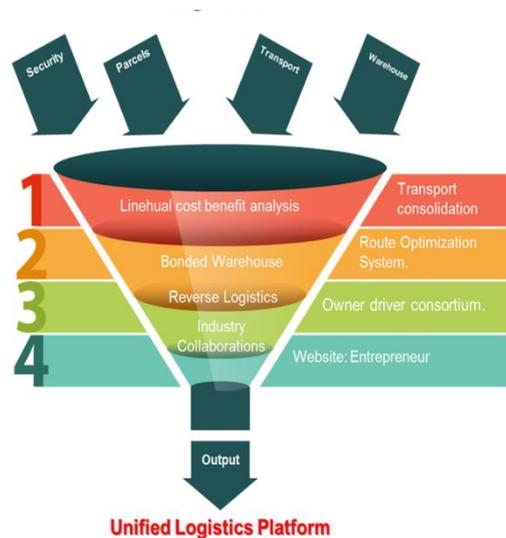
The parcel industry continues to create opportunities and is currently in a growth phase, through the demand of the introduction of e-commerce economy also puts additional customers for the Post Office. The South African Post Office intends to benefit from the parcel market growth and has set a goal of being the leading courier business entity by 2024 by obtaining 20% of the market share of the courier market estimated at R8bn.

SA Post Office will re-establish its presence within the parcel business informed by (1) Restoring customer confidence and attract new customers; and (2) optimal and competitive service delivery.

The SA Post Office courier business segment is uniquely positioned to can be a leading service provider given the extent of the SA Post Office network and become the number 1 courier operator in the country. To achieve, this the following actions must be implemented:

- SA Post Office and its network of courier service providers will provide a Parcel Insurance product to ensure appropriate cover of goods in case of loss or damage. The Parcel Insurance product will be in place by 1 January 2023; and for any outsourced services, will be in place before any outsourcing is done.
- The current courier and parcel business will be consolidated in the next 12 months into a unified logistics platform and provide the market with a full range of **logistics services** (express, courier, freight and international). As a logistics provider, the SA Post Office will ensure, domestic and international parcels are delivered on time at competitive prices. A planned mixed-model approach of outsourcing non-core activities, strategic partnerships and an owner-driver framework underpins the restructuring of the new courier division.
- The SA Post Office Logistics division will also cater to the customers and courier operators reverse logistics needs through the Employee-owned companies commencing from July 2022.

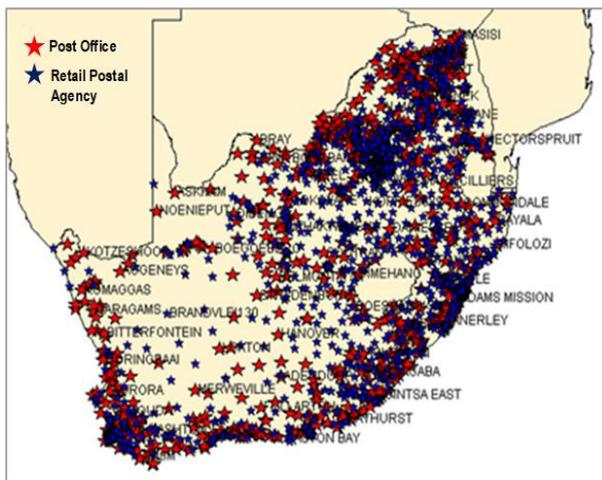
Figure 6-1: Fragmented to Unified



- Along with these delivery services, a **warehouse network** will be established, which will include warehouses operated by employee-owned companies, SMMEs and other service companies. The warehouse network will be in place by October 2022. This will be expanded to include international clearing and forwarding **bonded warehouses by June 2023**.

6.2 LOGISTICS PARTNERSHIP

Figure 6-2: SA Postal Network



The SA Post Office is to position itself as the logistics service provider for other logistics service providers. The SA Post Office must therefore establish itself as the centre of a Logistic-alliance that will assist businesses to ship freight and packages throughout South Africa, Region, and Internationally. To achieve this, SA Post Office will establish strategic partnerships with certain of its competitors, leveraging the strength of its network. Strategic partnerships will be concluded on a national and international

level.

At a national level, the majority of logistics companies do not have rural reach and they are mainly urban service providers. This creates an opportunity for the SA Post Office, utilising its national network, especially in rural and township areas, to provide service delivery infrastructure to logistics companies.

At an international level, the SA Post Office will work to create strategic partnerships for South Africa to become a logistics hub for the region and continent. Such partnerships will be anchored on South Africa's strong transport system in terms of air, road and rail, and the location of SA Post Office warehouses in close proximity to the IDZs and international ports (air, land and sea).

Commencing June 2022, SA Post Office will start negotiating with potential partners with an intention of concluding alliance or strategic partnerships within 12 months. The SA Post Office will need to conclude strategic partnership with current competitors who dominate the e-commerce market within South Africa and Region. Within the same period, SA Post Office will develop the capacity to service the SMMEs, informal business and traders' logistics needs for their businesses. SA Post Office will source a database of national and international SMMEs, informal business and traders that need services and continually provide efficient, reliable and competitive services from the Department of Small Business.

Commencing June 2022, SA Post Office will initiate negotiations for agency agreements with Postal services in other countries within in the region and continent.

By January 2023, SA Post Office will have commenced negotiating with potential airlines and other road and freight carriers to move SA Post Office packages to and from South Africa to other destinations in the region, continent and globally.

SA Post Office will also look to offer niche services where these are economically viable, such as specialised logistics solutions to the pharmaceutical and medical sectors within the next three (3) years. These two niche areas will be easy to replicate due to the extensive national footprint of the SA Post Office and infrastructure. These business areas are less susceptible to price-based competition. SA Post Office's additional advantage in the market is its affordable counter-to-counter service.

6.3 E-COMMERCE

SA Post Office plans to become a strong player in the e-Commerce business. Business intelligence gathered from the logistics services will be utilised to enhance the competitiveness of the SA Post Office in the e-commerce business.

SA Post Office will create an e-mall (which is a collection of online shops) for purposes of enhancing its logistics business, authentication service; and also generate revenue from advertising.

SA Post Office will partner with the Postbank for a secure online payment method for the e-shops, online traders and their customers. The intention of the e-mall is to build confidence in the SA Post Office as preferred logistic partner within three (3) years. Simultaneously, SA Post Office will serve as a value-chain integrator for logistic services and sourcing by integrating customers and services providers / producers.

Business intelligence of SMMEs, informal traders will be used to enhance opportunities for the Business Digital Hubs.

SA Post Office will further seek to support the growth of the e-commerce business in the region to drive regional e-commerce volumes by establishing itself as a regional e-commerce hub. SA Post Office will seek the required UPU accreditation to establish an e-Commerce **Africa Hub** in South Africa so to serve the e-Commerce parcel distribution needs of the continent.

6.4 AUTHENTICATION AUTHORITY AND TRUST CENTRE

SA Post Office will work with the Department of Communications and Digital Technologies (DCDT) for official designation as the Authentication Authority and Trust Centre in the country. The SA Post Office Trust Centre technology, the first South African-developed Public Key Infrastructure (PKI) platform, has been accredited by the South African Accreditation Authority (SAAA) as per the Electronic Communications and Transactions Act, no 25 of 2002. This Trust Centre is a highly secure environment that hosts the public key infrastructure (PKI) and Certificate Authorities (CAs). It also provides user authentication and ensures trust and legal status in electronic transactions through Trust Centre digital certificates. SA Post Office will provide trust centre services to the National Identity System that will be established by the Department of Home Affairs as part of the maintaining the single digital identity for persons living in and visiting South Africa.

Figure 6-3: SA Post Office Trust Centre Services



The Department of Communications and Digital Technologies (DCDT) and the Security cluster will develop South Africa's Self-Sovereign Identity (SSI) Framework, that will guide SA Post Office in implementing the SSI system. This is important in the age of blockchain, crypto technologies, digital identities, and cybercrime in reducing the unintended sharing of user's personal data.

Due to advancements in technology and the growing market for current cybersecurity services, SA Post Office is in the process of modernising its Trust Centre to provide the market with electronic credentials known as Self-Sovereign Digital Identities. The SA Post Office's Self-Sovereign Digital Identity enables individuals and businesses to securely manage their personal, private and confidential information in a digital economy. SA Post Office will provide SSDI services to the Postbank and offer the same service to all banking sector as part of maintaining the authentication other banks.

SA Post Office's Trust Centre enables the prevention of digital and identity theft whilst making storage and accessibility of identity documents more convenient and secure than with physical identity documents.

The Trust Centre enables two categories of secure digital services: Personal Digital Services and Service Authentication Services.

Accordingly, the SA Post Office is a facility – regarded as a secure and trusted vault – providing individuals, businesses and government the confidence that their data, personal information, documents are safe and protected. Therefore, the SA Post Office Trust Centre serves as the secure, trusted bridge that underlies digital engagements and transactions between entities.

The Trust Centre caters to three types of customer segments:

1. **Subscribers** - are users of digital certificates and signatures used for authenticating documents and signing of electronic documents.
2. **Distributors** – are registered authorities of the SA Post Office to resell trust centre services to their customers.
3. **Integration Partners** – are users who utilise the Trust Centre for technology related-services related to website and server security. Additionally, other services providers also integrated their applications and software with the Trust Centre, further enhancing the security standards of their technologies.

A specific focus area of the Trust Centre plan is to partner with the DCDT and collaborate with several government entities to review and launch cybersecurity policies aimed at enhancing the digital security standards of South Africa. It is envisaged that the SA Post Office will drive the country's innovation regarding Trust centre capabilities and services over the long term.

The following section highlights the Trust Centre Service portfolio that will be offered once activated:

1. Personal Authentication Services

- **Digital Identity Services and electronic identities**– enables individuals and businesses to identify themselves legally with government-certified digital identities.
- **Electronic Signatures** – a digital version of physical, written signatures based on encryption technologies.
- **Electronic Postal Certification Mark** - provides a chain of evidence, stored by the Trust Centre as a trusted third party, to prove the existence of an electronic event, for (1) specific content, at a (2) certain date and time and (3) involving one or more identified parties, whereby the signer's identity and the integrity of the data can be verified users, can digitally sign documents using.
- **Digital Commissioner of Oath** – verification and authentication of documents.

2. Server Authentication

- **SSL Verification and Authentication** – Web service security

▪ **The Trust Centre as a Strategic Enabler**

The Trust Centre is a strategic capability that enables several other products offered by the SA Post Office, such as:

1. **Electronic Stamp** – a digital stamp is attached to an electronic document indicating the time and user, proving that the document existed at the time of stamping.
2. **Registered & Authenticated Electronic Mail** - provides secure and trusted exchange of electronic messages, enabling the sending of electronic messages by an authenticated mailer for delivery to an authenticated addressee or addressees with proof of sending and proof of delivery. This also include verification of sender.
3. **Single Digital View of a Location** - Consolidation of physical, postal and electronic addresses for purposes of a single view of the location of a South Africa. The national address database will be upgraded while the postal code methodology will be modernised.
4. **Social media identities** – the need to authenticate social media users' identities for purposes of both crime prevention, national security and protection of personal data.
5. **Secure Digital Postbox** - enables customers to order electronically, pay and download postage for documents or merchandise through the Post's website, smartphone application or SMS. Postage can be printed physically (e.g., shipping labels) or provided by a number code or key.

The SA Post Office will finalise the Authentication Centre application by March 2023.

6.5 DIGITAL BUSINESS HUBS

The Business Digital Hub is an easy-to-use enterprise service developed to help companies and individuals to support their ICT and related requirements. The intention is to transform SA Post Office outlets into one-stop technology service centres for business and individuals who may not afford technology products at an individual level. Due to SA Post Office's expansive footprint and network, this will have beneficial impact in under-serviced communities, who will be able to access modern digital services, and products through the post offices.

The Digital Business Hub services will comprise of four types of service offerings:

1. **Auxiliary Services** include printing, photocopying, scanning, binding and printing which will include design and printing of business cards, events programmes, posters, etc. Part of this revenue stream is the selling of stationery and consumables. Capacity will be established within 12 months.

Product Services Portfolio	
Traditional Products	
Community Hubs (Public Internet Services)	
Stationery	
Printing, photocopying, scanning, faxing and binding services	
Printing Services for municipalities	
Transactional Capability Enhancements (How it is sold)	
<ol style="list-style-type: none"> 1. Integration with strategic government and business partners 2. Multi-functional devices 	

Table 6-1: Digital Services Hubs Product Initiatives

2. **Business Services** include provision of co-working spaces for entrepreneurs. For IT specialist, serve as an integrating point between potential providers and potential clients (consultancy fee payment). The business centre will also serve as Makerspace for IT specialists to come together to create or invent things using technology. The business service will also serve as platform for entrepreneur, in particular young people, in under-serviced areas to access technology for their participation in the digital economy. The SA Post Office will partner with NEMISA (National Electronic Media Institute of South Africa) to make space available for technology innovation hubs. Implementation will be done within 24 months.

The SA Post Office and Postbank will develop a proposal on how to transition the payment of social grants to the Postbank over the next of 3 years.

3. **Internet Services** will be available as part of SA Post Office service offerings and will include: emailing, web browsing, website design and hosting, and an e-government outlet for services such as Motor-Vehicle-License (MVLs) and bill services. There must deliberate programme by Government to designate SAPO as an e-government service outlet. SA Post Office will create and host a unique /authenticated email address for each South African. This will eliminate email cloning, internet fraud and cybercrimes; and Government must ensure that sensitive transactions require authenticated email addresses. N.B the address in the digital economy will neither be physical or postal but the email; and therefore, the SA Post Office data centre must be upgraded and modernised to meet latest and future technology and security requirements by March 2023. The SA Post Office data centre will be maintained by one of the state technology company and

disaster management maintained through SITA. Internet services implementation will be done within 12 months.

4. Infrastructure as a Service (IAAS)

A key product that will be launched is the Infrastructure as a Service portfolio which is directed at making available the Postal Network to retailers to sell their products at post offices while courier operators will be able to utilise the network to deliver parcels in areas where they do not operate.

SA Post Office has embarked on a journey to facilitate a new commerce eco-system based on its digital and physical infrastructure. The key strategic objectives of the eco-system are to:

1. Increase the cross border business for South African companies.
2. Improve the utilisation of the Post Office Infrastructure.
3. Increase transactions per consumer in a Post Office branch.
4. Improve market share for South African manufactures in South Africa.
5. Provide additional delivery capacity for companies.
6. Provide convenience and fair pricing for consumers.

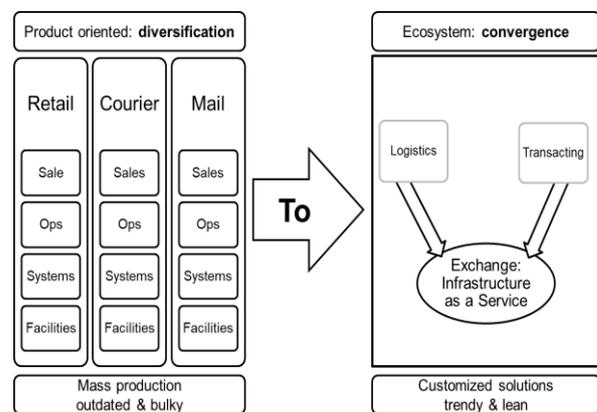


Figure 6-4: Infrastructure as a Service (IAAS)

Potential business categories to benefit from this eco-system are merchants and manufacturers. The benefits that businesses will be provided with include access to the market for goods and services, and our national and international distribution network.

Products and services that will be made available through the IAAS model include:

- Goods and services which merchants and manufacturers wish to make available to consumers through the eco-system
- Shelf space in branches that merchants and manufacturers want to utilize on a subscription basis
- Warehouse space that merchants or manufacturers wish to utilize on a subscription basis
- Transportation capacity for goods
- Marketing of products and services within the SA Post Office outlets

- Transactional services through SA Post Office transactional systems

Benefits of the eco-system to SA Post Office and the merchants or manufacturers will be based on the type of service the merchant or manufacturer derives from the SA Post Office.

7. BUILDING CAPACITY AND CAPABILITY

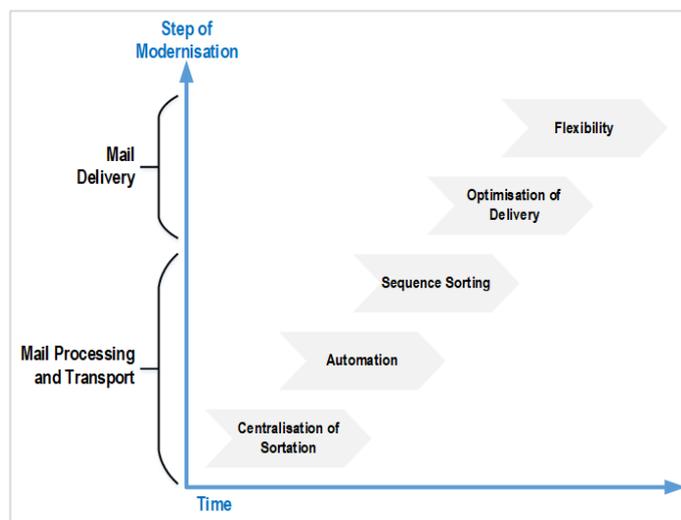
7.1 ELIMINATE ORGANISATIONAL DUPLICATIONS AND INEFFICIENCIES BY RESTRUCTURING THE ORGANISATION

The restructuring of the organisation ensures optimal, efficient performance. The newly structured organisation increases reliability, on-time delivery and cost-to-serve across the organisation. The restructuring program includes determining business metrics to enhance monitoring of service delivery performance and ensure enterprise-wide accountability. The restructuring program includes redesigning the operating model, revising the transport fleet, modernising postal and parcel technologies, optimising staff where required, realigning the network and infrastructure.

7.2 OPTIMISING OPERATIONS

SA Post Office will build resilience into its operations to ensure business continuity against business disruptions or natural disasters. This may entail, among other things, resizing and reconfiguring mail centres and transport routes and related networks. Disaster recovery and business continuity plans will be implemented, along with the necessary infrastructure, to ensure that operations are not severely interrupted in case of any disturbance.

Figure 7-1: Postal Network Optimisation Model



SA Post Office will implement initiatives to optimise its operations by digitising key processes, such as revenue protection, track and trace and delivery management, among others.

These improvements will drive down wastage across the sorting and distribution process. This includes incorporating technologies that allow SA Post Office to print mail remotely, rather than transporting it long distances and record proof of deliveries electronically on handheld devices.

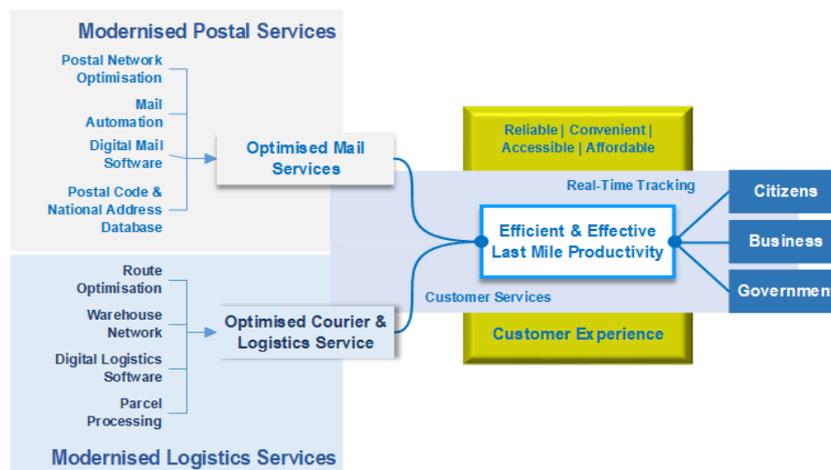
▪ **Enhance the National Postal Address Database Capabilities**

The ability to deliver mail and parcel items depends on the quality of SA Post Office's national address database. When updating the database, the addressing format will be revised to improve the ease of sorting mail to letter delivery walk levels. The database also presents a revenue opportunity that SA Post Office will leverage. For example, the database will assist with the Statistics South Africa (Stats SA) national census exercise and enhance authentication services by integrating the database with various government departments.

▪ **Strengthening the Last Mile**

The operations division will improve the delivery cycle time of parcel deliveries and enhance the tracking of customer shipments from origin to final delivery. In addition, operations are currently developing an operational plan to guide the activities to strengthen the last-mile services.

Figure 7-2: Enhancing the Operational Efficiency of the Postal Network



Current staff numbers - 15 600 - will be adjusted to 12 600 employees over the next 12 months through the Employee-owned companies. SA Post Office will negotiate with the Department of Employment and Labour to fund the establishment and start-up costs of those companies. The SA Post Office will facilitate business opportunities for existing employees affected by cost reduction initiatives. The Employee Entrepreneurship program includes empowering employees to become owner-drivers to deliver parcels on behalf of the organisation and contractor partners, providing maintenance, cleaning and guarding services. The Township and Rural Entrepreneurship Programme (TREP) has been implemented by the Department of Small Business Development (DSBD) with the objective to provide financial and non-financial support to enterprises, including start-ups. Emphasis will be placed on

enterprises owned and managed by the designated group – women, youth and/or people with disabilities.

7.3 DIGITISING MAIL OPERATIONS

The SA Post Office modernisation plan enhances the inter-connectedness of its letter, financial and parcel physical platforms. In this regard, the integration and convergence of the organisation's information technology (IT) and operational technology (OT) systems will be prioritised.

Central to this activity is the connectivity enhancements of core resources, such as RFID's devices needed for tracking mail items during sorting and transportation activities, vehicle route tracking and mail automation technologies. In addition, the adequate connectivity of operational assets leads to improved data collection capabilities stored at a centralised data warehouse.

Simultaneously, the data warehouse will be integrated into a data analytics platform so that value chain processes can be managed better, improve the customer experience, increase employee productivity, enhance decision-making, and develop new products and revenue streams.

The postal network modernisation program is indicated in Table 7-1 below

Table 7-1: Postal Modernisation Program

Postal Network Optimisation Program <i>Planned Changes</i>	
Key Initiative	Description
<ul style="list-style-type: none"> ▪ Automation 	The level of automation at high volume sites will be increased to improve productivity. Improvements will be derived from increasing the number of items sorted per person-hour and reducing the overall handling time of mail and parcel items.
<ul style="list-style-type: none"> ▪ Rebuild and Optimise Delivery Network 	The delivery network will be optimised to ensure faster delivery of mail and parcel product lines. All express and overnight items will be prioritised to ensure that published delivery standards are achieved. In addition, standardised delivery equipment will be used to speed up the movement of mail and parcels. This will also assist in preventing damage to mail and parcel items throughout the value chain.
<ul style="list-style-type: none"> ▪ Rebuild & Optimise Sorting 	SAPO will continue to adjust its mail and parcel sorting network to align with letter and parcel volume changes and advancements in related technologies. This will increase productivity levels and efficiencies across the postal and parcel network. In addition, IT-based technology will be deployed throughout the distribution network to control distribution and sorting processes better and increase productivity.

<ul style="list-style-type: none"> ▪ Rebuild and Optimise Transport Capability 	<p>A national control centre that monitors scanning, processing and transportation to ensure efficient routing of mail and parcel items throughout the distribution network will be implemented. Transport resources within line-haul and fleet sections will be continuously optimised to reduce costs. Additionally, delivery services will be aligned to the customer needs and expectations.</p>
--	--

Initiative	Description	Initiative	Description
1. Track n Trace	Enable customer to monitor the movement of parcels from sending to delivery	2. Owner Driver	Convert employee drivers into delivery partners
3. Co-loading	Recovery of transport costs through co-hauling of goods	4. Mail Automation	Reduction of manual processing costs and increase mail processing efficiency
5. Network Balancing	Optimisation of postal network operating costs	6. Hybrid Mail	Reduction of transport costs, and increase in speed of delivery to customers
7. Route Optimisation	Reduction of transport costs	8. Sort to walk	Reduction of processing cost and sorting cycle time.

7.4 POSTAL SERVICES MODERNISATION

The demand for traditional Postal products and services is not expected to diminish completely, and the SA Post Office will continue providing traditional Postal Services using modern methods by enhancing with value-adding features and complemented with digital variants.

Table 7-2: Postal Services Modernisation

The manual processing of physical letters will be reduced by implementing **automated processing** systems at high-volume centres. In addition, **hybrid mail** will reduce the current number of processing events. These initiatives won't necessarily drive revenue growth; instead, they will optimise the costs of postal operations, improving revenue earned from this business segment.

The physical post-box network will require rebalancing in line with volume demand, again optimising the operating costs of this postal channel. The

Postal Product Portfolio Planned Changes & Enhancements	
Traditional Postal Products	e-Postal Products
Standard Letters	Online Hybrid Mail services
Registered Letters Secure Mail	e-Registered Letters
Periodicals	Digital Media Services
Direct Marketing	Digital Direct Marketing
Physical Post-box	Digital Postbox (email for life)

physical post box will also be complemented with a digital post-box which will contribute to e-Postal revenue growth and reduce the physical post-box infrastructure cost. Additionally, the digital Postal shop will require modernisation to provide the total suite of products within the portfolio: Postal, Courier, Financial and Government. The table highlights the digitisation of core postal products, which will be available via a digital eco-system, the Digital Post Shop and mobile platform.

7.5 PAYMENT CHANNEL MODERNISATION

The payment services portfolio will be revised to match market trends and serve customers more efficiently, underpinned by:

- Real-time capabilities;
- Enhanced integration with strategic government and business partners; and
- Launching a mobile platform to grow revenue from the growing e-commerce market. The Mobile Payment Platform initiative - *SAPO in my Pocket* - will move simple payments to a digital platform, enabling SA Post Office digital products anywhere, anytime, securely.

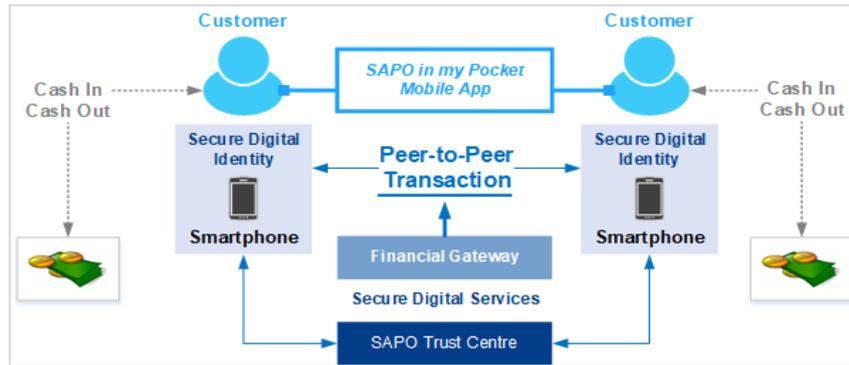
Table 7.3: Payment Channel Modernisation

Payment Channel Services <i>Planned Changes & Enhancements</i>	
Traditional Payment Products	e-Payment Products
Bill Payments	Electronic Bill Payment Platform
In-store Payments	Digital Payments
Money Order and Transfer services	Mobile Money (Send & Transfer money domestically and internationally) (Purchase Airtime, etc.)
Airtime, Data & Vouchers	
Insurance Products	
Motor Vehicle License Renewals	Digital MVL

The SA Post Office is currently in the early stages of designing the *SAPO in my Pocket* application; the preliminary designs are depicted in Figure 7-3 below:

Figure 7-3: SAPO in My Pocket Mobile Platform





7.6 WORKFORCE AND CAPABILITY PLAN

Capability planning aims to have a valuable workforce that meets the mandate and objectives of the SA Post Office plan, seeking to provide the SA Post Office with a competent, agile, and productive workforce. The strategies involved entail:

- **Workforce and Cost analysis** - The analysis focuses on the optimal balance of staff numbers and future requisite skillsets to take the company forward. In addition, the aligning of employees' skills and competencies with the SAPO strategic plan. For example, in the first quarter of FY 2021/2022, SAPO audited the skills of 11 871 employees and subsequently developed a comparative matrix of leadership competencies. The skills gap identified will allow for upskilling and continuous training of employees.
- **Performance Management** – SA Post Office aims to uphold a culture of accountability through Performance and Productivity management. The existing policy on performance management allows the seamless application to be easily implemented by all line managers. The process has clear objectives and targets that realise how an employee meets the functional job requirements. The intention is to continuously and quarterly manage contracting agreements, including performance reviews. The outcome is a culture of a productive workforce.
- **Review of structure** - The review of the operating structure has been ongoing to determine the duplication of roles and job functions. The ongoing structure analysis paves a way to incrementally introduce relevant positions and skills aligned with future plan through redeployment, transfers and recruitment & Selection. In addition, the Talent and succession Policy assists the organisation to seamlessly mentor and coach successfully capable and interested employees who could easily take up critical roles. As a result, the SA Post Office will optimise recruitment costs through the implementation of this policy.

7.7 OMNI-CHANNEL PLATFORM

SA Post Office's current IT architecture will be reviewed. An IT architecture plan will be implemented that supports the organisation's Omni-channel plan of expanding its sales channels such as mobile branches, internet channels and kiosks.

SA Post Office's modernisation and digital transformation plan intend to replace legacy systems with modern technologies. An additional key priority within this plan is the launch of the Omni-channel and e-Commerce platforms. These initiatives aim to increase access to digital payment channels and enable online purchases from multiple retailers nationally. Additionally, the organisation has established an online customer clearance functionality, while the SA Post Office website offers real-time data exchange with airlines with foreign clearance declaration partners.

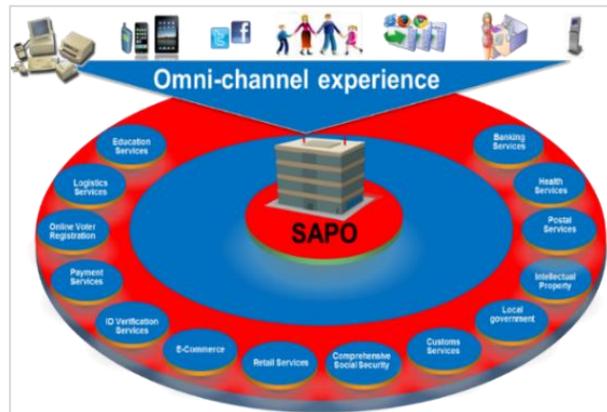


Figure 7-4: Omni-Channel program

7.8 SMART POST OFFICE

The Smart Post Office concept is planned for implementation, and the new Post Office creates a personalised, safe and welcoming shopping experience at postal branches. In addition, the Smart Post Office concept enables customers to augment their in-store shopping activities with the Online Postal Shop, further enhancing the customer experience with access to postal services and products anytime, anywhere. The SA Post Office defines this single-user access model across in-branch, door delivery, internet and mobile channels as its Omni-channel eco-system, conveniently connecting the customers' physical and digital worlds.

The first step of the SA Post Office to becoming more attractive to current customers, in particular younger generations, is the launch of mobile postal services so that services can be accessed at the customer's convenience. The next step is to co-develop the smart post office concept in collaboration with customers.

This collaborative approach ensures the SA Post Office designs the future post office centred on the customer's expectations. Thereafter, the SA Post Office will collect and analyse customer data to proactively reorganise its smart post office eco-system to sustain a high-quality user experience at all times.

Figure 7-5: Smart Post Office



7.9 TECHNOLOGY MODERNISATION PROGRAM

The SA Post Office remains committed to its core purpose, which is to serve the needs of citizens, businesses and government. However, several challenges impact the organisation's ability to effectively and efficiently deliver on its mandate. The growing adoption of digital technologies and evolving customer needs and expectations are key drivers influencing the SA Post Office's need to review its mandate, service offerings, and overall role within the economy.

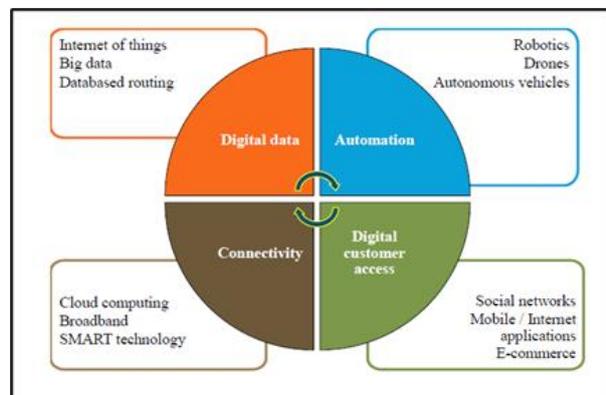


Figure 7-6: Drivers of Digital Transformation in Postal Sector

Digital disruption resulting from emerging 4IR technologies is one of the major challenges that make it difficult for SA Post Office to meet the evolving customer needs and expectations. Customers expect the Post Office to scale to their evolving needs and offer innovative digital services conveniently. Moreover, there is a need for the Post Office to be highly engaging with customers. However, the digital postal eco-system platform and Omni-channel experience in the SA Post office is lacking.

For the organisation to remain relevant, the Post Office of the Tomorrow will be oriented towards Eco-system Convergence instead of product-oriented. The future of the Post Office lies in the financial payment and logistics space. This future state will see the Post Office more inclined to customise solutions to meet modern society's evolving needs.

This will require support with integrated Logistics solutions that provide end to end visibility of mail items. A secure messaging and transaction platform will support the various product segments.

Table 7.4: Customer Modernisation and Digitalisation

Business Unit	Modernisation Capabilities Required		Digitalisation Capabilities Required	
Logistics	<ul style="list-style-type: none"> Route Optimisation On-site payment Mobile ready e-commerce platform 	<ul style="list-style-type: none"> Driver Management Vehicle Management Warehouse Management 	<ul style="list-style-type: none"> Mobile notifications Digital ID Electronic Proof of Delivery Online quotation 	<ul style="list-style-type: none"> E-fulfilment Last-mile delivery automation Route Optimisation
Sales	<ul style="list-style-type: none"> Customer Relationship E-Postal Refresh Trust centre 		<ul style="list-style-type: none"> Mobile/ Online quotation Mobile ready e-commerce platform Mobile & Virtual /Digital Post office platforms Predictive analytics E-fulfilment Online Third-Party payments 	<ul style="list-style-type: none"> Real-time Licence applications, issuance and renewals Real-time traffic fine payments Online ticket sales Online subscription services Last-mile delivery automation Route Optimisation
Operations	<ul style="list-style-type: none"> Mobile payments Omni-channel experience 		<ul style="list-style-type: none"> Mobile Paperless COD Mobile Paperless Office of Exchange Manifesto 	<ul style="list-style-type: none"> Digital postal eco-system E-complaints Digital payment platform

The SA Post Office digital eco-system will allow the organisation and its partners to provide products and services that empower our customers to transact, send messages, send and collect parcels, make payments, and receive payments. These transactional activities are supported by integrated digital platforms that offer open interfaces to consumers and service providers. This digital eco-system will be accessed via Omni-channel capabilities to give SA Post Office clients a seamless experience of the SA Post Office digital postal eco-system. Furthermore, the digital postal eco-system will provide SAPO with the capabilities required to become a modernised postal and logistics service provider:

- Integrated digital postal management
- Global payment management
- Integrated logistics management

- Government e-services access provider
- Secure messaging and transaction capabilities

▪ **Mobile solutions and platforms**

The world of business has become ubiquitous in nature. Information is currently available anytime, anywhere. The public no longer have to travel to the shopping malls carrying cash to be able to obtain goods and services. All these are now available through the palm of your hand.

SA Post Office has taken a decision to bring products and services, in line with the ubiquitous world, to the palm of the consumer's hand. To this extent, an earlier mobile solution was developed to allow the public to track their items, renew post boxes, view nearest branches to them, and perform payments for services rendered.

Some limitations on the current mobile solution give rise to the need to develop an improved solution. This mobile solution will cater for the current use cases, and in addition, provide the public, among other things, an online solution to;

- Act as a channel for MVL renewals
- Minimise the need to queue at branches for license renewal
- Improve customer experience
- Improve delivery turnaround time for MVL renewals
- Enhance the visibility of the SA Post Office brand in the digital platform

8. STRATEGIC PARTNERSHIPS

In order to achieve the strategy outlined in this document, the SA Post Office will engage Strategic Partners to improve service delivery and organisational performance.

Strategic Partnerships which will be either of a revenue generation/revenue share or a technology transfer nature.

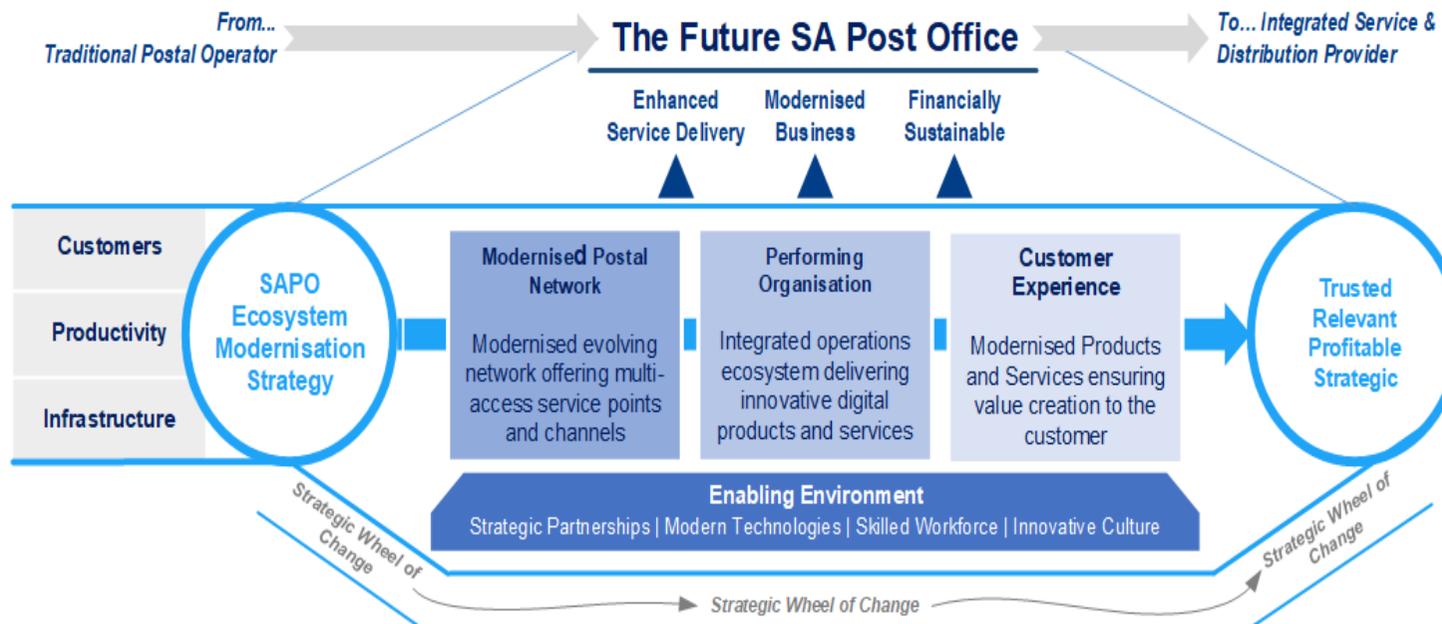
1. Product and Service Partners (Revenue generating)	2. Infrastructure Partnership (Technology & Properties)	3. Channel Partners (Omni-channels, garages, self-services, malls)
4. Business Optimisation Partners (Business improvement, VAT: Recon, SASSA Recons, Productivity Institute, Skills verification)	5. Equity (Funding) Partnerships	6. Training and Development Partners (e.g. Educational Institutions, FETs, SETAs)

9. STRATEGY ROADMAP AND IMPLEMENTATION PLAN

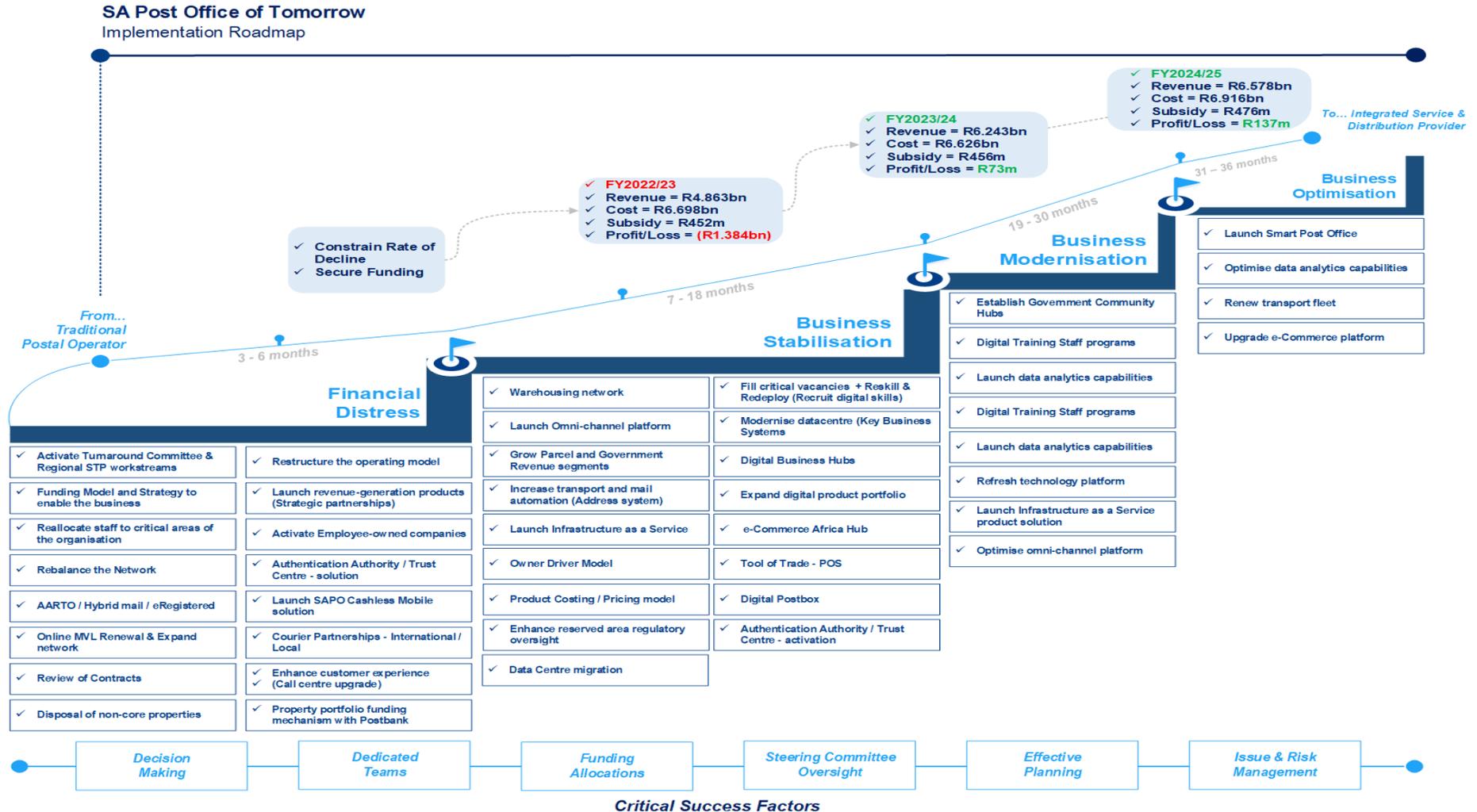
The following diagram outlines the strategic roadmap to establishing the Post Office of Tomorrow. The characteristics of the Post Office of Tomorrow focuses on being a modernised business providing enhanced service delivery to the market in a financially sustainable manner.

The Post Office of Tomorrow is an eco-system comprising a modernised postal network located in the middle of the physical and digital economy, delivering a high-quality customer experience in an operationally efficient manner. Over time, the SA Post Office will regain its trusted brand status, be relevant and be regarded as a strategic and profitable state-owned entity.

Post Office of Tomorrow: Strategic Implementation Roadmap



The diagram below depicts the high-level implementation roadmap for the Post Office of Tomorrow.



10. ANNUAL PERFORMANCE PLAN

No.	Corporate Key Performance Indicators	Quarterly Targets				Annual target 2022/23	Annual target 2023/24	Annual target 2024/25
		Q1	Q2	Q3	Q4			
1. Financial Sustainability								
1.1	Attain net profit / (loss) position as per the Corporate Plan 2022/23 - 2024/25	(R684m)	(R969m)	(R1.199bn)	(R1.384bn)	(R1.384bn)	R72m	R137m
2. Logistics Centre								
2.1	Consolidation of courier and parcel business into unified platform	Design the framework and policy document	Develop and sign – off the Consolidation Plan	Develop Project Plan for implementation of the Consolidated Plan	Roll – out & Implement the Consolidated Plan/deliverables	Roll – out & Implement the Consolidated Plan/deliverables	-	-
2.2	Network of warehouses	Establish solution demand in the market (Research / Benchmark Report)	Design framework based on output/results of the research exercise (report), including a policy document.	Develop a Project Plan	Pilot Implementation (achievement of project plan deliverables for pilot of solution)	Pilot Implementation (achievement of project plan deliverables for pilot of solution)	-	-
3. Logistics Partnerships								
3.1	Establishment of Logistics Alliance (international & domestic)	Conduct feasibility study in the Logistics Alliance/partnership(international & domestic) market	Design framework based on feasibility study results, including a policy document	Develop a Logistics Alliance Project Plan	Implementation & Achievement of the Logistics Alliance Plan deliverables	Implementation & Achievement of the Logistics Alliance Plan deliverables	-	-
4. eCommerce								
4.1	Establish eCommerce mall to support SMME development	Finalise design and business requirements	Finalise procurement processes	Implement eMall / eCommerce solution	Launch eMall / eCommerce services	Launch eMall / eCommerce services	Continued eMall / eCommerce services	Continued eMall / eCommerce services

No.	Corporate Key Performance Indicators	Quarterly Targets				Annual target 2022/23	Annual target 2023/24	Annual target 2024/25
		Q1	Q2	Q3	Q4			
5. Authentication Authority / Trust Centre								
5.1	Trust Centre establishment	Finalise procurement processes & appointment of external auditors	Implement Trust centre solution	Compliance processes & remedial actions	Compliance processes & remedial actions	Accredited Trust centre process	Provision of Trust centre services	Expansion of Trust centre services
6. Digital Business Hubs								
6.1	Establishment of Digital Business Hubs	30%	75%	80%	100%	100%	Implementation of business and auxiliary services	Optimisation of Digital Business Hub services
7. Building capacity and capability								
7.1	Achieve the regulated mail delivery standard	92%	92%	92%	92%	92%	92%	92%
7.2	Achieve domestic and international courier delivery standard	Implement a stabilised data integrity model and finalise SOP	70%	80%	92%	92%	92%	92%
7.3	Resolution of customer complaints recorded at the call centre within 7 days	100%	100%	100%	100%	100%	100%	100%
8. Digitalisation & Modernisation								
8.1	Maintain system uptime at online Post Office branches	98%	98%	98%	98%	98%	98%	98%
8.2	Implementation of critical modernisation and digitalisation programmes	20%	30%	60%	100%	100%	0%	0%

No.	Corporate Key Performance Indicators	Quarterly Targets				Annual target 2022/23	Annual target 2023/24	Annual target 2024/25
		Q1	Q2	Q3	Q4			
9. Corporate Governance								
9.1	Improve the Audit Outcome	Implement tracking process to monitor resolution of AG finding	Implement tracking process to monitor resolution of AG findings	50% of the Category-A audit findings resolved	75% of the Category-A audit findings resolved	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion

Modernising the SA Post Office



Strategic Objective 1	Financial Sustainability	Goal	To be a productive asset rather than a liability to the State
Key Performance Indicator 1.1	Attain net profit / (loss) position as per the Corporate Plan 2022/23 – 2024/25	Short definition Key Performance Indicator Description	The SA Post Office to attain the net profit position as per the Corporate Plan projections, which will allow the Post Office to move towards financial sustainability
Purpose/importance	To ensure that the SA Post Office becomes financially sustainable.	Source/collection of data	Management accounts reports. Data sourced from FinSAP
Method of calculation	Budget (R') vs Actuals (R')	Data limitations	N/A
Type of indicator	Outcome	Calculation type	Cumulative
Reporting cycle	Quarterly/Annual	New Indicator	Yes
Desired Performance	Achieve budgetary target / improve on target	Indicator responsibility	All Group Executives
Responsible Manager	General Manager Management Accounting	Reporting Manager	Group Management Accountant

Strategic Objective 2	Logistics Centre	Goal	To establish a unified logistics services platform
Key Performance Indicator 2.1	Consolidation of courier and parcel business into unified platform	Short definition Key Performance Indicator Description	To consolidate courier and parcel business into a unified logistics platform, thereby providing the market with a full range of logistics services (express, courier, freight and international).
Purpose/importance	To provide the market with a full range of logistics services (express, courier, freight and international).	Source/collection of data	1. Framework & Policy Document 2. Consolidation Plan Document 3. Consolidation Project/Roll - out Plan 4. Documentary evidence of Consolidation Plan deliverable implemented.
Method of calculation	Actual achievement of a range of input activities to produce the desired output: Quarter 1: Framework & Policy Document Quarter 2: Signed – off Consolidation Plan Document Quarter 3: Consolidation Project/Roll - out Plan Document. Quarter 4: Existence of proof in support of Consolidation Plan deliverables/objectives achieved	Data limitations	None
Type of indicator	Output	Calculation type	Non-Cumulative
Reporting cycle	Quarterly/Annual	New Indicator	Yes
Desired Performance	Higher than target	Indicator responsibility	Group Executive Operations
Responsible Manager	General Manager Logistics	Reporting Manager	Manager Systems and Support

Strategic Objective 2	Logistics Centre	Goal	To provide both customers and courier operators reverse logistics needs.
Key Performance Indicator 2.2	Network of warehouses	Short definition Key Performance Indicator Description	To establish a warehouse network which will include warehouses operated by employee-owned companies, SMMEs and other service companies.
Purpose/importance	To provide both customers and courier operators reverse logistics needs.	Source/collection of data	1. Research/Benchmark Report 2. Framework & Policy Document 3. Project Plan Document 4. Existence of proof in support of Pilot implementation(achievement of project plan deliverables)
Method of calculation	Actual achievement of a range of input activities to produce the desired output: Quarter 1: Research/Benchmark Report Quarter 2: Framework & Policy Document Quarter 3: Project Plan Document Quarter 4: Existence of proof in support of Pilot implementation(achievement of project plan deliverables)	Data limitations	None
Type of indicator	Output	Calculation type	Non-Cumulative
Reporting cycle	Quarterly/Annual	New Indicator	Yes
Desired Performance	Higher than target	Indicator responsibility	Group Executive Operations
Responsible Manager	General Manager Logistics	Reporting Manager	Manager Systems and Support

Strategic Objective 3	Logistics Partnerships	Goal	To establish SAPO as the centre of the Logistic-alliance thereby assisting businesses to transport freight and packages domestically and internationally.
Key Performance Indicator 3.1	Establishment of Logistics Alliance (international & domestic)	Short definition Key Performance Indicator Description	The SA Post Office to establish itself as the centre of a Logistic-alliance that will assist businesses to transport freight and packages throughout South Africa, Region, and Internationally.
Purpose/importance	To assist businesses to transport freight and packages throughout South Africa, Region, and Internationally as the centre of a Logistic-alliance.	Source/collection of data	<ol style="list-style-type: none"> 1. Feasibility Study Document 2. Framework & Policy Document 3. Logistics Alliance Project Plan Document 4. Existence of proof in support of Logistics Alliance Plan deliverables/objectives achieved
Method of calculation	Actual achievement of a range of input activities to produce the desired output: Quarter 1: Feasibility Study Document Quarter 2: Framework & Policy Document Quarter 3: Logistics Alliance Project Plan Document Quarter 4: Existence of proof in support of Logistics Alliance Plan deliverables/objectives achieved	Data limitations	None
Type of indicator	Output	Calculation type	Non-Cumulative
Reporting cycle	Quarterly/Annual	New Indicator	Yes
Desired Performance	Higher than target	Indicator responsibility	Group Executive Operations
Responsible Manager	General Manager Logistics	Reporting Manager	Manager Systems and Support

Strategic Objective 4	eCommerce	Goal	The organisation is to become a cyber-physical entity effectively leveraging technologies and operating in a modernized manner. Ultimately, the SA Post Office aims to be more competitive and reposition itself in the market, located at the apex's physical and digital economies.
Key Performance Indicator 4.1	Establish eCommerce mall to support SMME development	Short definition Key Performance Indicator Description	Provide an E-Mail solution.
Purpose/importance	SA Post Office will create an e-mall (which is a collection of online shops) for purposes of enhancing its logistics business, authentication service; and also generate revenue from advertising. Complete the relevant milestones and target dates for each of the allocated projects. This includes completing the submissions for project approval (business case, board approval), following the relevant procurement processes, complete and sign-off, project activities and deliverables, etc.	Source/collection of data	Approved Business Case/Memo's/Board Resolutions/EXCO Resolutions RFP/RFQ Document issued to the market Signed Contracts/MOU/Letters of Intent/Engagements
Method of calculation	The achievement of all key deliverables listed on the Project Matrix represents a total actual performance achievement of 100%. When a key deliverable is achieved, the performance % allocated per the Project Matrix will be used to represent the performance achieved expressed as a %. Count together the performance % for key deliverables achieved to calculate the total overall actual performance expressed as a %.	Data limitations	
Type of indicator	Outcome	Calculation type	Non-Cumulative
Reporting cycle	Quarterly/Annual	New Indicator	Yes
Desired Performance	Higher than target	Indicator responsibility	Chief Information Officer
Responsible Manager	Senior Manager IT	Reporting Manager	Senior Manager IT

Strategic Objective 5	Authentication Authority / Trust Centre	Goal	The organisation is to become a cyber-physical entity effectively leveraging technologies and operating in a modernized manner. Ultimately, the SA Post Office aims to be more competitive and reposition itself in the market, located at the apex's physical and digital economies.
Key Performance Indicator 5.1	Trust centre establishment	Short definition Key Performance Indicator Description	Re-establish the Trust Centre
Purpose/importance	Establish a designated Authentication Authority that fulfils its role as a national Trust Centre in the age of digital identity and services. Complete the relevant milestones and target dates for each of the allocated projects. This includes completing the submissions for project approval (business case, board approval), following the relevant procurement processes, complete and sign-off, project activities and deliverables, etc.	Source/collection of data	Approved Business Case/Memo's/Board Resolutions/EXCO Resolutions RFP/RFQ Document issued to the market Signed Contracts/MOU/Letters of Intent/Engagements
Method of calculation	The achievement of all key deliverables listed on the Project Matrix represents a total actual performance achievement of 100%. When a key deliverable is achieved, the performance % allocated per the Project Matrix will be used to represent the performance achieved expressed as a % Count together the performance % for key deliverables achieved to calculate the total overall actual performance expressed as a %.	Data limitations	
Type of indicator	Outcome	Calculation type	Non-Cumulative
Reporting cycle	Quarterly/Annual	New Indicator	Yes
Desired Performance	Higher than target	Indicator responsibility	Chief Information Officer
Responsible Manager	IT Security Specialist	Reporting Manager	IT Security Specialist

Strategic Objective 6	Digital Business Hubs	Goal	To transform SA Post Office outlets into one-stop technology service centres for business and individuals
KPI Performance Indicator 6.1	Establishment of Digital Business Hubs(as per 2022-23 FY Corporate Plan)	Short definition Key Performance Indicator Description	An easy-to-use enterprise service developed to help companies and individuals to support their ICT and related requirements
Purpose/importance	To transform SA Post Office outlets into one-stop technology service centres for business and individuals who may not afford technology products at an individual level.	Source/collection of data	Approved Business Case/Memo's/Board Resolutions/EXCO Resolutions RFP/RFQ Document issued to the market Signed Contracts/MOU/Letters of Intent/Engagements Project Plan Framework document & Project Charter Research/Market analysis including Report Implementation Reports
Method of calculation	The achievement of all key milestones listed on the Program Matrix represents a total actual performance achievement of 100%. When a key milestones is achieved, the performance % allocated per the Program Matrix will be used to represent the performance achieved expressed as a % Count together the performance % for key milestones achieved to calculate the	Data limitations	Availability of source evidence to support actual achievements.

Strategic Objective 6	Digital Business Hubs	Goal	To transform SA Post Office outlets into one-stop technology service centres for business and individuals
	total overall actual performance expressed as a %. (Auxiliary & Internet Services specific as per Corporate Plan deliverables for 2022-23 FY)		
Type of indicator	Output	Calculation type	Cumulative
Reporting cycle	Quarterly/Annual	New Indicator	Yes
Desired Performance	Higher than target	Indicator responsibility	Chief Information Officer
Responsible Manager	IT Security Specialist	Reporting Manager	IT Security Specialist

Strategic Outcome 7	Building Capacity and Capability	Goal	Optimize core business processes and systems which stabilize the business and enhance the efficient operating of the organization
Key Performance Indicator 7.1	Achieve the regulated mail delivery standard of 92%.	Short definition Key Performance Indicator Description	The Post Office must achieve a minimum of 92% mail delivery standard to process and deliver customer items as per the regulated standard.
Purpose/importance	To improve the delivery performance	Source/collection of data	Data is sourced nationally, from Depots and Post Offices through a manual process at branches and Depot level in accordance with the Testpost SOP. Data, in the format of completed and approved sample sheets are forwarded for capturing to Regional Centre of Excellence (Regional Offices). Verified and captured on the Testpost Database in accordance with the Testpost SOP.
Method of calculation	Formula: Conforming items divided by sample size expressed as a percentage. The formula is calculated monthly. The quarterly performance reporting uses the performance for the last month of the quarter for quarterly performance reporting. Annual performance reporting uses the performance of last month of the financial year for annual performance reporting. *Conforming items - Items that arrived within standard at the office of destination according to the delivery model as directed by the ICASA License Agreement.	Data limitations	Sampling and capturing errors due to manual processing
Type of indicator	Outcome	Calculation type	Non-cumulative
Reporting cycle	Annual/Quarterly/ Monthly	New Indicator	No
Desired Performance	Higher than targeted performance	Indicator responsibility	Group Executive Operations
Responsible Manager	Group Executive Operations	Reporting Manager	Manager Operations

Strategic Outcome 7	Building Capacity and Capability	Goal	Optimize core business processes and systems which stabilize the business and enhance the efficient operating of the organization
Key Performance Indicator 7.2	Achieve domestic and international courier delivery standard. Incremental increase to reach 92% by 31 March 2023 starting from July 2022 at a base of 70%.	Short definition Key Performance Indicator Description	The Post Office must achieve a minimum of 92% domestic and international courier delivery standard to process and deliver customer items as per the regulated standard.
Purpose/importance	To improve the delivery performance of courier items.	Source/collection of data	Data is sourced nationally, from Courier depots and Post Offices through an electronic upload from POS / IPS process at branches and Courier depot level in accordance with an SOP. Data to be transferred from IPS to management information system for reporting purposes. Approved SOP Document Existence of stabilized data integrity model implemented.
Method of calculation	Quarter 1: Existence of proof to support the implementation of a stabilized data	Data limitations	Non-scanning if items within the process. Intermittent downtime during IT integration and transmitting of files.

Strategic Outcome 7	Building Capacity and Capability	Goal	Optimize core business processes and systems which stabilize the business and enhance the efficient operating of the organization
	integrity model including an approved SOP document. Quarter 2,3 & 4: Formula: Conforming items divided by sample size expressed as a percentage. The formula is calculated monthly. Quarterly performance reporting - uses the performance for the last month of the quarter for quarterly performance reporting. Annual performance reporting - uses the performance of last month of the financial year for annual performance reporting. *Conforming items - Items that arrived within standard at the office of destination		
Type of indicator	Outcome	Calculation type	Non-cumulative for Q1, cumulative for Q2, Q3, and Q4
Reporting cycle	Annual/Quarterly/ Monthly	New Indicator	Yes
Desired Performance	Higher than targeted performance	Indicator responsibility	Group Executive Operations
Responsible Manager	General Manager Logistics	Reporting Manager	Manager Operations

Strategic Objective 7	Building capacity and capability	Goal	Enhance the customer experience at all points of presence through effective delivery of services, including government services, to all communities.
KPI 7.3 Measure	Resolution of customer complaints recorded at the call centre within 7 working days	Short definition Key Performance Indicator Description	Customer complaints must be resolved within 7 working days from date of receipt of complaint
Purpose/ importance	Efficient service and increased value to customers resulting in retention of customers	Source/collection of data	Remedy System –Extracts of calls logged pertaining to customer complaints Manual Capturing - Excel
Method of calculation	Number of complaints resolved within 7 working days divided by total number of complaints received expressed as %. Day 1 = Date upon which the complaint is received and recorded. Complaints received regarding Postbank will not be used for calculation purposes	Data limitations	Data capturing errors due to manual element. The cut-off point per quarter is the last day of the month on which the quarter ends and complaints received during this last month may not have had sufficient resolution time resulting in a possible over/under statement of performance.
Type of indicator	Outcome	Calculation type	Non -cumulative
Reporting cycle	Annual / Quarterly	New Indicator	No
Desired Performance	Higher than targeted performance	Indicator responsibility	Group Executive Sales
Responsible Manager	Group Executive Sales	Reporting Manager	Manager Call Centre

Strategic Outcome 8	Digitalisation and Modernisation	Goal	Optimize core business processes and systems which stabilize the business and enhance the efficient operating of the organization
Key Performance Indicator 8.1	Maintain application system uptime at online SA Post Office branches	Short definition Key Performance Indicator Description	The SA Post Office application systems must be available at least 98% of the time for customers to transact
Purpose/ importance	To ensure that the IT systems uptime requirements are met	Source/collection of data	Signed – off Monthly Application Stats Reports for the application system availability monitored(PMC), Remedy System

Strategic Outcome 8	Digitalisation and Modernisation	Goal	Optimize core business processes and systems which stabilize the business and enhance the efficient operating of the organization
Method of calculation	Total actual system uptime hours for the month divided by the total hours per month expressed as a percentage % Definitions: <ul style="list-style-type: none"> Number of days per month multiplied with 24 hours per day = Total hours per month. Total hours per month minus total hours downtime/system unavailable as per Remedy System/Excel Sheet = Total actual uptime hours for the month 	Data limitations	All outages updated and included in the PMC reports.
Type of indicator	Outcome	Calculation type	Non - cumulative
Reporting cycle	Monthly/Quarterly/Annual	New Indicator	Yes
Desired Performance	Higher than target	Indicator responsibility	Chief Information Officer
Responsible Manager	Senior Manager Technology	Reporting Manager	Senior Manager Technology

Strategic Objective 8	Digitalisation & Modernisation	Goal	The organisation is to become a cyber-physical entity effectively leveraging technologies and operating in a modernized manner. Ultimately, the SA Post Office aims to be more competitive and reposition itself in the market, located at the apex's physical and digital economies.
Key Performance Indicator 8.2	Implementation of critical modernisation and digitalisation programmes	Short definition Key Performance Indicator Description	Establish the Program of Work for Digital Transformation projects.
Purpose/importance	Complete the relevant milestones and target dates for each of the allocated projects. This includes completing the submissions for project approval (business case, board approval), following the relevant procurement processes, complete and sign-off, project activities and deliverables, etc. These projects include: <ol style="list-style-type: none"> SITA / SAPO IT Systems <ol style="list-style-type: none"> Data Centre Infrastructure Refresh (Cloud Hosting) Hybrid Mail & Connectivity EDD ITSM Implementation of SAPO DR environment for SAPO Infrastructure Lift and shift SAPO DC to SITA Whitespace IT Architecture Refresh (Physical Blueprint) IT Software and Application Refresh Upgrade the POS Hardware Upgrade the POS Software Route Optimisation (Courier Solution) End-to-end domestic international tracking and functionality optimised (IPS rollout) End User Computing Refresh 	Source/collection of data	Approved Business Case/Memo's/Board Resolutions/EXCO Resolutions RFP/RFQ Document issued to the market Signed Contracts/MOU/Letters of Intent/Engagements
Method of calculation	The achievement of all key deliverables listed on the Program Matrix represents a total actual performance achievement of 100%. When a key deliverable is achieved, the performance % allocated per the Program Matrix will be used to represent the performance achieved expressed as a %. Count together the performance % for key deliverables achieved to calculate the total overall actual performance expressed as a %.	Data limitations	.
Type of indicator	Output	Calculation type	Cumulative
Reporting cycle	Annual/Quarterly	New Indicator	No
Desired Performance	Achieve target	Indicator responsibility	Chief Information Officer
Responsible Manager	Specialist IT Architect	Reporting Manager	Specialist IT Architect

Strategic Objective 9	Corporate Governance	Goal	Enhance adherence to corporate governance standards across the organization
Key Performance Indicator 9.1	Improve audit outcome	Short definition Key Performance Indicator Description	To improve the audit opinion as issued by the Auditor General for the prior year based on the independent audit work carried out by the Auditor General of South Africa.
Purpose/importance	Contribute to an overall improved and sustainable Internal Control, risk management and governance environment.	Source/collection of data	1.Final MR (Management Report) issued by the AG (Auditor General) 2.Evidence/proof of tracking process implemented to monitor resolution of AG findings 3.Consolidated Outstanding Audit Issues Report(Excel) maintained by the Internal Audit department listing the Category A audit findings contained in the Final MR and the Category A audit findings closed/resolved.
Method of calculation	The overall result as contained in the MR (Management Report) issued by the AG (Auditor General) in the previous FY. The report is a culmination of conclusions/findings made by the AG following a list of audit procedures executed. For Quarter 1 & 2: Existence of evidence to proof that a tracking process has been implemented to monitor resolution of AG Findings. For Quarter 3 & 4: Total number of Category-A audit findings resolved divided by the total number of Category-A audit findings as per the MR and contained in the Consolidated Outstanding Audit Issue Report expressed as a percentage %	Data limitations	Lack of responses by management to requests for information (RFI) or request for management comments on audit findings raised from AG.
Type of indicator	Output – Quarter 1 & 2 Outcome – Quarter 3 & 4	Calculation type	Non – Cumulative for Quarter 1 & 2, Cumulative for Quarter 3 & 4
Reporting cycle	Annual/Quarterly	New Indicator	No
Desired Performance	Improve the audit opinion from the prior year by achieving a higher than targeted performance.	Indicator responsibility	Chief Audit Executive
Responsible Manager	Chief Audit Executive	Reporting Manager	Manager Internal Audit

11. FINANCIAL PLAN

11.1 SA POST OFFICE FINANCIAL OVERVIEW

The financials has been prepared against a backdrop of increased financial pressures, difficult trading conditions and the COVID-19 pandemic that has resulted in a slowdown in SAPO's business activities during the 2020/2021 financial year, resulting in a loss of R2.4 billion. SAPO's financial difficulties have continued for the nine months ending 31 December 2021 with a loss of R1.6 billion; which has further exacerbated the cash flow position

SAPO's cash flow position is dire, as creditors, medical aid contributions, pension fund contributions and SARS obligations remained unpaid and will continue not to be paid unless urgent financial assistance is provided.

11.2 INCOME STATEMENT

Postal services declined by R1.2 billion in 2020/2021 financial year in comparison to the 2019/2020 financial year. The reduction in postal services volumes has been accelerated by the impact of the COVID-19 pandemic. The lower volumes have continued in the nine months of the 2021/2022 financial year and it is anticipated that this trend will continue for the remainder of the financial year.

MTEF allocations to fund the public service mandate (excludes VAT).

- 2022/2023 FY - R452 million
- 2022/2023 FY - R456 million
- 2023/2024 FY - R476 million

The following revenue initiatives have been included in the budgets for the 2022/2023 financial year to the 2024/2025 financial year:

Revenue Growth Initiatives (R' millions)	2022/2023	2023/2024	2024/2025	Total
Hybrid mail	650	910	1,092	2,652
Courier and parcels	300	1,240	1,348	2,888
MVL	394	435	395	1,224
Payment Channel Services	100	150	165	415
Digital revenue	50	155	216	421
Infrastructure – service	100	105	110	315
Total	1,594	2,995	3,326	7,915

The quarterly targets for the 2022/23 revenue initiatives are indicated in the table below:

Revenue Growth Initiatives (R' millions)	2022/23				
	Q 1	Q 2	Q 3	Q 4	Total
Hybrid mail	163	163	163	163	650
Courier and parcels	75	75	75	75	300
MVL	99	99	99	99	394
Payment Channel Services	25	25	25	25	100
Digital revenue	13	13	13	13	50
Infrastructure – service	25	25	25	25	100
Total	399	399	399	399	1594

The following expense reduction initiatives have been provided:

- Reduction of staff costs of R758m during 2022/23, R940m during 2023/24 and R984m during 2024/25;
- Reduction of security costs of R118m during 2022/23, R236m during 2023/24 and R324m during 2024/25;
- Reduction of bank charges of R12m during 2022/23, R35m during 2023/24 and R56m during 2024/25;
- Reduction of property costs of R25m during 2022/23, R40m during 2023/24 and R55m during 2024/25.

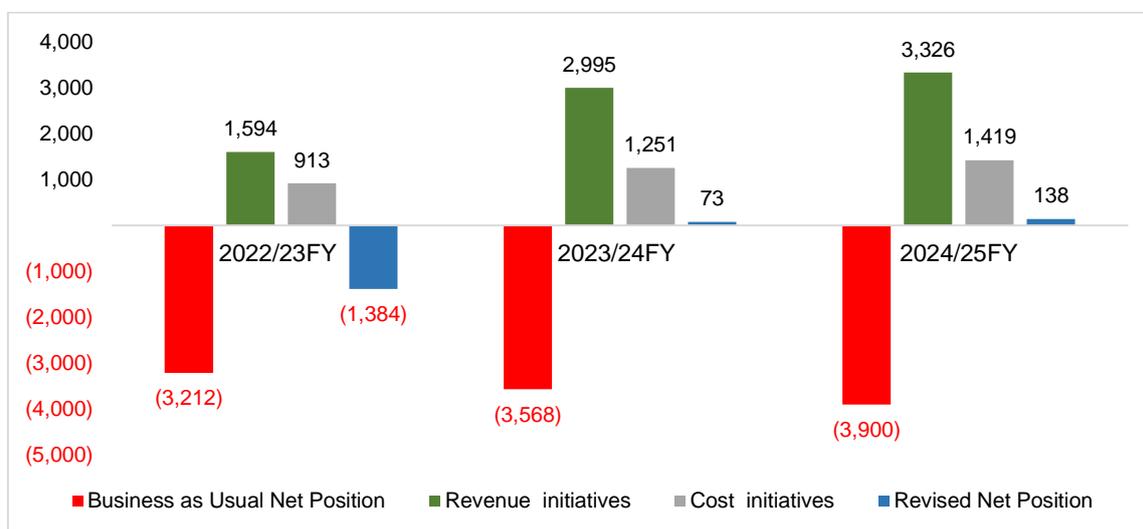
Expense Reduction Initiatives (R' millions)	2022/2023	2023/2024	2024/2025	Total
	Staff costs reduction	758	940	984
Security costs reduction	118	236	324	678
Bank charges reduction	12	35	56	103
Property costs	25	40	55	120
Total	913	1,251	1,419	3,583

The quarterly targets for the 2022/23 expense reduction initiatives are indicated in the table below:

Expense Reduction Initiatives (R' millions)	2022/23				
	Q 1	Q 2	Q 3	Q 4	Total
Staff costs reduction	-	253	253	253	758
Security costs reduction	30	30	30	30	118
Bank charges reduction	3	3	3	3	12
Property costs	6	6	6	6	25
Total	39	291	291	291	913

11.3 NET LOSS/PROFIT PROJECTION

The graphs indicate the impact of the strategic interventions on the financial position of the SA Post Office over the next three years.



11.4 DETAILED INCOME STATEMENT

SA Post Office SOC Limited (R'000)	Actual 2020/2021	Forecast 2021/2022	Budget 2022/2023	Budget 2023/2024	Budget 2024/2025
Revenue	3,582,464	3,608,527	4,863,052	6,243,491	6,578,343
Postal Services revenue	1,505,292	1,817,841	2,385,072	2,559,600	2,655,116
Courier & Parcels revenue	34,451	60,799	364,630	1,306,342	1,416,293
Payment Channel Services	1,417,817	1,415,238	1,699,937	1,844,044	1,892,703
Interest revenue	7,408	29,749	14,975	15,005	15,035
Digital revenue	33,529	48	50,000	155,000	216,000
Property revenue	135,217	120,011	77,061	77,061	81,685
Sundry revenue	448,749	164,841	271,377	286,439	301,511
Expenses	6,427,905	6,295,315	6,698,944	6,626,782	6,916,836
Staff expenses	3,724,888	3,779,582	3,725,696	3,618,161	3,799,069
Transport expenses	119,885	212,865	243,626	255,807	268,598
Property expenses	413,047	599,604	635,930	617,726	628,612
IT expenses	283,832	391,192	678,431	662,353	695,471
Security services	580,950	568,796	505,921	531,217	537,778
Other operating expenses	1,305,302	743,275	909,340	941,518	987,309
Operating (loss) / profit	(2,845,442)	(2,686,788)	(1,835,892)	(383,292)	(338,494)
Subsidy	428,682	438,407	451,542	455,887	476,361
Net profit / (loss) before tax	(2,416,760)	(2,248,381)	(1,384,350)	72,595	137,867
Taxation	-	-	-	-	-
Net profit / (loss) after tax	(2,416,760)	(2,248,381)	(1,384,350)	72,595	137,867

11.5 STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

The salient points:

- Capex budgeted
 - 2021/2022 FY - R574 million
 - 2022/2023 FY - R525 million

2023/2024 FY - R401 million

- Funding for the capex is required.
- The cash flow challenges and the unfunded losses results in the current liabilities increasing.
- SA Post Office has submitted an MTEF funding application through 2022 budget process.

Statement of Financial Position

SA Post Office (R'000)	2021	2022	2023	2024	2025
	Actuals	Forecast	Budget	Budget	Budget
Non current assets	3,983,958	2,941,253	2,775,153	3,179,428	3,533,407
Current assets	2,132,835	2,059,954	1,994,809	1,934,838	1,879,876
Cash and cash equivalents	1,711,123	266,008	212,806	174,802	11,070
	7,827,916	5,267,215	4,982,769	5,289,068	5,424,353
Share capital	8,164,116	8,164,116	8,164,116	8,164,116	8,164,116
Reserves	1,542,021	1,542,021	1,542,021	1,542,021	1,542,021
Accumulated loss	(12,282,255)	(14,530,636)	(15,914,986)	(15,842,391)	(15,704,524)
Non current liabilities	1,756,691	1,675,576	1,650,420	1,660,167	1,692,246
Current liabilities	8,647,343	8,416,138	9,541,198	9,765,155	9,730,494
	7,827,916	5,267,215	4,982,769	5,289,068	5,424,353

Cashflow Statement

SA Post Office (R'000)	2021	2022	2023	2024	2025
	Actuals	Forecast	Budget	Budget	Budget
Cash flows from operating activities	121,959	(2,218,423)	532,052	498,811	296,962
Cash (used) generated in/from operations	187,590	(2,312,481)	452,373	415,867	210,591
Interest income	30,871	29,749	14,975	15,005	15,035
Interest paid	(96,502)	64,309	64,704	67,939	71,336
Cash flows from investing activities	(298,633)	754,221	(605,295)	(557,859)	(482,791)
Purchase of property, plant and equipment	(28,717)	(28,455)	(378,000)	(485,000)	(386,000)
Purchase of other intangible assets	-	(4,502)	(196,000)	(40,000)	(15,000)
Net movement in financial assets	(269,916)	787,177	(31,295)	(32,859)	(81,790)
Cash flows from financing activities	204,661	19,087	20,042	21,044	22,096
Recapitalisation funds	-	-	-	-	-
Proceeds from term loans	-	-	-	-	-
Movement in funds collected for third parties	204,661	19,087	20,042	21,044	22,096
Total cash movement for the year	27,987	(1,445,115)	(53,202)	(38,004)	(163,732)
Cash at the beginning of the year	1,683,136	1,711,123	266,008	212,806	174,802
	1,711,123	266,008	212,806	174,802	11,070

11.6 CAPEX FINANCIAL PLAN

The capital projects funding requirements over the period FY2022/23 to FY2024/2025 financial years are summarised in the table below, with funding requirements of R1.5 billion.

The lack of investment in Technology, Property and Security infrastructure has placed the organisation at serious risk of non-compliance, risk of maintaining the current revenue streams, a substantial increase in unrecoverable financial losses due to crime-related incidents and an inability to establish a platform for the development and generation of future revenue lines.

Notwithstanding, the majority of SA Post Office capital projects are compliance-driven in nature. Whilst maintaining current revenue streams, the identified projects will establish a modernised and stable base for future revenue development and growth, supporting the digital transformation required for SA Post Office, together with improved fulfilment of our mandate and delivery standards.

The capital projects funding requirement considers the refresh, update and/or renewal of critical Technology, Property and Security infrastructure and software requirements to move the organisation toward attaining the Post Office of Tomorrow.

The priority projects identified for implementation during FY2022/23 to 2024/25FY are summarised in the table below.

No	Projects	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)	Total
1	Data Centre IT Infrastructure Refresh	65	65		130
2	Implementation of DR environment		165	55	220
3	Trust Centre Refresh	65			65
4	IT Software Application Refresh	30	40	15	85
5	Desktop and Laptop refresh (support staff)	30	30		60
6	Systems Integration Platform	20			20
7	Digital Payment Platform	30			30
8	Last Mile Delivery Software	30			30
9	e-Registered Mail Software	25			25
10	e-Commerce	30			30
11	Digital postal eco-system (SAPO mobile App e-service market place incl. RTIA / Online MVL)	25			25
12	Infrastructure as a Service: Open SAPO	8			8
13	Broadcast Digital Migration Project	5			5
14	Linehaul		25	31	56
15	Cash Protection Devices	11			11
16	Multiple Time Delay Safes	30			30
17	Branch CCTV	70			70

No	Projects	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)	Total
18	Property Refurbishment / Upgrades / Maintenance	100	200	300	600
		574	525	401	1500

12. STRATEGIC RISK PLAN

Post Office of the Future - Strategic Pillars -		Key Focus Areas	Risks	Rik Impact & Consequence Rating	Risk Likelihood / probability	Inherent Risk
Strategic Partnerships	Strategic Partnerships are a crucial enabler to the Post Office of Tomorrow to ensure that the strategic benefits are derived as envisaged	Product and Service Partners (Revenue generating) Infrastructure Partnership (Technology & properties) Channel Partners (Omni-channels, garages, self-services, malls) Business Optimisation Partners (Business improvement, VAT: Recon, SASSA Recons, Productivity Institute, Skills verification) Equity (Funding) Partnerships Training and Development Partners (Educational Institutions)	Liquidity Risk: not being in a position to meet our payment obligations at all times. Reputational Risk: unable to secure partnerships due to the corporate image, reduced trust in the business and destruction of brand value. Economic Risk: The risk that the economy will go into recession, poor market conditions allowing non-optimal price / interest / buyers, reduce revenue (e.g. a price war). The risk of economic losses resulting in partnership not being financial viable.	Severe	Likely	Very High
Modernisation and Digitalisation	Post Office of the Tomorrow will be oriented towards Eco-system Convergence instead of product-oriented. The future of the Post Office lies in the financial payment and logistics space. This future state will see the Post Office more inclined to customise solutions to meet modern society's evolving needs.	Logistics Sales Operations	Sustainability Risk: failing to meet objectives and targets in a cost effective manner. Strategy and plans ineffective, budget unavailable to implement, making wrong business decisions, implementing decisions poorly, or being unable to adapt to changes in the operating environment. Length of decision making, approval and implementation may lead to competitors introducing these models before SAPO. Risk of existing revenue stream coming to the end of their lifecycle. Infrastructure Risk: IT infrastructure services disruption, downtime or failure	Major	Likely	Very High

Post Office of the Future - Strategic Pillars -		Key Focus Areas	Risks	Rik Impact & Consequence Rating	Risk Likelihood / probability	Inherent Risk
			<p>with costly upgrade, maintenance and repairs. Physical infrastructure poor localities, maintenance failure and declining footprint.</p> <p>Political Risk: political isolation and change whereby company's none relevance in supporting political objectives. SOE's debt burden on state</p> <p>Demand Risk: Lower than expected demand for our service or products, product failure on the market. Not meeting client's requirements</p> <p>Product Liability Risk: incur legal liability related to products and services</p> <p>Profit Risk: High investment. The risk that profits will fall or not realise directly affecting growth potential of SAPO.</p>			
Logistics Centre	From a conveyor of letter-post to an integrated logistics service provider	SA Post Office will re-establish its presence within the parcel business informed by (1) Restoring customer confidence and attract new customers; and (2) optimal and competitive service delivery	<p>Competitor Risk: market space limited due to large number of established competitors. Pricing flexibility.</p> <p>E-Substitution: digital offering displace the need for physical letter with a consequential decline in volumes</p> <p>Fleet Risk: High cost to maintain active fleet.</p> <p>Logistics Risk: The risk of logistics failure, fail to deliver items to retail / client and mail delivery locations on time.</p> <p>Warehousing Risk: failure of systems and facilities to provide in clients' needs</p> <p>Innovation Risk: The risk that the competition will out innovate us</p> <p>Fraud & Theft Risk: The risk of fraud losses, information security breaches and data safe storage. Losses of client parcels or violation of mail items</p> <p>Carryover Risk: unable to meet delivery standards with increase in</p>	Major	Likely	Very High

Post Office of the Future - Strategic Pillars -		Key Focus Areas	Risks	Rik Impact & Consequence Rating	Risk Likelihood / probability	Inherent Risk
			backlogs and clogging of delivery stream			
Logistics Partnership	The SA Post Office is to position itself as the logistics service provider for other logistics service providers	Centre of a Logistic-alliance that will assist businesses to ship freight and packages throughout South Africa, Region, and Internationally	<p>Contractual risk: unable to maintain contractual obligations with partners and non-adherence to any conditions preceding and premature contract cancellations.</p> <p>Resource Risk: partnership not able to provide or source necessary critical skills.</p> <p>Procurement Risk: ineffective procurement of preferred partnership agreements and scope creeping.</p>	Major	Possible	High
e-Commerce	SA Post Office will further seek to support the growth of the e-commerce business in the region to drive regional e-commerce volumes by	Establish an e-Commerce Africa Hub in South Africa so to serve the e-Commerce parcel distribution needs of the continent	<p>Technological Change: The risk that technology investments will become obsolete. Timing market demand could make the initiative irrelevant.</p> <p>Financial Constraints Risk:</p>	Severe	possible	High

Post Office of the Future - Strategic Pillars -		Key Focus Areas	Risks	Rik Impact & Consequence Rating	Risk Likelihood / probability	Inherent Risk
	establishing itself as a regional e-commerce hub.		<p>Insufficient budget availability to provide / develop intended product</p> <p>Technology Quality Risk: The risk of software and hardware quality problems such as failures, usability issues, effectiveness, breakdowns, operating costs.</p> <p>Platform Risk: The risk of choosing a technology platform that's not fit for purpose.</p> <p>Architectural Risk: The risk that the architecture will fail to meet business objectives or being outdated.</p> <p>Market Risk: less than expected uptake of service / product by market</p>			
Authentication Authority and Trust Centre	SA Post Office to seek official designation as the Authentication Authority and Trust Centre in the country.	Trust Centre Advanced Digital Signature Digital Identity Certificates Verification & Authentication Partnerships	<p>Electronic Impersonations: Interception and misrepresentation of data</p> <p>Infrastructure Risk: Lack of suitable secured IT and Physical infrastructure</p> <p>Revenue Risk: lower than expected income generated with SITA partnership.</p> <p>Data Security Risk: Access of confidential data by unauthorised parties. User access governance inefficiencies</p> <p>Technological Change: The risk that technology investments will become obsolete. Less than expected market share</p>	Major	Likely	Very High

Post Office of the Future - Strategic Pillars -		Key Focus Areas	Risks	Rik Impact & Consequence Rating	Risk Likelihood / probability	Inherent Risk
Digital Business Hub	SA Post Office outlets into one-stop technology service centres for business and individuals who may not afford technology products at an individual level	Business Services which include printing, photocopying, scanning, faxing and binding. Selling of stationery and consumables. Internet Services and an e-government portal. Community hubs that provide a range of government services will be established in under-serviced communities.	<p>Product Failure: less than anticipated market uptake of services.</p> <p>Security and Theft: loss of assets through burglaries</p> <p>Market Risk: competing with existing franchised businesses</p> <p>Business Desk: not providing in clients stock and consumable needs.</p> <p>Product Quality: inferior products associated with SAPO</p> <p>Product Scope: no standard fit for all localities, flexibility to client needs.</p>	Major	Possible	High

13. CORPORATE GOVERNANCE AND OTHER PLANS

13.1 ORGANISATIONAL STRUCTURE

The SA Post Office operates in terms of a Group holding structure, with the SA Post Office as the Group holding company, with two operating subsidiaries and several property companies. The subsidiary companies have their own boards comprising SA Post Office non-executive directors, executive directors and the holding company executives appointed in a non-executive capacity to the subsidiary boards. The managing director of the subsidiary company is the executive director of the subsidiary.

The relationship between the subsidiary companies and the SA Post Office, as the shareholder, is governed by the individual shareholders’ compacts between the holding company and the subsidiary. The shareholder compact and clarification of roles and responsibilities of the parties outline the performance targets to be met by the subsidiary in terms of the overall annual Corporate Plan for the Group.

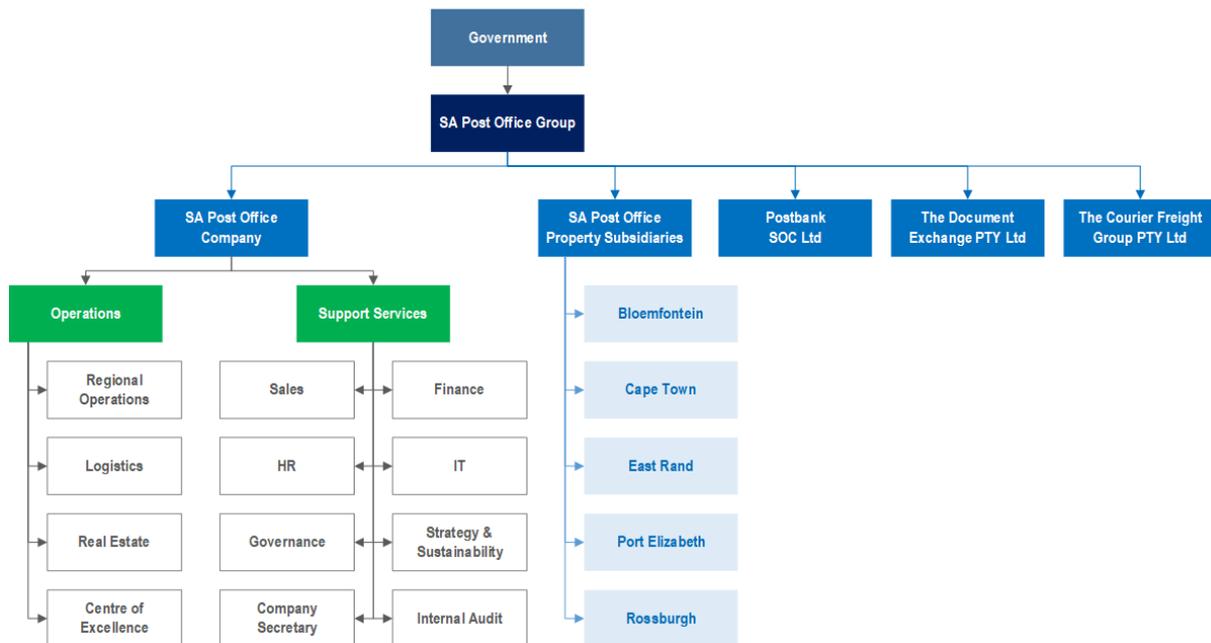


Figure 13-1: SA Post Office Group Structure

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

13.2 BOARD OF DIRECTORS AND SUB-COMMITTEES

BOARD OF DIRECTORS

The Board of Directors is the Accounting Authority for the SA Post Office and consists of not more than 10 non-executive members and three executive members which are the following; the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Operations Officer (COO).

The statutory committees of the Board are: the Audit Committee and Risk Committee; Human Resources Transformation, 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, Strategic Turnaround Committee and Procurement Committee and the Stamp Advisory Committee.

AUDIT COMMITTEE AND RISK COMMITTEE

The SA Post Office Audit and Risk 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 Audit 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.

HUMAN RESOURCE AND TRANSFORMATION COMMITTEE, REMUNERATION AND PERFORMANCE COMMITTEE

The Human Resource and Transformation and the Remuneration and Performance Committee was established as a single committee in terms of the SAPO Act, section 14(2)(a)(ii) i) during the financial year. The committee exercises oversight over all aspects relating to human resource management, remuneration and performance within the group.

IT GOVERNANCE COMMITTEE, STRATEGIC TURNAROUND AND PROCUREMENT COMMITTEE

The Committee is responsible for overseeing the board's behalf, the execution of IT-related decisions across the Group; the strategic turnaround and procurement within the delegation of the Board. The committee reports to the Board and is responsible for IT governance across the Group, including monitoring and reviewing IT policies

and practices to ensure that the required IT support is in place and that IT is positioned as a key enabler for business. The Committee is responsible to the Board for overseeing the overall strategic planning, budget and reporting process, stewardship and related reporting. The Committee is further accountable to exercise oversight on initiatives implemented to address strategic issues identified from time to time. Members are appointed by the SA Post Office Group Board of Directors and comprise at least three non-executive members of the Board on a maximum of three years.

The Committee also reviews and exercises oversight over procurement which is within the delegation of the Board.

STAMP ADVISORY COMMITTEE

The Stamp Advisory Committee (SAC) advises the Minister of Digital Communications and Digital Technologies on the South African annual stamp issue program and related issues. The SAC comprises specialists in philately, representatives from Digital Communications and Digital Technologies, and a SA Post Office Group Board representative. This committee meets four times a year and on an ad-hoc basis if required.

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, the sole Shareholder of Docex.

13.3 DELEGATION OF AUTHORITY

As the accounting authority, the SA Post Office Board has unfettered powers to direct and control the business of the company. The Board delegates the day to day management to executive management. However, the Board, at all times, retains full and effective control over the direction and performance of the organisation.

Although the Board's ultimate accountability is to lead and manage the Group, some of the responsibilities are delegated to Executive Management. In this regard, to manage the South African Post Office Group's business affairs, the delegated responsibilities are managed through established governance structures at the Board and Executive Committee level. The Board has delegated certain of its powers to the Accounting Officer – the Group Chief Executive Officer - to whom they have authorised to further sub-delegate to management in line with the SA Post Office Group policy: Delegation of Authority Framework. At the same time, the Board retains a degree of power to control management and, subsequently, the organisation. The

Board, in collaboration with management, also directs the SA Post Office Group corporate strategy.

The Board may, in instances of crises within the company, revoke any powers granted to management to stabilise the organisation. The Board may also withdraw any powers conferred to any official in line with the Board's role as the Accounting Authority.

The SA Post Office Board has developed a clear definition of the levels of materiality and significance to determine the scope of delegation of authority and ensure that the Board reserves specific powers and authority to itself. The delegated authority from the Board is in writing, is reviewed and updated regularly.

13.4 THE SA POST OFFICE GROUP SUBSIDIARY OVERVIEW

13.4.1 Postbank SOC Ltd

Postbank SOC Ltd is mandated to provide for the inclusion of financially excluded members of the nation to actively participate in the economy. As of 1 April 2019, Postbank was incorporated as a separate legal entity as per section 6 of the South African Postbank Act 9 of 2010 (Postbank Act). The separation between the SA Post Office and Postbank SOC is underway and Postbank is establishing the required business components to enable it to operate as an independent company.

13.4.2 The Document Exchange (Pty) Ltd

The Document Exchange Pty Ltd (Docex) is a subsidiary of the South African Post Office Group. Docex is licensed to operate in the SA postal sector's competitive segment, referred to as the unreserved area. On this basis, Docex is in direct competition with private sector companies. Docex has differentiated itself in the market by operating within a niche segment of the unreserved postal area by specialising in the secure collection, processing and delivery of confidential and sensitive documents via a secure closed network distribution network. Currently, Docex is the market leader within this niche segment of the unreserved postal sector. However, evolving market trends and increasing competition from digital alternative is driving the current modernisation of Docex.

13.4.3 The Courier and Freight Group

The Courier & Freight Group (Pty) Limited (CFG) is a wholly owned subsidiary of The South African Post Office (SOC) Limited. CFG has been experiencing financial difficulties for a number of years and mainly depended on financial assistance from the SA Post Office. The Board of the SA Post Office has taken a resolution to transfer the business of CFG back into SA Post Office with the effect that the CFG legal entity will cease to exist in its current form and the entire business operations will be integrated into the SA Post Office.

CFG does not have adequate financial resources to continue in operation for the foreseeable future on a stand-alone basis, given that the entity will be liquidated as a business once approval has been obtained from the Minister.

Approval will be sought from the Minister as required by section 54 of the Public Finance Management Act ("PFMA"). The SA Post Office Board has resolved to move the staff of CFG onto the SA Post Office payroll with effect from 01 September 2016.

SA Post Office is the biggest creditor of CFG making up 94% of its total liabilities (i.e. R730m of total R780m of CFG liabilities).

The CFG entity still remains technically insolvent and for all intents and purposes, is non-operational.

13.4.4 SA Post Office Properties Subsidiary Companies

SAPOS Properties (Bloemfontein) (Pty) Ltd

The company's holding company is South African Post Office (SOC) Limited which holds 100% of the company's equity.

The going concern for the parent company (SA Post Office) is sufficient to support the going concern of the company. This was considered in light of the fact that the two entities share the same bank account and the company relies on SA Post Office for other shared services like HR management, ITC management and Executive Management support.

The company is in a sound financial position and it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Income statement (R'000)	Actuals 2021	Forecast 2022	Budget 2023	Budget 2024	Budget 2025
Revenue	0	223	282	292	301
Property revenue	0	0	50	50	50
Sundry revenue	0	223	232	242	251
Expenses	(433)	75	79	83	87
Property expenses	72	75	79	83	87
Depreciation	0	0	0	0	0
Sundry expense	(505)	0	0	0	0
Operating Profit / (Loss)	433	148	203	208	214
Taxation	(97)	(41)	(55)	(56)	(58)
Net profit / (loss) after tax	336	107	148	152	156

Statement of Financial Position' (R'000)	Actuals 2021	2022	Budget 2023	Budget 2024	Budget 2025
ASSETS					
Non-current assets					
Investment properties	5,585	5,808	6,040	6,282	6,533
Deferred tax asset	0	0	0	0	0
	5,585	5,808	6,040	6,282	6,533
Current assets					
Trade and other receivables	4	0	0	0	0
	4	0	0	0	0
TOTAL ASSETS	5,588	5,808	6,040	6,282	6,533
Equity and Liabilities					
Equity					
Share capital	0	0	0	0	0
Reserves	1,621	1,621	1,621	1,621	1,621
Retained earnings	2,586	2,692	2,840	2,993	3,149
	4,207	4,313	4,462	4,614	4,770
Liabilities					
Non-Current Liabilities					
Deferred tax	943	1,043	1,113	1,189	1,270
	943	1,043	1,113	1,189	1,270
Current liabilities					
Trade & other payables	439	452	466	479	494
	439	452	466	479	494
Total Liabilities	1,381	1,495	1,579	1,668	1,763
Total Equity and Liabilities	5,588	5,808	6,040	6,282	6,533

SAPOS Properties (Erf 145018 Cape Town) (Pty) Ltd

The company's holding company is South African Post Office (SOC) Limited which holds 100% of the company's equity.

The going concern for the parent company (SA Post Office) is sufficient to support the going concern of the company. This was considered in light of the fact that the two entities share the same bank account and the company relies on SA Post Office for other shared services like HR management, ITC management and Executive Management support.

The company is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Income statement (R'000)	Actuals 2021	Forecast 2022	Budget 2023	Budget 2024	Budget 2025
Revenue	563	1,249	1,277	1,305	1,335
Interest revenue	0	0	0	0	0
Property revenue	563	563	563	563	563
Sundry revenue	0	686	713	742	772
Expenses	2,938	349	366	385	404
Property expenses	327	343	360	378	397
Bank charges	6	6	6	7	7
Depreciation	0	0	0	0	0
Sundry expense	2,605	0	0	0	0
Operating Profit / (Loss)	(2,374)	900	910	920	931
Taxation	550	(252)	(246)	(249)	(251)
Net profit / (loss) after tax	(1,825)	648	664	672	679

Statement of Financial Position' (R'000)	Actuals 2021	2022	Budget 2023	Budget 2024	Budget 2025
ASSETS					
Non-current assets					
Investment properties	17,150	17,837	18,550	19,292	20,064
Operating lease asset	30	30	30	30	30
Deferred tax asset	0	0	0	0	0
	17,180	17,866	18,580	19,322	20,094
Current assets					
Operating lease asset	74	74	74	74	74
Trade and other receivables	414	414	414	414	414
Current tax asset	1	1	1	1	1
	489	489	489	489	489
TOTAL ASSETS	17,669	18,355	19,069	19,811	20,582
Equity and Liabilities					
Equity					
Share capital	0	0	0	0	0
Reserves	4,740	4,740	4,740	4,740	4,740
Retained earnings	9,307	9,955	10,620	11,292	11,971
	14,047	14,695	15,360	16,032	16,711
Liabilities					
Non-Current Liabilities					
Deferred tax	3,467	3,467	3,467	3,467	3,467
	3,467	3,467	3,467	3,467	3,467
Current liabilities					
Current tax payable	0	0	0	0	0
Financial liabilities	0	0	0	0	0
Trade & other payables	155	193	242	312	405
	155	193	242	312	405
Total Liabilities	3,622	3,660	3,709	3,779	3,871
Total Equity and Liabilities	17,669	18,355	19,069	19,811	20,582

SAPOS Properties (East Rand) (Pty) Ltd

The company's holding company is South African Post Office (SOC) Limited which holds 100% of the company's equity.

The going concern for the parent company (SA Post Office) is sufficient to support the going concern of the company. This was considered in light of the fact that the two entities share the same bank account and the company relies on SA Post Office for other shared services like HR management, ITC management and Executive Management support.

The company is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Income statement (R'000)	Actuals 2021	Forecast 2022	Budget 2023	Budget 2024	Budget 2025
Revenue	0	2,031	2,706	2,790	2,878
Property revenue	0	0	594	594	594
Sundry revenue	0	2,031	2,112	2,197	2,285
Expenses	4,961	1,539	1,616	1,697	1,782
Property expenses	1,466	1,539	1,616	1,697	1,782
Bank charges	0	0	0	0	0
Sundry expense	3,495	0	0	0	0
Operating Profit / (Loss)	(4,961)	492	1,089	1,093	1,096
Taxation	1,250	(138)	(294)	(295)	(296)
Net profit / (loss) after tax	(3,711)	354	795	798	800

Statement of Financial Position' (R'000)	Actuals 2021	2022	Budget 2023	Budget 2024	Budget 2025
ASSETS					
Non-current assets					
Investment properties	50,776	52,807	54,919	57,116	59,401
Operating lease asset	0	0	0	0	0
	50,776	52,807	54,919	57,116	59,401
Current assets					
Operating lease asset	0	0	0	0	0
Trade and other receivables	0	0	0	0	0
	6	0	0	0	0
TOTAL ASSETS	50,781	52,807	54,919	57,116	59,401
Equity and Liabilities					
Equity					
Share capital	0	0	0	0	0
Reserves	8,617	8,617	8,617	8,617	8,617
Retained earnings	28,734	29,088	29,883	30,681	31,481
	37,351	37,705	38,500	39,298	40,098
Liabilities					
Non-Current Liabilities					
Deferred tax	9,676	10,450	11,286	12,189	13,164
	9,676	10,450	11,286	12,189	13,164
Current liabilities					
Current tax payable	0	0	0	0	0
Trade & other payables	3,755	4,652	5,133	5,629	6,139
	3,755	4,652	5,133	5,629	6,139
Total Liabilities	13,431	15,102	16,419	17,818	19,302
Total Equity and Liabilities	50,781	52,807	54,919	57,116	59,401

SAPOS Properties (PE) (Pty) Ltd

The company's holding company is South African Post Office (SOC) Limited which holds 100% of the company's equity.

The going concern for the parent company (SA Post Office) is sufficient to support the going concern of the company. This was considered in light of the fact that the two entities share the same bank account and the company relies on SA Post Office for other shared services like HR management, ITC management and Executive Management support.

The company is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Income statement (R'000)	Actuals 2021	Forecast 2022	Budget 2023	Budget 2024	Budget 2025
Revenue	502	665	703	707	711
Property revenue	568	568	602	602	602
Sundry revenue	(66)	97	101	105	109
Expenses	(59)	90	94	99	104
Property expenses	81	85	89	93	98
Bank charges	5	5	6	6	6
Depreciation	0	0	0	0	0
Sundry expense	(145)	0	0	0	0
Operating Profit / (Loss)	561	575	609	608	607
Taxation	(157)	(161)	(164)	(164)	(164)
Net profit / (loss) after tax	405	414	444	444	443

Statement of Financial Position' (R'000)	Actuals 2021	2022	Budget 2023	Budget 2024	Budget 2025
ASSETS					
Non-current assets					
Investment properties	2,426	2,523	2,624	2,729	2,838
Operating lease asset	0	0	0	0	0
	2,426	2,523	2,624	2,729	2,838
Current assets					
Operating lease asset	37	0	0	0	0
Trade and other receivables	529	959	1,310	1,656	1,997
Current tax asset	69	0	0	0	0
	635	959	1,310	1,656	1,997
TOTAL ASSETS	3,061	3,482	3,934	4,385	4,835
Equity and Liabilities					
Equity					
Share capital	0	0	0	0	0
Reserves	2,175	2,175	2,175	2,175	2,175
Retained earnings	541	955	1,400	1,844	2,287
	2,716	3,130	3,575	4,019	4,462
Liabilities					
Non-Current Liabilities					
Deferred tax	288	293	299	305	311
	288	293	299	305	311
Current liabilities					
Operating lease liability	0	0	0	0	0
Current tax payable	0	0	0	0	0
Trade & other payables	57	58	60	61	62
	57	58	60	61	62
Total Liabilities	345	352	359	366	373
Total Equity and Liabilities	3,061	3,482	3,934	4,385	4,835

SAPOS Properties (Rossburgh) (Pty) Ltd

The company's holding company is South African Post Office (SOC) Limited which holds 100% of the company's equity.

The going concern for the parent company (SA Post Office) is sufficient to support the going concern of the company. This was considered in light of the fact that the two entities share the same bank account and the company relies on SA Post Office for other shared services like HR management, ITC management and Executive Management support.

The company is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Income statement (R'000)	Actuals 2021	Forecast 2022	Budget 2023	Budget 2024	Budget 2025
Revenue	1,027	1,262	1,277	1,346	1,363
Property revenue	874	874	874	927	927
Sundry revenue	153	387	403	419	436
Expenses	842	312	328	344	361
Property expenses	286	301	316	331	348
Bank charges	11	12	12	13	13
Sundry expense	545	0	0	0	0
Operating Profit / (Loss)	186	950	950	1,002	1,001
Taxation	(72)	(266)	(256)	(270)	(270)
Net profit / (loss) after tax	113	684	693	731	731

Statement of Financial Position' (R'000)	Actuals 2021	2022	Budget 2023	Budget 2024	Budget 2025
ASSETS					
Non-current assets					
Investment properties	9,686	10,073	10,476	10,895	11,331
Operating lease asset	12	12	12	12	12
	9,698	10,086	10,489	10,908	11,344
Current assets					
Operating lease asset	0	0	0	0	0
Trade and other receivables	3,095	3,095	3,095	3,095	3,095
	3,095	3,095	3,095	3,095	3,095
TOTAL ASSETS	12,794	13,181	13,584	14,003	14,439
Equity and Liabilities					
Equity					
Share capital	0	0	0	0	0
Reserves	8,027	8,027	8,027	8,027	8,027
Retained earnings	2,948	3,632	4,325	5,056	5,787
	10,975	11,659	12,352	13,083	13,814
Liabilities					
Non-Current Liabilities					
Operating lease liability	0	0	0	0	0
Financial liabilities	0	0	0	0	0
Deferred tax	1,606	1,371	1,073	753	449
	1,606	1,371	1,073	753	449
Current liabilities					
Current tax payable	68	0	0	0	0
Financial liabilities	0	0	0	0	0
Trade & other payables	145	152	159	167	176
	213	152	159	167	176
Total Liabilities	1,819	1,523	1,232	920	625
Total Equity and Liabilities	12,794	13,181	13,584	14,003	14,439

14. MATERIALITY FRAMEWORK

Framework of acceptable levels of materiality and significance for the purpose of the interpretation of and compliance with the Public Finance Management Act, No 1 of 1999, as approved by the Board and applicable from the 2017/18 financial year.

SA Post Group Materiality Framework

PROPOSED FRAMEWORK		RESULTING FIGURES FOR 2020/21	UNDERLYING PRINCIPLES
Section 55 Material Disclosure, in the 2019/20 Annual Report:			
<ul style="list-style-type: none"> Losses due to criminal conduct 	<p><u>Quantitative:</u></p> <p>Capital expenditure:</p> <p>10% of the capital expenditure budget line item</p> <p>Other expenditure:</p> <p>10% of the related operating expenditure budget line item, 1% of Staff Expenses 5% of Transport Costs</p>	<p>(Depending on the related budget line item)</p> <p>Calculated at an average of R30 million</p>	<ul style="list-style-type: none"> Section 55, as identified, will evaluate each loss due to criminal conduct, irregular expenditure or fruitless and wasteful expenditure, in context of the expense category to which it relates to determine whether it qualifies for disclosure in the Annual Report as required. The total value of any identified fruitless or wasteful expenditure will also be reported as well as cases due to criminal conduct In line with good business practice, as well as the requirements of the Act, the SA Post Office is committed to the prevention, detection of and taking appropriate action on all irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of the SA Post Office (Sec 51(1)(b)(ii)). To this end the SA Post Office's systems and processes are designed and continually reviewed to
<ul style="list-style-type: none"> Irregular expenditure 	No materiality. All to be disclosed	All to be disclosed	

PROPOSED FRAMEWORK		RESULTING FIGURES FOR 2020/21	UNDERLYING PRINCIPLES
<ul style="list-style-type: none"> Fruitless and wasteful expenditure 	No materiality. All to be disclosed	irrespective of amounts involved	ensure the prevention and detection of all such expenditure, irrespective of the size thereof.
Significant for Section 54 – Information and approval by the Minister of “qualifying transactions”, i.e.:			
<ul style="list-style-type: none"> <i>participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;</i> <i>acquisition or disposal of a significant shareholding in a company;</i> <i>acquisition or disposal of a significant asset;</i> <i>commencement or cessation of a significant business activity; and</i> a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement. 	<p><u>Quantitative:</u></p> <p>Qualifying transactions based on the guideline:</p> <ul style="list-style-type: none"> 1% - 2% of the value of total assets; 0.5% - 1% of total revenue; or 2% - 5% of profit after tax. <p><u>Qualitative:</u></p> <p>A qualifying transaction may also be considered significant based on considerations other than financial when, in the opinion of the Board, it is considered to be significant for the application of section 54.</p> <p>The decision on which non-financial issues may be considered at any time requires careful judgment at a strategic level, and therefore rests with the Board as a representative body of the shareholder.</p>	<p>R 120 million</p> <p>Determination of qualitative significance is considered based on Practice Note 4 of 2009/10.</p>	<ul style="list-style-type: none"> <i>The PFMA is not intended to affect the autonomy of the organisation, but its stated objectives are to ensure transparency, accountability and sound management of revenue, expenditure, assets and liabilities of the institutions to which the Act applies. Therefore, the legislature could not have intended for the public entities to report and seek approval on matters of a daily basis;</i> <i>The business of the SA Post Office is conducted within the framework of the mandate, objects and powers contained in the SA Post Office Act, as well as the business and financial direction set out in the corporate plan;</i> <i>The SA Post Office also has defined accountability and approval structures from the Board, as the shareholder representative, to the CEO and management in a form of a Generic Decision Framework</i> <i>The responsibility for the day-to-day management of the SA Post Office vests in line management through a clearly defined organisational structure and through formally delegated authorities in line with the Generic Decision Framework reviewed annually</i>

15. FRAUD PREVENTION PLAN

SA Post Office has taken a zero tolerance approach towards crime and directly supports the National Crime Prevention Strategy (1995) of the South African Government and is deployed in close co-operation and partnership with other policing and intelligence agencies. SA Post Office works with all roll players in the market to deliver the service. The changing operational environment requires an agile crime prevention plan that encompasses employees, physical, cyber, clients and systems.

Effective communication and adherence to policy and procedures combined with Crime intelligence is a critical tool to detect and prevent criminal activities by individuals and syndicate elements that continually vary their initiatives and modus operandi in targeting specific products/assets.

National Fraud Prevention Plan

The SA Post Office Group's Fraud Prevention Plan (NFPP) is aligned in accordance to Par.14 of the National Treasury Practice Note 4 of 2009/2010 issued in terms of Section 52 of the Public Finance Management Act as well that of King IV principles.

The National Fraud Prevention Plan (NFPP) of the SA Post Office is not only limited to compliance to the Public Finance Management Act (PFMA) and the Treasury Regulation 29.1.1., but encompasses all other Legislation, Common Law as well as Internal Policies and Procedures directed at the prevention and detection of fraud and dishonesty.

In doing business, the SA Post Office expects all its employees and organisations that are in any way associated with it to be honest and fair in their dealings with and on behalf of the organisation, its clients and customers.

The following Governance Structures are in place

- Board Sub-Committees: Social and Ethics Committee and Audit and Risk Committee;
- SA Post Office Executive Committee (EXCO); and
- SA Post Office Financial Misconduct Committee (FMC)

SA Post Office is serious about crime prevention and is embarking on multiple projects that shall detect and prevent fraudulent and criminal activities.

The South African Post Office is also committed to improve its Branch physical security infrastructure, enhance its operating systems thereby minimizing manual manipulation of systems as well as enhanced compliance and enforcement of control measures.

The Operational Fraud Prevention Activity Plan as approved by the Board of Directors, provides guidance to enable the management to identify fraud risks, control

failures as well as risk causes, with the objective to develop fraud mitigation actions and to improve the control environment.

16. COMMUNICATION STRATEGY

The Communications Business Unit has embarked on a project to relaunch the Post Office brand and improve brand equity. Central to this is the positioning of the Post Office as a reliable, trustworthy and cost-effective service provider.

The most important tool for this is social media, where the business unit has already made significant strides in portraying the company as caring, responsive and effective to customers. The company has 95,000 followers on social media.

Public relations alone cannot turn the brand image around. For the brand to become synonymous with trustworthiness and reliability, it is essential that:

- Operations must work reliably and efficiently and
- Tools of trade, specifically the IT network and hardware, must be reliable.

Formal broadcast and print media are also used continuously to position leadership and keep the SA Post Office and its products top of mind for customers. These media platforms are used to position the Group CEO as a decisive, engaging and insightful leader.

The following are the building blocks of the SA Post Office brand equity strategy that will be implemented in line with the corporate plan and vision and mission:

- Brand identity
- Brand awareness (awareness of products and services)
- Brand meaning (what the SA Post Office brand should be characterized by or known for)
- Brand performance
- Brand responses (what customers feel and think of the SA Post Office brand/how customers respond to the brand)
- Brand relationship (the level of identification customers have with the SA Post Office brand)

17. SUSTAINABILITY PLAN

The Sustainable Development vision of SA Post Office is to be recognized amongst the leading companies and SOEs in sustainable development through addressing challenges faced by the planet and mankind fostering the shared value proposition

The SA Post Office aims to reduce its carbon footprint from every parcel, letter, freight, financial transaction, every square metre of our mail centres. The goal is to reduce 20% of carbon emission by 2030 from 2019 baseline in all scopes of emission (directly and indirectly).

Environmental Strategic Pillar

- Protect the environment
- Minimise our impact on the environment
- Utilise our non-renewable resources in a sustainable way
- Pursue sustainable management best practices
- Participates in the national debate surrounding sustainable development
- Environmental sustainability performance continuous improvement

Key Performance Areas: Five (5) Sustainable Goals

