



We deliver, whatever it takes.

SAPO GROUP

STRATEGY 2012/13 to 2014/15



Contents

➤ Introduction of new Chairperson of the Board and Executive management team

➤ Mr Nick Buick, Act CEO

- ✓ Vision, Mission and Values
- ✓ History of Post Office
- ✓ SAPO footprint
- ✓ SAPO waves of Transformation
- ✓ License mandate
- ✓ Mandate and strategic imperative
- ✓ Social Mandate
- ✓ APEX Priorities
- ✓ SAPO Alignment to APEX Priorities
- ✓ Governance
- ✓ International postal trends

➤ Me Marietjje Lancaster, GE Strategy

- ✓ Challenges
- ✓ Analysis of external environment
- ✓ Group Key Strategies
- ✓ Monitoring and evaluation of performance
- ✓ Example of business balance scorecard

➤ Mr Nick Buick, Act CEO

- ✓ Financial Analysis and Budget 2012/13

➤ Questions and Answers

Vision, Mission and values

VISION

To be recognised among the leading providers of postal and related services in the world.

MISSION

We will enable the nation to efficiently connect with the world by distributing information, goods, financial and government services; leveraging our broad reach and embracing change, technology and innovation.

VALUES

We have a passion for our customers and will meet their specific needs through excellent service.

We aim to contribute positively to our communities and environment.

We treat each other with respect, dignity, honesty and integrity.

We recognise and reward individual contributions.

We embrace diversity in the way we conduct business.

History of Post Office

Prior 1991 : Dept of Post and Telecommunications

1991 - 1998 : Initial commercialisation era

1999 - 2001 : The strategic management partner era

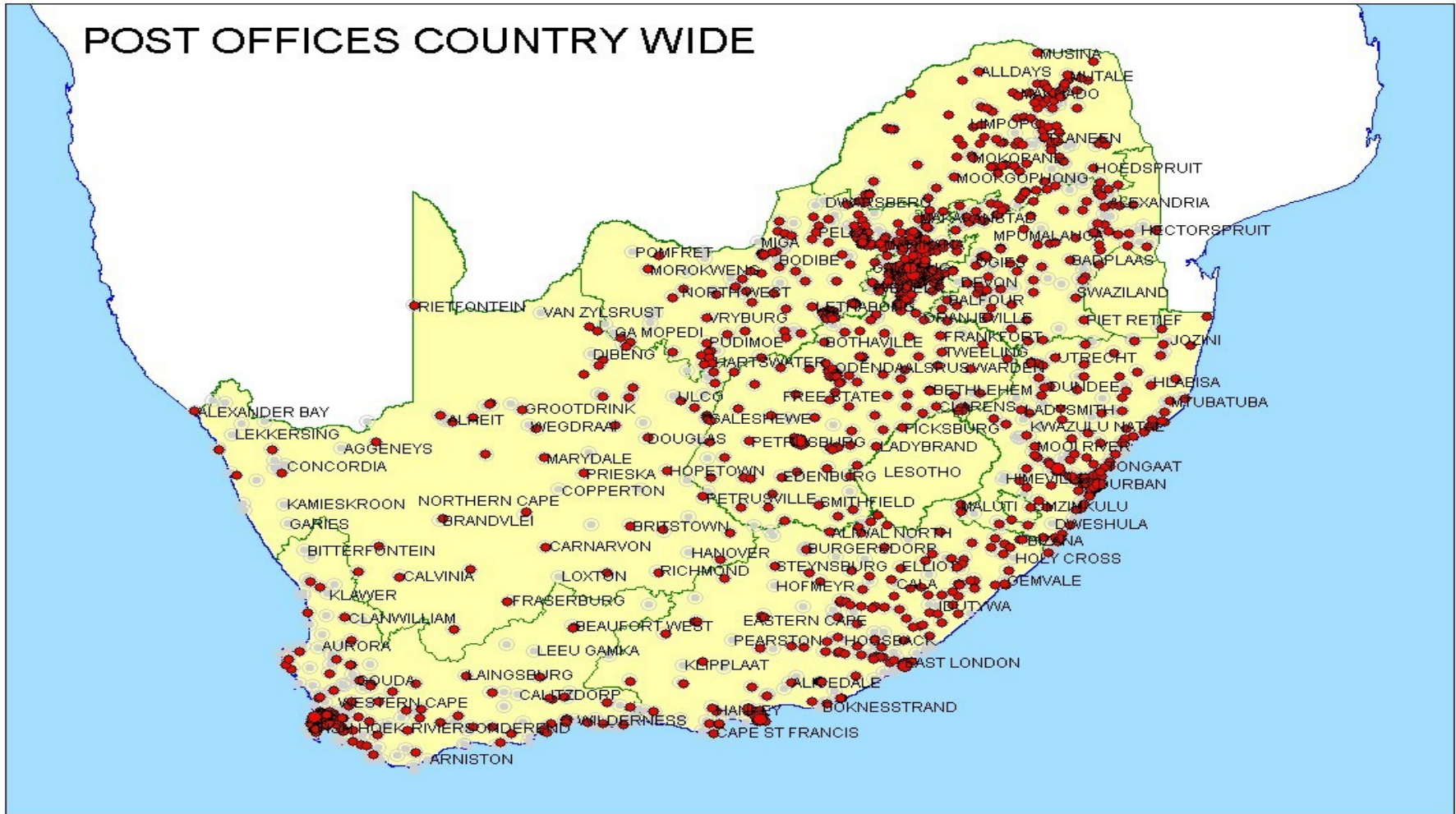
2002 - 2004 : The restructuring and transformation era

2005 – 2006 : The reposition era

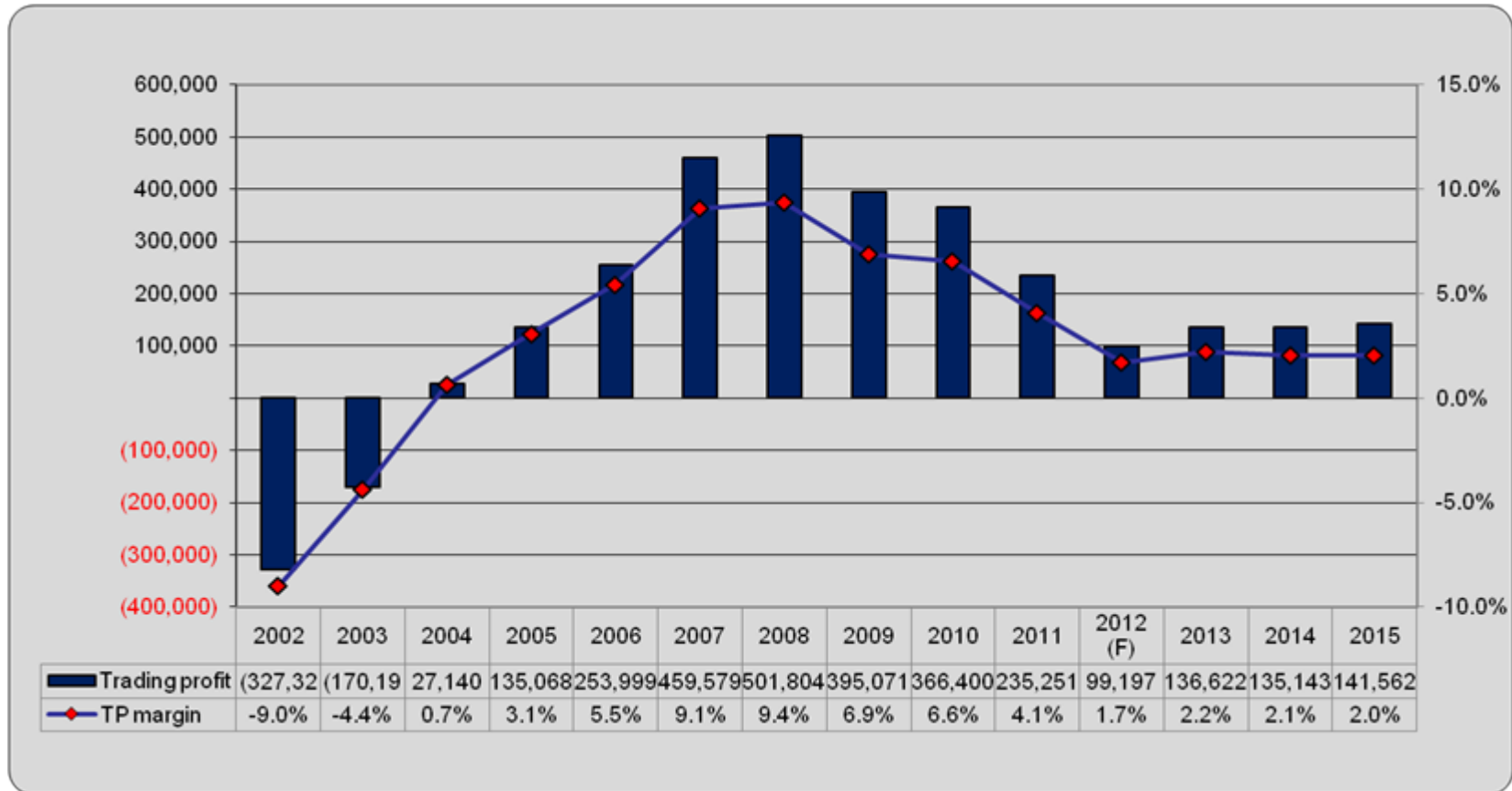
2007 - 2010 : The maintenance era

2011  : The growth and sustainability era

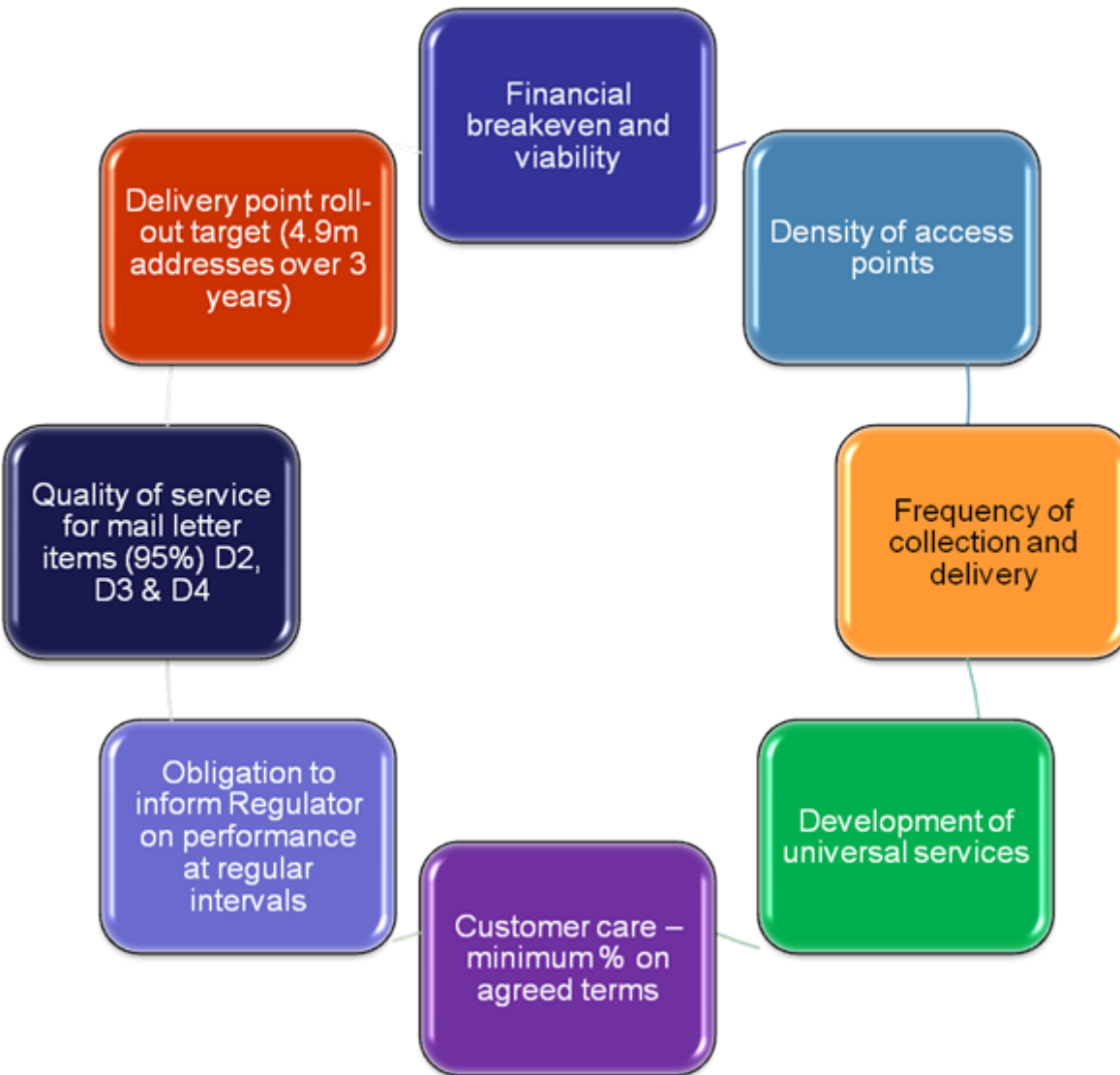
Post Office footprint



SAPO waves of transformation



License mandate



- ✦ To provide physical addresses to every household
 - ✦ 1 195 690 Million addresses during 2012/13
- ✦ To make the postal and financial service available to all South Africans at an affordable price
 - ✦ Country-wide accessibility at sustainable platform
 - ✦ 50 additional point of presence during 2012/13

Mandate and Strategic Imperative

- ✦ Maintain financial sustainability
- ✦ Position SAPO to be the delivery arm of Government Services
- ✦ Delivery to all household on an equitable basis and achieve delivery standard targets of 95%
- ✦ Increase public's access to postal services with an additional address target of 1 195 690 for 2012/13
- ✦ Reposition the branch network inline with multi-channel strategy
- ✦ Increase access to financial services through Postbank
- ✦ Appropriate human resource management and practices including flexible labour
- ✦ Focussing on consolidation, diversification, innovation and growth
- ✦ Meet shareholder's expectation of affordable & effective postal service
- ✦ Manage and report responsibly applying triple bottom line (profit, people, planet)

Social Mandate

- ✦ Continue to focus on highlighted areas by SONA within SAPO eg:
 - ✦ economic growth & development
 - ✦ building infrastructure
 - ✦ improve interventions directed to Second Economy
 - ✦ focus on education & training
 - ✦ good health for all
 - ✦ offensive against crime
 - ✦ capacity building
 - ✦ international relations

Issues from Oversight visits

Issue	Action
Infrastructure (property status, OHSA)	Separate presentation
Security	Covered as part of infrastructure presentation
Delivery of services	Covered in the strategic plan
Labour brokers	Full presentation to be made on the 12 June 2012
Marketing	Separate presentation
PiT's	Included in strategy document
Demarcation	Separate presentation
MVL's	Separate presentation

Support APEX priorities

- Investment call centre (Project 2) – inefficiency escalation
- Speed up **ICT** interventions (Project 3)
- Energy saving** (Project 4)
- Speed up land reform (**MAFISA & NHFC**) (Project 7)
- Self-employment through Micro enterprises & co-operatives (Project 9)
- Speed up community **infrastructure** (Project 10)
- Assistance to **SMME**, procurement activities (Project 13)
- Regularize employment and KPA at senior management levels (Project 15)
- Ensure **integrated planning** across (Project 16)
- Special **crime combating & security initiatives** (Project 18)
- International relations** with Zimbabwe (Project 21)
- International relations with DRC (Project 22)

SAPO alignment to APEX priorities

**Investment
call centre**

Crime and ethical hotline

Investment committee, Ethical policy and committee established

**ICT
initiatives**

Trust Centre: Accreditation cycle in progress

Digital Unit, e-postal solutions, Distribution of Digital Set-Top boxes on behalf of DoC

**Energy
saving**

Environmental policy in place, Measuring key areas to achieve reduction in targets

**Land
reform**

Accessibility through financial services infrastructure to assist NHFC & Mafisa to reach target sectors

**SMME &
cooperatives**

Assistance through financial services infrastructure to provide financial instruments for SMME & cooperatives

SAPO alignment to APEX priorities

Infrastructure

Establishment of infrastructure in social-economic deprived areas

SMME procurement

Preferential procurement with BEE suppliers

Regularize employment & KPA's

Stabilize management and ensure employment contracts are in place linked to KPA's

Integrated planning

External: Thusong centre's development with GCIS
Dept of Transport: MVL relationship to improve access points

Crime combating & security interventions

Access control and CCTV to combat crime and improve security
Reviewed governance framework
Enhance e security on systems

SAPO alignment to APEX priorities

International relationships

Money transfer system implemented in Lesotho. Next DRC and Mozambique.

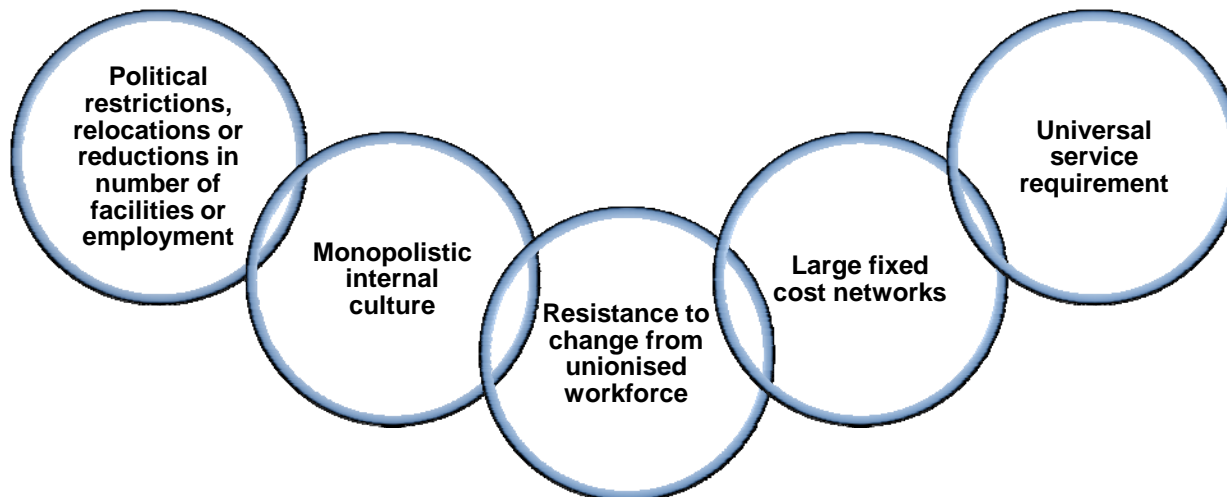
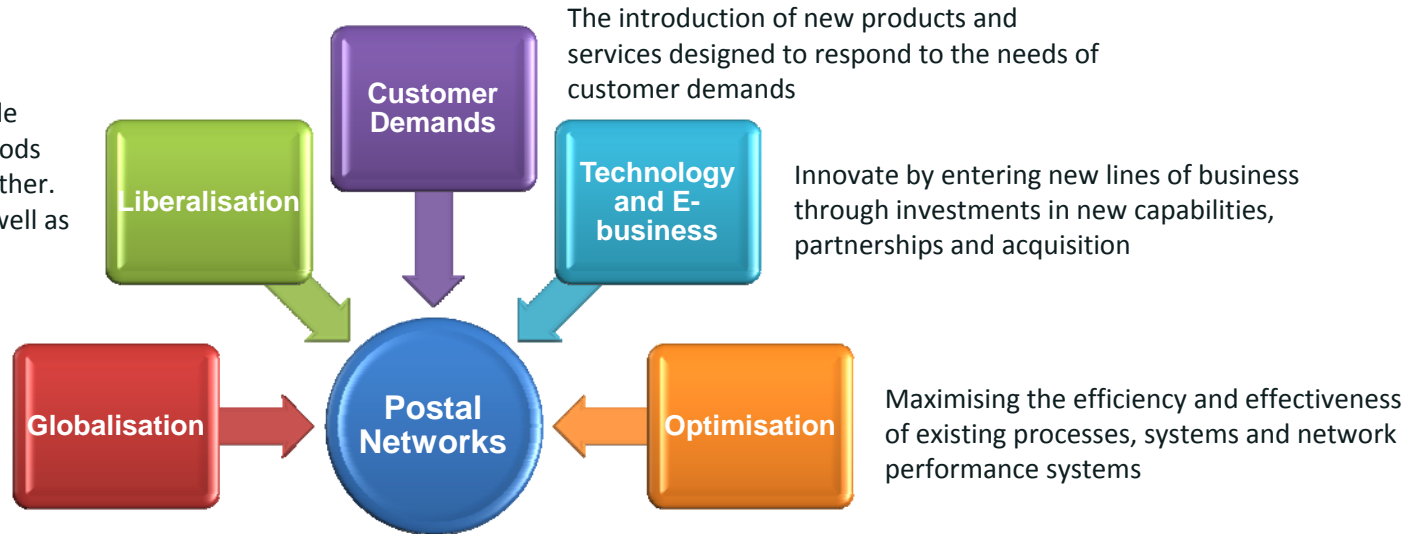
Governance Initiatives

- 📌 Approval and implementation of contracts policy;
- 📌 Review of all goods and services underway to ensure appropriately contracted for;
- 📌 Implementation of revised procurement policy;
- 📌 Streamlining of procurement processes to improve speed without compromising controls;
- 📌 Implementation of strategic sourcing; and
- 📌 Governance committee established to identify and monitor controls to eliminate fruitless and wasteful and irregular expenditure

International postal trends

The removal or reduction in the trade practices that thwart free flow of goods and services from one nation to another. It includes dismantling of tariffs as well as non-tariff barriers (such as licensing regulations)



Expanding and capturing business opportunities beyond local borders

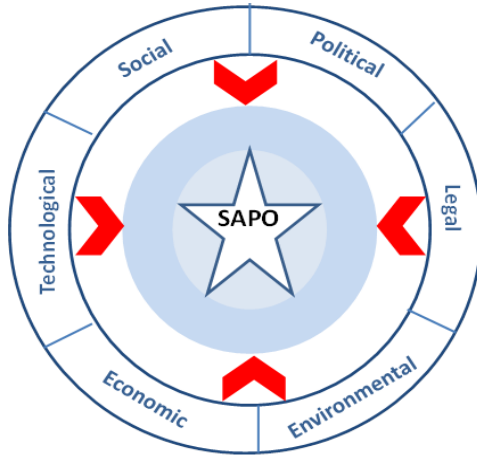


Analysis of external environments

SA Post Office as catalyst

Challenges

-  Economic situation – A threat to growth and sustainability
-  Human capital – lack of appropriate skills
-  Competitive nature of the business – protection of license rights
-  Bridging the Digital Divide – ability to react and innovate to capitalize on opportunities immediately
-  Expansion of the footprint - positioning SA Post Office within the socio-economic challenges of the country and the associated costs whilst Government usage is very limited
-  Cost of compliance - legal, regulatory and license

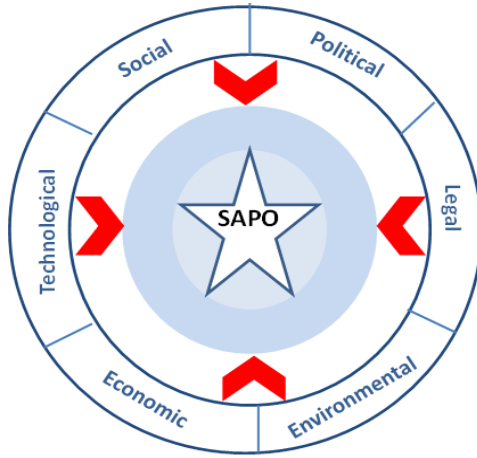


POLITICAL

- Possible deregulation of state-enterprises
- Pricing regulation
- Funding of USO targets
- Submit banking license
- Funding for Postbank corporatisation
- Employment creation
- Preferred Government partner to ensure sustainability

ECONOMIC

- Interest rate decreases
- Global recession (low growth prospects)
- Increasing inflation
- Rising cost of fuel
- USO sustainability

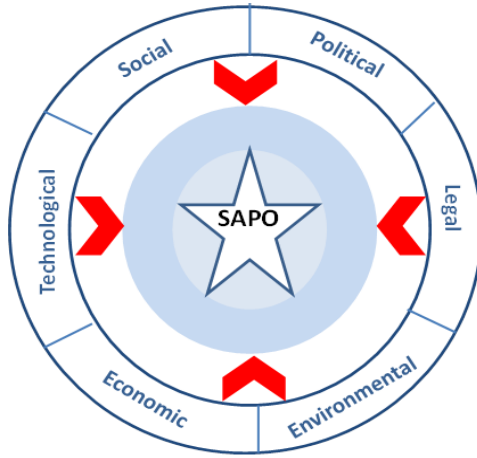


SOCIAL

- High HIV/Aids prevalence
- Increase number of protests for basic services
- Crime rate
- Unemployment
- Movement of population

TECHNOLOGY

- Acceleration of technology innovation
- Increased investment required in technology
- Rate of technology adoption from individuals
- Cost of technology security and fraud prevention
- Automation versus job creation
- In/outsourcing of commodity services

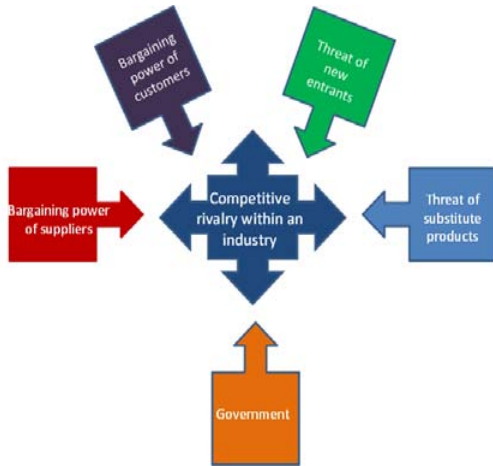


LEGAL

- Legislative compliance

ENVIRONMENTAL

- Cost of compliance
- Climate change disasters

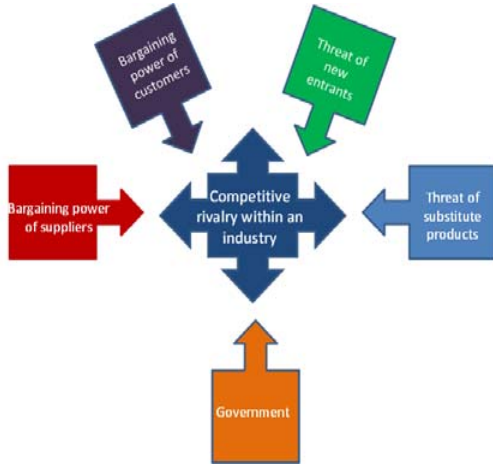


COMPETITION

- High levels of competition and rivalry in banking, couriers and electronic industry
- Customer insights required and ability to react

CUSTOMERS

- Seasonality and usage of electronic substitution

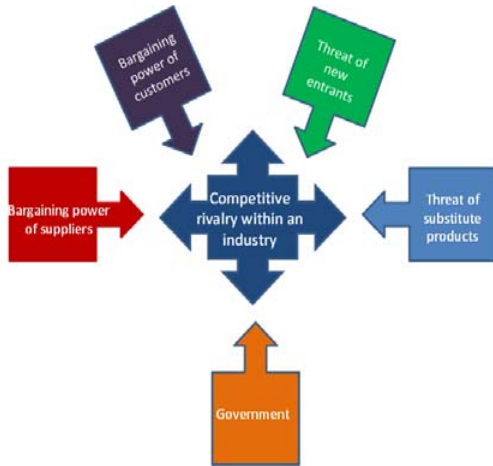


THREAT OF NEW ENTRANTS

➤ Technologically advanced companies providing postal mail and banking related services electronically

BARGAINING POWER OF SUPPLIERS

- High cost of maintaining physical infrastructure and or adapting those to include technology solutions
- Key dependency on certain suppliers



THREAT OF SUBSTITUTE PRODUCTS

- Substitution of physical environment to electronic environment
- Certain traditional services are becoming commodity items

GOVERNMENT

- Pricing restraints
- USO needs, funding and full usage of infrastructure established
- Cost of compliance
- Preferred Government partner

SWOT analysis

Strengths	Weaknesses
Vast footprint including last mile delivery ability	No e-Delivery Channels (physical to digital; hybrid to digital and digital to digital)
Existing customer relations	No incentives to migrate – Physical to Hybrid
Trust relationship with communities	Complex governance framework
Authentication ability	Limited channels to deliver
BBBEE status of Group	Systems are not integrated across the Group

SWOT analysis

Opportunities	Threats
Alliances / Partnerships with ICT Service Providers	Slow adoption by Government on Public Key Infrastructure services
Customer centric solutions	Deregulation/liberalisation of postal market
Multi (New) Channels	Consumer migration / adoption of substitutes resulting in mail volume decline
Regional and Global interoperability – Universal Postal Union	Systemic risk to National Payment System
Stakeholder management	Withdrawal of subsidy that fund a percentage of USO obligation
Acquisitions	Increasing labour and fuel cost

Group's key strategies

Strategic Goals	Business goals	Programs
Implement appropriate Governance structures on all levels	<ul style="list-style-type: none"> ● Create holding company structure ● Review business model ● Define operating model ● Review and define internal Governance structures ● Define frameworks for Partnerships , Acquisitions, Joint ventures, Strategic alliances ● In- / Out-sourcing ● Preferred Government partner 	<ul style="list-style-type: none"> ● Governance review program
Diversification strategy implementation	<ul style="list-style-type: none"> ● Trust centre accreditation and growth ● Digital business growth ● Hybrid mail expansion 	<ul style="list-style-type: none"> ● E-strategy program

Group's key strategies

Strategic Goals	Business goals	Programs
Mail optimization	<ul style="list-style-type: none"> ● New postal and addressing code 	<ul style="list-style-type: none"> ● New postal and addressing code program ● Track and trace program ● Mail delivery program
Remain financially sustainable while delivering on Government's social mandate	<ul style="list-style-type: none"> ● Postbank growth and SAPO sustainability ● Submit an application for a banking licence ● Commence upgrade of core banking systems to improve efficiency and risk management 	<ul style="list-style-type: none"> ● Corporatisation program ● Financial products program ● Group cost efficiency programs
Consolidation of functions	<ul style="list-style-type: none"> ● Speed services ● Transport ● Systems ● Shared services 	<ul style="list-style-type: none"> ● Business consolidation program ● System consolidation program

Group's key strategies

Strategic Goals	Business goals	Programs
Provide an efficient retail channel network	<ul style="list-style-type: none"> ● Capacity building ● Multi-channels 	<ul style="list-style-type: none"> ● Operational efficiency program ● Multi-channel program
Deliver on license requirements and agreed targets	<ul style="list-style-type: none"> ● Delivery targets ● Accessibility of services 	<ul style="list-style-type: none"> ● Diagnostic monitoring system ● Point of presence roll-out program ● Price cap regulation program
Provide secure and efficient integrated systems/enablers for the Group	<ul style="list-style-type: none"> ● Populate approved IT Organisation ● Re-organise and invest in IT systems to ensure adequate return, security, stability, sufficient Disaster Recovery and business continuity 	<ul style="list-style-type: none"> ● IT security program ● Disaster recovery and back-up program ● System upgrades program ● IT governance program

Monitoring and evaluation of performance



Each and every Business Unit and Support Unit have an individual business balance scorecard aligned to the overall objectives of the company. This gets measured monthly and add up to the overall Group scorecard

Every quarter as per Treasury regulations, SAPO provides a written report to relevant stakeholders ie Accounting Authority and Executive Authority.

The final results also gets published in the annual report

Business balanced scorecard

example (full details on page 11-20)

Performance indicator		Target FY	Target Q1	Target Q2	Target Q3	Target Q4	
Remain financially sustainable while delivering on Government's social mandate	Improve financial performance	Group revenue growth	6% on top of declared revenue for 2011/12	5% on top of declared revenue for 2011/12	6% on top of declared revenue for 2011/12	7% on top of declared revenue for 2011/12	6% on top of declared revenue for 2011/12
		Post Office	6%	4,9%	6,5%	6,8%	5,7%
		Logistics	7%	6,3%	4,2%	9,8%	9,7%
		CFG (incl SSC)	7%	5,7%	4,3%	10,3%	10%
		Docex	9%	17,6%	3,8%	0,1%	3,4%
		Achieve Group operating profit (Loss)	R137m	(R20.4m)	(R42.6m)	R110m	R89.6m
		Post Office	R24m	(R37.4m)	(R71.2m)	R73.8m	R59.2m
		Logistics	R112m	R17m	R28.6m	R36.2m	R30.5m
		CFG (incl SSC)	R110m	R16.5m	R28.1m	R35.7m	R30m
		Docex	R2m	R0.5m	R0.5m	R0.5m	R0.5m
	Increase cost efficiency management	Maintain Group staff cost as % of total cost	51%	51,9%	51,5%	51%	50,7%
		Maintain Group total cost as % of total income	98%	101,4%	102,9%	93,3%	94,6%
	Strengthen the financial position	Grow Postbank non-interest revenue	R28m	R7m	R7m	R7m	R7m
		Grow Postbank depositors book	R254m	R63.5m	R63.5m	R63.5m	R63.5m
		Achieve return on assets (ROA)	0.5%	0.5%	0.5%	0.5%	0.5%
		Achieve return on equity (ROE)	2.3%	2.3%	2.3%	2.3%	2.3%
		Increase Total Assets	R10 314m	R10 314m	R10 314m	R10 314m	R10 314m
		Achieve Current ratio	1	1	1	1	1
		Achieve Debtors days					
		Mail	17	17	17	17	17
		Courier	55	55	55	55	55
		Capital investment in priority areas	Achieve total CAPEX spend (paid and committed)	R250m	R62.5m	R62.5m	R62.5m

FORMAL

- Carbon management program
- Eco-efficiency program (Reduce paper consumption and increase paper recycling)

VOLUNTEERISM

- Donation of groceries, toys, blankets
- Planting of trees, vegetable gardens
- 67 minutes for Mandela Day
- Heritage Day celebrations
- Cycle and motorcycle events to raise funds for worthy causes

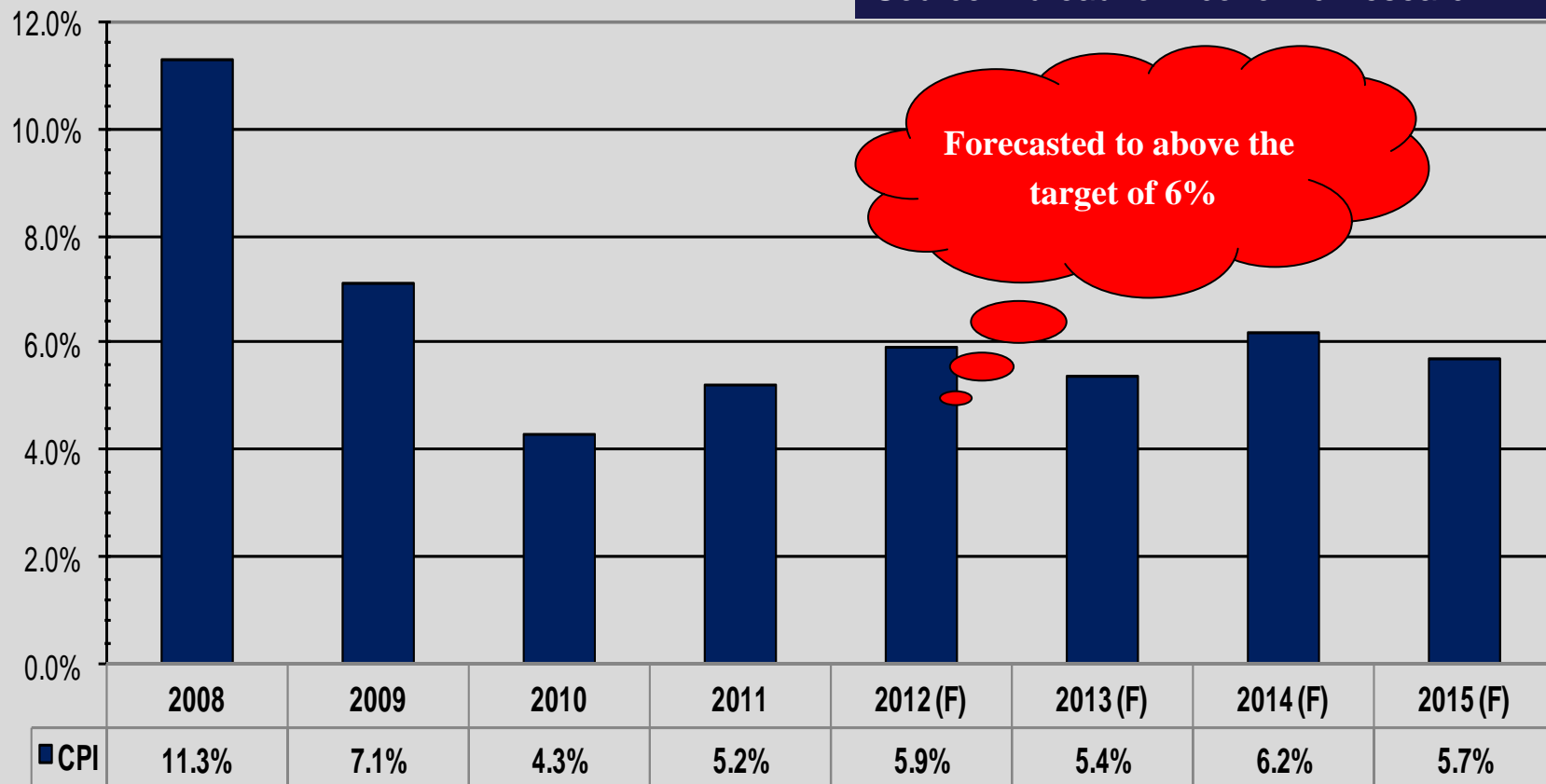
Financial analysis of external and internal environments

Local indicators

Indicator	Latest	Month ago	Year ago	YOY Change
CPI (YOY Change - %)	6.1	6.1	3.7	(65%)
PPI (YOY Change - %)	9.8	10.1	7.7	(27%)
Prime (%)	9.0	9.0	9.0	0%
Brent crude (\$/bbl)	110.7	108.0	82.3	(35%)
Brent crude (\$/bbl)-R7.77	860.3	874.6	647.0	(33%)
Diesel (0,005% S) - cents	1031	1033	751	(37%)
Petrol (95) - cents	1095	1061	832	(32%)

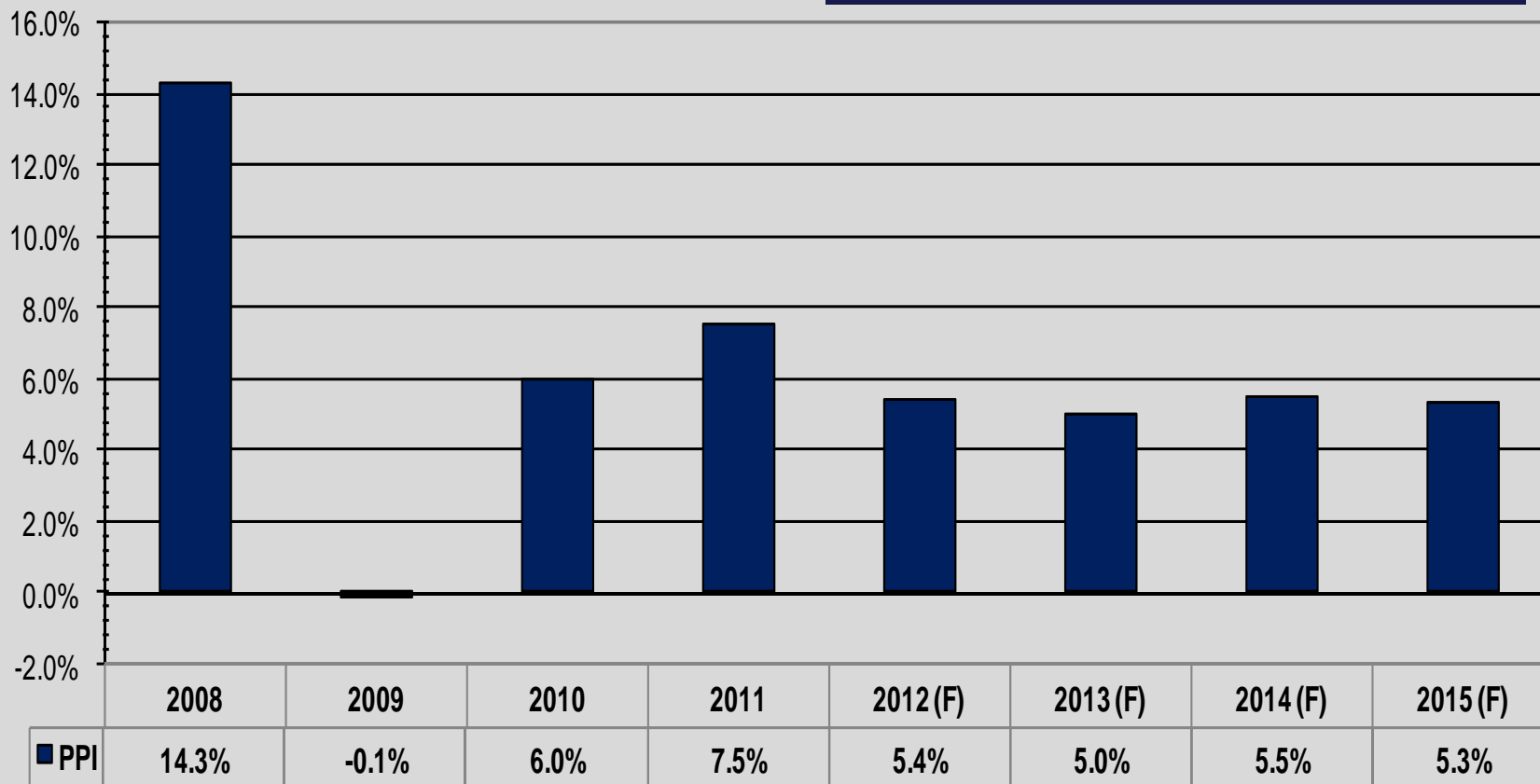
Local indicators: CPI Forecast

Source: Bureau for Economic Research



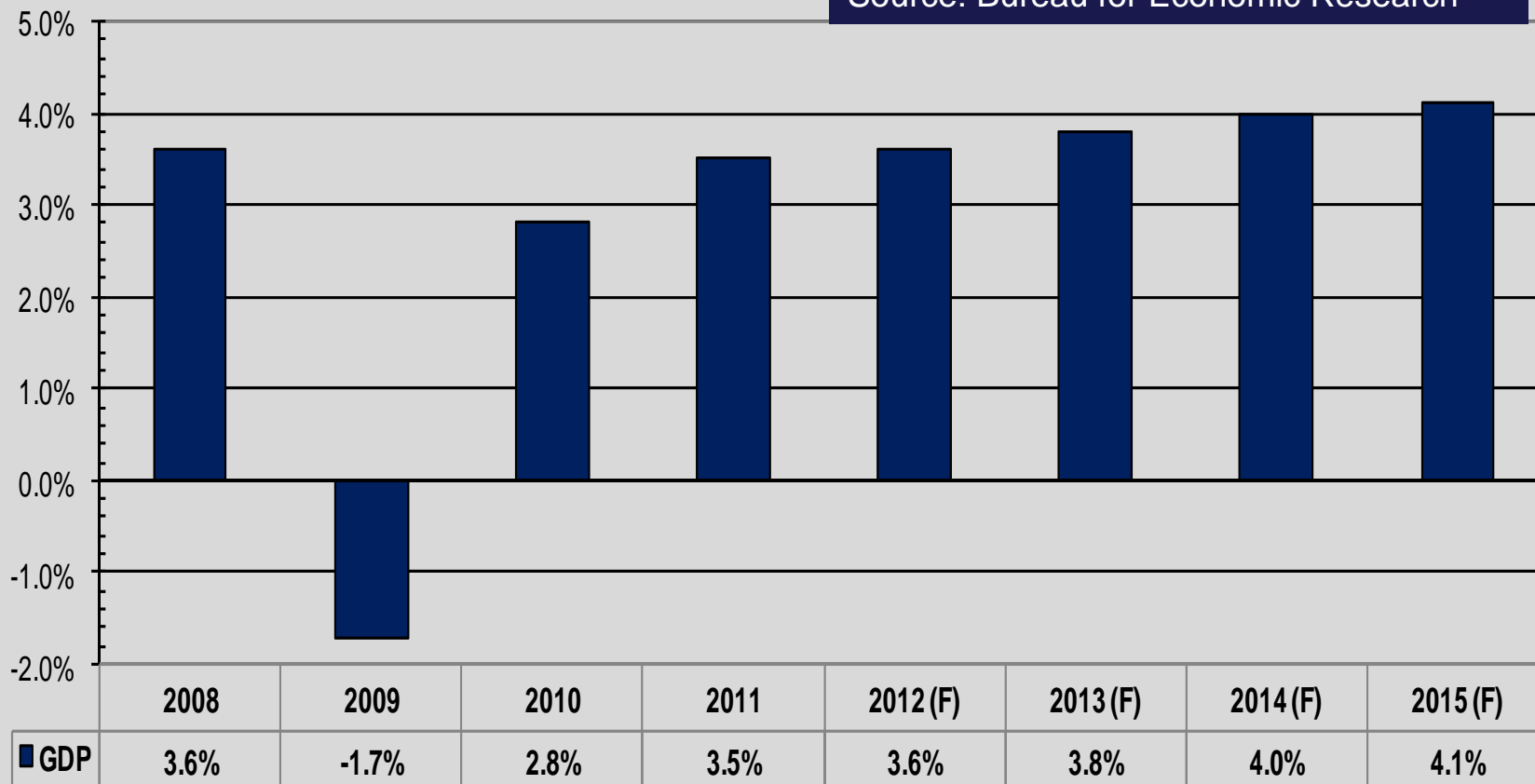
Local indicators: PPI Forecast

Source: Bureau for Economic Research



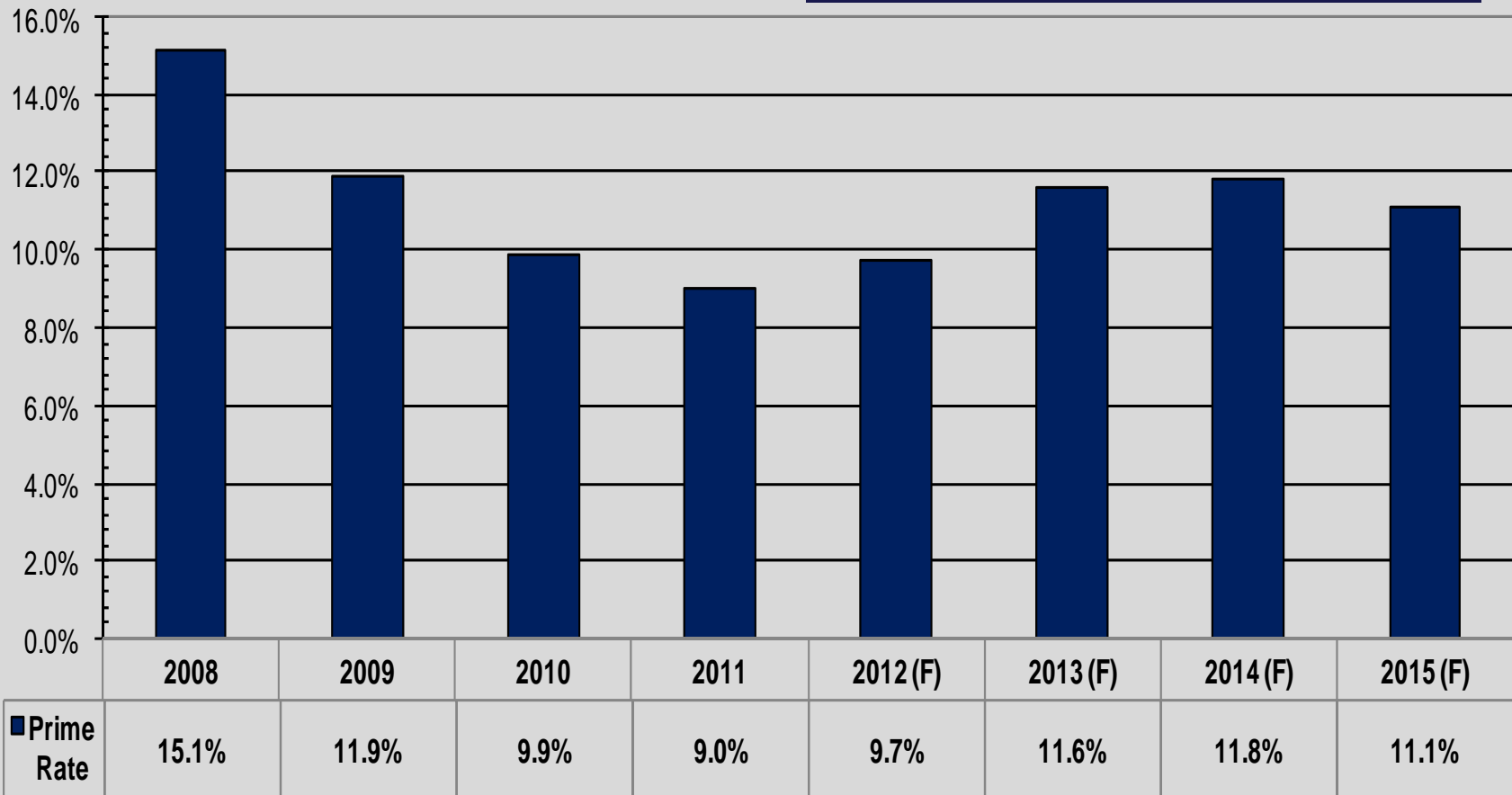
Local indicators: GDP Forecast

Source: Bureau for Economic Research

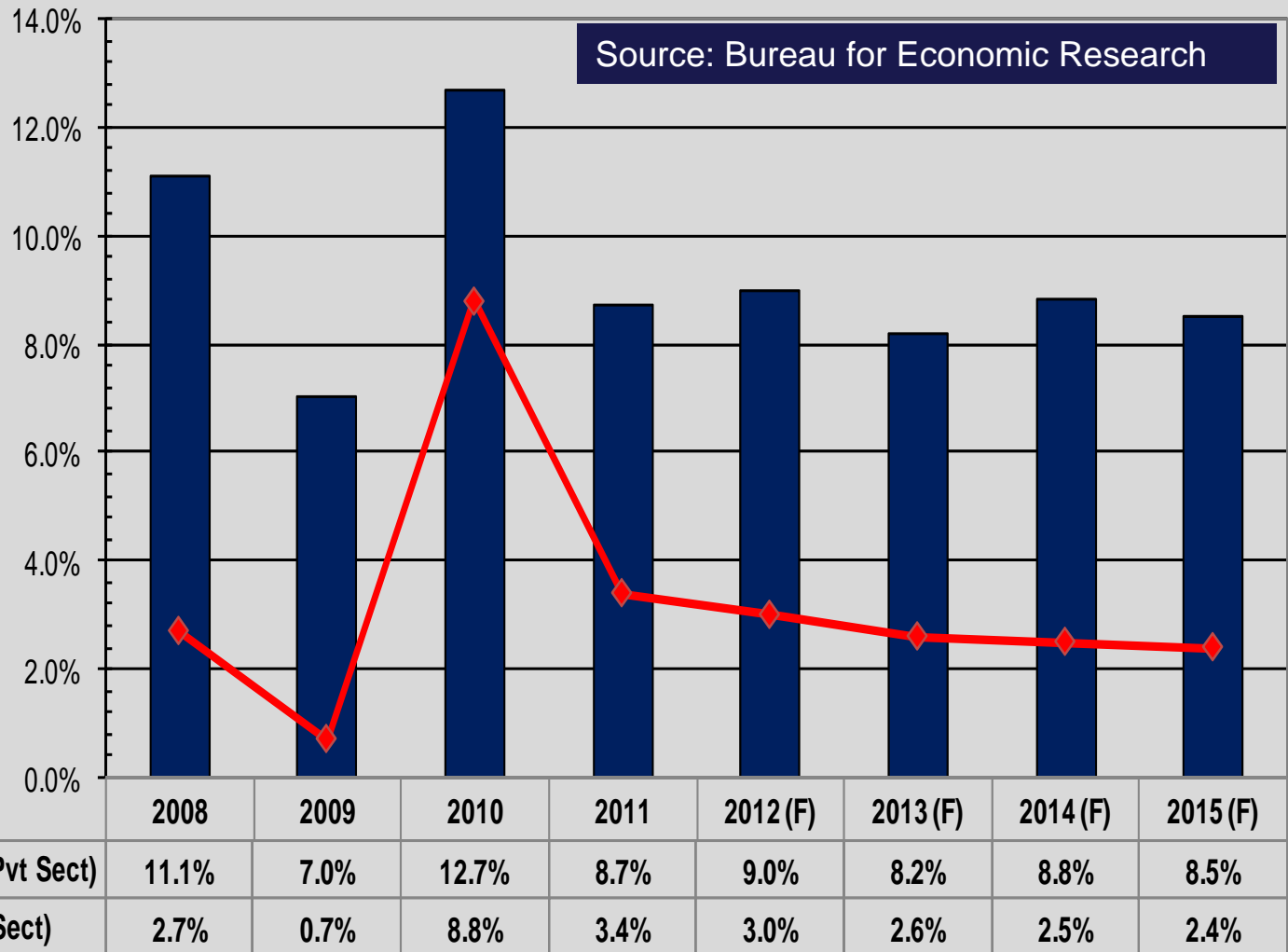


Local indicators: Prime Rate Forecast

Source: Bureau for Economic Research



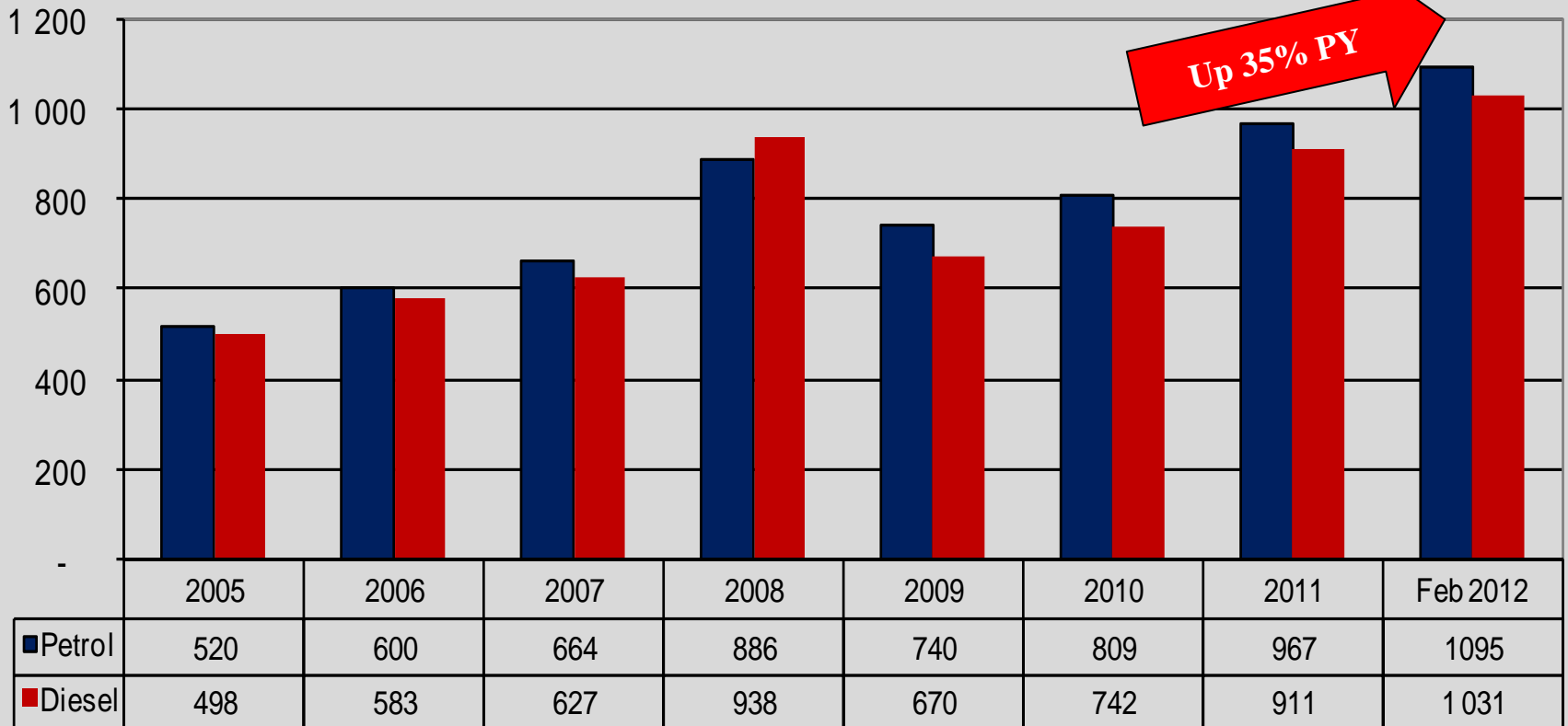
Local indicators: Wage rate (Private Sector) Forecast



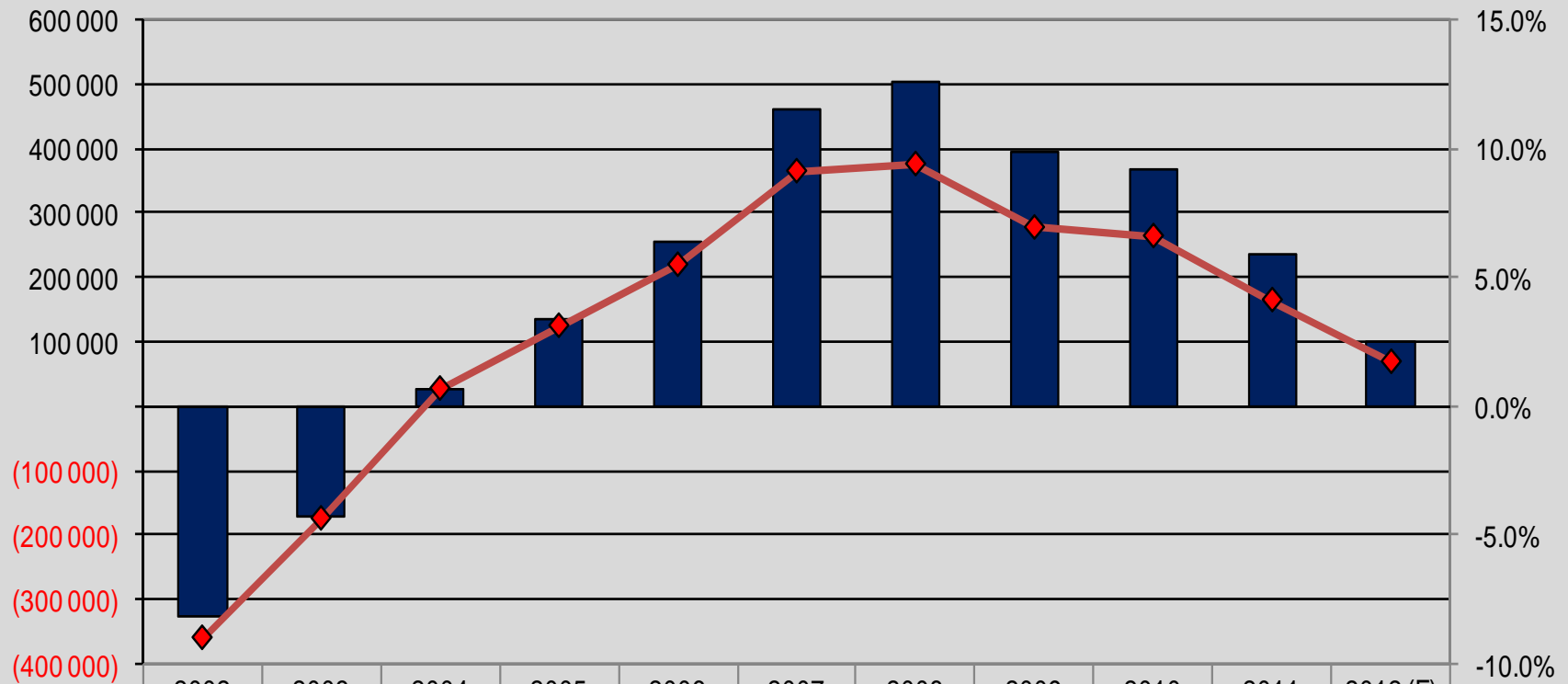
Local indicators: Fuel Price Trend



Fuel price

Source: AA

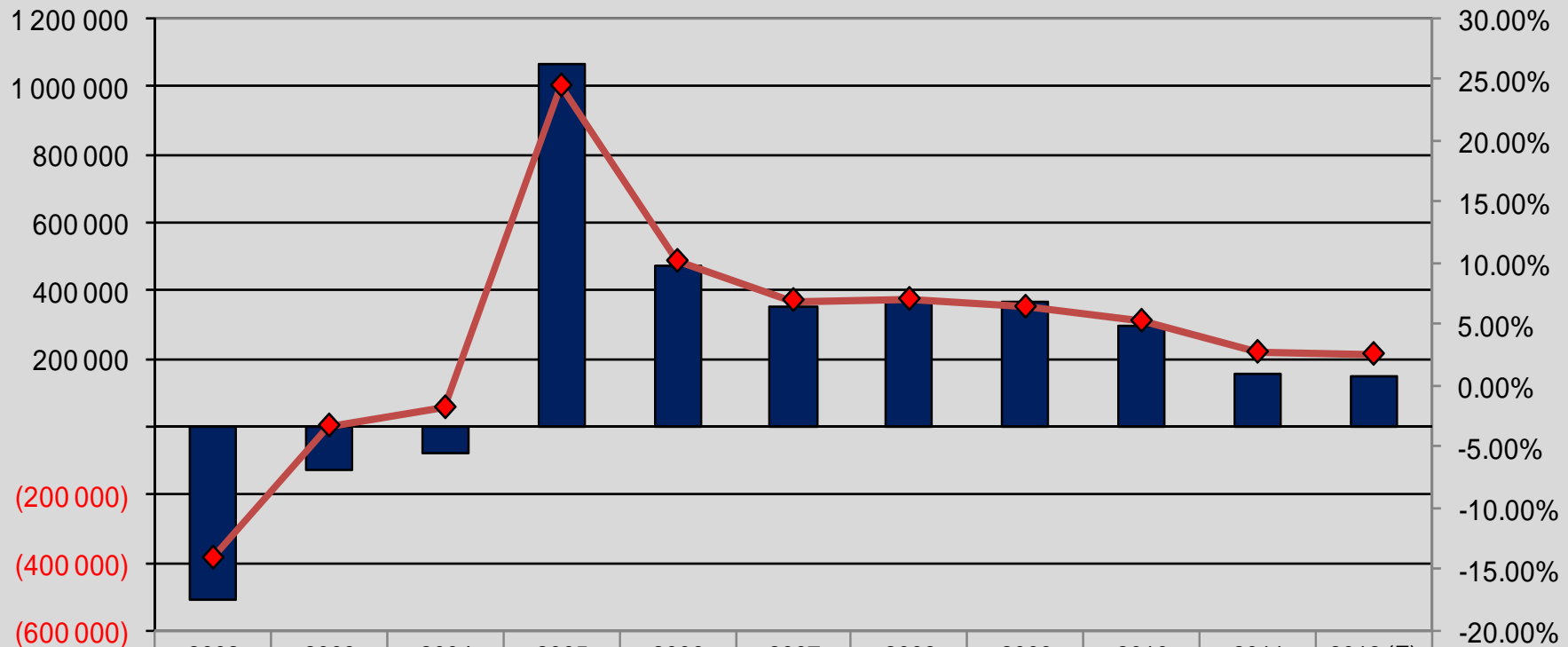


SAPO indicators: Trading Profit Trend



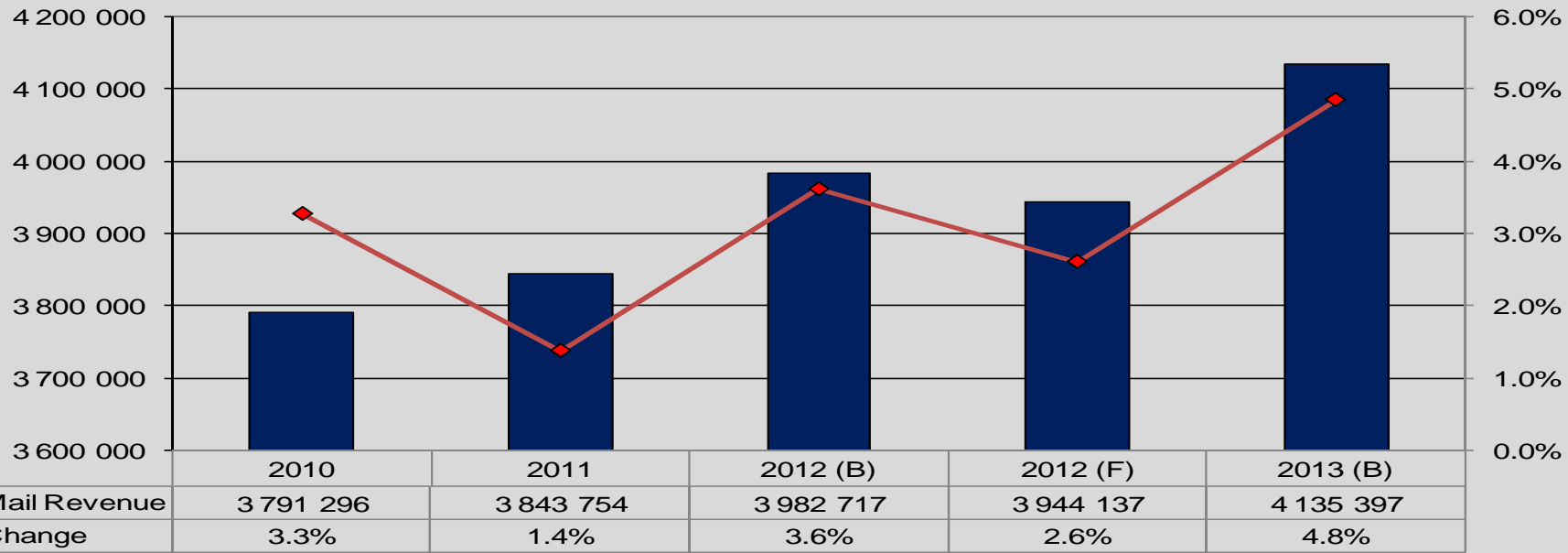
 Trading profit	(327 321)	(170 195)	27 140	135 068	253 999	459 579	501 804	395 071	366 400	235 251	99 197
 TP margin	-9.0%	-4.4%	0.7%	3.1%	5.5%	9.1%	9.4%	6.9%	6.6%	4.1%	1.7%

SAPO Indicator: Net Profit Trend



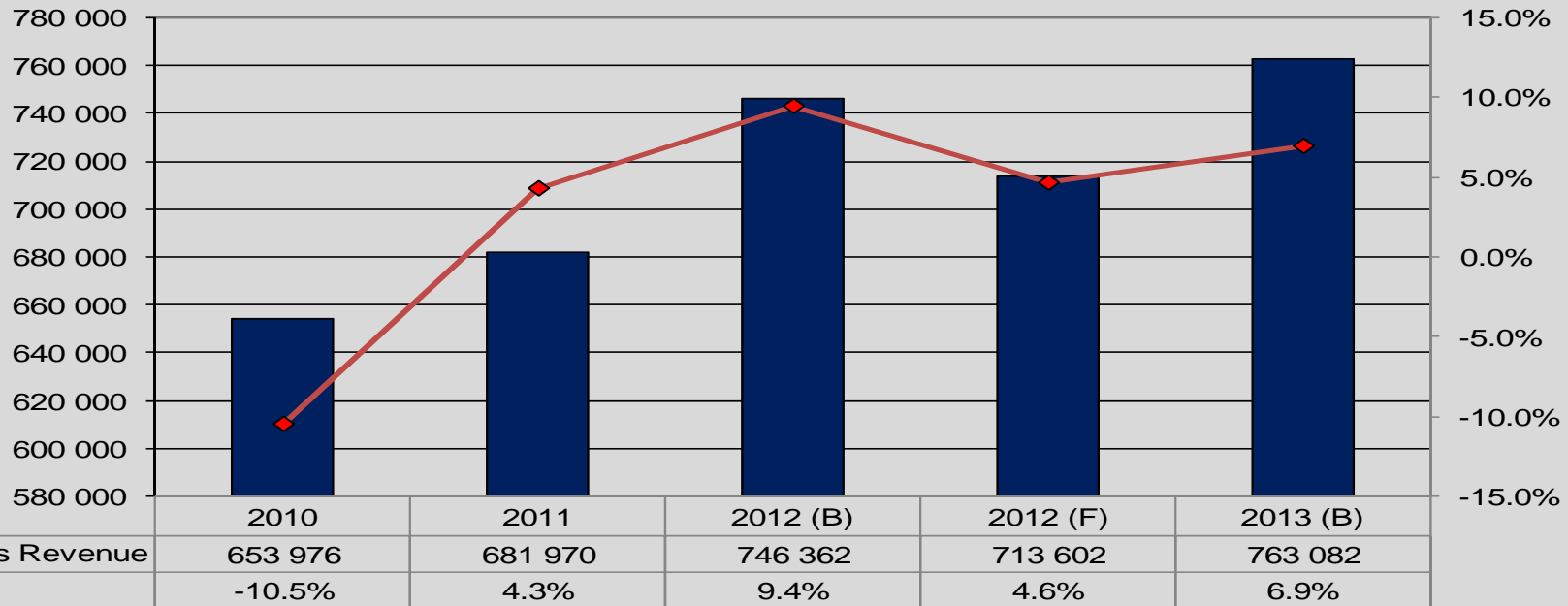
Net profit	(511 594)	(127 640)	(74 723)	1 068 17	472 010	351 176	377 118	366 078	293 130	156 448	148 976
NP margin	-14.07%	-3.28%	-1.81%	24.44%	10.14%	6.94%	7.03%	6.39%	5.25%	2.72%	2.54%

Mail Revenue Trend



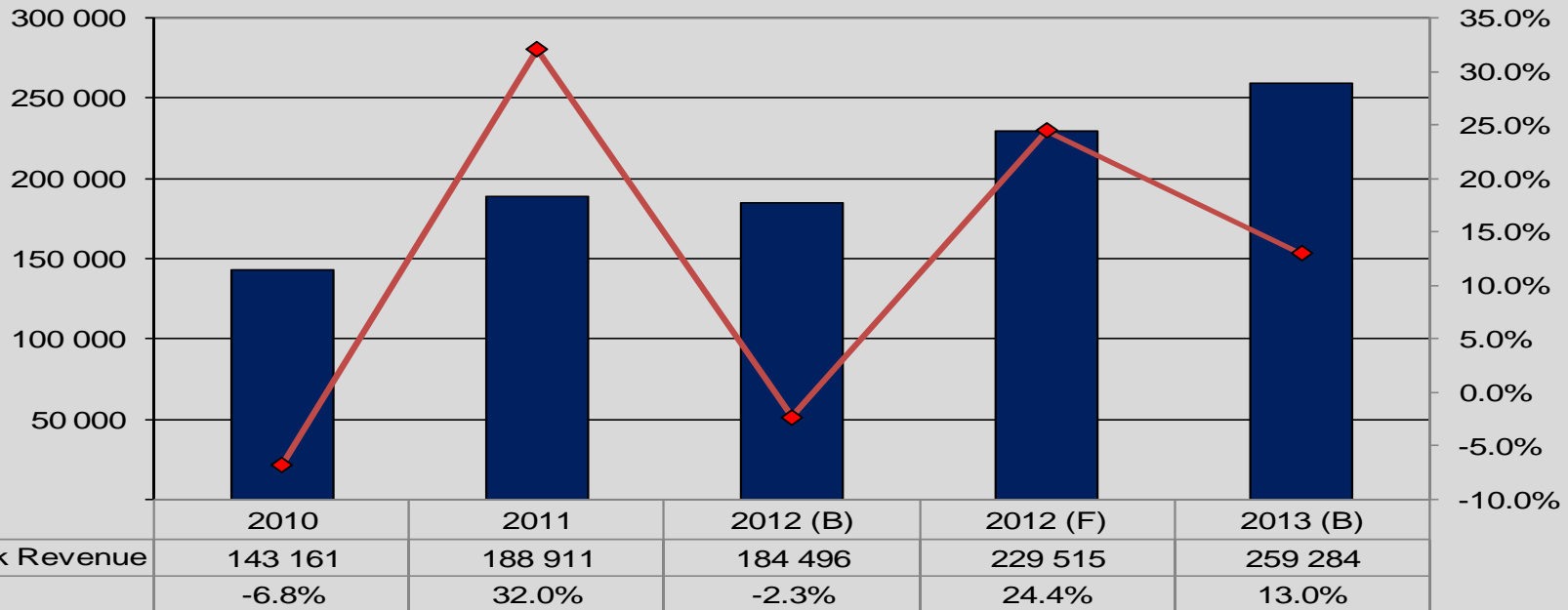
- *Forecasted growth of 2.6% from prior year.*
- *Mail volumes declining and mail contributes 67% of total revenue.*
- *CPI forecasted at 6.4% for this year and 2012/13 tariff approved at 5.7%.*
- *Box revenue to be maximized, no tariff increase for the current year.*
- *Grow Government and other special project business.*
- *Budgeted revenue increase of 4.8%.*

Logistics Revenue Trend



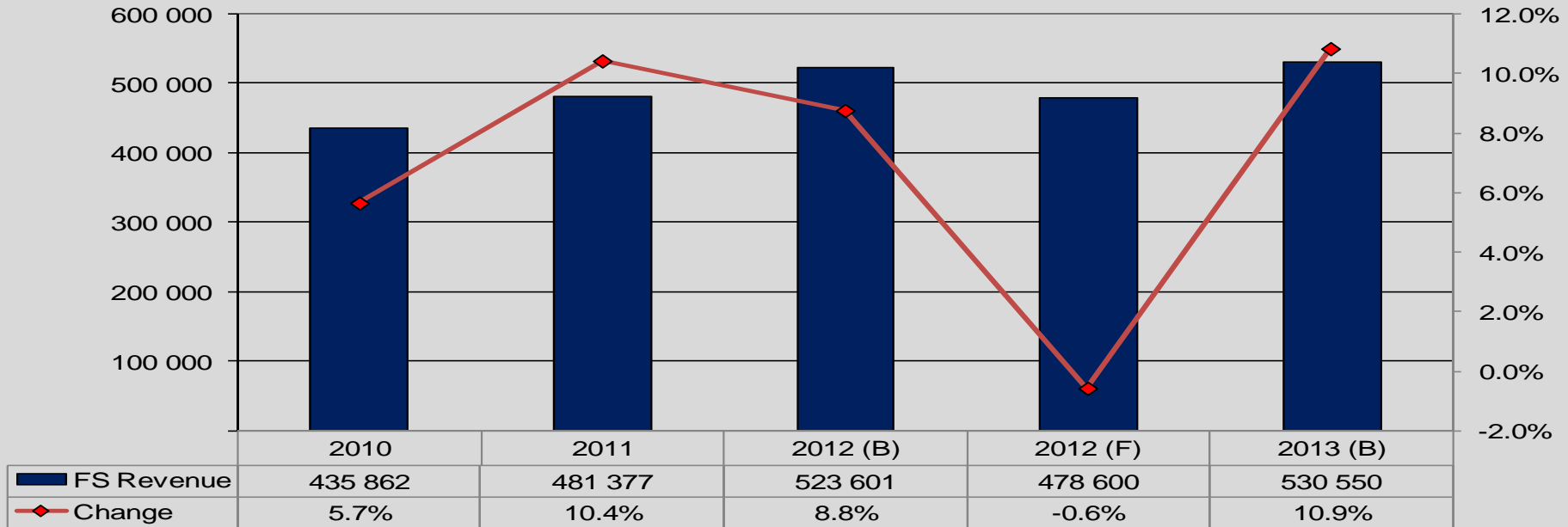
- *Forecasted growth of 4.6% from prior year.*
- *Loss of customers and volumes.*
- *Integration of Speed Services Couriers.*
- *Focus on Government and other special projects.*
- *Budgeted revenue increase of 6.9%.*

Postbank Revenue Trend



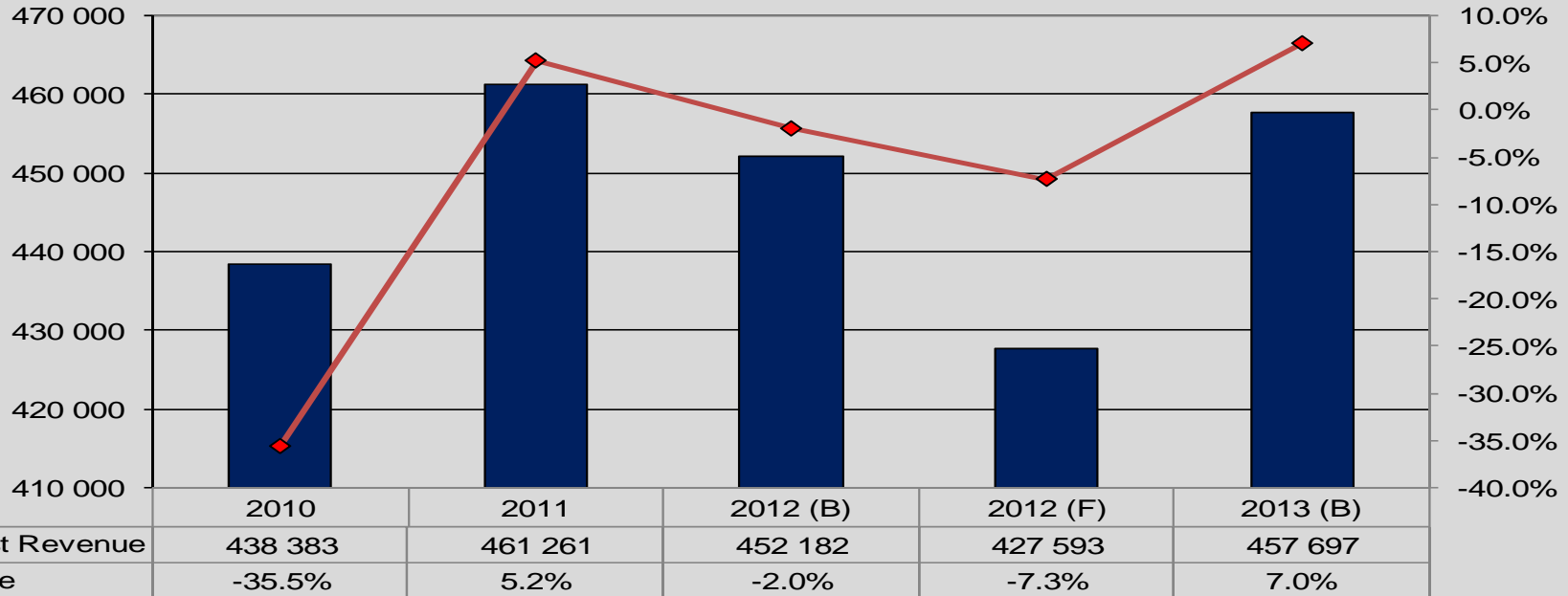
- *Positive growth of 24.4% forecasted from prior year.*
- *Strong performance in banking transaction fee revenue.*
- *Postbank corporatisation to increase product offering.*
- *IT systems and POS capability to support customers.*
- *Budgeted revenue increase of 13%.*

Financial Services Revenue Trend



- Revenue decline of 0.6% forecasted from prior year.
- Strong performance in Motor licensing revenue.
- Decline in social grant revenue.
- Card payments, increase in 3rd party payments & improved customer service.
- Budgeted increase of 10.9%.

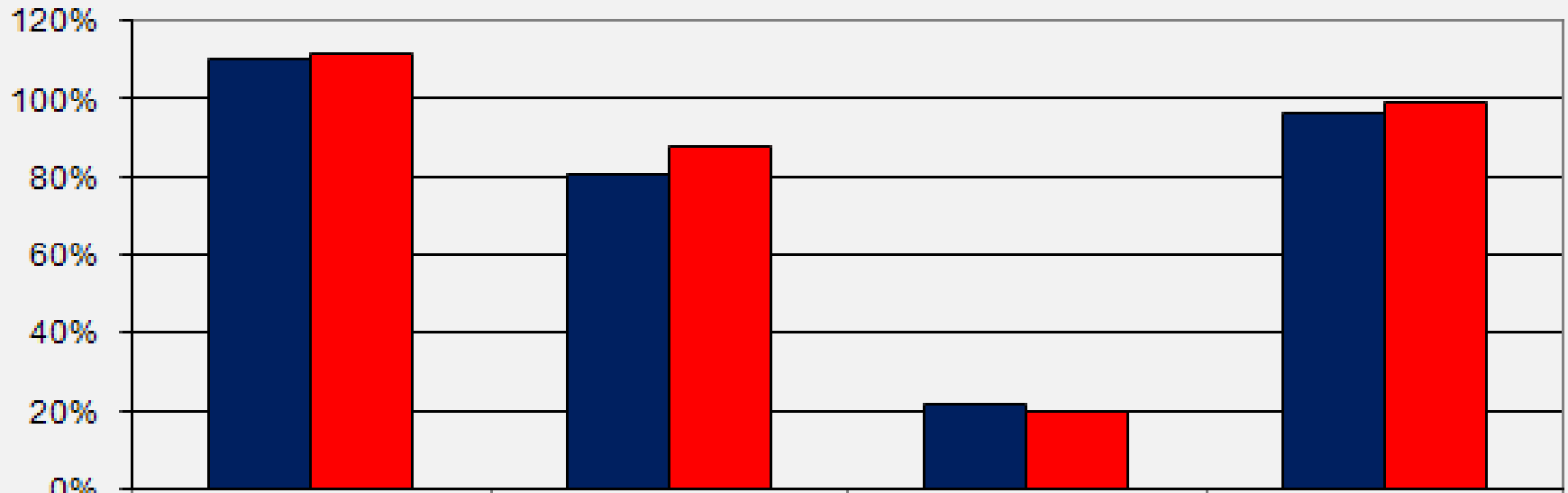
Interest Revenue Trend



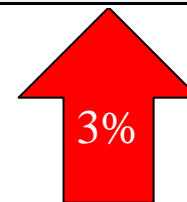
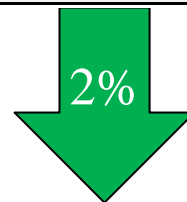
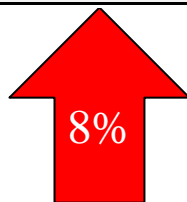
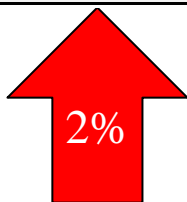
- *Interest revenue forecasted to decline by 7.3% from prior year.*
- *Lowest interest rates in 30 years with the prime rate at 9%.*
- *Increase in capital investment and reduction in subsidy reduces available funds.*
- *Prime rate forecasted to remain at 9%.*
- *Budgeted revenue increase of 7%.*

SAPO Indicators: Operating Cost to Income – 31 January 2012

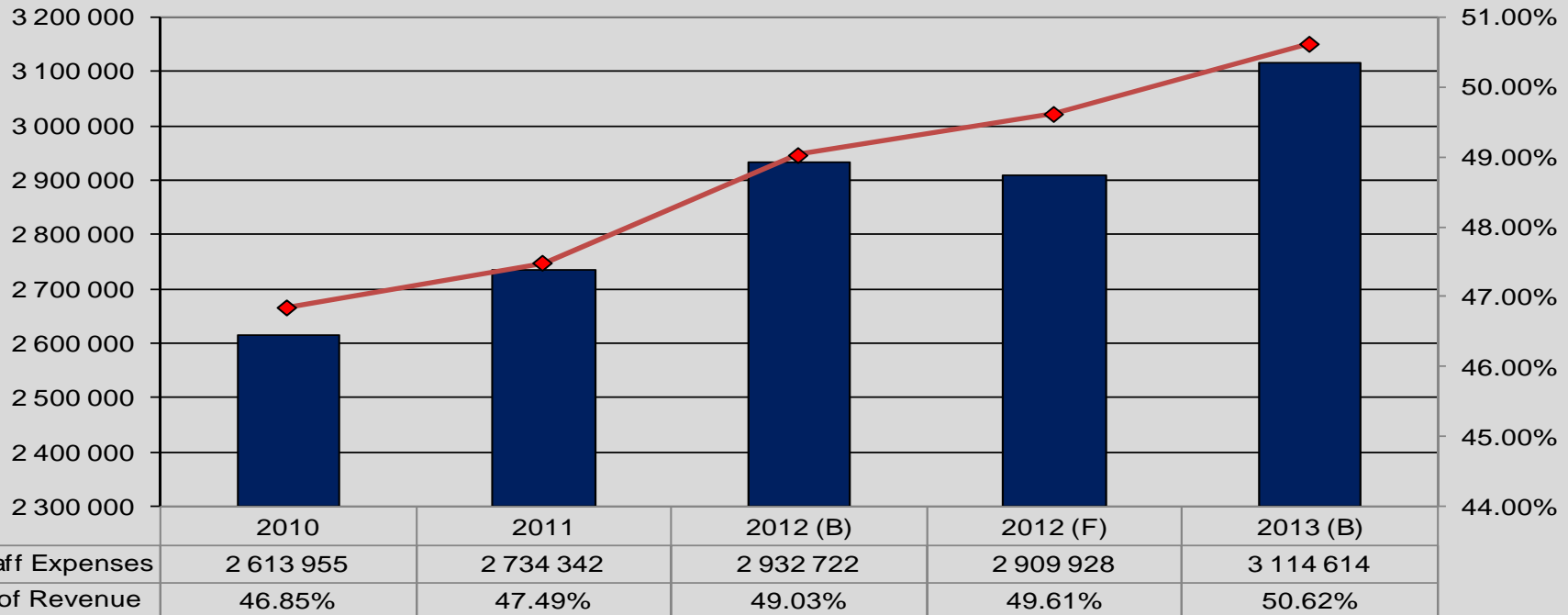
Cost to income ratio



	Post Office	Logistics	Postbank	Group
■ P/Y YTD	110%	80%	22%	96%
■ YTD	112%	88%	20%	99%

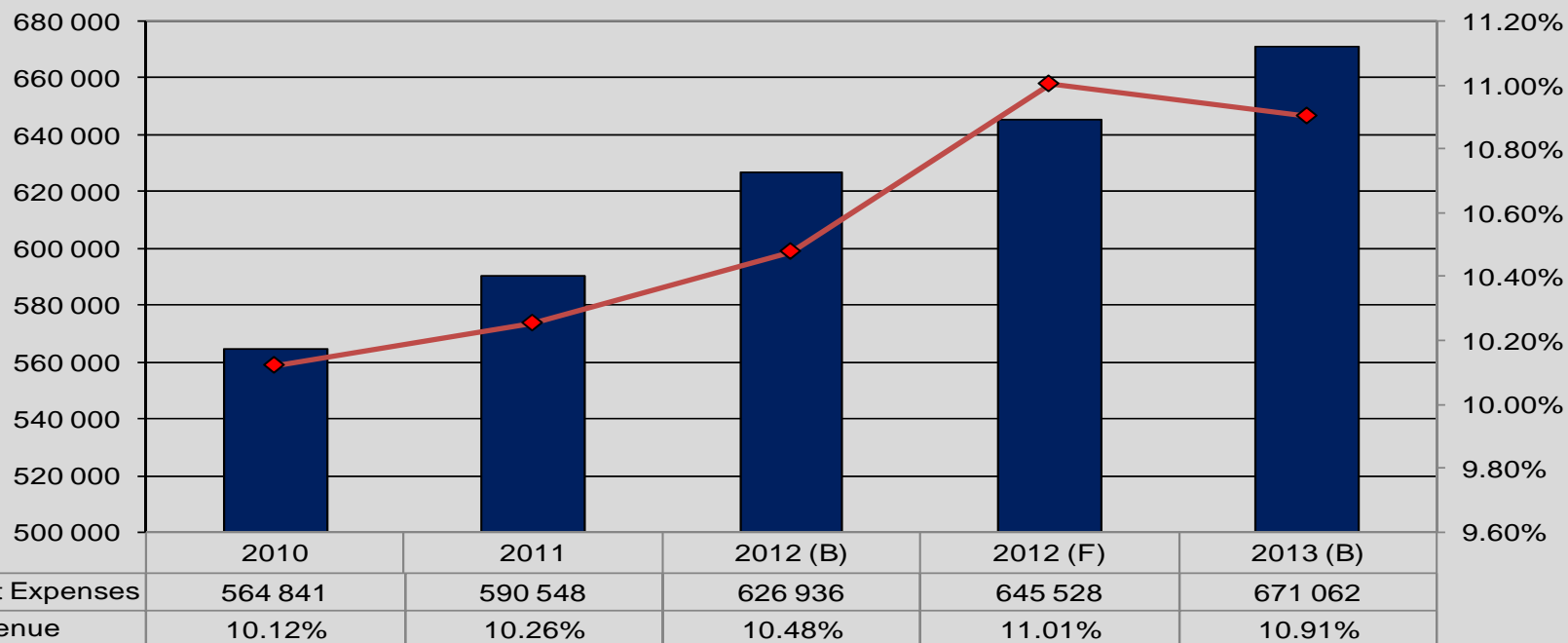


SAPO Indicators: Staff expenses trend



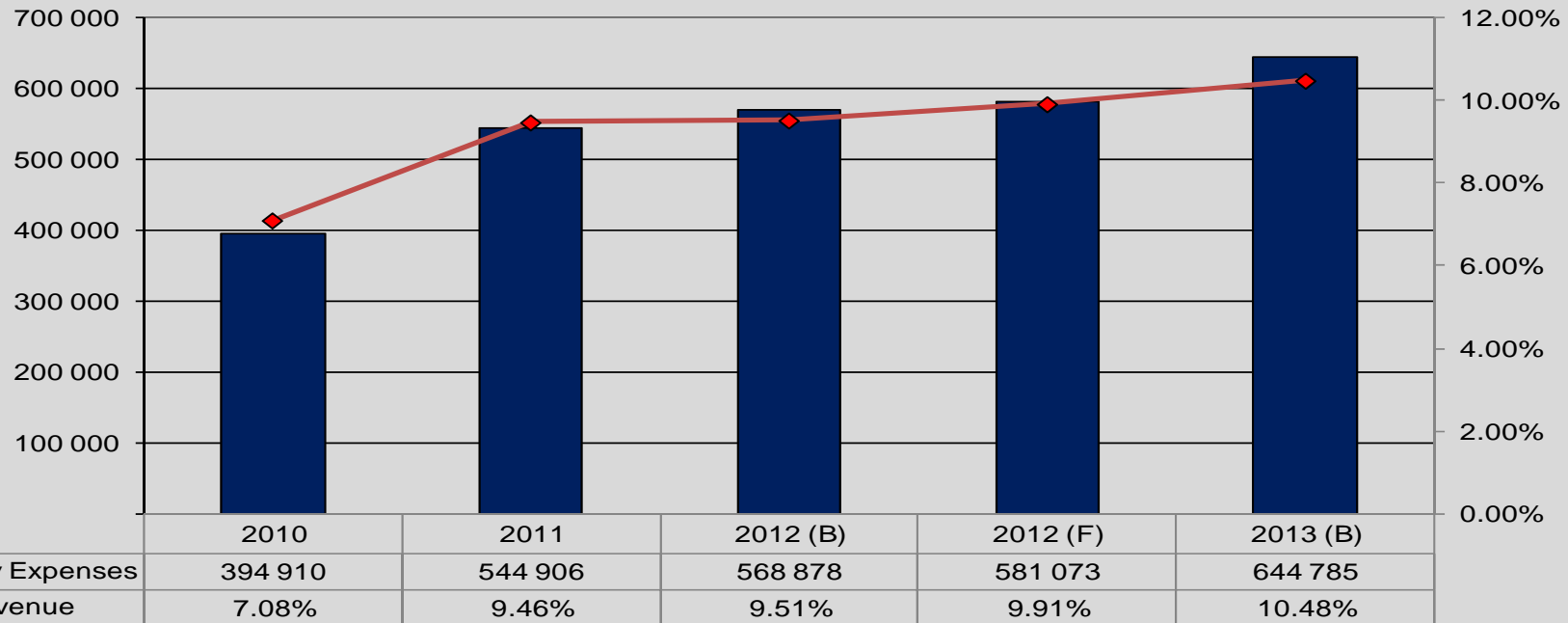
- *Salary increases settled at 8% with collective bargaining 2011/12*
- *CPI forecasted to peak at 6.4% during this year.*

SAPO Indicators: Transport cost trend



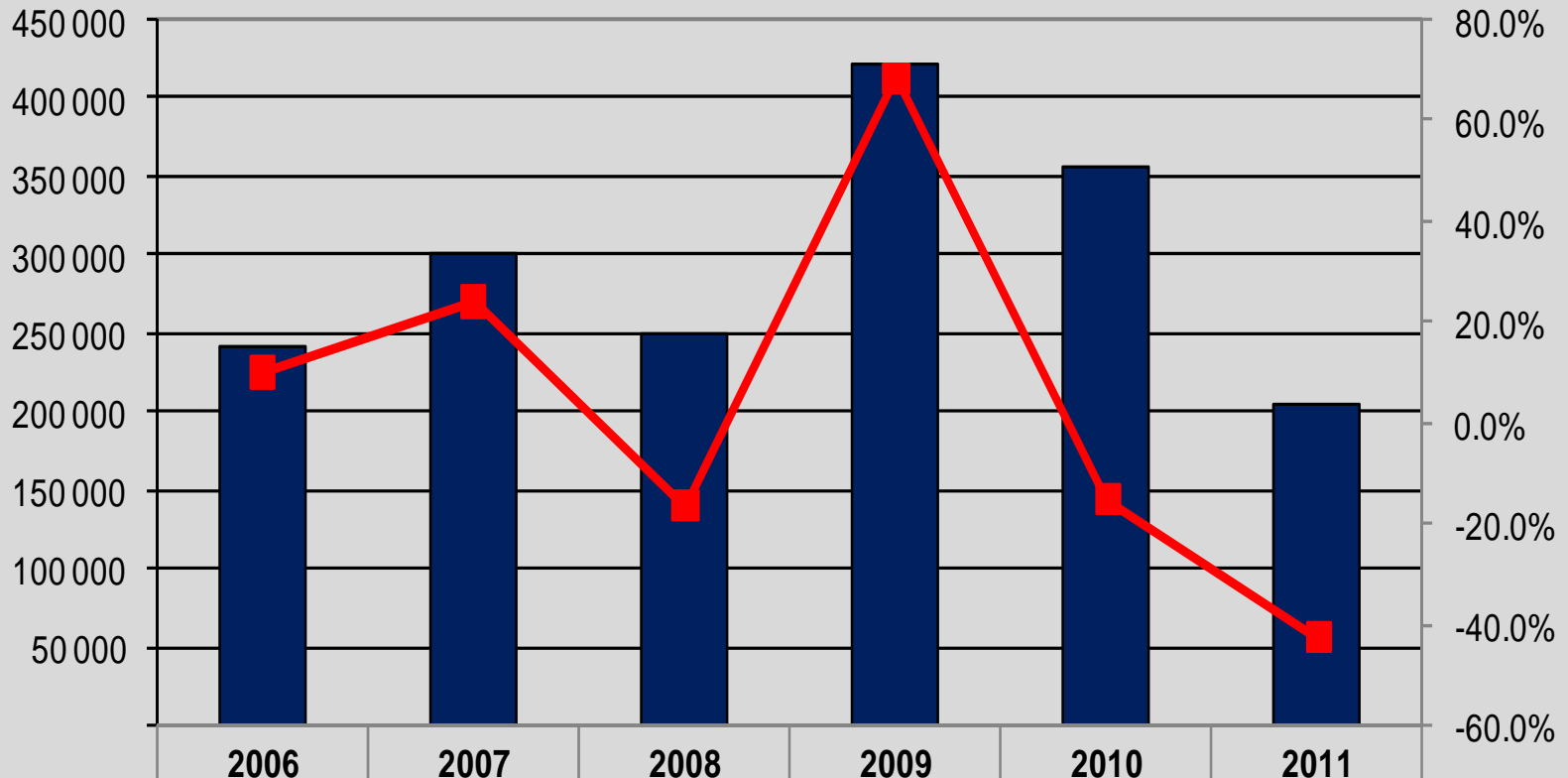
- *Fuel costs up 35% from prior year.*
- *Synergies from transport consolidation and route optimization.*
- *Transport cost reduction from 11.01% to 10.91% of revenue%.*
- *Budgeted transport cost increase of 4%.*



SAPO Indicators: Property cost trend



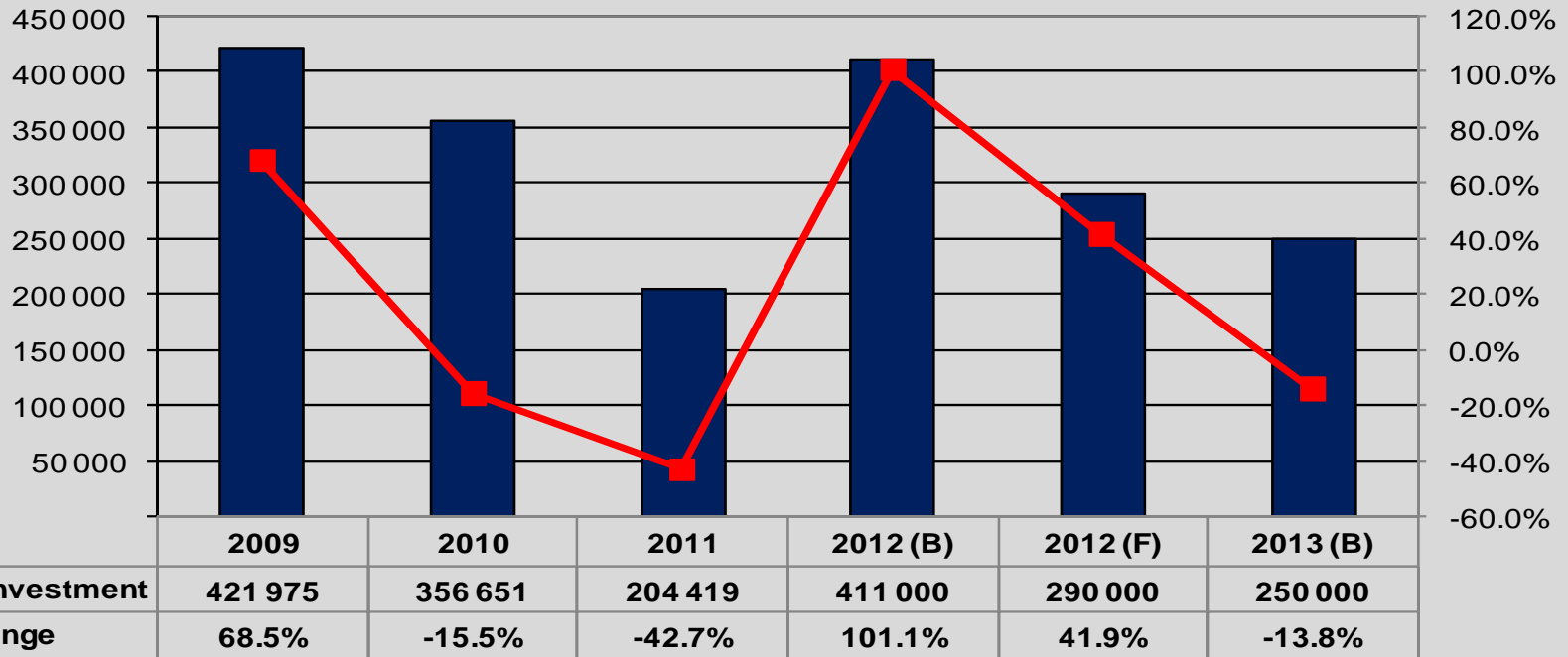
- *Cost of utilities up 24% from prior year due to Eskom tariff hikes.*
- *Increase in the Retail post office footprint.*
- *Building maintenance costs up 13% from prior year.*
- *Budgeted property cost increase of 10.9%.*

Capital spending history (R'000)



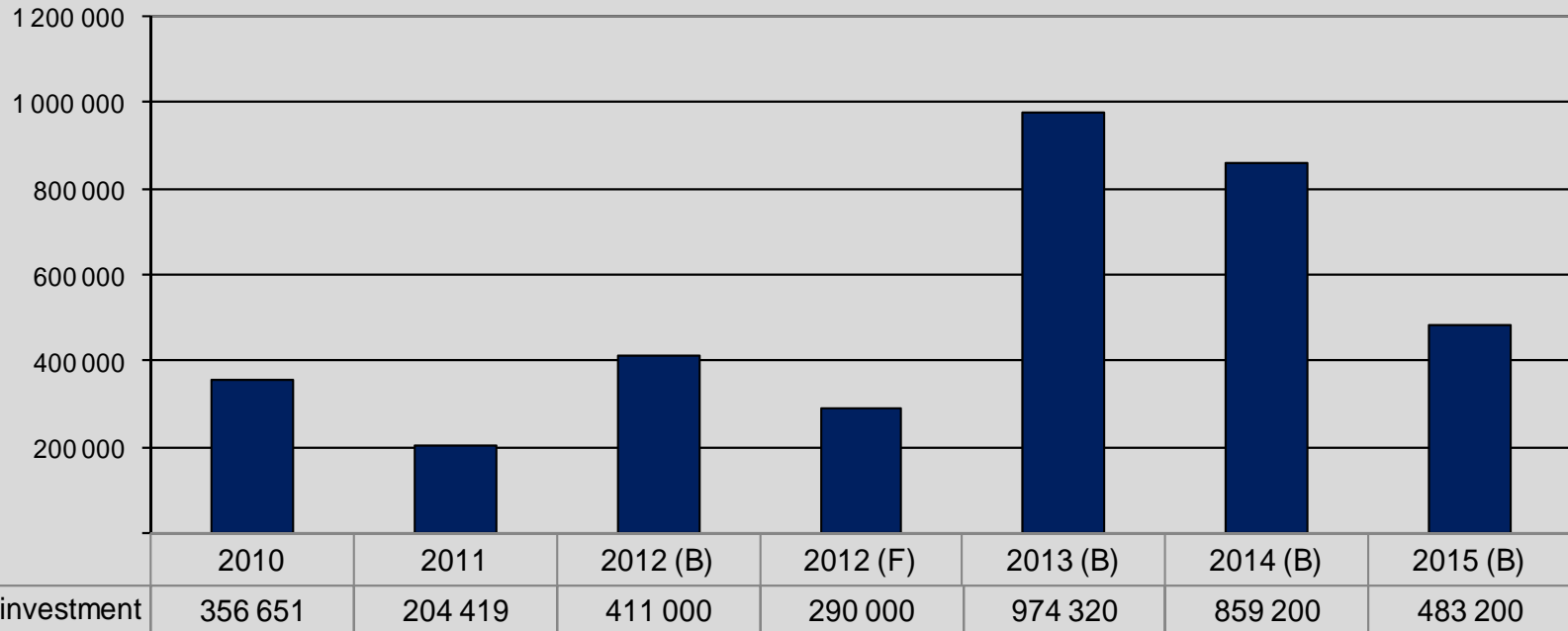
 Capital investment	242 120	300 643	250 435	421 975	356 651	204 419
 YOY Change	10.0%	24.2%	-16.7%	68.5%	-15.5%	-42.7%

Affordable Capital Investment (R'000)



- *Subsidy limited to R52m in 2013 and eliminated thereafter.*
- *Declining profits to fund critical projects – Postbank corporatisation key project.*
- *Roll-out of new outlets – point of presence model.*
- *Capital spending forecasted at R290m for 2012.*

Capital Investment required (R'000)



Capital Required	2013 (B)	2014 (B)	2015 (B)	Total
Postbank Corporatisation	607,320	501,200	163,200	1,271,720
Other projects	367,000	358,000	320,000	1,045,000
Total	974,320	859,200	483,200	2,316,720

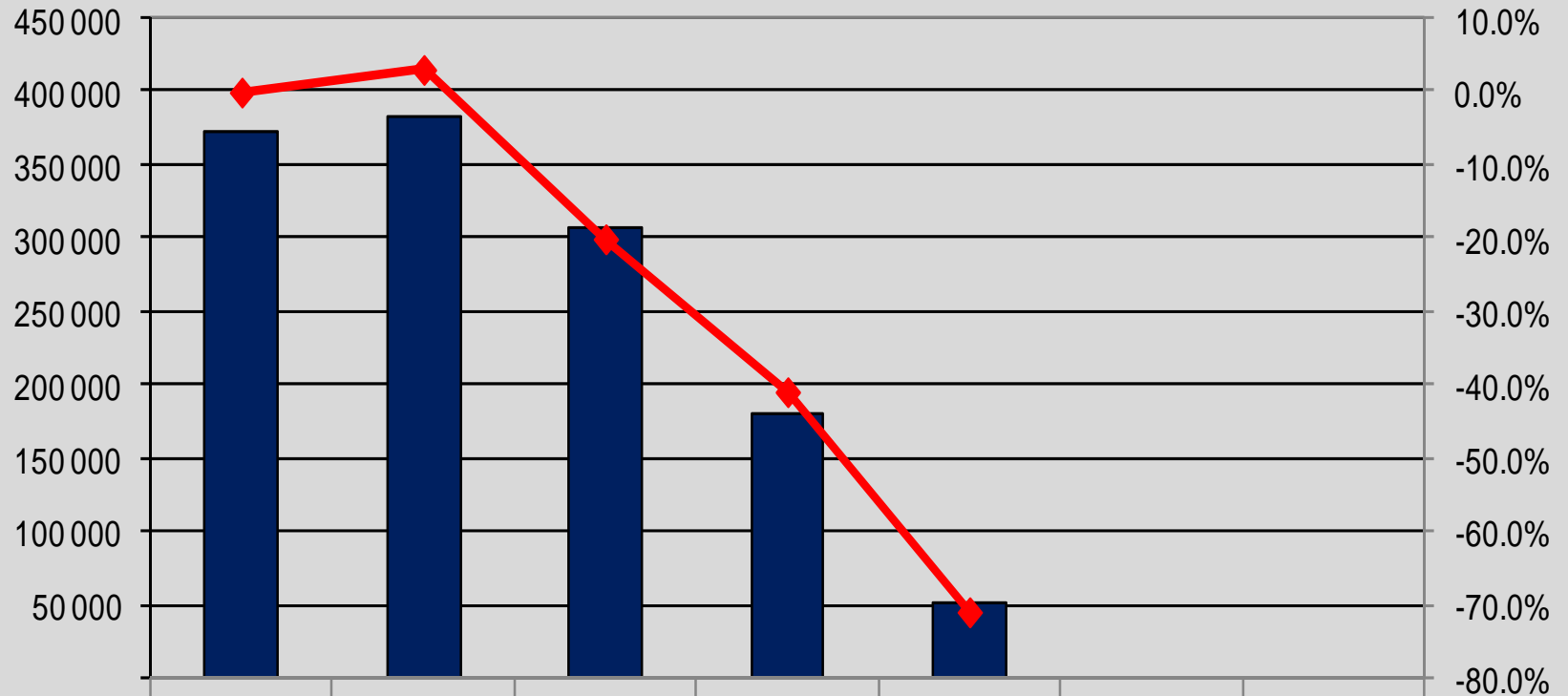
Postbank Corporatisation (R'000)

Postbank Corporatisation	Amount (R'000)
Disaster recovery / Hosting	138,000
Core banking system upgrade	50,000
Flexcube branch implementation	69,500
Treasury, Nostro and Vostro reconciliations	17,800
Regulatory reporting and Basel modules	42,700
Data warehouse amd MIS	163,000
Middelware	40,000
Separation of financial switch	13,100
Oracle MANTAS upgrade	13,300
Accounting general ledger, budgeting	12,800
Contingency	47,120
Total	607,320

Other projects 2012/13 (R'000)

No.	Project	Project Description	Amount (R'000)
1	Network upgrade phase 2 & 3	Upgrade of the SAPO IT network, which includes the replacement of Cisco 7500 Routers with Cisco 7600	110,244
2	Other projects	Other capital projects and the procurement of computer and related equipment.	90,244
3	Post Offices roll out	Establish 20 new outlets and to relocate/upgrade 11 outlets	62,882
4	Postal addressing & advanced postcode system	To design, develop & implement a new postal addressing & postcode system according to new technological capabilities & business needs	28,213
5	IT disaster recovery	To provide disaster recovery capability for the critical SAPO IT systems	20,833
6	Small capex	Funding of minor capital projects and the procurement of computer and related equipment.	20,000
7	Consumer services scales	Replace existing scales at Consumer Services counters	17,060
8	OHSA	Upgrade of buildings to meet Occupational Health and Safety Act compliance	12,361
9	Stamp cancelling machines	Replacement of obsolete stamp room machines with four new-generation technology CFC machines and 33 new Stamp Cancelling Machines	5,163
Total			367,000

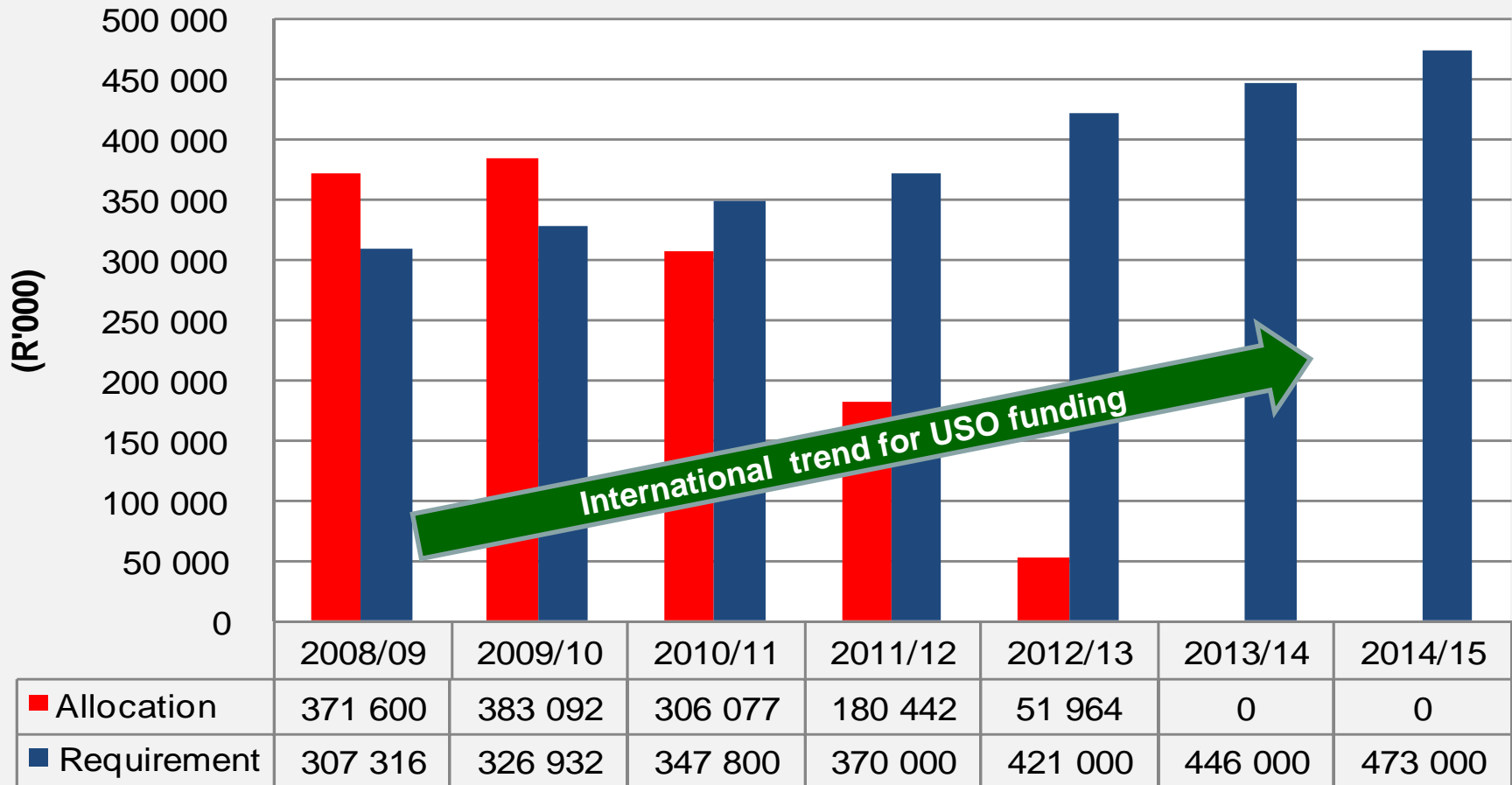
Declining Subsidy



Subsidy	371 600	383 092	306 077	180 442	51 964	0	0
YOY Change	0.0%	3.1%	-20.1%	-41.0%	-71.2%		

Subsidy Funding Required

MTEF Subsidy (R'000)



Subsidy required

- *Opex funding for the cost of USO network required over the MTEF cycle:*
 - *2011/2012 FY – R370 million.*
 - *2012/2013 FY – R421 million.*
 - *2013/2014 FY – R446 million.*
 - *2014/2015 FY – R473 million.*

- *Roll-over of R189m approved by National Treasury.*
- *Funding utilisation for 2011/12 finalized with DOC.*
- *SAPO to fund USO from operational profits from 2012/13.*
- *Retail post office roll-out – multi channel strategy and point of presence models.*

Assumptions for budget

- *Revenue growth at 6.4%.*
- *Growth in mail revenue of 4.8%.*
- *Approved overall tariff increase of 5.7% on reserved products and services.*
- *Approved price of standard postage increases by 15c to R2.65 (6%).*
- *Growth in logistics revenue of 6.9%.*
- *Declining mail volumes to result in the reduction of transport costs.*
- *Reduction of 4% in the cost of labour brokers.*
- *Cost growth contained at 5.8%.*
- *Capital expenditure limited to R250m due to available cash flow*

Budget outlook 2012 - 2015

Revenue	2011/12	2012/13	2013/14	2014/15
Group revenue	1.7%	6.4%	5.3%	5.5%
Mail revenue	2.6%	4.8%	4.1%	4.4%
Logistics revenue	4.6%	6.9%	7.9%	7.5%
Postbank revenue	21.5%	13.0%	12.0%	12.0%
Financial services revenue	(0.6%)	10.9%	8.0%	8.0%
Interest revenue	(7.3%)	7.0%	5.0%	5.0%
Sundry revenue	(39.8%)	32.8%	5.0%	5.0%

Expenses	2011/12	2012/13	2013/14	2014/15
Expenses	(4.2%)	(5.8%)	(5.4%)	(5.5%)

Capex	2011/12 (F)	2012/13	2013/14	2014/15
Capex	290,000	250,000	275,000	250,000

Year	Capital expenditure	Operating profit	Net profit
2011/12 (Forecast)	R290m	R99m	R149m
2012/13	R250m	R137m	R60m
2013/14	R275m	R135m	R19m
2014/15	R250m	R142m	R24m

Revenue initiatives for budget

- *Growth in Digital revenue of R22m (19%).*
- *Growth in Trust Centre revenue of R15m.*
- *Roll-out money transfer to SADC.*
- *Increase in MVL acceptance at post offices.*
- *Growth in direct mail.*
- *Phasing out of rebates and discounts.*
- *Increase in the number of post boxes rented, provide in demand areas .*
- *Target more Government business.*
- *Improve customer service levels at point of customer contact.*
- *Increase acceptance of electronic payments.*

Budget 2013 - 2015

SA Post Office Group -Proposed Budget 2013-2015

R'000	Actuals 2010-11	Forecast 2011-12	Budget 2012-13	Budget 2013-14	Budget 2014-15
Revenue	5,758,075	5,854,113	6,226,580	6,556,568	6,916,919
Expenses	5,522,824	5,754,916	6,089,958	6,421,426	6,775,357
Operating profit	235,251	99,197	136,622	135,143	141,562
Post Retirement (PRMA)	(255,421)	(122,295)	(104,868)	(105,917)	(106,976)
Net profit /(loss) before Subsidy	(20,170)	(23,098)	31,754	29,226	34,586
Subsidy	250,235	242,567	51,964	0	0
Net profit /(loss) before Tax	230,065	219,469	83,718	29,226	34,586
Taxation	(77,316)	(70,493)	(24,183)	(10,488)	(10,481)
Net profit /(loss) after Tax	152,749	148,976	59,535	18,738	24,105

Budget 2013

SA Post Office Group - Required Budget 2012-13

R'000	Actuals 2010-11	Budget 2011-12	Forecast 2011-12	Budget 2012- 13	Additional Budget	Budget Required
Revenue	5,758,075	5,981,994	5,854,113	6,226,580	58,100	6,284,680
Expenses	5,522,824	5,753,638	5,754,916	6,089,958	698,000	6,787,958
Operating profit	235,251	228,356	99,197	136,622	(639,900)	(503,278)
Post Retirement (PRMA)	(255,421)	(158,451)	(122,295)	(104,868)	0	(104,868)
Net profit /(loss) before Subsidy	(20,170)	69,905	(23,098)	31,754	(639,900)	(608,146)
Subsidy	250,235	157,895	242,567	51,964	0	51,964
Net profit /(loss) before Tax	230,065	227,800	219,469	83,718	(639,900)	(556,182)
Taxation	(77,316)	(71,804)	(70,493)	(24,183)	0	0
Net profit /(loss) after Tax	152,749	155,995	148,976	59,535	(639,900)	(556,182)

Additional operational budget requirements R698m

- *Postbank Corporatisation – R276m.*
- *Information Technology staff and support – R183m.*
- *Property maintenance - R79m.*
- *Mail Business structure - R100m.*
- *Retail structure – R30m.*
- *Digital compliance and resources – R30m.*

Additional budget details – R698m

Postbank Corporatisation	Amount (R'000)
Incremental staff expenses	46,073
Contract resources	14,175
Incremental operating costs	39,155
Marketing	47,100
Interest on loan	31,570
Depreciation	98,000
Total	276,074

Information Technology	Amount (R'000)
New Structure - staffing	50,171
Software support	10,000
Hardware support	17,000
Server support	4,907
Depreciation	34,000
Shared environment	47,000
Postbank	20,000
Total	183,078

Mail Business Vacancies	Amount (R'000)
Postman x 705	73,271
Postman (Driver duties) x 49	4,347
Mail supervisor x 55	5,956
Part time mail processor x 400	16,662
Total	100,236

Operational budget – 2013 - 2015

(R'000)	Actuals 2010/11	Forecast 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Change 2011/12	Change 2012/13	Change 2013/14	Change 2014/15
Revenue	5,758,075	5,854,113	6,226,580	6,556,568	6,916,919	1.7%	6.4%	5.3%	5.5%
Mail revenue	3,843,754	3,944,137	4,135,397	4,304,948	4,494,366	2.6%	4.8%	4.1%	4.4%
Logistics revenue	681,970	713,602	763,082	823,128	885,200	4.6%	6.9%	7.9%	7.5%
Postbank revenue	188,911	229,515	259,284	290,398	325,245	21.5%	13.0%	12.0%	12.0%
Financial services revenue	481,377	478,600	530,550	572,994	618,834	(0.6%)	10.9%	8.0%	8.0%
Interest revenue	461,261	427,593	457,697	480,502	504,446	(7.3%)	7.0%	5.0%	5.0%
Sundry revenue	100,802	60,666	80,571	84,598	88,828	(39.8%)	32.8%	5.0%	5.0%
Expenses	5,522,824	5,754,916	6,089,958	6,421,426	6,775,357	(4.2%)	(5.8%)	(5.4%)	(5.5%)
Staff expenses	2,734,342	2,909,928	3,110,838	3,296,903	3,494,104	(6%)	(7%)	(6%)	(6%)
Transport expenses	590,548	645,528	671,070	702,913	739,260	(9%)	(4%)	(5%)	(5%)
Accommodation expenses	544,906	581,073	644,786	684,615	726,932	(7%)	(11%)	(6%)	(6%)
External service providers	461,064	437,967	421,986	428,079	434,326	5%	4%	(1%)	(1%)
Material and services	265,125	311,366	336,591	355,007	374,430	(17%)	(8%)	(5%)	(5%)
Communication services	148,972	148,271	158,214	166,862	175,983	0%	(7%)	(5%)	(5%)
Depreciation	141,250	155,877	166,802	175,920	185,538	(10%)	(7%)	(5%)	(5%)
Security services	134,320	137,647	145,274	153,210	161,579	(2%)	(6%)	(5%)	(5%)
Provisions & write-offs	83,521	15,161	1,260	1,330	1,403	82%	92%	(6%)	(5%)
Marketing	82,159	82,451	88,035	92,810	97,844	(0%)	(7%)	(5%)	(5%)
Interest paid	79,760	68,683	72,870	76,872	81,093	14%	(6%)	(5%)	(5%)
International charges	65,721	67,727	63,073	66,542	70,201	(3%)	7%	(5%)	(6%)
Cost of insurance	43,498	44,136	39,195	41,326	43,573	(1%)	11%	(5%)	(5%)
Training expenses	38,475	37,262	48,491	50,916	53,954	3%	(30%)	(5%)	(6%)
Travel expenses	34,357	35,529	36,214	38,193	40,280	(3%)	(2%)	(5%)	(5%)
Sundry expenses	31,805	32,267	32,790	34,590	36,490	(1%)	(2%)	(5%)	(5%)
Bank charges	25,200	24,504	36,828	38,852	40,988	3%	(50%)	(5%)	(5%)
Audit fees	11,867	13,452	14,162	14,929	15,736	(13%)	(5%)	(5%)	(5%)
Currency adjustments	5,935	6,086	1,477	1,558	1,644	(3%)	76%	(5%)	(5%)
Operating Profit	235,251	99,197	136,622	135,143	141,562	(58%)	38%	(1%)	5%
Non ops items	(78,803)	49,779	(77,087)	(116,405)	(117,457)	(163%)	(255%)	51%	1%
Subsidy	250,235	242,567	51,964	0	0	(3%)	(79%)	(100%)	0%
Taxation	(77,316)	(70,493)	(24,183)	(10,488)	(10,481)	9%	66%	57%	0%
Non operating items	(251,722)	(122,295)	(104,868)	(105,917)	(106,976)	51%	14%	(1%)	(1%)
Net Profit / (Loss)	156,448	148,976	59,535	18,738	24,105	(5%)	(60%)	(69%)	29%

Statement of financial position 2013-15

	Actuals 2010/11 <u>R'000</u>	Forecast 2011/2012 <u>R'000</u>	Budget 2012/13 <u>R'000</u>	Budget 2013/2014 <u>R'000</u>	Budget 2014/2015 <u>R'000</u>
ASSETS					
Non-current assets	3,354,851	3,478,036	3,663,521	3,877,976	4,072,705
Current assets	6,578,117	6,727,878	6,650,092	6,629,682	6,557,451
TOTAL ASSETS	9,932,968	10,205,914	10,313,612	10,507,658	10,630,155
EQUITY AND LIABILITIES					
Capital and reserves	2,364,127	2,564,889	2,624,460	2,643,181	2,667,277
Non-current liabilities	1,512,883	1,566,700	1,535,366	1,520,012	1,489,612
Current liabilities	6,055,958	6,074,326	6,153,786	6,344,465	6,473,266
TOTAL EQUITY AND LIABILITIES	9,932,968	10,205,914	10,313,612	10,507,658	10,630,155

Cash flow – 2013-15

	Actuals 2010/2011 R'000	Forecast 2011/2012 R'000	Budget 2012/2013 R'000	Budget 2013/2014 R'000	Budget 2014/2015 R'000
Cash (outflow) / inflow from operating activities	72,191	(45,020)	(93,790)	43,908	(38,062)
Cash received from customers	5,288,512	5,406,211	5,725,083	6,035,538	6,368,216
Cash paid to suppliers and employees	(5,458,157)	(5,804,337)	(6,205,285)	(6,425,371)	(6,844,191)
Cash (utilised) / generated by operations	(169,645)	(398,126)	(480,201)	(389,832)	(475,974)
Interest received	461,261	428,079	457,697	480,502	504,446
Interest paid	(79,760)	(69,409)	(72,870)	(76,872)	(81,093)
(Increase) / decrease in third party funds	(52,604)	40,116	13,458	22,094	6,907
Taxation	(87,061)	(45,681)	(11,874)	8,016	7,653
Cash (outflow) / inflow from investing activities	(273,083)	(274,143)	(324,526)	(371,351)	(362,534)
Acquisitions of property, plant and equipment	(204,419)	(200,000)	(250,000)	(275,000)	(250,000)
(Increase) / decrease in long term investments	(68,664)	(74,143)	(74,526)	(96,351)	(112,534)
Increase / (decrease) of intercompany loans	0	0	0	0	0
Cash inflow / (outflow) from subsidy	268,489	158,282	45,582	0	0
Subsidy received	268,489	158,282	45,582	0	0
Increase in deposits from the public	332,035	250,001	254,041	269,284	285,441
Increase in deposits from the public	332,035	250,001	254,041	269,284	285,441
(Decrease)/ increase in cash equivalents & short term investments	399,631	89,121	(118,691)	(58,159)	(115,155)
Cash equivalents & short term investments at beginning of period	5,445,829	5,845,460	5,934,581	5,815,890	5,757,731
Cash equivalents & short term investments at end of period	5,845,460	5,934,581	5,815,890	5,757,731	5,642,576

Financial ratios – International Trends

Postal Administration	SA Post Office YTD Jan 2012	SA Post Office March 2011	US Post Sept 2011*	Canada Post 2010*	Royal mail 2011*	Australia Post 2011*
Currency	R'000	R'000	US\$m	C\$m	£m	Au\$m
Revenue	4,838,222	5,758,075	65,711	7,453	9,156	4,986
Expenses	4,701,040	5,601,627	70,778	7,004	9,414	4,745
Operating profit	66,903	235,251	(4,923)	315	(49)	346
Net profit	137,182	156,448	(5,067)	449	(258)	241
Staff costs	2,414,389	2,734,342	48,310	3,854	5,717	2,254
Transport costs	537,370	590,548	6,389	1,308	1,619	645
Property costs	484,894	544,906	1,682	308	297	141
Total Assets	10,056,868	9,932,968	23,413	7,600	5,797	4,135
Current assets	6,626,710	6,578,117	2,649	2,326	2,311	1,327
Current liabilities	6,000,573	6,055,958	42,353	1,209	2,591	1,595
Ops profit margin (OP)	1.4%	4.1%	(7.5%)	4.2%	(0.5%)	6.9%
Net profit margin (NP)	2.8%	2.7%	(7.7%)	6.0%	(2.8%)	4.8%
Return on assets (ROA)	1.4%	1.6%	(21.6%)	5.9%	(4.5%)	5.8%
Current ratio	1.1	1.1	0.1	1.9	0.9	0.8
Asset turnover	2.1	1.7	0.4	1.0	0.6	0.8
Staff costs % Revenue	50%	47%	74%	52%	62%	45%
Transport cost % Revenue	11%	10%	10%	18%	18%	13%
Property cost % Revenue	10%	9%	3%	4%	3%	3%
Staff costs % Expenses	51%	49%	68%	55%	61%	48%
Transport cost % Expenses	11%	11%	9%	19%	17%	14%
Property cost % Expenses	10%	10%	2%	4%	3%	3%

*Source: Published audited annual reports for the postal administration.

Financial ratios – SAPO Trends

SA Post Office (R'000)	2009	2010	2011	2012 (F)	2013 (B)
Ops profit margin	8%	6%	4%	2%	2%
Net profit margin	6%	5%	3%	3%	1%
Return on assets	4%	3%	2%	1%	1%
Current ratio	1.22	1.25	1.09	1.11	1.08
Asset turnover	1.44	1.58	1.73	1.74	1.66
Staff costs % Revenue	42%	44%	47%	50%	50%
Transport cost % Revenue	10%	9%	10%	11%	11%
Property cost % Revenue	6%	7%	9%	10%	10%
Staff costs % Expenses	44%	46%	49%	51%	50%
Transport cost % Expenses	11%	10%	11%	11%	11%
Property cost % Expenses	7%	7%	10%	10%	10%

End of presentation

Q & A

Subsidy figures differs between DoC and SAPO

The figures as tabled in vote 27 of the 2011 Estimates of National Expenditure is as follows:

2011/12	R180 442 000
2012/13	R 51 964 000
2013/14	R 54 822 000

Funding of Universal Service

SAPO has 2484 outlets of which 629 are classified as USO offices (commercially not sustainable). The total cost for these offices is R672m for the 2011/12 FY. The avoidable cost (staff and accommodation) amounts to 248m.

The required funding over the MTEF period is as follows:

2012/13 : R421 m

2013/14 : R446 m

2014/15 : R473 m

PIT's

- **Objective** : To bridge the digital divide and to provide or enhance public access of internet and related services to marginalized communities.
- **Implemented** : The initiative was implemented and funded in 2002/3 as a DoC project. For more than 10 years, Post Office was requested to do the support and maintenance and has done so.
- **Current challenge:**
 - Equipment has reached the end of It's life cycle more than 4 years ago
 - Spare parts are difficult if not impossible to acquire from Brazil
 - Uneconomical/too costly to repair
 - Incompatible with latest technology
 - Only 50% of source code available, making changes/improvements impossible
 - Vandalism
- **Effect** :
 - Deterioration of the PITs are causing negative customer experience and contribute negatively to our Post Office Brand.

PIT's

•Way forward

– **Short term**

Discuss solution with DoC

Decommissioning terminals that are broken/unrepairable

– **Medium to Long term**

Incorporating the objective into ICT accessibility into overall post office objectives to provide a multi-channel network to our clients that is scalable, supportable, sustainable and relevant to a modern targeted society.

Job creation

Categories	2011 Actual	2012 Estimates	2013 Planned
External contractors (project related)	1667	790	780
Permanent appointees	*1671	519	150

* Despite declining volumes and difficult economic environment

What will the training budget be used for?

Categories	2012	%
Full-time bursaries	R1.861m	4%
Part-time bursaries	R 3.258m	7%
Employee interventions (bargaining unit)	R32.118m	69%
Employee interventions (non-bargaining unit)	R5.585m	12%
Work readiness program	R3.723m	8%

Flexible labour

Mitigating actions

- A new comprehensive contract and service level template to be renegotiated with service providers/labour brokers, with specific reference to:
 - Ensuring that correct benefits are paid to the individual
 - Vetting of labour broking staff against educational qualifications, possible criminal records, etc
 - Recourse to damages against fraud, losses, and damages to company property
 - Cost: Uniform, training, staff refreshments
 - Invoicing ,payments and rates
 - Time and attendance
- A national campaign for staff to declare their business interests and additional work performed outside of their Post Office employment; and holding them accountable
- Appointment of a cross-functional team to re-engineer the total flexible labour process in respect of inter alia staff recruitment, budgeting, ordering, invoicing and payments
- Fair and consistent allocation of work to the various service providers without creating suspicious bias towards specific ones
- Requiring labour broking firms to comply with various legislations, in particular, the Basic Conditions of Employment Act
- Putting in place rigorous financial control mechanism to deal effectively, with any possible duplicate payments, fronting, etc
- Strategy to be presented on 12 June 2012

Postbank

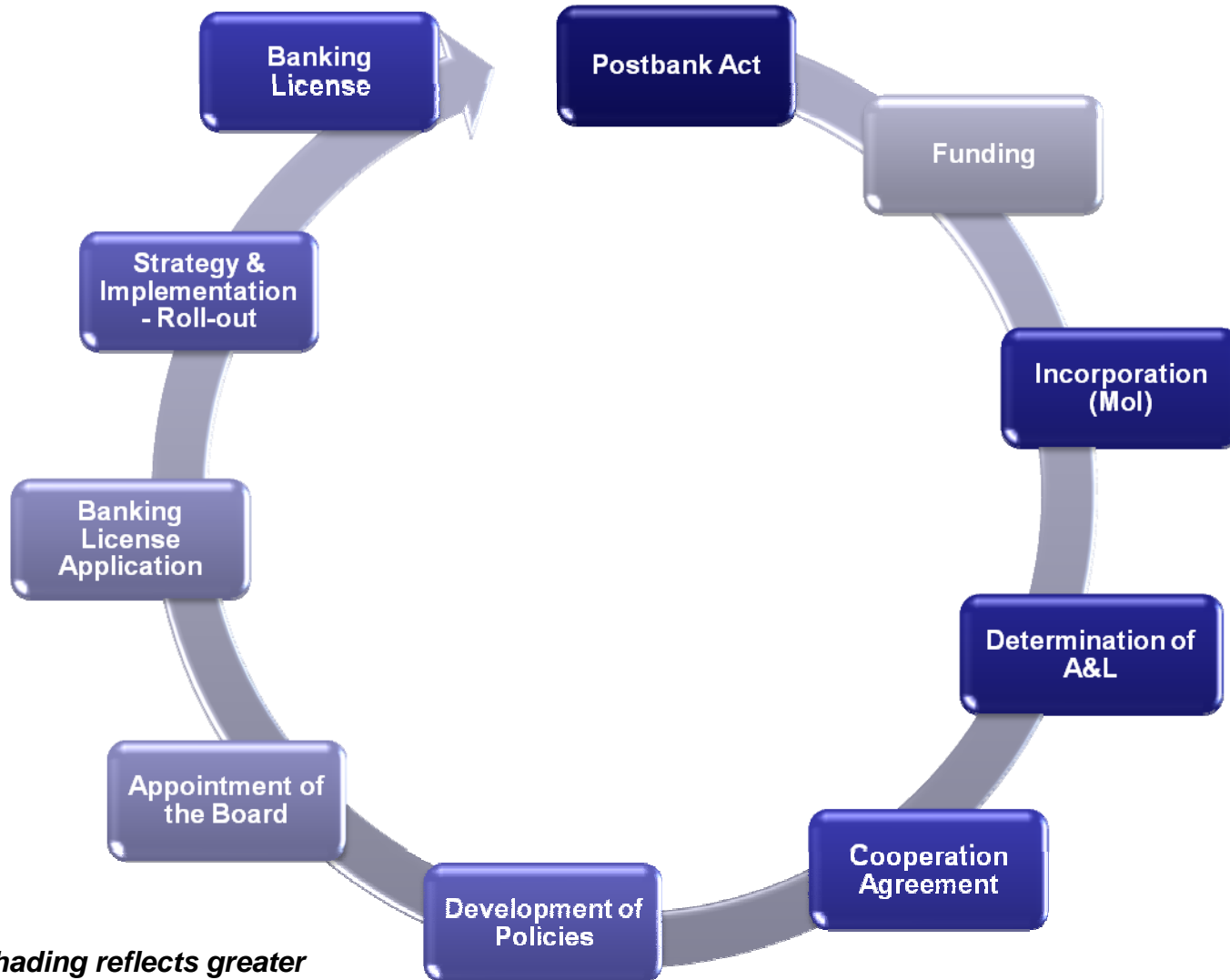
Comply with the Postbank Act No 9 of 2010

- Cabinet to approve policies
- Create a separate legal entity
- Minister to appoint a Board to ratify the strategy, cooperation agreement etc.
- Transfer of staff and assets from SAPO

Banking License Application:

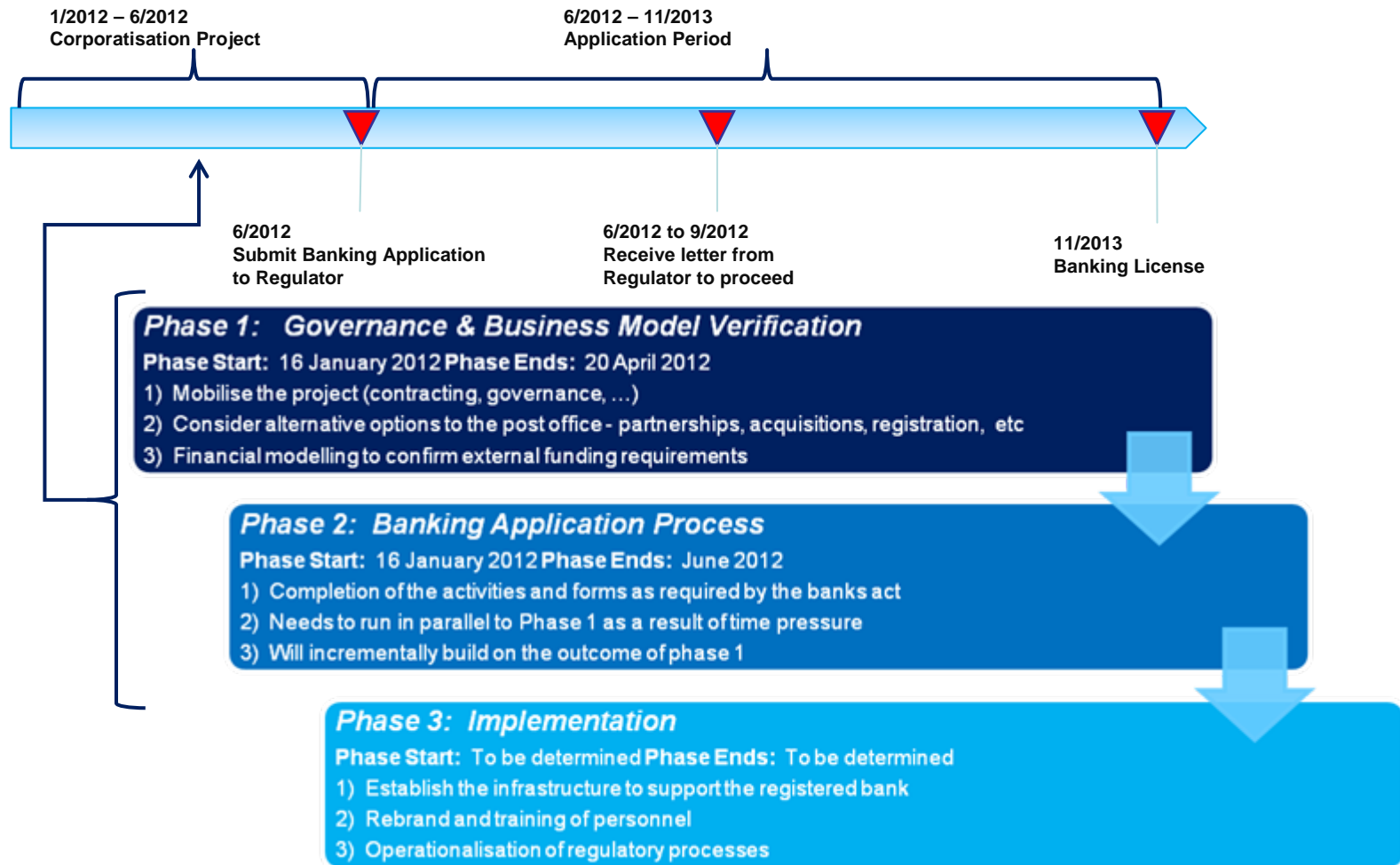
- 896 pages of regulations
- Huge amount of detail
- Postbank strategy will be the cornerstone of the application
- Long time lines taken by SARB
- Regulators require a substantial investment in IT, processes and people before license is granted
- Unique and complex requirements for transferring assets
- Compliance requirements extensive (legislative and regulatory)

Corporatisation Milestones



NOTE: Darker shading reflects greater progress

Banking License Project Plan



NOTE: Banking license may take up to 18 months to be approved – from date of application (June 2012 if funding is committed)

2009

- Programme manager appointed
- Business Case compiled and approved
- Due diligence performed

2010

- Deloitte and Touche appointed to assist with the sourcing of a implementation partner
- Postbank Act promulgated - December 2010

2011

- Tender process for implementation partner initiated – **process experienced a 9 months delay**
- Memorandum of Incorporation prepared
- Initiated the cooperation agreement discussions with SAPO
- Initiated the process to determine assets and liabilities of Postbank vs. SAPO
- Development of policies (lending, borrowing & investments) completed
- Process to appoint Postbank board has started
- Scoping exercise with PWC as implementation partner completed
- Contract with PWC signed – 16 December 2011

January to June

- **Secure funding** for the Postbank Corporatisation programme
- Incorporation of the Postbank as a State Owned Company (SOC Limited)
- Finalise the determination of the Assets and Liabilities to be transferred
- Recruit key personnel needed in a Bank e.g. Risk, IT , Product & Channel, Compliance etc.
- Transfer existing staff per s197 of the Labour Relations Act
- Postbank Board to be appointed
- MD of Postbank to be appointed by the Postbank Board
- Finalise principles governing the SAPO/Postbank Cooperation agreement
- Submit the banking license application

July onwards

- Strategy implementation and roll-out
 - IT implementation
 - Product review and relaunch
 - Channel strategy roll-out

Implications of No Funding

- Without a funding commitment for corporatisation, Postbank:
 - **Cannot submit a banking license application** because the application will fail based on deficiencies in current IT systems and processes
 - **Cannot hire people** to populate structures needed in a licensed Bank
 - **Cannot start the IT implementation** required to become a fully fledged bank e.g. lending, regulatory reporting, mitigate risks etc.
 - **Cannot provide the regulator with comfort** regarding Postbank's long-term capital adequacy
- SAPO cannot provide the necessary funding because:
 - **SAPO does not have the financial means** to provide the funding required to ensure that Postbank is financially sustainable
 - **SAPO is unable to raise loan funding** given increasing pressure on operating profits as well as the significant reduction in the subsidy received from the State
- **Postbank cannot source the funding because** the impact of borrowing costs on Postbank and hence the SAPO group's profitability is so significant
- A **capital injection** by the **ultimate shareholder** is therefore required to:
 - Fund the **investment** needed for the Corporatisation initiative
 - Meet **capital adequacy** requirements prescribed by SARB
- A **decision around Postbank's request for funding per the MTEF submission in July 2011** is required

2011 - MTEF Funding Request

Postbank, as a division of SAPO, submitted its funding request for corporatisation via the SAPO submission:

- **MTEF submission made in July 2011.** Presentations to DOC on 23 August 2011
- **R1.3 billion** requested for the 3 years to 2014/15 for **opex and capex**
- Note that the effects of **loan funding** (interest expense), an end-to-end **lending** system, upgrade of **branches, new channels** and **capital/equity requirements** were not included in the R1.3bn request
- **Total costs** for the entire programme (excluding items mentioned above) were estimated at that stage to be **R1.5billion** when 2011/12 funding needs were communicated i.e. R185 million of the R1.5 billion was to be funded internally:
 - **SAPO has not been able to fund the R185m originally anticipated** for 2011/12.
 - System implementation and appointment of staff needed in a bank has been delayed as a result
- **Presentation by the former Chairperson of the SAPO Board** to the Minister in January 2012 indicated a **revised estimate of R2.15 billion** (after receiving input from the implementation partner and after accounting for previous exclusions i.e. lending, channels etc.)
- This number is still a high level estimate and a **more accurate projection is expected at the end of May 2012** after the Business Plan is finalised
- **No formal response on the 2011 MTEF submission** has been received to date

2011 - MTEF Funding Request

R'000	2011/12	2012/13	2013/14	2014/15	
Implementation consultant	20 000	35 000			
Incremental staff structure	46 073	63 256	68 316	73 781	
Postbank corporatisation contract resources	14 175	20 412			
Systems and technology infrastructure	105 223	503 620	328 700	250 700	
	185 471	622 288	397 016	324 481	R1.34 bn
Funding required	185 471	622 288	397 016	324 481	R1.53 bn

- *To meet minimum requirements for a banking licence, the core banking system needs to be upgraded to the latest version.*
- *System modules required include, amongst others, general ledger and regulatory reporting, risk and compliance, treasury, branch system upgrade, financial switch – separation of banking from SAPO transactions at the branch teller, anti money laundering*
- *Operational costs relate to the incremental staff structure*
- *All other costs are capital in nature*

These total costs of R1.5 billion were based on management estimates at that time and excluded funding costs, the cost of an end-to-end lending system, new channels and regulatory capital requirements

Infrastructure and motor vehicle licences

BRANCHES UPGRADED/RELOCATED DURING 2011/2012

Period	Urban	Rural	Total
2008/2009	34	27	61
2009/2010	35	35	70
2010/2011	12	16	28
2011/2012	Post Office 7	3	29
	Landlords 13	6	
Total	101	87	188

Retail Roll-Out during 2011/12

UPGRADINGS/RELOCATIONS DURING 2011/2012 USING SAPO FUNDS

No	Branch name	Urban/Rural	Prov	Municipality	Nodal point	Address	Action
1	Aberdeen	Urban	E Cape	Camdeboo	No	5 Grey Street, Aberdeen.	Relocation
2	Bethulie	Urban	Free State	Umsobomvu	No	40 Joubert Street, Bethulie	Relocation
3	Bluewater Bay	Urban	E Cape	Nelson Mandela Metro	No	Shop 25, N2 Shopping Centre, Hillcrest Drive, Bluewater Bay, Port Elizabeth	Upgrading
4	Gravelotte	Rural	Limpopo	Ba-Phalaborwa	No	Telkom Building, Erf 78, Shop 2, Marula Street, Gravelotte	Conversion from RPA to PO
5	Holy Cross	Rural	E Cape	NGQUZA HILL	No	Holly Cross Village, Flagstaff	Conversion from RPA to PO
6	Khotsong	Urban	Free State	Nala	No	2053 Kgotsong Street	Conversion from RPO to PO
7	Klerksdorp	Urban	North West	Matlosane	No	City Mall, Klerksdorp	Relocation
8	Mafatsana	Urban	Gauteng	Emfuleni	No	Mafatsana Government and Sport Centre Wildebeesfontein No 12 Cnr Union Rd and Frederick Street Mafatsana	Relocation
9	Tsolo	Rural	E Cape	Mhlontlo	No	ERF 182; THURSTON STREET, TSOLO	Relocation
10	Wiegandia	Urban	Free State	Mangaung	No	Dewetsdorp Road, Wiegandia	Relocation

Retail Roll-Out during 2011/12

UPGRADINGS/RELOCATIONS DURING 2011/2012 DONE BY LANDLORDS AS PART OF THE TENANT INSTALLATION CONTRIBUTION

No	Branch name	Urban/Rural	Prov	Municipality	Nodal point	Address	Action
1	Bedworthpark	Urban	Gauteng	Emfuleni	No	Pick 'n Pay Centre Cassandra Street Bedworthpark	Conversion from RPO to PO
2	Citrusdal	Urban	W Cape	Cederberg	No	Voortrekker Street Citrusdal	Conversion from RPO to PO
3	Corporate Shop	Urban	Gauteng	City of Tshwane	No	WITCH-HAZEL AVE, ECO POINTBUILDING, ECO PARK, CENTURION	Relocation
4	Die Tremloods	Urban	Gauteng	City of Tshwane	No	334 SCHOEMAN STREET, PRETORIA	Relocation
5	Gallo Manor	Urban	Gauteng	City Of Johannesburg	No	Cnr Kelvin Dr and Bowling Rd Sandton	Relocation
6	Hayfields	Urban	KZN	Msunduzi	No	HAYFIELDS MALL CNR BLACKBURROW RD AND CLELAND RD PIETERMARITZBURG	Relocation
7	Isipingo Beach	Urban	KZN	eThekwini	No	22 Delta Road Isipingo Beach	Relocation
8	Kwamalandela	Urban	KZN	Umhlatuze	No	Shop No:24, Esikhaleni Mall, Mdlebentshona Road, KwaMalandela	Amalgamation of Kwamalandela and eShikawini
9	Kwanobuhle	Urban	E Cape	Nelson Mandela Metro	No	Kwanobhule Shopping Centre, Shop 14, 45 Matanzima Rd, Kwanobhule, Uitenhage	Relocation
10	Libode	Rural	E Cape	Nyandeni	No	Main Road Libode	Relocation

Retail Roll-Out during 2011/12

UPGRADINGS/RELOCATIONS DURING 2011/2012 DONE BY LANDLORDS AS PART OF THE TENANT INSTALLATION CONTRIBUTION

No	Branch name	Urban/Rural	Prov	Municipality	Nodal point	Address	Action
11	Lyndhurst	Urban	Gauteng	City of Johannesburg	No	Lyndhurst Square Centre, Cnr JHB Rd and Drome Street Lyndhurst,	Conversion from RPO to PO
12	Matsulu	Rural	Mpumalanga	Mbombela	No	Matsulu Centre, Stand 523 Madiba Drive, Matsulu	Relocation
13	Menlyn	Urban	Gauteng	City of Tshwane	No	Shop number B2,Cnr Loius and Garsfontein Road, Menlyn Retail Park	Relocation
14	Nagina	Rural	KZN	eThekwini	No	Marianhill-AM Centre Chestnut Crescent, Marianhill	Conversion from RPO to PO
15	Park Rynie	Rural	KZN	Umdoni	No	CONVENT ROAD, CENTRAL PARK RYNIE	Conversion from RPA to PO
16	Sovenga	Rural	Limpopo	Polokwane	No	TURFLOOP PLAZA COMPLEX, SHOP NO, B2, SOVENGA 0727	Relocation
17	Sundra	Urban	Gauteng	Delmas	No	38 witbank Road, Sundra	Relocation
18	Troyeville	Urban	Gauteng	City Of Johannesburg	No	Bertrams Spar Centre, 5 Bezuidenhout Str, Troyeville	Conversion from RPO to PO
19	Vanrhynsdorp	Rural	W Cape	Matzikama	No	1 Church Street Vanrhynsdorp	Conversion from RPA to PO

BRANCHES TO BE UPGRADED/RELOCATED DURING 2012/2013

BRANCHES TO BE UPGRADED/RELOCATED DURING 2012/2013 (Pre-Fabs)			
Region	Urban	Rural	Total
Eastern Cape	-	-	-
Free State	-	-	-
Gauteng	7	-	7
KwaZulu-Natal	-	-	-
Limpopo	-	1	1
Mpumalanga	-	2	2
Northern Cape	-	-	-
North West	-	-	-
Western Cape	-	-	-
Total	7	3	10

Maintenance activities during 2011/12

MAINTENANCE DONE AT BRANCHES DURING 2011/2012

Region	Number of offices	Urban	Rural	Amount
Central Provinces (Free State, N West & N Cape)	158	63	95	R 734,223.18
Eastern Cape	193	84	109	R 4,185,217.59
KZN	219	107	112	R 2,392,421.19
North Central (Gauteng, N West, Mpumalanga & Limpopo)	28	17	11	R 336,266.50
North East (Limpopo & Mpumalanga)	30	15	15	R 12,412.72
Western Cape	110	70	40	R 1,900,009.00
Wits (Gauteng)	85	85	-	R 1,507,548.39
Total	823	441	382	R 11,068,098.57

Ramps & Counters for people with disability

Installed at Post Offices	Yes	No	Total
Ramps	1353	223	1576
Counters (Lowered)	682	894	1576

Motor Vehicle License

Name of Provinces on Board	
1	Gauteng Province
2	Kwa – Zulu Natal
3	Eastern Cape Province
4	Free State Province
5	Limpopo Province
Outstanding Provinces	
Name	Status
1 Mpumalanga Province	The Presentation was done to the Previous MEC of Transport who was committed to finalize the contract but unfortunately the Transport Portfolio function was moved to Community Safety. Which means that we need to renegotiate
2 Western Cape Province	Department to consider proposal end April 2013
3 North West Province	HOD to make final decision of proposal end April 2012
4 Northern Cape Province	Department will make final decision on Proposal end April 2012

Postal Outlets Security Enhancements

- A total of R32million is spent annually to provide guarding at Retail outlet and payout points
- An investment of R62million to reinforce the physical security at 248 outlets since 2009
- Resulting from these security measures, violent crime (armed robberies) have reduced by 56% in the past two years
- An amount of R20million will be spent in the current year for the roll-out of physical security measures at 80 Retail outlets