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THE
WHITE PAPER
ON
POSTAL POLICY

The Ministry for Posts,
Telecommunications and Broadcasting

**This White Paper
is also available in
Afrikaans, Tswana
and Zulu**

**Published by
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FOREWORD

On behalf of Government, It gives great honour to present to the people of South Africa a set of policy objectives and principles for the restructuring and re-organisation of the postal sector. This policy framework affords us the opportunity to forge a postal sector that will meet the challenges of the information revolution as we enter a new millenium.

The postal service is the most basic and most common means by which messages can be communicated and goods delivered. Postal services is a basic link serving the entire population, it also serves as an important medium of communications for business and commerce. The Government is committed to facilitating the growth and development of this sector and to ensuring the provision of universal and affordable postal service to all South Africans irrespective of race, gender, class, age or geographical location. The overarching goal of this policy framework is to ensure a more accessible, equitable, efficient, and effective postal service.

The Reconstruction and Development Programme provides us with guidelines and the basis for reforming the postal sector to ensure that it contributes towards improving the quality of life of all South Africans. It also lays the basis for the postal sector to take advantage of the explosive growth in overall communications services to ensure increased volumes and better quality of service.

Access to reliable and affordable public service is no longer a privilege to be enjoyed by a few, it is now the rightful expectation to all citizens, especially those previously disadvantaged. It is for this reason that I'm launching this White Paper on Postal Policy.

The policy set out in this White Paper arises primarily from lessons gained from the work over the last three years. This White Paper is the result of an extensive process of public consultation. A Technical Task Team was appointed in September 1996 to formulate the Postal Policy framework. This resulted in the drafting of a discussion document. A consultative conference was held in Midrand on 21 – 23 November 1996.

Contributions and input arising from the Conference led to the formulation of the Green Paper. Seventeen workshops were conducted nationwide. This stimulated thousands of responses from the public, which ultimately led to the formulation of the White Paper. Such consultation was of fundamental importance to ensure, firstly, the participation of citizens, stakeholders and interested parties in the policy process; secondly, that the policy enjoys the widest possible support and acceptance by all people and stakeholders.

This document presents various implementation strategies designed to meet basic needs of all our people, given the limited resources available. Our mission is to balance the provision of basic universal postal services to disadvantaged rural and urban communities with the delivery of service capable of meeting the needs of a growing South African economy. It is my sincere hope that this White Paper will contribute towards a better life for all.

I would like to thank all those who contributed to the many drafts that preceded this final version of the White paper, to those public spirited citizens who in the face of great difficulties have brought this White Paper into being. It would be invidious to mention names. They have done the community a great deal and lasting service. It is only by the help of liberal endowment that Government can be free to plan and implement its work to best serve the needs and aspirations of our community. May this effort inspire all of us to take individual and collective responsibility for our sector.

A handwritten signature in black ink, appearing to read 'J. Naidoo', with a stylized, flowing script.

Jay Naidoo

Minister for Posts, Telecommunications and Broadcasting

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Many thanks once more to those people who have contributed to the Green Paper and to this White Paper.

EXECUTIVE SUMMARY

Chapter One

Access to basic postal services is the right of all South African citizens. The South African RDP and constitution demand that certain criteria influence the formulation of service delivery to ensure basic human rights. Accordingly, universal postal service suggests that all citizens regardless of race or gender shall have equal access to basic postal services. The Universal Service Obligation is placed on the monopoly provider to ensure such access, as well as rebalancing the postal network for equity, improvement of scale, scope and quality of service, and the elimination of cost inefficiencies. Delivery policy will be revised to provide a more efficient and equitable service. Standards will be set and mechanisms established to monitor the minimum achievement of a satisfactory service in terms of speed, customer care and reliability.

Chapter Two

The Post Office is active in the communications and distribution market, the retail market and the financial services market. Competition is considered healthy for the development of the sector and the economy, and is to be encouraged subject to the meeting of the requirements of universal service obligations and related regulation. In order to ensure universal service, a set of reserved services has been established, in which the universal service provider receives a degree of monopoly protection. The monopoly service includes all letter mail, the issuing of stamps and roadside letter box collection as well as street delivery box, address box, phantom box, private box and poste restante delivery. All other services, including parcel and express services, and any future services differing from those defined as reserved, are categorized as non-reserved and are subject to competition and market forces.

Chapter Three

Government does not envisage any changes to the current ownership structure of the Post Office. However, new ownership strategies, namely Strategic Equity Partnerships and employee ownership schemes will be considered for state subsidiaries of the Post Office. Strategic Management Partnerships and Performance Contracts are proposed as restructuring options. A financial mandate has been placed on the Post Office to reduce the subsidy levels over the next three years, reach breakeven and then achieve profit.

Chapter Four

Regulation of the sector has followed international trends. A Regulator will be established, reporting to the Minister for Posts, Telecommunications and Broadcasting, to

monitor and regulate tariff structures, the provision of universal services and other licence conditions, quality, research, standards and enforcement.

Chapter Five

A decisive programme of Black economic empowerment is to be initiated. This will ensure the productive use of the entire economically active population, while addressing the plight of victims of past discrimination. Black economic empowerment will promote meaningful participation in the mainstream economy through management, ownership and employee positions. Procurement policy and tendering will be amended, and the role of small, medium and micro-enterprises and entrepreneur involvement will be encouraged.

Chapter Six

The development of human resource capacity is considered an essential component of the postal policy. Continued skills training, education and capacity building will be implemented; human resources will be assessed, and a human resource strategy will be formulated. This will incorporate affirmative action plans, and redress past biases in terms of gender, race, and disability.

Chapter Seven

The rapid advances made in technology provide both a threat and opportunity to the postal sector. New technology will be incorporated into the Post Office, facilitating the improvement and expansion of service and quality of service offered. The sector will conduct ongoing research and development programmes to ensure that the opportunities offered by technological change are maximised.

Chapter Eight

The postal sector supports the national "African Renaissance" philosophy, and will consolidate existing relationships with neighbouring African countries. South Africa's involvement in the Southern African Transport and Communications Commission will be encouraged, as will potential involvement in the Pan African Postal Union. South Africa is a member of the Universal Postal Union. The jurisdiction over incoming and outgoing mail is ambiguous, and specific limits are proposed.

Chapter Nine

Postbank provides a unique opportunity to provide savings and banking services to rural communities. Postbank will be used to encourage a culture of savings among its target clientele. A three-phased restructuring plan will be implemented resulting in the Postbank as an autonomous fully-fledged savings bank, owned by the Post Office. In the interim period, Postbank will operate as a profit centre, and will continue to be exempt from registering as a bank under the Bank Act. Co-operation between the Postbank and

another financial institution will assist in the redesigning and expansion of Postbank products and services.

Chapter Ten

Crime can be committed both through and within the postal system. Action has to be taken to address both these aspects, and include legislation, greater national, regional and international co-operation, the establishment of national data systems and an effective communications strategy, and the re-evaluation of human resource strategies.

Chapter Eleven

The philatelic concerns of the Post Office are the responsibility primarily of the Philatelic Business Unit. The issuing of stamps is the sole domain of the Post Office. Philately as an activity should be encouraged as a means of generating income for the Post Office, and providing a unique window to the diverse histories, cultures and achievements of South African society

Chapter Twelve

Existing legislation has been formulated over the past century. The introduction of this White Paper has initiated a process of legislative reform that may impact on a number of existing related legislation.

PREAMBLE

- 1 The postal service provides a basic means of linking the entire populace, and serves as an important medium of communication for business and commerce. A viable and efficient postal service is essential to both social and economic development. The increasing globalization of commerce and industry depends on fast and reliable communications systems.
- 2 By embarking on a process of reform, the postal sector can benefit from the explosive growth of communications worldwide.
- 3 Government, therefore, is committed to facilitating the healthy development of the postal sector, and ensuring the provision of access to a universal postal service by all South Africans irrespective of geographic location or race, in a transparent and fair environment. At the same time, Government recognizes that the means used to achieve these objectives must leave the greatest possible flexibility for the provision of whatever specialized services the market may demand.
- 4 The Post Office, as provider of the Universal Service, faces key challenges in achieving restructuring goals:
 - Addressing inequalities in accessing postal services as perpetuated by past policies.
 - Ensuring an equitable distribution of postal services.
 - Addressing the cost and service inefficiencies characteristic of the present system.
 - Providing a responsive, flexible and reliable level of service to its customer base.
 - Recapturing the confidence and support of its clients.
 - Providing customers with an efficient postal service that is cost effective and affordable.
- 5 The postal sector in general, and the Post Office in particular, are experiencing currents indicating a vital need for operational restructuring, evident in
 - Diminishing public revenue to subsidize large operational losses
 - Declining mail volumes and consequently postal revenue
 - Low productivity and other internal inefficiencies
 - Changing customer needs.
- 6 These factors provide the salient issues and framework around which the new postal policy is proposed.

CHAPTER ONE

Postal Services and Development in South Africa

- 1.1 Basic postal services are the right of all citizens. They are essential to the social and economic development of South Africa. Access to reliable and efficient postal services contribute to the success of development programmes and policies, and contribute to the dignity and respect of South African citizens.
- 1.2 South Africa has a ratio of population to postal outlets that is 5 times the European Union average[□]. International examples have indicated that this ratio can be addressed without significantly raising costs, and in some cases has resulted in cost reduction.
- 1.3 Policies implemented in the past have resulted in hugely disparate access and distribution of postal services, benefiting a single population group. The redress of these imbalances is essential to the social and economic development of communities, previously disadvantaged groups, and the growth of the economy.
- 1.4 The business sector is the primary user of the postal service and has the capacity to facilitate sustained growth of postal volumes, thereby generating revenues for the attainment of social and economic development objectives.

The Reconstruction and Development Programme

- 1.5 The new national postal policy is influenced by principles outlined in the RDP and GEAR, namely:
 - The meeting of basic needs
 - Building of the economy
 - Developing human resources
 - Democratizing the state and society
- 1.6 The cornerstone of Government policy on the delivery of services requires that the Post Office deliver a universal postal service, provides equitable access and financial sustainability.
- 1.7 A number of objectives have thus been formulated:
 - 1.6.1 Ensuring greater access to basic services through the achievement of universal postal service, providing an acceptable level of effective and

[□] Ministry for Posts, Telecommunications and Broadcasting, Green Paper on Postal Policy, 1997

regular postal services to all areas including rural areas, communities and small towns where post offices are not sustainable.

- 1.6.2 Developing greater equity in respect of the distribution of services, particularly within the former Black townships, rural areas and former TBVC states.
- 1.6.3 Promoting a non-discriminatory employment policy within the Post Office, and redressing existing imbalances in respect of gender and race and disability.
- 1.6.4 Promoting the development of human resources and capacity building within the sector.
- 1.6.5 Improving the quality of service and responsiveness to customer needs, thus enforcing prompt, reliable and efficient services to all customers
- 1.6.6 Reduction and elimination of operating and cost inefficiencies, leading to economic growth and empowerment.
- 1.6.7 Encouragement of the more effective utilization of postal infrastructure to serve as points of access to the global information society.
- 1.6.8 Effective maintenance of an efficient system of collecting, sorting, and delivering mail nationwide, in a manner responsive to the needs of all categories of mail users.
- 1.6.9 Contributing to community and rural development and education, through actively participating in the development of a "Citizen's Post Office", providing an interface between Government and community and a centre for community activities.
- 1.6.10 Promoting interaction and co-operation with other agencies and local authorities.

Universal Postal Service

- 1.7 Integral to national policy for the postal sector is the provision of a universal service. This ensures that all citizens have equal access to a **basic letter service**
 - That is reasonably accessible to all people in the country regardless of physical location
 - At a uniform rate of postage
 - At an affordable price.
 - Offers a reliable service

- 1.8 In order to facilitate the effective delivery of a universal service, a set of reserved postal services conferring exclusive rights to the monopoly provider have been established.
- 1.9 A licence will be issued by the Minister for Posts, Telecommunications and Broadcasting to the monopoly provider, in this case the Post Office, in terms of which a Universal Service Obligation will be imposed. This stipulates various obligations through which universal service is achieved. This will ensure the provision of specified postal services to the whole community, even though these services may not be commercially viable. Funding of the USO will be derived primarily from profits earned on monopoly and non-monopoly activities¹. In order to achieve sustainable profit levels the Minister may in consultation with the Universal service provider, set revenue and volume growth targets in the license conditions.
- 1.10 The Universal Service Obligation also demands the rebalancing of postal networks for equitable access, the implementation of operational changes to improve the scope, scale and quality of service provision, and the reduction and ultimate elimination of cost and service inefficiencies.
- 1.11 In addition to the Universal Service Obligation, a commercial obligation will be placed on the monopoly service provider to operate as far as possible in a manner consistent with sound commercial practice. Should a loss be incurred by the monopoly provider in non-reserved areas, where there is no Universal Service Obligation, there will be no recourse to an automatic subsidy.
- 1.12 The monopoly provider will execute its functions in a manner consistent with:
 - 1.12.1 Government development and growth strategies
 - 1.12.2 Any directions given by the Minister subject to existing legal and statutory provisions
 - 1.12.3 Obligations imposed under any international conventions.

Delivery Policy

- 1.13 Existing modes of delivery will be revised and improved in order to provide a more equitable access for all South Africans. Street delivery has not been expanded since the 1980's. It has been defined since 1992 as a value-added service. The Post Office is obliged to provide delivery to postal addresses to all households on an equitable basis.

¹ See Chapter 3, paragraph 3.26, for a full discussion of the financing of the USO

- 1.14 The distribution network of Post Office and Postal outlets will be addressed. A legacy of uneven distribution has resulted in a significantly higher ratio of users to post offices in previously disadvantaged areas compared to those in other areas. The inclusion of the former TBVC countries as the responsibility of the Post Office has further polarized these figures.
- 1.15 In accordance with the basic framework in which policy is situated, delivery will be non-discriminatory in terms of race, gender, disability or class.
- 1.16 Delivery should adhere to the principles of economies of scale and the achievement of universal obligations will as far as possible follow the most cost-effective route in implementation.
- 1.17 The provision of postal addresses to those areas that do not possess these will be expanded. In terms of the license agreement to be issued by the Minister, four million new postal addresses will be provided by the Post Office. A roll out plan to achieve this target will be agreed on by the Post Office and the Minister.
- 1.18 Default on the determined target will subject the Post Office to penalties imposed by the Minister.
- 1.19 Street delivery is to be initiated and expanded into areas where it is currently not rendered, subject to the following criteria:
 - 1.19.1 A suitable population density
 - 1.19.2 Mail volumes are sufficiently high to warrant delivery.
 - 1.19.3 Streets are named and house numbers assigned by municipal authorities.
 - 1.19.4 Areas are accessible and street names and numbers in place.
 - 1.19.5 Street delivery boxes to receive mail are in place.

The Post Office has exclusive responsibility for street delivery. The frequency of delivery will be dictated by demand, subject to cost. Street delivery may be delegated to agents where the Post Office deems it more viable.
- 1.20 Street delivery shall be provided to all citizens except where this is not commercially viable, in which case alternative means will be provided. Address boxes and lobbies are to be introduced in those areas where street delivery is not considered economically viable, and other street delivery criteria are not met.
- 1.21 Virtual addresses will be introduced where street and address box delivery is not feasible. A Poste Restante number will be assigned to households at a Post Office or postal agency.

- 1.22 Poste Restante are to be introduced only where neither street delivery nor address boxes are economically or practically feasible, and in those areas serving people in transit for less than three months.
- 1.23 The use of Private Post Boxes will be introduced and extended to customers with large volumes of mail.
- 1.24 Where none of the aforementioned services can be viably delivered, the Post Office will provide address boxes or virtual addresses at the nearest Post Office or agency.
- 1.25 Where no other option is feasible, the Post Office will make available mobile post offices, which will provide all services available at Post Office counters subject to economic viability.
- 1.26 Post Office counters will make available a number of services, including at least:
 - 1.26.1 Selling of postage stamps
 - 1.26.2 Delivery of registered, Signature on Delivery (SOD) and Cash on Delivery (COD) items.
 - 1.26.3 Accepting matter presented by customers to be registered, SOD or COD.
 - 1.26.4 Accepting money with applications for money orders and issue receipts.
 - 1.26.5 Parcel services.
- 1.27 Target ratios of population to postal outlets will be set in the licence agreement and monitored at regular intervals.

Letter Boxes

- 1.28 All letter boxes are to be of uniform appearance in order that clients are able to readily recognize the nature of the service provided. Collection times are to be stipulated on each. Boxes are to be painted in accordance with the Corporate Identity Policy. All boxes should be maintained in good condition.

Service Standards and Monitoring Mechanisms

- 1.29 The Post Office must adhere to minimum service standards against which its performance will be monitored.

1.30 The quality of service will be monitored, using appropriate measures in order to ensure universal service at a level that the customer recognizes as satisfactory. The frequency, reliability and the extent of non-delivery will be monitored.

1.31 Standards will be measured according to certain criteria, viz. speed, customer care and reliability.

Speed

1.31.1 The delivery time will be assessed against established Postal Service standards for delivery of such mail

Customer Care

1.31.2 Customer complaints and enquiries received from individuals or representative organization will be addressed within a specified time of receiving the complaint or query. The successful resolution of complaints will also be monitored.

Reliability

1.31.3 Performance monitoring procedures will be established to identify the mishandling and service failures affecting the security and delivery of the mail.

1.32 The Post Office is to be held accountable to the Regulator and to users for adherence to these standards.

1.33 Delivery and performance standards will be reviewed periodically by the Regulator, and adjustment made if so required.

1.34 Delivery and performance standards will be reviewed periodically by the Regulator in consultation with major stakeholders and user representatives, and adjustment made if so required.

The Postal Sector and the Environment

1.35 The Postal sector is committed to environmental development and sustainability, and will thus ensure that all responsibilities and duties within the sector will be implemented with the least possible impact on the environment.

CHAPTER TWO

MARKET STRUCTURE IN THE POSTAL SECTOR

Introduction

- 2.1 The Post Office is active in 3 markets:
 - 2.1.1 the communications and distribution market in terms of postal services offered and the movement of parcels
 - 2.1.2 the retail market through its post office networks
 - 2.1.3 The financial services market through third party payments and money orders, and the Postbank.
- 2.2 The Post Office is faced with both direct and indirect competition. The former is offered from various segments of the postal market, the latter through rapid technological and communication advances, in the form of fax, electronic mail (e-mail) the unaddressed mail market, retail marketing, internet marketing and other forms of electronic communications media.
- 2.3 Following international trends, the South African postal sector is moving towards a greater degree of deregulation and liberalization of postal markets. Government is committed to facilitating this process.
- 2.4 It is the Government's belief that the growth of competition in the sector is healthy for the development of the sector, the economy, and the public. Competition will therefore be encouraged by the Government, subject, however, to the requirements for the achievement of universal service provision and related regulation.
- 2.5 The key challenge for the Government is thus how to bring about reform in the postal sector that will be beneficial to the public through both universal service and competition at the same time.
- 2.6 Consequently, it is the intention of the Government to strengthen the enforcement of the exclusive rights of the operator providing reserved services with associated obligations and to prepare the necessary legislation to this effect.
- 2.7 Further, while the current exclusivity of the Post Office will be retained, it is the Government's intention to analyze the cost of the universal service obligation and

to review the existing subsidy and monopoly in the light of these findings. The scope of the monopoly and that of the reserved area will be reviewed by the Regulator every three years, or at the Minister's discretion

The Communication and Distribution Market

2.8 Communication Market

2.8.1 This refers to the market in which the communication of messages occurs, and incorporates the letter and direct mail market. The communication and distribution markets are not easily separated. Speed, content, size and media variations are factors distinguishing the communications market from the distribution market. The communications market is further segmented in terms of product, speed of delivery, and the security level of the item. This market has a unique position of being a generator or multiplier of mail volume. The majority of mail marketing campaigns are posted in three tranches- a pre-mailer, a main mailer, and a follow-up mailing. These letters generate positive and negative mailed responses, the delivery of goods, the distribution of invoices and statements, the payment of accounts, and the initiation of a non-sales communication relationships driven very often through the mail.

2.8.2 A letter contains a message, but due to the physical format needs to be distributed. A letter may also contain non-messaged items such as a piece of clothing, which places it purely within the distribution market. As the size of the item to be distributed grows, so the letter becomes a parcel.

2.8.3 In the communications sector, the speed at which the sender wishes the message to be received plays an important role in the choice of the medium of communication.

2.9 The Distribution Market

2.9.1 The distribution market includes the transport and delivery of goods to a specified address. Postal delivery is a specialized sector of the distribution market, especially the distribution of individual parcels. During the 1970's an international trend developed in which courier companies were formed to handle express and parcel business on an overnight or same-day basis. Despite the demand, at the time post offices world-wide did not offer such a service.

The Letter Market

2.10 Services where messages are delivered at greater speed have grown exponentially over the last two decades. This is due largely to the advances in technology with the emergence of the fax machine and other forms of electronic transmission. At

the same time telex and the telegram virtually disappeared as a communication form.

- 2.11 However, according to market research, customers utilizing the letter service indicate the need for a reliable and secure service. The use of electronic transmission is limited, as many consumers or mail recipients do not have access to the necessary technology. This implies that the letter service will remain as the primary means of communication. Given this scenario, customers are offered the choice between the economical standard mail service, and the more expensive fast-mail or courier service.
- 2.12 Approximately 84% of all letters in the postal system are mailed by business or organizations to individuals, largely representing consumers

The Parcel Market

- 2.13 The parcel distribution market caters for all material falling outside the definition of a letter. Services are offered by companies on high-volume and localized routes which demonstrate the practice of "cherry-picking". Private sector companies currently serve only the high volume, short distance, low unit cost routes.

Courier Services

- 2.14 The need by customers for a faster and more efficient means of goods delivery has become more demanding. This has led to the increased use of alternative technology, such as fax, for the transmission of letters. Large documents are still being delivered through the postal system. Customers, however, expect same day or overnight delivery standards.
- 2.15 Private sector courier companies have targeted high volume routes, charging premium rates in return for fast delivery and other services such as collection and delivery to and from clients' premises, customs clearance and track-and-trace facilities. These services were delivered as private companies sought to enhance and build their competitive advantage in the market. New initiatives are being introduced offering warehouse facilities to suit customers' "just-in-time" systems.

Publishing

- 2.16 The distribution of newspapers and magazines requires a reliable postal service and is time sensitive. Daily newspapers are distributed by private companies to cover street sales, home deliveries and shops.

- 2.17 There has been a significant increase in the number of publications, especially technical and niche market magazines, which lend themselves to distribution via the post to the subscriber.

Direct Mail Marketing

- 2.18 Direct mail is another form of advertising that enables the same message to be sent to a large number of individuals or organizations. Direct mail can be sent to specific addresses taken from various databases, such as account holders of major retail companies. Volumes have been declining as companies include their advertising with other mail and monthly statements.
- 2.19 At present 50% of mail volume is accounted for by direct mail marketing. This consists of letters generated from mail order companies. The mail order is a form of advertising permitting "distance selling". Mail order companies rely heavily on efficient postal services for customer communication, distribution of catalogues, receiving customers orders, goods distribution and the mailing of statements.
- 2.20 Growth in the mail order segment is stimulated by the increasing interest in distance learning through correspondence institutions, and growing sales of music and home entertainment products. Rural communities are increasingly purchasing clothing and other goods through mail order companies.
- 2.21 Unaddressed mail is aimed at the broad public and is distributed by means of street delivery and post office box insertion. Currently this practice is being utilized more and more by small companies. Distribution is done through the use of contract or casual labour at much lower wages.
- 2.22 The postal needs of the direct mail marketing customers, who are organized under the umbrella of the Direct Marketing Association of South Africa, can be summarized as follows:
- Reliable postal services
 - Bulk mailing options
 - Reliable, quick response mechanisms
 - Options for secure, fast, goods delivery
 - Address lists for South Africa with correct postal as well as street addresses
 - Efficient change of address notification system
 - A postal code system facilitating more accurate market segmentation and address verification.
- 2.23 Postal costs, whilst insignificant for individual households or even some businesses, form a major part of the cost of sales for the direct mail marketing companies. These companies are therefore very sensitive to tariff increases.

Agency Services

2.24 The following main agency services are currently rendered at post offices on behalf of various institutions-

- Telkom services
- Third Party Services (payment of municipal accounts, TV licences etc.)
- Pension Services
- Gaming product sales

2.25 The main objectives of service are to -

2.25.1 utilize the postal infrastructure to provide profitable value added services on a competitive basis

2.25.2 provide financial and other agency services to rural and developing areas which is in line with Strauss Commission report and the Governments RDP and Masakhane projects

2.26 To ensure that the Post Office's infrastructure is optimally used to the benefit of the State, it is essential that all three Government structures (central, provincial and local) must be committed to making optimal use of the Post Office's infrastructure for the rendering of their services. The following are specifically referred to:

- Telkom services
- Tax collection
- Municipal accounts
- Eskom services
- Housing
- Motor vehicle licences
- Television licences (SABC)
- Radio licences etc.
- Pension services etc.
- Voters Roll Administration

Multi-Purpose Community Centres

2.27 Multi-purpose centres will be established to provide a "one-stop" centre meeting a variety of customer needs, and will involve the cooperation of a number of different Government Departments and services. The number of payments and services offered will be extended avoiding the duplication of infrastructure, and improving the financial position of the Post Office.

2.28 Post Office multi-purpose centres will serve a number of functions, including amongst others:

2.28.1 payment of municipal rates

2.28.2 payment of accounts

2.28.3 tax collection points

2.28.4 lottery businesses

2.28.5 rural financing

2.28.6 pension pay-out debit order systems.

Competition in the Letter Market

2.28 Competition in the letter market is experienced from 5 directions:

- Technological advances
- Low-technology alternatives
- Alternative media
- Private sector initiatives
- Mail rationalization

Technological Advances

2.29 Alternatives to the distribution of the letter are mainly developed through technological innovation and the application of new technology to this market. This is a form of indirect competition and does not contravene the exclusive powers granted to the Post Office. Examples are the telephone, fax, E-mail, Internet, telemarketing, direct marketing on television, electronic data exchange, electronic funds transfer and the development of the virtual office. Whilst these technology-driven communications pose a threat to the traditional letter market, significant opportunities are also raised.

Low-tech alternatives

2.30 Low-tech alternatives for unaddressed mail do not violate the current exclusive powers of the Post Office. In general these are labour intensive options which rely on low wages. Employees are often employed on a part-time or contract basis. Examples are "knock and drop", in-house distribution organizations and distribution franchises.

- 2.31 Many migrant workers and other city dwellers wanting to communicate with their families in the rural areas use the mini-bus taxis to carry post containing letters, money and other valuables.

Alternative Media

- 2.32 Advertising through the medium of letters influences postal volumes. Alternative media such as retail tele-shopping, employment of agents and advertising on television, radio and newspapers can erode the volumes within the postal service. The alternative forms of advertising compete with direct mail as an advertising medium.

Private Sector Initiatives

- 2.33 Private sector companies are addressing clients' needs for a same-day or overnight postal service.

Mail Rationalization

- 2.34 As customers seek alternatives to avoid increased postal costs, large mail users are utilizing a form of mail rationalization, including correspondence and accounts with advertising and other mail matter.

Rationale for the Monopoly

- 2.35 In order to ensure the provision of universal service, the universal service provider will be given some form of exclusive or monopoly protection in certain aspects of the postal markets. These are to be known as **reserved services**. Protection will be granted in these areas only. Reserved services are justified economically in order to provide sufficient volumes over which the fixed cost elements of the postal network can be spread, in order to achieve low unit costs and prices affordable to all. The rationale is thus to enable the universal service provider to capture the monopoly benefits associated with being the sole provider of the service in order to financially compensate for the universal service requirements imposed upon it.
- 2.36 Standards will be set for the universal service provider, and conditions imposed through a licence agreement. Performance will be measured through a system that accurately reflects the client's experience of the service, and the audited results will be made available to the Minister, Regulator, Operator and the public.

Universal Postal Union Position on Reserved Services

- 2.37 The official Universal Postal Union (UPU) position regarding the monopoly is given in the Hamburg Congress resolution C26/1984, which "appeals to the government of Union member countries –

- a) to maintain the postal monopoly in order to ensure that all of their citizens have equal access to a universal postal service;
 - b) to define clearly the items which fall within the scope of the postal monopoly; and
 - c) Where appropriate, to instruct the Customs and other national authorities to assist the postal authorities in enforcing the postal monopoly.”
- 2.38 The establishment of a set of reserved services curtails the operations of the free market and competition on one hand, and accordingly should be regulated.
- 2.39 In accordance with the principle of proportionality, the size of this set of reserved services should be no larger than is needed to secure the universal service objective. Outside the reserved areas all services should be provided in free competition, and the Post Office will compete with other operators in the provision of non-reserved postal services.

Reserved Areas

Implication of the Establishment of Reserve Services

- 2.40 The granting of special rights and exclusive privileges has a number of consequences. It curtails the normal operation of the market in respect of the reserved services. It also implies that the privilege of operating the reserved services carries certain obligations: commercial obligations, general government obligations, and universal service obligations.
- 2.41 Under the Universal Service Obligation, reserved services will be provided to all citizens.
- 2.42 A letter is defined as any form of written communication or other document, article or object that is directed to a specific person or specific address and is to be conveyed other than by electronic means; and includes a packet, package or wrapper containing any such communications or article -
- of a maximum mass of two kg, or conforming to the following dimensions:
 - maximum length 458mm
 - maximum width 324mm
 - maximum thickness 100mm
 - Cylinders having a maximum length of 458mm and 100mm thickness are regarded as letters.

- 2.43 The postal monopoly includes all letter mail, that is, letters, postcards, printed paper and small packets up to 2kg. This standard is to be reduced to 1kg by the Regulator at such time as the Regulator assumes full authority and powers. This limit will be reviewed at regular intervals at the discretion of the Minister, in consultation with the stakeholders. This reduction will open a larger segment of the market in which the monopoly provider operates to competition, and does not in itself require the promulgation of new legislation. The reduction of the standard will be published in the Government Gazette.
- 2.44 There are several key exemptions from the monopoly:
- Delivery by an employee of the sender
 - Unaddressed mail
 - Legal document exchanges
 - Letters exceeding the stipulated dimensions or mass
 - Occasional Letters delivered by an individual not in the business of delivering letters.
 - Trade announcements, circulars, printed extracts from newspapers, or advertisements which are not addressed to any person
 - Newspapers and periodical bulletins
- 2.45 The Post Office has special rights in respect of the issuing of stamps and the provisioning of roadside collection and address boxes.
- 2.46 There will be three basic principles for access to reserved services:
- 2.46.1 Universal application of conditions of access, assuming all potential clients present their mail in a uniform way
- 2.46.2 Potential users are aware of the posting conditions, appropriate tariffs and service level, for which they are charged
- 2.46.3 Access conditions will optimize flexibility to the customers' needs, while ensuring that reserved services are protected.
- 2.47 The scope of the reserved services will not necessarily be the same as that of the Universal Service Obligation. Rather the scope of the reserved services will be partly influenced by the cost of the USO and other obligations.

Non-reserved Areas

- 2.48 Any service that falls outside the ambit of the reserved areas is non-reserved, and should be provided in free competition. These include:
- 2.48.1 Parcel services, referring to the movement of individual goods and items larger or heavier than the dimensions prescribed by reserved services

- 2.48.2 Courier services including both express letters and parcels larger or heavier than the dimensions prescribed by the reserved service
- 2.48.3 New services significantly different from existing reserved standard services. If a new service subsequently becomes a necessary element in the achievement of universal service, it can be integrated into the reserved area subject to the criteria.
- 2.49 While parcels are not included in the reserved services, there is, however, a universal obligation on the delivery of parcels the term of which will be stipulated in the licence agreement of the Post Office.

CHAPTER THREE

OWNERSHIP, INVESTMENTS AND FINANCING OF THE SOUTH AFRICAN POST OFFICE

Introduction

- 3.1. Ownership structure and investment are critical to the formulation of government policy. Ownership can affect the capacity of providers to obtain the capital necessary to provide universal service and other important postal services. It may also provide incentives to show profit, rather than encourage reliance on state subsidies for the continued existence of the company.
- 3.2. Irrespective of ownership, Government has a fundamental obligation to ensure that the provision of universal service is achieved in respect of postal services. Intrinsic to policy consideration is which ownership structure will best redress the historical imbalances in the SA postal sector, ensure universal service provision and encourage financial sustainability and competitiveness in the rapidly changing local and international postal environment.
- 3.3. Moreover, the high state subsidy of the Post Office and the burden it places on the fiscus has raised concerns from a number of quarters about the financial sustainability of the institution. This combined with the wave of restructuring in the telecommunications and related sectors, locally and internationally, is one of the forces leading many to suggest private ownership as a panacea to the problems of the postal services as well.
- 3.4. While due consideration must be given to the restructuring options, it is useful to bear in mind that to date no postal administration has been fully privatized, although this was under consideration in the United Kingdom and is in preparation in Argentina. The partial sale of shares of the postal service has been provided for in the Postal Act of the Philippines and has also been undertaken in Germany. KPN in the Netherlands, which owns the PTT- Post, bought TNT, an international courier company. Argentina granted a 30 year concession to operate the postal services to a consortium comprising the Royal Mail (Britain) and local business.
- 3.5. Of more significance in both the international and domestic arena, is the attention being given to enterprise reform processes and packages designed to transform the structure and culture of postal administrations and to enable the national provider to achieve the following objectives:
 - 3.5.1. To improve the quality of service.

- 3.5.2. To make postal services financially self-supporting.
- 3.5.3. To run the post office on commercial principles.
- 3.5.4. To continue to meet social obligations.

Future Ownership of the South African Post Office Limited

3.6. Since its commercialization in 1991, the Post Office has been a wholly owned government company with a board of directors and management board, with certain freedoms associated with private sector companies in terms of the Post Office Act.

3.7. The restructuring of the enterprise will occur within the framework of the National Framework Agreement on the restructuring of state-owned assets. Potential forms of management contracts that Government will consider for its restructuring processes are:

3.7.1 Performance and Management Partnerships

3.7.1.1 Performance and Management contracts respond to different needs and have distinct requirements.

Performance Management Contracts

3.7.1.2 Performance contracts are agreements between government bodies and public managers, whereby the government sets strategic objectives and managers decide on the operational strategy to best achieve those objectives. This concept incorporates contract plans, programme contract performance agreements, memoranda of understanding, statements of intent, and public utility licenses.

Strategic Management Partnerships (SMP's)

3.7.1.3 Management partnerships allow for a public authority to contract a private company or postal administration to provide specific services for the operation and maintenance of services, in this case postal. This can include the provision of staff for technical assistance, operations, maintenance, marketing, product development, finance and project management.

3.7.1.4 Compensation to the partner will be of the type made under contracts for consulting services (time-based, lump sum, percentage of revenue, cost plus etc.). The responsibility of the partner becomes limited to that part of the system contractually operated on behalf of the public authority.

3.7.1.5 Where the complete operation is contracted out, customers legally remain clients of the public authority and the partner is compensated in accordance with the terms of the contract. There are several types of management contracts, including those which incorporate a productivity bonus or a share of the profits to the contractor. Such incentivised management contracts encourage the operator to be entrepreneurial as well as to exceed the contractual targets.

3.7.2 In the case of subsidiaries of the Post Office, different forms of ownership including foreign ownership, holding companies, and employee share ownership schemes (ESOP), will be considered.

Future Corporate Governance

3.8 The South African Post Office will be managed by a single board which will comprise executive and non-executive members. The daily operations will be supervised by an Executive Committee, operating within specific parameters of authority.

Composition of the Board

3.9 The Board will consist of not more than fifteen members of which at least five will be executive members. Employee representation through union structures will not exceed two, non-executive, members. The Chief Executive Officer of the company will be one of the executive members of the Board.

3.10 While the Articles of Association are not prescriptive in any way, specific skills and representation of both geographic and sectoral diversity are deemed essential.

3.11 The Chairperson of the Board will show evidence of executive experience in a large multi-faceted company, and have good standing in the business community.

3.12 The position of Chairperson of the Board and that of Chief Executive Officer will be separated.

3.13 The Chairperson of the Board will be appointed by the Minister for Posts, Telecommunications and Broadcasting.

3.14 In addition to the executive committee, it is proposed that four board committees be constituted, representing the audit, human resources, remuneration and Postbank arenas.

Responsibilities of the Board

- 3.15 According to the King report on Corporate Governance[□] the Board must assume the following responsibilities:
- 3.15.1 To direct the strategic and structural direction of the company, developing a mission and vision for the company.
 - 3.15.2 To oversee affirmative action.
 - 3.15.3 To ensure that the executive management implements the company strategy.
 - 3.15.4 To ensure that adequate systems of internal control exist at both an operational and financial level.
 - 3.15.5 To monitor the activities of executive management.
 - 3.15.6 To provide information on the company activities to those entitled to such information.
 - 3.15.7 To ensure the succession, and approve the appointment of senior executives.
 - 3.15.8 To ensure that the company performs its operations to ethical standards.
 - 3.15.9 To address the adequacy of retirement and health care benefits, and the funding thereof.
- 3.18. To enable the Board to direct Post Office strategy effectively the Board must ensure that the Post Office executive management engage major stakeholders constructively. This should include formalized interaction with the National Postal Forum, as well as industry representative bodies.
- 3.19. The Chief Executive Officer will supervise, under the direction of the Board, the management of the company in accordance with the objectives and requirements of the Act.
- 3.20 Board meetings will be conducted at a minimum of quarterly intervals. Additional meetings may be convened when considered necessary.

Matters Reserved for Consideration of the Shareholder

- 3.21 Matters reserved for the consideration of the Shareholder include:

[□] The King Report on Corporate Governance, 29 November 1994

- 3.21.1 Change in strategy objectives or primary business direction.
- 3.21.2 Change to the articles of association or memorandum.
- 3.21.3 The issue or allotment of shares.
- 3.21.4 Mergers and acquisitions.
- 3.21.5 Change in share capital or capital structure.
- 3.21.6 Declaration of dividend policy.
- 3.21.7 Any capital expenditure over an amount stipulated in the Articles of Association.
- 3.21.8 Disposal of assets over an amount stipulated in the Articles of Association.
- 3.21.9 Appointment and dismissal of board members, including the Chief Executive Officer.
- 3.22 The remuneration of the Chief Executive Officer will be market-related and determined by the remuneration committee.
- 3.23 The Board will ensure a constructive relationship with the shareholder by at least:
 - 3.23.1 Making available to the shareholder all minutes of Board meetings
 - 3.23.2 Conducting regular meetings between the Chairperson, Chief Executive Officer, the Minister and the Department of Communications.
 - 3.23.3 Issuing ad hoc invitations to specific meetings.

Financial Issues

- 3.24 In the six years since its establishment the Post Office has incurred substantial operating losses, and has failed to achieve key objectives in respect of universal service provision, quality and efficiency.
- 3.25 The Government cannot continue to subsidize the current scale of losses, nor can it allow the Post Office to abuse its monopoly position by offsetting spiraling operational costs against unregulated tariff increases.

Financial Mandate

- 3.26 A financial mandate has been formulated for the Post Office to reach breakeven within three years and to then operate on a profitable basis. Should the Post Office exceed its target during this period, the excess will be injected back into the company for re-capitalisation or infrastructure development.

The Universal Service Obligation

- 3.27 The Universal Service Obligation will be financed from profits earned from the competitive and non-competitive markets in which the Post Office is active.
- 3.28 Potential income sources have been identified from agency income, lottery, pensions and Postbank.
- 3.29 The Post Office will be encouraged to consider franchising opportunities to extend the postal network as required by the USO.

Access to Capital Market

- 3.30 The Post Office will have a restricted mandate to capital markets over which it may only borrow with the permission of the Minister for Posts, Telecommunication and Broadcasting.

Investments

- 3.31 Various areas of investment that are essential to the improvement and extension of services have been identified:
- Technology
 - Mail centres
 - Equipment for postal automation
 - Additional addresses
 - Additional post office rentals and ownership
 - Counter automation
 - Staff training
 - Maintenance of facilities
 - Infrastructure upgrading
- 3.32 These areas will be financed primarily through normal internal capital expenditure. Efficiency gains within the postal network will cover the redistribution of post offices to previously disadvantaged areas, the increase of postal agencies and post points, and franchising.

CHAPTER FOUR

REGULATORY FRAMEWORK IN THE POSTAL SECTOR

Introduction

- 4.1 The postal sector in most countries is subject to some degree of protection. Even in countries where other sectors operate in a free market arena, postal services are allowed to operate under monopoly protection. This is justified by the need for universal service provision. International examples indicate that where postal services need to be provided to all citizens, the service has to be protected from competing providers that might service the lucrative market segments and leave the unprofitable segments to the national operator.
- 4.2 Historically, postal administrations were responsible for the regulatory functions governing the postal sector, as well as being the public operator. With the restructuring and growth of competition in the postal sector, it has been recognized that this is inappropriate. Countries have increasingly begun to separate the regulatory authority from any operational functions.
- 4.3 Accordingly, in South Africa, the responsibility for regulating the sector has been separated from the universal service provider (the Post Office), and regulatory supervision is a function of the Ministry.

The Role of the Department of Communications

- 4.4 The Department of Communications assume responsibilities in the following areas:
 - 4.4.1 The promotion of universal service.
 - 4.4.2 The formulation and development of policy relating to the postal sector.
 - 4.4.3 The issuing of policy directives.
 - 4.4.4 The monitoring and evaluation of human resource policy.
 - 4.4.5 Shareholder management
 - 4.4.6 International relations
 - 4.4.7 Approval of business plans

- 4.5 The Department will report to the Minister on the implementation and achievement of its responsibilities on an ongoing basis.

Licensing and Exclusive Privilege

- 4.6 A licence to operate a postal service for twenty five years will be issued to the South African Post Office Limited by the Minister. Terms and agreements stipulated in the licence must be observed and adhered to by the operator, and a licence fee will be levied on the operator.
- 4.7 The Minister will issue a licence to delegate monopoly operations. This will grant the Post Office exclusive privileges for determined period of time. At the end of the stipulated period, the licence agreement and conditions will be reviewed.
- 4.8 The monopoly will be reviewed by the Regulator every three years.
- 4.9 Service standards and the protection of customers will be incorporated into the licence agreement. Should the terms of licensing not be met, penalties will be imposed on the Post Office.
- 4.10 This exclusivity period should provide a time-frame for the Post Office to restructure and improve efficiency in preparation for competition in all areas, while achieving key government and sectoral objectives, particularly increasing availability and access of services to rural and disadvantaged areas.

Purposes of Regulation

- 4.11 The primary purpose of regulation within the postal sector is to ensure that every South African citizen has access to postal services of reasonable price and quality. Competition within the proposed limits will also be encouraged to facilitate the improvement of service delivery.
- 4.12 Regulation will seek to achieve an economic situation in the reserved sector comparable to that in an open competitive market in terms of managerial dedication to innovation and cost control. A competitive environment can be simulated while leaving the essential share of the reserved sector intact.
- 4.13 Particular attention will be paid to the delivery standards of universal services, in order to meet government objectives and justify the continuation of reserved services.
- 4.14 Where licences are granted to postal operators, the Regulator will need to ensure that the terms of the licence are followed.

- 4.15 The following issues are proposed as essential elements of the regulatory framework:

4.15.1 Accessibility

The Regulator should be satisfied that the Universal Service Obligations are met through the provision of adequate infrastructure. This is primarily the penetration of the post office and collection and delivery services to provide equitable and efficient access to postal services.

4.15.2 Affordability / Tariffs

Regulation will be imposed only on tariffs within the reserved areas. Market mechanisms should regulate the competitive areas of service provision. Tariffs in the reserved area will be cost-based, and the Regulator will ensure that there is no cross-subsidisation of non-reserved areas from the reserved areas.

4.15.3 Quality

Quality of postal services will be judged by, amongst others, the time taken to deliver the range of services offered. Service will be monitored by an independent monitor to ensure that standards are met.

- 4.16 The resolution of disputes and addressing of unfair practices within the postal sector should fall within the ambit of the regulatory body.

The Structure of the Regulatory Body

- 4.17 The Regulator will be situated within the Ministry in order to consolidate expertise and knowledge. The Regulator should be independent from the public operator. Responsibilities and powers will be assigned through government policy, and delegated through legislation enacted in Parliament.
- 4.18 The funding of the Regulator will be in accordance with normal government budgetary procedure, and managed by the Department of Communications.
- 4.19 The Regulator shall report to the Minister on the performance of its functions and advise the Minister with regard to any major issues affecting postal services in the event of enquiries, complaints, objections or disputes.
- 4.20 Such a structure is suggested for a number of reasons:

4.20.1 A regulatory body can function more effectively if independent from, and not accountable to, the providers which it regulates

4.20.2 The independence of the Regulator from other regulatory bodies will ensure that specialized knowledge and skills, as well as a focus solely on the postal sector, will lead to the more efficient and effective performance of the regulatory function.

Responsibility of the Operator

- 4.21 The monopoly operator assumes full responsibility for the provision of universal service and equal access to potential users.
- 4.22 The monopoly operator should ensure that benefits accrued in the reserved portion of the market are not utilized for unfair advantage over competitors in the non-reserved services market.
- 4.23 The monopoly provider should be given the power necessary for the effective implementation and ongoing performance of its functions and obligations. These operational functions will be entrusted to the Post Office, which should enjoy commercial, administrative and financial autonomy.
- 4.24 The monopoly provider may bring to the attention of the Regulator any violation of the monopoly over the reserved areas for consideration.
- 4.25 The Post Office will be encouraged to have a close relationship with its customers, particularly when new products or services are launched, or tariff alterations are imminent, and will assume responsibility for resolving customer complaints and answering customer queries. Should the Post Office be unable to resolve the matter to the satisfaction of both parties, the matter will be referred to the Regulator.
- 4.26 The Post Office shall create and administer a national register of addresses, including a National Change of Address Register. This information shall be made available to users of the mail for the purpose of updating address records and, subject to the privacy rights of postal users, for the purpose of facilitating mail volume growth.
- 4.27 To protect the privacy rights of consumers the Post Office and all direct mailers shall be obliged to subscribe to the Mail Preference Service of the Direct Marketing Association of South Africa.
- 4.28 The Operator shall ensure that all business plans are submitted to the Department Of Communications at least six months prior to the proposed date of implementation.

Functions of the Regulator

- 4.29 The Regulator is responsible for the implementation and monitoring of policy directives issued by the Minister.
- 4.30 It is the responsibility of the Regulator to ensure that terms of any international convention to which South Africa is signatory are adhered to by the postal operator
- 4.31 The Regulator will assume responsibility in the following areas: universal service, protection of the monopoly, licensing, pricing and tariffs, independent monitoring, and international liaison

4.31.1 Universal Service

- 4.31.1.1 The Regulator, together with the Minister, will set targets facilitating the achievement of universal service.

- 4.31.1.2 The Regulator will monitor universal service obligations on an ongoing basis. This also includes ensuring the Post Office does not use its monopoly powers to obtain an unfair competitive advantage.

- 4.31.1.3 The Regulator will advise the Government on the scope of universal service required, and ensure that the expansion and implementation of universal service is flexible and responsive to the needs of the communities.

- 4.31.1.4 The Regulator will, in consultation with the Minister, consider actions taken and penalties imposed on the universal provider in the case of performance not meeting obligation agreements.

4.31.2 Protection of the Monopoly

- 4.31.2.1 The Regulator shall protect the Post Office in a number of areas including:

- 4.31.2.1.1 The carrying of letters, as defined in Chapter 2, within and between South Africa and other countries

- 4.31.2.1.2 The issuing of postage stamps within the country.

- 4.31.2.2 The Regulator shall have the authority, at the soonest possible time after notice of infringement, to prohibit the operation of any entity

4.31.6.7 The Regulator or the operator may request the independent monitor to assist in ad hoc investigations to improve effective operating and efficiency.

4.31.6.8 The regulator will underwrite the reliability of any service performance results that are published.

4.31.6.9 The regulator will seek firm undertakings from the universal service provider with regard to the privacy of mail.

4.32 The Regulator and the Independent Monitor will be funded through licences and in accordance with normal budgetary procedures.

4.33 It is the responsibility of the Regulator to ensure that terms of any international convention to which South Africa is signatory are adhered to by the postal operator.

Promotion of Competition

4.34 The regulator will be responsible for the promotion of fair competition in the non-reserved area. To ensure fair competition, the regulator will take measures in respect of:

- Issuance of licences to allow other operators to enter into the market.
- Issuance of conditions of licence and regulations which ensure a level playing field for all operators as well as guarantee certain levels of service to the public.

Research

4.35 The regulator will promote and conduct research into developments including regulatory policy; and technological development within the sector.

CHAPTER FIVE

ECONOMIC EMPOWERMENT OF HISTORICALLY DISADVANTAGED SOUTH AFRICANS

Introduction

- 5.1 Government policy outlined in the RDP and national economic strategy argues that the political and economic empowerment of victims of past discrimination is essential to the economic and social development of the country.
- 5.2 The Post Office has served in the past to perpetuate imbalances in employment, procurement of postal goods, access to postal services, and ownership opportunities thus disadvantaging specific communities. The sector has a vital role to play in contributing to the economic empowerment of these historically disadvantaged communities. The combined effect of past racial policies and chauvinistic attitudes has led to a situation in which there is a scarceness of people from disadvantaged communities in leadership positions in commerce, industry and other key socio-economic institutions.

Black Economic Empowerment

- 5.3 Black economic empowerment is a deliberate programme to achieve the meaningful participation of disadvantaged South Africans in the mainstream economy as owners of capital, managers and employees.

Objectives of Economic Empowerment

- 5.4 The programme for Black economic empowerment should include all necessary categories of persons, including the employees of state-owned enterprise, entrepreneurs and the general public from disadvantaged communities.
- 5.5 The programme should include several components, viz.
 - Procurement and tendering programmes
 - Small, Medium and Micro-enterprise promotion
 - Entrepreneurial promotion
 - Target setting, and
 - Monitoring and evaluation

Procurement Policy

- 5.6 The procurement policy must be used to effectively challenge and transform existing business practice and to promote good practice in emerging enterprises. Strategies in the postal sector should be guided by broader government procurement policy as well as its developmental goals. The new procurement system should be driven by a combination of economic and other socio-economic factors which may include the following:
- Historically excluded categories of individuals should be granted adequate opportunities in the allocation of contracts.
 - Procurement should be used as an active instrument of socio-economic policy, such as the promotion of employment creation.

Management of Small Procurement Packages

- 5.7 Large procurement packages should be broken down into smaller contracts of manageable size.
- 5.8 The promotion of these should be managed in a way that does not lead to formalization and sub-contracting. Such an event can lead to decreased employment security and often decreased productivity.
- 5.9 The goal should be to utilize and promote SMME's that create full-time, formal employment.

Tendering

- 5.10 Tendering committees should be put in place. The tendering processes will need to ensure in particular that:
- 5.10.1 Clear and relevant criteria are established.
 - 5.10.2 Information relevant to the tender is appropriately advertised in ways that solicit a response from a diverse range of providers, and in particular from organizations that have been previously disadvantaged.
 - 5.10.3 Tenders are assessed in an objective, non-discriminatory and transparent way.
- 5.11 Care must be taken to facilitate the process by providing the proper support mechanisms. International examples have indicated the vital role that sectors can play in creating real opportunities through the provision and facilitation of information and training.

- 5.12 Through the transformation of tender processes, the postal sector will integrate smaller enterprises especially those run by women and disabled people, and enhance its maintenance and operations via out-sourcing and sub-contracting.

The Role of Small, Medium and Micro-Enterprises (SMME's) in Socio-Economic Development

- 5.13 The importance of SMME's to economic development needs to be recognized. SMME policies will allow for the creation of new wealth and ownership. These strategies will play a crucial role in developing the necessary work-force skills to compete in technologically sophisticated international markets. Smaller businesses, both nationally and internationally, have demonstrated a greater ability to be flexible and foster a creative environment capable of adapting to change. An increasing number of larger companies are beginning to realize the potential benefits of small business-big business linkages.
- 5.14 A majority of black businesses in South Africa are SMME's. The promotion of SMME's will thus contribute towards the goal of developing the disproportionate number of unskilled black South Africans. Developing small, medium and micro-enterprises will create a more balanced, competitive South African economy that can force companies to become more efficient in order to survive. In response, companies should begin to provide more value added products and services.
- 5.15 Numerous challenges are presented in ensuring proper representation of small, medium and micro-enterprises. The SMME sector is extremely fragmented and composed of diverse groups of people. SMMEs have limited involvement in formal policy procedures that can potentially affect their business. A strategy to overcome these limitations needs to be formulated. However, the complex nature of most formal policy processes is a major factor that prohibits full SMME participation. As a result, a majority of South Africa's black businessmen have been denied the opportunity to expand into dynamic business enterprises.

Entrepreneur Promotion

- 5.16 Strategies will be developed by the Government to promote the creation and acquisition of enterprises that are managed and controlled by members of the disadvantaged communities. These strategies will include:
- 5.16.1 Market positioning in areas expected to benefit from the introduction of new technology and growth areas of the sector.
- 5.16.2 Formation of joint ventures or partnerships with business or companies.
- 5.16.3 Procurement of goods and services from the target communities and such businesses.

5.16.4 Appropriate support measures will be introduced within the postal sector to target communities and businesses.

- 5.17 The meeting of these objectives is essential if the South African economy is to be transformed. This means both promoting the interests of the poor and working people and giving increased opportunity to emerging suppliers. Coupled with its small business development activities, the Post Office is in a position to make a positive contribution to the empowerment of historically disadvantaged South Africans.

CHAPTER SIX

HUMAN RESOURCE DEVELOPMENT

Introduction

- 6.1 The development of human resource capacity and the creation of continuous learning opportunities are central to the social and economic development of South Africa, and are critical to a sector focused on service delivery. Commitment to improving human resources can increase the skills profile of society and consequently limit the need to import skills from outside the sector.
- 6.2 The Postal sector is characterized by archaic and inefficient human resource management tools inherited from past management systems. The sector's capacity to predict and meet its human resource capacity requirements, and to manage its human resources effectively, is wholly inadequate.
- 6.3 Experiences, skills, abilities and attitudes should be honed in a holistic and integrated approach through education and training.
- 6.4 Challenges faced by the postal sector cannot be addressed by the Government alone, but will require effective partnerships between all stakeholders in the public and private sectors, and civil society.
- 6.5 The Department will be responsible for, but not limited to, *inter alia*
 - 6.5.1 The setting of realistic target for all activities, and instituting the monitoring and measuring procedures to ensure all targets are met
 - 6.5.2 Overseeing the auditing of the employee profile, specifying racial, gender and disability components.
 - 6.5.3 Reviewing management practice and identifying barriers to entry for historically disadvantaged communities.

Objectives of Human Resource Development

- 6.6 The efficient and effective delivery of service is contingent upon sound human resource planning and development. An appropriately trained pool of personnel at all levels will be provided. To ensure the ongoing development of skills in the sector, the Minister proposes a comprehensive capacity-building programme based on the systematic analysis of training needs. Training should also re-orientate personnel to development approaches through in-house programmes or through the use of governmental and non-governmental organizations.

- 6.7 Human resource planning should make a positive contribution to the enhancing of career paths. Career planning and affirmative action will be linked to capacity-building programmes. The existing institutional capacity is inadequately equipped to cope with current and envisaged need resulting from the expanded training responsibilities of the postal industry at both national and provincial levels.

Human Resource Strategy

- 6.8 Once the discrepancy between existing capacity and future requirements has been identified, a strategy will be devised to enable the organization to meet its human resource needs. Critical to the strategy is the optimal use of financial resources available. Strategies will therefore be developed within the overall budgeting process and are likely to be wide-ranging. Organizational redesign, process re-engineering, outsourcing, and standard human resource management instruments such as recruitment, training, promotion, redeployment, career management and where necessary down-sizing, may be utilized.
- 6.9 The human resource strategy will influence all human resource management activities. The effectiveness of such a strategy will depend, however, on its continuing relevance and practical application. It should thus be supported by human resource management information systems which provide accurate and timely information on the implementation and operation of the strategy.

Human Resource Planning.

- 6.10 Human resource planning is essential in order to ensure that an organization's human resources are capable of meeting its operational objectives. Human resource planning ensures that an organization:
- Obtains the quality of staff it requires
 - Makes the optimum use of its human resources
 - Is able to anticipate and manage surpluses and shortages of staff
 - Develops a multi-skilled, representative and flexible workforce, which enables the organization to adapt rapidly to a changing operational environment.
- 6.11 Three steps are necessary for the implementation of human resource planning:
- 6.11.1 An assessment of the human resources which will be required to deliver the operational objectives in the organizations strategic plan.
- 6.11.2 An assessment of the organizations existing human resource capacity
- 6.11.3 A proposal on how best to bridge the gap between existing human resource capacity and the future human resource requirement, within financial resources available.

Assessing Human Resource Requirements

- 6.12 The assessment of human resource requirements will identify not only the numbers of staff and skills required, but also targets within these for meeting the goals of broad representation in relation to race, gender and disability. The assessment should also take account of future management structure.

Assessing Existing Human Resource Capacity

- 6.13 The human resource capacity assessment will identify the numbers of staff and skills currently employed, and the potential for meeting future requirements through development and training. It will also identify gaps in numbers, skills and employment equity targets that need to be filled. On the basis of this information and staff the organization will be able to identify the extent to which existing human resource capacity matches the potential requirement.

Recruitment and Selection

- 6.14 Recruitment and Selection processes should follow broader processes seeking equity, equal opportunities, affirmative action and gender and disability sensitivity.
- 6.15 The productive potential and interactive and social skills of appointments need to be fully investigated, and the need for future training, development and promotion possibilities assessed.
- 6.16 All legal requirements relating to employment must be adhered to, together with just and fair employment practice, while addressing existing imbalances, to ensure the national demographics are reflected in the employment profile of the Post Office.

Skills Training and Development

- 6.17 There is a lack of expertise among the disadvantaged communities in communications, basic managerial and operational skills. In order for genuine empowerment to be achieved, this lack must be addressed. Training is essential for the effective transformation of the Post Office to conform to international standards.
- 6.18 Present efforts by the Post Office have had little effect in addressing the backlog of skill transfer needed. Training and development must be aimed at developing the maximum potential of each employee.
- 6.19 Training programmes need to be integrated, available to all, and designed around both company and individual needs, with emphasis on redressing existing

- inequalities and injustices. These programmes should be effectively planned, implemented and monitored at the national and regional levels.
- 6.20 The development of human resources can improve sector productivity, facilitate individual career objectives, redress past representation imbalances and improve service delivery.
- 6.21 Proposed criteria for training and development:
- 6.21.1 All training must be competency based
 - 6.21.2 Recognition granted to previous experience and education
 - 6.21.3 Training should as far as possible be cross-sectoral
 - 6.21.4 Training and development must be integrated within existing educational frameworks such as the National Qualification Framework (NQF) and the South African Qualification Authority (SAQA).
- 6.22 Special programmes should include the following components:
- Adult Basic Education and Training (ABET)
 - Accelerated Development Programmes
 - Job rotation
 - On the job development
 - Job enrichment
 - Formal courses and programmes
 - Studies.
- 6.23 Training programmes need to be linked directly to policy formulation, transformation, and institution building processes.
- 6.24 The integration of ABET with the NQF will ensure the accreditation and recognition of prior learning and training, including in-house training.
- 6.25 A mentoring system should be introduced. This will consolidate and encourage development of skills created during the democratization process and implementation of existing government policy outlined in the RDP, and can assist in altering the general employment profile of the Post Office.
- 6.26 Mentoring will be a component of the General Management Action Programme, aimed at generating large-scale opportunities and skill training.
- 6.27 Training will be provided for personnel within the Post Office and the business sector. Agents will be incorporated into the training framework proposed, and resources will be developed within human resource departments for this purpose.

This will ensure that personal seconded from and to agents will be incorporated into the training and skills development initiatives.

Affirmative Action and Employment Equity

- 6.28 The promotion of employment and occupational equity will be implemented within the sector in terms of race, ethnicity, gender and the disabled. The demand for greater representativeness dictates that the staff composition in the Post Office must reflect South African society and the diversity of language and culture more accurately. A corrective programme will thus address race, disability and gender.
- 6.29 Suggested specific approaches to affirmative action are:
- 6.29.1 Employee development and training should be an integral component of affirmative action planning. It is essential that the formulation, implementation and control of any employee development plan be supervised by the Chief Executive Officer of the company
 - 6.29.2 All current recruiting and mobility practices should be reviewed for discrimination, overt, subtle or inadvertent. Selection criteria which indirectly discriminate against particular categories of people and which are not essential to the performance of the function should be eliminated.
 - 6.29.3 Resistance to employee advancement schemes should be anticipated and managed in discussion forums.
- 6.30 Any employee advancement scheme should be strictly monitored at regular intervals. Full evaluations should be submitted through the relevant channels to the Chief Executive Officer and committee members.
- 6.31 The Post Office will be required to prepare detailed plans for the internal monitoring and evaluation of their affirmative action programmes. In addition, it will be required to present an annual progress report for scrutiny by the Ministry for Posts, Telecommunications and Broadcasting so that special measures can be taken where it failed to make visible progress towards their affirmative action targets.
- 6.32 The Post Office's affirmative action plan should be integrated into the human resource guidelines and manuals, and all employees will be made aware of the policy.

Corrective Action Plan

- 6.33 The Post Office management will:
- 6.33.1 Appoint a manager and support staff to manage the acceleration process

- 6.33.2 Identify and implement a specific skill and management training curriculum
- 6.33.3 Provide seminars and courses for instructors, supervisors and mentors of the identified group
- 6.33.4 Formulate a plan to rotate the group through key positions
- 6.33.5 Allocate high achievers to appropriate assignments for short-term, rapid experience.
- 6.34 A group of high-performing senior managers representing disadvantaged groups will be selected for executive development involving extensive training and monitoring options.
- 6.35 Affirmative action can be perceived as intimidatory and threatening to existing staff structures and positions. In order to counter this perception, various tenets should be stipulated:
 - 6.35.1 Affirmative action must not lead to the unfair treatment of any group
 - 6.35.2 Opportunities for new appointments will in some instances need to be specifically created. However, no employee will be forced to vacate a position in order to accommodate the affirmative action programme
 - 6.35.3 Affirmative action will affect all current and potential employees within the postal sector, directly or indirectly. Regular and open communication and transparent action by management are therefore essential
 - 6.35.4 All decision-making will be based on the specifics and merits of the individual and sector. To ensure that the operations of the sector are not jeopardized by affirmative action, all appointments and promotions will be made according to merit, potential, and with due consideration of sound business principles.
- 6.36 The affirmative action plan for the Post Office will be implemented over a five year period to ensure the elimination of inequalities in employment on racial, gender and disability grounds.
- 6.37 Sound human resource policies will be developed to redress the biases of the past. Effective programmes will be developed based on an analysis of the workforce and a review of personnel policies and practices. The programmes will focus on recruitment and hiring policies, staff appraisals and promotions, staff training and development programmes, and the creation of a facilitative environment within organization for the successful implementation of affirmative action programmes.

- 6.38 Coupled with an affirmative action programme will be an intensive and coherent training and education programme targeted specifically at empowering those who have been historically excluded.

Human Resource Fund

- 6.39 The Human Resource Fund for the postal sector will be established within the framework of the Skills Development Bill. The fund will promote the provision of adequately skilled human resources at all levels to sufficiently meet the postal needs of the Republic of South Africa. This fund will also facilitate the creation of expertise and management skills within the postal sector.
- 6.40 The fund should reflect market demand, enhance human resource development, research and development. Central to this approach to human resource development is skill enhancement, flexibility and the promotion of a positive attitude and commitment by both management and the workforce.
- 6.41 The Human Resource Fund shall be utilized exclusively to promote the development of human resources within the postal sector by means of grants and subsidies to individuals as well as educational and other institutions. The fund will be incorporated into a broader Human Resource Fund of the communications sector.
- 6.42 The fund will be administered by the Minister of Posts, Telecommunications and Broadcasting after consultation with the Minister of Labour.

Research and Development

- 6.42 In order to compete in global markets, Research and Development, especially in higher education, for the sector will have to be developed.
- 6.43 The intensified research approach must integrate theoretical inputs on the following areas:
- Operations
 - Consumer research
 - Human resources
 - Regional and international co-operation
 - Distribution; and
 - Logistics
- 6.44 A research unit within the Department of Communications will be established to conduct a comprehensive qualitative and quantitative analysis. This will:

- 6.44.1 Establish permanent mechanisms for interaction such as a joint government- universities committee for public policy to provide information, consultation and cooperation.
- 6.44.2 Improve contact with policy makers through increased involvement of leaders and administrators in university activities and vice versa. National think tanks, research institutions and government agencies to jointly organize policy seminars on issues of common interest. Mutual exchange of knowledge between government and academia should be encouraged.
- 6.44.3 Prepare universities for consultancy responsibilities not only through effective logistical supports but also through frequent interaction with policy makers, research time allocation and incentives for policy-oriented research.
- 6.46 Training will be provided to develop and enhance policy research capacity within the postal sector. Existing policy analysis and research capabilities will be identified, and this expertise will be utilized where possible. Relationships with higher training and research institutions will be fostered.
- 6.47 Establishment of Postal Institution is proposed which will offer commercial and technical courses for postal personnel. Such an institution should be affiliated to and have academic links with other institutions of higher learning/education anywhere in the world.

Disability

- 6.45 The sector should ensure that people with disabilities are provided with adequate, appropriate and accessible information about all employment programs. Local delivery mechanisms for employment and training should be fully accessible to people with disabilities. Local operations should be required to maintain standards based on outcomes established in consultation with the local community of people with disabilities.
- 6.46 The postal sector is well aware of the concerns of the disabled communities and of the work needed to fully address them. It remains totally committed to the objectives of equality, full participation and integration of people with disabilities in South African society.
- 6.47 Consistent with recommendations in the Integrated National Disability Strategy, the postal sector is committed to making all buildings in its domain – particularly pension pay outs – easily accessible for disabled people. The postal sector is committed to working in collaboration and in partnership with all sectors of society to achieve a cohesive and comprehensive approach to addressing relevant disability-related issues effectively. It will require a close working relationship

with the provinces, the disability communities, agencies and the private sector. The approach will facilitate optimal use of limited resources, reduce duplication of efforts and create synergy in areas as diverse as employment, income security, workplace regulations, education/training and social development.

- 6.48 Concrete, relevant and measurable objectives will be identified and targeted and a corporate disability policy unit will be accountable for them. This unit will review Human Resource Development policy work through a "disability lens" to assess impacts on persons with disabilities and will work on establishing an accountability framework.

Gender

- 6.49 Gender discrimination is evident in the postal sector. It pervades social relations in a more subtle way than racial biases. Women in South Africa are often considered to be victims of triple oppression – gender, race and class. This has been manifested in a lack of education, resultant illiteracy, lack of employment opportunities and poverty. Women have been denied participation in decision-making roles in the workplace, further indicating the culture of invisibility under which they have lived.
- 6.50 In the past, the employment structure of the postal sector has favoured men over women. The Minister believes that the sector needs to facilitate the integration of women into the postal arena, and address inequalities in employment, wages and conditions. The sector sees its role as two-fold: facilitating the empowerment of women in South African society, and the empowerment of women within the postal sector itself. An integrated gender approach will create opportunities for both men and women to participate on an equal basis in the economy.
- 6.51 The position of women, particularly Black women, within the postal sector can be characterized by the following observations:
- Women are under-represented in senior and middle managerial positions;
 - Human resource programmes that need to incorporate gender into personnel, recruitment, retention and promotion policies are non-existent;
 - Measures to ensure women's safety and deal with sexual harassment and personal safety are inadequate;
 - Resources are required for providing training and capacity building for women;
 - Inability to produce gender-disaggregated data for certain activities;
 - Lack of skills to develop gender sensitive policies.

6.52 The following goals to redress gender imbalances within the Post Office have been identified:

6.52.1 To eradicate all forms of unfair and discriminatory practices based on gender

6.52.2 To create a genuinely representative sector which reflect the major characteristics of South African demography, without compromising competence and merit

6.52.3 To facilitate an ethos of gender awareness and human rights

6.52.4 The creation of management responsive to gender issues

6.52.5 Ensure that women have equal access to training programmes and to allocate resources in this regard.

CHAPTER SEVEN

IMPACT OF TECHNOLOGY ON POSTAL SERVICES

Introduction

- 7.1 A global trend has been evidenced in the move towards electronic forms of communications. This has provided both a competitive threat to traditional postal services, at the same time as providing the means through which more cost effective and efficient services may be offered by the postal service to clients.

Technology as a Competitive Threat

- 7.2 The growth in electronic telecommunications has expanded the communications market, reducing the postal services' percentage of market share drastically and threatening the volumes of the current postal services.
- 7.3 If the postal sector is to protect its mail volumes or maintain its share of the communications market relative to its competitors, a fundamental rethinking of the entire role, strategy, and operational systems of the postal service is imperative.

A Postal Response to Technological Advantages

- 7.4 Two characteristics of the technological revolution in communications have been identified:
- the convergence of technologies where text, voice, image and response through the same medium
 - The divergence of availability of communication technology.
- 7.5 There is a need to bridge the gap that exists between the demand and availability of high-tech solutions. Hybrid mail products are specific examples of postal responses to the need for cost effective solutions.
- 7.6 Through the universal distribution network the Post Office is in the ideal position to provide the bridging network between the different levels of technology.
- 7.7 The Post Office will also provide access to technology to developing communities through its multi-purpose centres.

Advanced Technology Opportunities

- 7.8 The Post Office currently utilizes technologically advanced equipment to enhance the service levels offered to customer. These are evidenced in track and trace services, electronic sorting and correction of incorrect addressing.
- 7.9 By using data networks and electronic point of sale systems post offices acting as multi-purpose centres can provide information to communities, offer effective money transfer and agency services, act as bridging point for electronic communication (e.g. by providing fax, e-mail and internet access) and provide effective banking services.
- 7.10 Business use of office automation technology from the computer, laser printer and high speed copier to the now ubiquitous fax machine, is increasing the requirement for distribution of hard copy information. The increase in demand for access to mailing lists results in higher postal volumes.

New Technological Developments

- 7.11 New developments have stimulated the demand for print and mail by users of traditional mail. This can be faster and offer substantial savings for certain mail users. Multimedia offers new opportunities than can be effectively utilized by postal services. The emergence of home-shopping networks, home-banking and new electronic advertising all impact on the postal sector
- 7.12 The shifting customer demands and new technological possibilities will create new "mail solutions and products". It is envisaged that financial mail will be largely delivered electronically and physical sorting processes replaced by electronic sorting prior to printing. The Post Office will consider the effect that new technology will have on traditional postal service, and will take steps to ensure that it utilizes such technology to its advantage.
- 7.13 The Post Office will engage in continuous research into the development, suitability and application of technology within the postal sector. This will allow the Post Office to provide effective, efficient technology to its clients, maximizing service potential. The Post Office will also conduct research into the services offered to its clients, and will monitor the ongoing suitability of products and assess changing customer demands.

The Future of the Postal Service

- 7.14 For postal services in a number of countries, technology has been a generator for growth in physical mail and has been utilised to ensure greater efficiency and productivity in the sector, through for example, increasing use of transportation technologies to deliver mail more rapidly and reliably; improvements to

infrastructure, from postal counters to the automation of the postal processing chain. These productivity improvements and efficiency gains are essential if the Post office is to become competitive and self-sustaining. Increasingly important is the Post Office's ability to move beyond core physical mail and the range of services they offer their customers, in response to the growth in alternative communications and the threat it poses to traditional mail volumes.

Hybrid Electronic Services

- 7.15 Hybrid services involve both the delivery of a hard copy version of a message that originated from the sender in electronic form, and the translation of a hard copy communication into electronic form for transmission to a recipient by modem or other electronic networks. These services speed the transmission and delivery of hard copy communications and represent a bridge between the present and future of business and consumer communications.
- 7.16 Some of the hybrid products and services that are in the forefront of development are Volume Electronic Mail (VEM) for the transmission and regional delivery of large volume mailing (point to multi point); the Hybrid Data Interchange service that provides both a bridge between trading partners at different stages of adopting electronic communications technology, a fax-on-demand document storage and retrieval service.
- 7.17 The usual purpose of providing an electronic mail function is to authorise the operation by the postal service of a public facsimile or other public postal electronic mail service. However, Electronic Document Interchange (EDI) will become increasingly important in the future and this function should be included.

CHAPTER EIGHT

INTERNATIONAL RELATIONS

International and Regional Co-operation

- 8.1 To ensure the smooth functioning of the vast global mail network, close co-operation between different countries in the international postal field is of the utmost importance, both globally and regionally. A number of international postal organizations have been established to achieve this objective.
- 8.2 In accordance with the Government's "African Renaissance" foreign policy, South Africa intends to consolidate existing relationships in the postal sector with neighbouring African countries, and establish new relationships where these do not exist. Participation in regional forums and organizations is viewed by the Government as essential to the development of postal services.

Southern Africa Transport and Communications Commission

- 8.3 By virtue of its membership in the Southern African Development Community (SADC), South Africa is a member of the Southern African Transport and Communications Commission (SATCC), the technical organization within the SADC responsible for, inter alia, the development of postal services in Southern Africa. The SATCC has no regulatory powers, although members can become signatories to various agreements and conventions formulated under the auspices of the SATCC.
- 8.4 The SATCC establishes a protocol to enhance and consolidate co-operation and development of communication, transport and meteorology between and within member states. This protocol provides a framework within which postal service policy, postal infrastructure, institutional framework, and standards and procedures policy can be formulated. Thus South African postal policy seeks to achieve greater co-operation with member states, contributing to regional integration and balanced development within Southern Africa, and the facilitation of trade, investment and economic growth within the country and the region.
- 8.5 South Africa's participation in regional and international activities should be supported at both the consultative and operational levels.
- 8.6 South Africa should develop and consolidate its contribution to the Commission in specialized fields such as track-and-trace technology, postal marketing and postal code development.

Pan African Postal Union

- 8.7 The Pan African Postal Union (PAPU) is a specialized agency of the Organization of African Unity.
- 8.8 South Africa is not a member of PAPU, but enjoys observer membership at PAPU meetings.
- 8.9 The Ministry has announced its intention of joining PAPU during the course of 1998

Universal Postal Union

- 8.10 International postal services are regulated by the rules, regulations and procedures prescribed by the Universal Postal Union (UPU) in its Convention and Agreements. South Africa was re-admitted to the UPU in 1994, followed by mandatory accession to the Universal Postal Convention (UPC), the provisions of which are revised at congresses held at five year intervals.
- 8.11 South Africa is a signatory to the Convention as of 1994.
- 8.12 Since the UPU is a regulatory body, legislative provision should be made to ensure that the regulations of the Convention and the UPU Agreement are lawfully applicable to and in South Africa.

Council of Commonwealth Postal Administrations (CCPA)

- 8.13 The Council of Commonwealth Postal Administrations (CCPA) comprises all member-countries of the Commonwealth. CCPA meetings are held regularly, particularly before a UPU Congress to harmonize, strategise and unify positions of Commonwealth member-countries on issues affecting postal services within the Commonwealth.

Application of South African Law to Incoming and Outgoing Mail Items

- 8.14 The point at which South Africa assumes or relinquishes jurisdiction over mail is ambiguous. Precise boundaries of jurisdiction and authority over inward and outward-bound mail are necessary.
- 8.15 **Outgoing** postal items will remain under the jurisdiction of South African law in the case of items -
- 8.15.1 conveyed by air: until the aircraft conveying the item touches down on the runway at the first airport in the country of destination or of transit of the item;

- 8.15.2 conveyed by ship: until the ship conveying the items enters the territorial waters of the country of destination or of transit of the item;
- 8.15.3 Conveyed by road: until the vehicle conveying the items passes through the first border post along the route to the country of destination of the item.
- 8.16 Similarly **incoming** postal items will come under the jurisdiction of South African law in the case of items -
 - 8.16.1 conveyed by air: from the moment the aircraft conveying the items touched down on the runway of the first airport of arrival in South Africa
 - 8.16.2 conveyed by ship: from the moment the ship conveying the items enters South African territorial waters
 - 8.16.3 Conveyed by road: from the moment the vehicle conveying the items enters South Africa through a border post.

Remailing

- 8.17 The last decade has seen a huge escalation in remailing activities by mailing houses as well as postal administrations. Remailing has primarily resulted from increased postage rates caused by increases in terminal dues (delivery charges) as well as other cost elements such as transport and labour.
- 8.18 Remailing is practised in three ways:
 - 8.18.1 ABA remailing is the practice of taking mail from its country of origin (country A or specifically South Africa), where it is printed and enveloped, to another country (country B) for posting back to country A. This is done to benefit from lower postage rates in country B. Currently Article 25 of the Universal Postal Convention enables countries to refuse to handle this type of mail or to apply the special high terminal dues rate for bulk mail. This type of remailing reduces mail volumes and consequently increases revenue losses, and should be discouraged. In instances where it does occur, the provisions of the Universal Postal Convention must be applied without exception.
 - 8.18.2 ABB (direct entry or direct insertion mail) remailing is the practice of taking mail from its country of origin (country A) to another country (country B) for delivery in country B. The mail is posted at the local rate of postage including discounts. This practice circumvents the payment of high airmail transport cost as well as terminal dues and also provides the mail in question with a local "look" i.e. senders return address and postage

paid indicator. Several postal administrators are also involved in this type of remailing, mainly where the local rates in Country B are low in relation to terminal dues

In the case of South Africa being Country A:

8.18.2.1 If ABB remailing is done by private companies, mail is moved out of South Africa with a resultant loss in volume and income for South Africa. This process should thus be discouraged. If the South African postal administration can arrange a more economical procedure with an international postal administration, and South Africa charges a commercial rate for its portion of the work in addition to overseas local postage, such arrangements may be encouraged.

In the case of South Africa being Country B:

8.18.2.2 ABB remailing results in a loss to South Africa while its local rates do not cover costs and profits. Till such time that local rates are profit related, ABB remailing should be done at local rates plus Z (where Z compensates for a portion of costs plus profits).

8.18.3 ABC mailing is similar to ABA remailing and involves the practice of taking mail from country A to country B for posting to country C for delivery.

In the case of South Africa being Country A:

8.18.3.1 As in the case of ABB remailing, this practice will mean a radical reduction in volume and income for South Africa. This practice should be discouraged and a fee levied on all organizations causing mail to be taken out of South Africa, and all organizations involved in the shipping of such mail

In the case of South Africa being Country B:

8.18.3.2 Outgoing mail will be increased and South Africa will encourage such mailing, provided it is identified by the sender so that South Africa can charge postage rates which allows for the special terminal dues for bulk mail which the receiving country may levy in terms of the Universal Postal Convention.

8.19 The Regulator will ensure that remailing is implemented according to rules and regulation governing the procedure, and in so doing will ensure that terminal dues are collected accordingly.

CHAPTER NINE

POSTBANK

Introduction

- 9.1 The differentiated development policies of the past have led to a pronounced dichotomy between urban and rural areas. Very little viable commercial activity occurs in the rural areas. In many instances state welfare grants and urban remittances account for the bulk of income into the community. Most economically active members of the rural household work in urban areas. At least 25% of all rural household heads relocate to the city in order to gain access to employment opportunities. Urbanization has not however, resulted in the elimination of links to their rural families.
- 9.2 The Postbank offers a powerful support structure for rural-urban linkages. As such it is an important financial institution that is in a powerful position to influence not only economic growth but also that of the postal and financial industry and sector as a whole. Postbank access to the Post Office infrastructure enables it to reach rural people in a way most alternative institutions cannot. Migrant workers can deposit funds in a Post Office close to their workplace that can be withdrawn from a Post Office close to their home. This availability strengthens the prospect for savings among rural communities, and investment capital is generated in primarily agricultural communities. The subsequent deployment and circulation of income and savings contribute to combatting poverty – an important step to contributing to the social and economic development of rural people within the financial sector.
- 9.3 While the higher income segment of the population have access to financial services comparable to those in highly industrialized countries, the lower-income groups, particularly in rural areas, have no formal access to these services. In formulating a range of banking services, services offered should cater for the specific needs of the customer base that is being targeted.
- 9.4 While most commercial banks consider it unprofitable to provide financial services to rural communities, Postbank is currently providing savings and limited banking facilities to the rural and lower income market.
- 9.5 The Strauss Commission Report (1995) on rural financing recommended an improved and expanded role for the Postbank, to strengthen the savings

propensity of wide segments of the rural community and rechannel the accrued funds to loan facilities in the same region.

- 9.6 The Postbank is recognized as the financial institution best suited to take the lead in satisfying the savings needs of rural and poor communities in South Africa.
- 9.7 In doing so, the Postbank needs to balance its development obligations with the need for financial viability and sustainability.

The State's Vision for Postbank

- 9.8 Five objectives for the Postbank have been identified:

- 9.8.1 Establish a financial institution for the mass mobilization of savings and investment funds from the broad community by making available accessible payment and savings services through post offices and other outlets, and to utilize such funds through reinvestment at the lowest possible risk and at an acceptable profit margin
- 9.8.2 Create a bank of first choice for the lower income group, providing them with appropriate banking products and high quality financial services through the post office network
- 9.8.3 Contribute to household savings through the utilization of the Post Office as a network of savings windows
- 9.8.4 Support public investment capital for national policies by depositing collected savings in public funding projects with market-related interest rates.
- 9.8.5 Enlarging the base for national savings thus pursuing the stability and growth of the national economy

- 9.9 These objectives will ensure the supply of financial services to the broad community while improving market share and profitability.
- 9.10 The developmental role placed on the Postbank requires that it achieve the status of a fully-fledged Savings Bank within five to seven years. A strategically phased plan is thus needed for the Postbank.

Restructuring

- 9.11 The following proposals are envisaged in order to meet the objectives within the five to seven years time frame allowed, implemented in phases.

9.12 The restructuring of the Postbank should be implemented in a three-phased process:

9.12.1 **Phase I** The Postbank as a profit centre – providing greater autonomy within the existing divisional structure. The savings product range will be expanded.

9.12.2 **Phase II** Post Office savings bank – a subsidiary fully owned by the Post Office or Government, providing a complete range of payment and funds transfer services and expanding the deposit service range.

9.12.3 **Phase III** Savings bank – an autonomous company owned by the Post Office or Government and operated as a fully-fledged savings bank extending lending facilities. An independent Board of Directors will be established and be held accountable to the Shareholders. The savings bank will be managed by professional managers. Although the Postbank as a savings bank will be owned by the Post Office or Government, a strategic equity partner may obtain a minority share of the Postbank company.

9.13 A separate Postbank Committee will be established to facilitate the achievement of the autonomy required to operate the Postbank profitably and efficiently.

9.13.1 The committee will be autonomous in matters relating to Postbank, and will report directly to the Post Office Board

9.13.2 The composition of the committee and qualifications of its members should adhere as far as possible to the requirements of the Bank Act for directors of a registered bank, viz. “to ensure that the necessary prudence norms are complied with, that the best banking management practices are utilized and that risks are managed” (Banks Act 1990).

Ownership

9.14 The Postbank will be constituted as a profit centre of the Post Office. This designates an area of operations where managers have comprehensive decision-making authority, and are also held responsible for the financial results within their jurisdiction.

9.15 The Postbank will be fully owned by the Post Office, with the Minister for Posts, Telecommunications and Broadcasting as the sole shareholder on behalf of the Government.

9.16 The Minister will promulgate all regulations concerning Postbank services.

Organizational Structure

- 9.17 In order to strengthen the Postbank skill base and to support the recommended expansion of the product range, the organizational structure needs to be addressed.
- 9.18 Postbank will necessarily remain dependant on the Post Office for support in certain areas of counter services, and any other services which might be required by Postbank on a cost-effective basis.
- 9.19 Postbank will purchase these services from the Post Office and use the counter staff to sell its products and services, concurrently developing structured contracts and service level agreements to manage those services.
- 9.20 Any changes in the business policy of Postbank could have consequences for the Post Office. Postbank managers therefore have to be constantly mindful of the possible implications in their dealings with the Post Office.

Regulatory Framework

- 9.21 Postbank is currently governed by Section 52 of the Post Office Act of 1958, and operates through regulations promulgated under this Act.
- 9.22 Postbank has special exemption from the provisions of the Bank Act, 1990. The Act imposes high entry barriers in terms of capital, liquidity and reserve requirements, which would impede the Postbank meeting its current government obligations, that is providing financial services to the rural and unbanked population.
- 9.23 In the period leading up to corporatisation as a Savings Bank, Postbank will operate as a profit centre and a division of the South African Post Office. Postbank will be regulated by a special chapter in the proposed Postal Act, and will continue to be exempted from registering as a bank under the Bank Act. In order to provide a full range of financial services to the target market, Postbank needs exemption from the normal regulatory framework that governs the SA financial industry to fulfill its primary objective, that is, providing financial services to the rural and unbanked population and to strike a balance between its developmental obligations and commercial viability.
- 9.24 In the interim period the Reserve Bank shall exercise supervisory control over the activities of the Postbank only in terms of the reporting requirements of the Banks Act.
- 9.25 The Department will consider the future regulatory framework under which the Postbank will operate until such time that the Postbank continues to operate under the current dispensation.

- 9.26 If any dispute arises between the Postbank and any other person as to any moneys deposited in the Bank, and cannot be resolved between them, the matter shall be referred in writing for the summary decision of an arbitrator or judge of the high court, and such a person may enquire into and determine the matter in dispute, and the determination and adjudication thereon shall be final and conclusive and binding on the parties.

Investment and Financing

- 9.27 The financial year of the bank shall begin on 1 April and end on 31 March of each year.
- 9.28 The financial statements of the Post Office will include the financial performance of the Postbank.
- 9.29 The Postbank may invest its moneys in the following ways:
- 9.29.1 Capital investments
 - 9.29.2 Money market investments and deposits
- 9.30 In accordance with basic banking principles, the generally high liquidity funds held at Postbank should be invested in equally liquid instruments in order to avoid maturity mismatch.

Market Structure of Postbank

- 9.31 At present, savings account holders are predominantly black, the largest component in the lower income group situated in rural areas.
- 9.32 Savings certificate holders are investors who in the past utilized the facility to save without having interest eroded by taxation.
- 9.33 In light of the recommendations made by the Strauss commission, it is proposed that Postbank:
- 9.33.1 Strengthens the competitive position of rural areas through programmes of financial service delivery
 - 9.33.2 Makes more effective use of the existing infrastructure using the Post Office networks as access points for additional services, including financial services, especially in rural areas
- 9.34 The achievement of these aims should facilitate the addressing of the dichotomy between rural and urban access to financial services.

Products and Services

9.35 Rural surveys have indicated that there is a widespread desire to save, but that a formal financial institution, including the Post Office, is often inaccessible.

9.36 The Postbank currently offers three services:

9.36.1 Savings Accounts.

9.36.2 Telebank.

9.36.3 Savings Certificates

9.37 These existing services should be refined and marketed to customer needs in a more responsive and flexible manner.

9.38 Specific service areas, suggested by the Strauss Commission, have been identified for development, expansion and improvement:

9.38.1 Mobilize Saving

The Postbank must improve availability of, and access to, appropriate savings products and opportunities, and where appropriate adopt a new range designed to mobilize rural services. These should be appropriate to the rural context in which they are situated. Responsive and flexible packages should be designed to provide greater incentives for increased savings.

9.38.2 Pension Delivery

It is proposed that pension payouts be delivered through a debit order into a savings account. This should both assist in the mobilization of savings and promote the institutional development of civil society. This option also offers enhanced security for the beneficiary. This would, however, be contingent on continual access to the Postbank service.

9.38.3 Transmission Services

Transmission services enhancing transfer opportunities between rural-rural and rural-urban extended family networks should be improved. The existing system offered by commercial banks is inappropriate to the rural context. Assistance should also be offered, through these services, in the paying of services such as rates, water supply, electricity and telephones.

9.38.4 Credit facilities

Savings records held with Postbank are currently not available for credit leverage. Although the establishment of a credit function is both complex and costly, it would facilitate the rendition of a more comprehensive and

accessible range of services in the case of micro-lending facilities becoming available to rural customers.

9.38.5 Consumption Smoothing and Productive loans

Postbank should offer facilities for short-term loans for consumption smoothing, and finance for agricultural and non-agricultural activities.

9.38.6 Other Services

The Postbank could also offer money transfer services, pension payments, unemployment benefits, housing subsidies administered by intermediaries, and other services which it may deem necessary.

- 9.39** The service rendered by the Post Office to the Postbank is declared on the income statement as internal charges. The rate paid by the Postbank is dependent on the volume and process time of transactions enacted by the Post Office counter staff.

CHAPTER TEN

POSTAL SECURITY

Vision for Postal Security

- 10.1 Postal crime poses one of the most serious problems in the postal sector. Crime within the sector and against postal services not only results in greater financial loss, but leads to the violation of basic human rights.
- 10.2 The postal sector is one of the largest employers in South Africa, processing and delivering vast quantities of mail and valuables on a daily basis. The postal service is thus utilized by individual thieves, syndicates and traffickers for their operations.
- 10.3 Effective security measures are essential to the success and the maintenance of existing customer confidence and the provision of an optimum level of quality.
- 10.4 As a universal service provider, the Post Office should commit itself to fulfill its obligation to ensure the integrity of mail and to protect employees, property, business interests and clients against criminal activities. This will enhance the quality of service and image of the Post Office.

Postal Crimes and Offences

- 10.5 Postal crime may either be committed within and against the postal service or committed through the mail by individuals or companies outside the postal service.
- 10.6 Main crime categories committed within and against the postal service are postal revenue offences, commercial offenses, mail violation and secretion and crimes against postal property and identity.
- 10.7 Postal revenue offences, which can either be committed by employees or any person outside the postal service include:
 - Forgery of postage stamps and money orders;
 - Re-usage of postage stamps with intent to defraud;
 - Fraudulent removal of stamps from articles in the course of transmission;
 - Sale of stamps below face or retail value, except by the postal service or its authorized agents;
 - Unauthorized resale of stamps;
 - Evasion of due postage and postal charges;
 - Theft of postal stamps;

- Misappropriation, theft or embezzlement of postal money;

10.8 Commercial Offenses include:

- Collusive tendering for contracts;
- Demanding or accepting bribes or secret commissions;
- Unauthorized expenditure of postal money; and
- The award of contracts by an employee, director or an official of the Regulator or the Department of Communications with interest in the outcome.

10.9 Mail violation and secretion include the following offences:

- Damage, destruction, unauthorized opening or violation of mail and postal articles;
- Theft, secretion, wrongful diversion and unauthorized disposal of mail bags and postal articles, including items which have been lost on their way to a Post Office or incorrectly delivered;
- Obstructing the carriage or delivery of mail bags, postal articles or messages;
- Forgery or falsification of postal messages and disclosure of existence or contents of mail;
- Deliberately or carelessly delivering articles or messages incorrectly; and
- Retaining of an article which has been wrongly delivered.

10.10 Crimes against postal property and identity.

- Robberies
- Housebreaking (Burglaries);
- Theft where Post Office employees assist syndicates to obtain cheques, credit cards, postal orders and other goods which are carried by the Post Office;
- Defacement, damage, theft and destruction of postal property; and
- Imitation of corporate identity.

10.11 Crimes committed through the mail include the following:

- Illicit drug trafficking;
- Mail bombs;
- Child pornography and paedophile networks;
- Money laundering and unauthorized lotteries
- Mail fraud

10.12 These postal violations and crimes will be incorporated into postal legislation.

10.13 The internal Security and Investigation Services will be given the powers to enforce that aspect of the law pertaining to the direct interest of the postal service and its customers. This will include postal revenue offences, mail violation and

secretion and crimes against postal property and identity. They will cooperate with and assist the South African Police Service on matters related to criminal law. This will include special powers of entry, search, seizure, investigation and arrest. These powers will be backed up by specific legislation prohibiting bribing, impeding, injuring or assaulting such officials in the course of their duties.

- 10.14 Enforcement for crimes with a wider national interest, for instance illicit drugs, pornography and misuse of mail will be by external agencies such as the South African Police Service and Customs, assisted by the internal Security and Investigations Services.
- 10.15 The Post Office is not liable for any items lost in the process of collection, sorting or delivering of mail, unless such items are properly insured.
- 10.16 It is the responsibility of the Post Office to ensure all correctly prepared and addressed mail reach its destination. The Post Office must therefore ensure that the public is educated on how to properly address and prepare letters, and the appropriate products to send valuable items by mail.

Elimination of Postal Violations and Crime

- 10.17 To curb postal crime committed by postal employees, individuals and companies, stringent measures will be introduced. The cooperation of all the role-players in the postal service is needed in combating these postal violations and crime.
- 10.18 The Universal Service Provider will be empowered by legislation to take active steps against postal violators. These will include disciplinary action and dismissal of postal employees, and the laying of criminal charges against all violators, whether employees or general public.
- 10.19 Effective and quick-acting legislative powers will be introduced to deal with companies that use the mail to defraud consumers. Direct mail order companies must abide with the code of ethics detailed by the Direct Marketing Association of South Africa.
- 10.20 The Universal Service provider will develop a crime prevention and investigation strategy in consultation with all employees, stakeholders and trade unions in the postal service.
- 10.21 Postal articles may be subjected to examination without opening through the use of detection devices. This will not involve a breach of privacy.
- 10.22 Postal items involved in offences will be disposed of according to the results of inspection. If no offence was detected, they should be re-sealed and despatched immediately to the addressee. They should be properly identified with a note specifying the authority for opening.

- 10.23 At an international level, cooperation between the Government, through the Ministry of Posts, Telecommunications and Broadcasting, with the Universal Postal Union (UPU) and the International Criminal Police Organization (INTERPOL) is essential to apply measures to curb crimes committed through the mail, and in the development and execution of programmes, projects and activities related to these crimes.

Approach to postal crime prevention

- 10.24 It should be recognized that there is no single cause of postal crime in South Africa. Different types of crime have different root causes, hence they require different approaches to prevention.
- 10.25 The sustainable prevention of crime can only be achieved through a multi-faceted approach, including the use of entrapment and the undercover techniques as stipulated in Section 252A of the Criminal Procedure Act of 1977 (Act No.51 of 1977). This Section makes provision for the use of traps and undercover operations and admissibility of evidence so obtained.
- 10.26 The Post Office may use both overt and covert means of combatting crime within the sector.
- 10.27 The following is an approach to the different priority crimes:

10.26.1 Violation/Secretion/Unlawful delay and Theft of Mail

To increase the efficiency and effectiveness of preventing and investigating these crimes, focus will be on the following:

- Mail testing by both overt and covert legal means.
- The installation of covert/overt CCTV Cameras at strategic points for the purpose of monitoring criminal activities.
- The installation of effective access control mechanisms on Post Office premises
- The searching of persons, bags, vehicles, containers and property on all premises occupied by the South African Post Office.
- As methods and *modus operandi* of criminals change, other internationally acceptable techniques will be utilized.

10.26.2 Fraud

To deal effectively with this type of crime, programmes to strengthen internal regulations and controls will be developed and the frequent auditing of systems, books and registers.

10.26.3 Robberies

A partnership needs to be formed with the South African Police Service, Congress of South Africa Banks (COSAB), Business Against Crime (BAC) and the community structures to both reduce and prevent this crime. A programme to secure Post Office premises will be developed to deter and protect the employees and assets. In addition, another programme will be developed to create and maintain security and crime awareness amongst the employees.

10.26.4 Housebreaking (burglaries)

A programme to secure all Post Office property, premises and assets will be developed to improve cooperation and coordination between the South African Post Office, South African Police Service and the community to create and maintain security awareness amongst all employees.

10.26.5 Misuse of mail

Effective detection programmes for illicit drug trafficking, mail bombs, child pornography and paedophile networks and mail fraud will be developed in collaboration with the South African Police Service and the Direct Marketing Association (DMA). The mail is not only used for dispatching drugs but also for drug-related money laundering and unauthorized lotteries. Fighting these crimes is further complicated by the current trend towards greater privacy of individuals and the ease of travelling to and importing from countries without proper protection measures.

10.26.6 Postage Evasion

A coordinated process amongst all the relevant role-players will be established to ensure that postage evasion is identified.

Internationally undercover techniques will be utilized to identify and monitor activities of such employees with regards to this offence.

An ongoing awareness amongst all employees and agents with regard to the causes and effects of fraud will be created.

- 10.27 The Post Office will be given the power and authority to refuse to receive or deliver mail where there is *prima facie* evidence of a crime.

CHAPTER ELEVEN

PHILATELIC SERVICE

Introduction

- 11.1 The unique and varied nature of South African society, history and culture and institutions are mirrored through the philatelic service.
- 11.2 The philatelic services offered by the Post Office provide an essential form of revenue for the Post Office.
- 11.3 Philatelic services are responsible for the designing and issuing of stamps, and incidentally cater for philatelists through the provision of material and information.

Stamp Issuing

- 11.4 The issuing of stamps is an exclusive privilege of the Post Office. A Philatelic Unit has been created to design and issue stamps.
- 11.5 The Minister will appoint the Stamp Advisory Committee (SAC) in consultation with the Chairperson of the Board of Directors. The Minister shall ensure that the SAC is representative of the South African society as well as having appropriate expertise. SAC shall advise on events or themes that should be celebrated on stamps. This Committee will operate in conjunction with the Philatelic Business Unit of the Post Office
- 11.6 This Committee formulates a broad stamp programme two years in advance which is finalized a year prior to implementation. The SAC may consider applications up to three months before the proposed date, but this should only be in cases of extreme national importance or concern.
- 11.7 Written proposals and suggestions for postage stamps themes are invited each year from all members of the public.
- 11.8 All proposals and suggestions are submitted to the Stamp Programme Advisory Group (SPAG) who, in conjunction with the SAC, select the most suitable themes on an annual basis. Selection reflects the broad spectrum of South Africa's culture, history, environment, and economical development. In order to meet its commitment, the SAC should be encouraged to promote the participation of the

general public, organizations, interest groups, civil bodies and individuals in its annual search for stamp ideas and concepts.

- 11.9 Potential themes should be tested against a number of criteria before they can be considered further. The UPU stipulates certain exceptions to subject matter portrayed on stamps.
- 11.10 Anniversaries in units of 50 years or multiples thereof will be considered, but because of the relatively young character of its civil society, 10th and 25th anniversaries will also be considered.
- 11.11 South African stamps should ideally portray the following:
- Subjects related directly to South Africa,
 - Events of outstanding national and international interests or significance;
 - The material culture and achievements of the South African people;
 - The country's contribution to international affairs;
 - The contribution of South Africans to the scientific, cultural, and economic development of a broader world society;
 - The varied aspects of local life and values;
 - The flora and fauna of the country;
 - The economic activities of its people; and
 - Any other topic which reflects positively upon our values, culture, aspirations and achievements.
- 11.14 In addition, the chosen topics should also abide by the following broad guidelines:
- 11.14.1 The chosen subject should be capable of being portrayed satisfactorily in a much reduced format
- 11.14.2 It should fit in with the broad philatelic objectives of the South African Post Office
- 11.14.3 There should be a variety of subjects within the same calendar year
- 11.14.4 The stamp issuing programme for any one year should provide continuity from previous years.

Stamp Design Policy

- 11.15 The issuing of stamp designs shall conform to the following criteria:
- 11.15.1 Stamp design shall follow a coordinated and all-inclusive approach that will bring together a variety of disparate Post Office products that are presently falling under different departments. Thus the design of a

stamp will include other philatelic products such as books, pre-paid envelopes, air letters, postal orders, registered labels, post marks, and any advertising campaigns which accompanied their launch.

- 11.15.2 The designs will, wherever possible, conform to a size and format which is convenient to both the consumer and the dispensing outlet. Some considerations may have to be given to stamps of a larger format where this is demanded by the subject matter depicted, such as art or a wider landscape.
- 11.15.3 The commemorative stamp sheet format will be reduced to ten stamps to allow for easier storage, postage and packing, accountancy and dispensing to Post Offices.
- 11.15.4 The subject matter will reflect the broad range of cultures and concerns available in South African society.
- 11.15.5 Philatelic products will, wherever possible, be designed in such a way as to facilitate their study and exhibition by specialized collectors.
- 11.15.6 They will be prepared with due consideration to modern worldwide developments in graphic art, industrial design and technical reproduction.
- 11.15.7 When dealing with subject matter, due consideration shall be given to the question of appropriateness of style.
- 11.15.8 Wherever possible, the design process will be opened up to all sectors of civil society, young designers and designers-to-be will be given the opportunity of competing for commissions on an open market.
- 11.15.9 In design selection, care will be taken to represent the best available designers in the country and to reflect as much as is possible the broad spectrum of South African society.

Differentiated Stamp Issuing Policy

11.16 The issuing policy will comprise the following components:

11.16.1 Definitive issues

- To run between four and ten years.
- Subject matter to be chosen by Stamp Advisory Committee and ratified by the Board of Directors.
- Artwork ratified by the Board of Directors.
- Various face values involved decided upon by Stamp Distribution Centre.

11.16.2 Commemorative issues

- Issued eight to twelve times annually, to run four to eight weeks.
- Subject matter chosen by Stamp Advisory Committee and ratified by the Board of Directors.
- Artwork ratified by the Board of Directors
- Mostly standard rate, but face values decided upon by Stamp Advisory Committee.

11.16.3 Prestige booklet issues

- Linked to commemorative issues, using same stamps as previously approved by the SAC.
- Frequency of two or three per annum.
- Standard rate values.
- Aimed at tourist and collector market.

11.16.4 Internal standard rate booklet issues

- Issued five to six times annually as dictated by Post Office operational needs.
- Subject matter usually linked to the current definitive issue but may also be used to carry messages of social or didactic importance which are financially feasible within the commemorative stamp programme.
- Subjects to be chosen by the Stamp Advisory Committee on a "basket" principle, and ratified by the Board of Directors.

11.16.5 Airmail postcard rate booklet issues

- Issued two or three times annually as dictated by Post Office operational needs.
- Aimed at tourist and collectors market.
- Subject matter usually linked to either definitive or the commemorative stamp programmes but special designs may also be introduced from time to time.
- Subject matter and artwork special designs subject to ratification by the Board of Directors.

11.16.6 Corporate products

- Issued as need arises and special projects driven by clients needs.
- Uses current stamps already approved.
- Issued at the discretion of Philatelic Service management subject to each project's financial viability.

11.16.7 Philatelic commemoration

- Issued as needs arise.
- Events are chosen by the Stamp Advisory Committee and ratified by the Board of Directors.
- Artwork ratified by the Board of Directors.
- Face values chosen on the basis of marketability and current Post Office rates.

11.16.8 Postal stationery

- Issued as dictated by Post Office operational needs and ordered by the Stamp Distribution Centre.
- Imprinted stamp linked to current definitive issue.
- Artwork ratified by the Board of Directors.

Stamp Collection Policy

- 11.17 Items should be of high quality to meet the future investment needs and resale possibilities or stamp collectors.
- 11.18 The Post Office will be encouraged to develop a strategy to expand the collectors market and move into the non-purchasing market.
- 11.19 Cooperation between the Post Office and philatelists should be encouraged to protect the collectors against mismanagement or exploitation in the collector's market.
- 11.20 Educational programmes on stamp collection should be encouraged, facilitating the dissemination of information on philately, and enhancing the broader knowledge on culture, history and the environment that is made available through stamp collection. Such programmes should be targeted at both the youth and adult population.
- 11.21 To develop and improve philately services, the Post Office will be encouraged to undertake the following:
- establish a research library and archive to study and exhibit philatelic products
 - facilitate specialized studies of South African stamps
 - design new philatelic and potential exhibition standards as part of research and development
 - make available non-standard postal materials for the philatelic market.

Stamp Collection and the RDP

11.22 Philatelic-related hobbies provide potential for the dissemination of information, education and community awareness. The Post Office can support RDP and development goals through the promotion of such interest. To this end the Post Office can actively engage in the following activities:

- The dissemination of educational material into rural areas and previously disadvantaged communities. This can be encouraged through the frequent issue of affordable material available to the youth for collection purposes.
- The training of teachers on philately and the initiation of junior philatelic societies.
- The development of special educational material, youth activity packs and data sheets for older pupils.
- The issue of stamps on specific educational and nation-building themes, viz. housing, electricity, the payment of rates and taxes, work safety and job productivity.

Youth Activities

11.23 The Post Office should encourage the introduction of philatelic programmes in schools as part of a sustainable development policy.

11.24 International experience has indicated that targeting the youth can foster a sustained interest in philately.

11.25 The objectives of the Youth Activities Programme must be seen to lie in two separate directions:

- Areas where stamp collecting is an accepted hobby and, through family or peer contact, already enjoys a measure of acceptance.
- Communities where economic circumstances and a lack of postal infrastructure have made contact with stamps an uncommon occurrence, and where the activity of "collecting" has a low profile and little cultural justifications.

CHAPTER TWELVE

LEGISLATIVE REFORM

Introduction

- 12.1 Prior to 1910, four individual postal service acts governed the postal service. When the four colonies formed the Union of South Africa in 1910, the coordination and amalgamation of postal service resulted in the promulgation of the 1911 Post Office Administration and Shipping Combinations Discouragement Act. This superseded those previously in effect and laid the foundation for the establishment of modern and efficient services.
- 12.2 The aforementioned Act of 1911 as amended was subsequently repealed and substituted by the Post Office Act, No 44 of 1958.
- 12.3 The 1968 Post Office Re-adjustment Act stipulated that the affairs of the Post Office be administered according to sound business principles.
- 12.4 The Post Office Amendment Act of 1991 separated the traditionally combined postal and telecommunications services and provided for the formation of two public companies with effect from October 1991. While the Department of Communications remained to perform certain regulatory functions, Telkom S.A. was formed to provide telecommunication services, while the South African Post Office Ltd (SAPOS) was established to provide postal service and perform activities incidental to these services.

The Reform Process

- 12.5 The tabling of this White Paper in Parliament will result in the introduction of a new Postal Services Act.
- 12.6 The introduction of a new Postal Services Act will pose certain legal implications which include:
 - the repeal or modification of the existing Post Office Act;
 - the repeal or modification of legislation related to the postal industry;
 - the effects of regulations issued in terms of the existing legislation;
 - the effects of new legislation on existing licences;

12.7 Given the scope of this policy review the following statutes may be affected and could be repealed or amended as deemed necessary. These include:

- The Post Office Act No. 44 of 1958 as amended;
- Section 13 of the Customs and Excise Act, No. 91 of 1964 as amended;
- Maintenance and Promotion of Competition Act, No. 96 of 1979 as amended;
- The Post Office Amendment Act, No. 85 of 1991;
- Telegraph Messaging Protecting Act, No. 80 of 1965 as amended;
- Interception and Monitoring Prohibition Act, No. 127 of 1992 as amended;

GLOSSARY

Customers

Consumers are individuals who post items on their own behalf; the total volume that a consumer posts is likely to be small. Customers include both consumers and organisations posting on their own behalf; the posting requirements of the latter may range from low to massive volumes. The word users embraces both customers posting on their behalf and third party operators acting on behalf of customers; such third party operators act as intermediaries between customers and the operator that delivers the mail.

Delivery

The final phase of the postal process, it brings the item to the addressee. Deliveries cover certain specified areas. Coverage of this area is usually called a delivery round.

Direct Mail

A form of advertising, involving the sending of a publicity message by mail direct to the individual intended. Therefore intended to be more specifically targeted than other advertising channels. The trend is now for addressed mail to become more personalised. However, there is also a less targeted variant, unaddressed mail.

Direct Marketing

A phrase, sometimes also referred to as "distance selling", it covers both the advertising of products to people in their own homes or offices as well as the delivery of products direct to homes. It therefore comprises direct mail, telemarketing and mail order.

EDI

Electronic Data Interchange. An electronic method for transmitting quantitative information. Relies on information being input in strictly formatted fashion. Particularly interesting to large companies exchanging large amounts of quantitative information. Will therefore compete with postal services for transmission of items such as orders, statements and invoices. Can also be used by postal operators to communicate with their customers.

Express services

The services offered by courier companies and express parcels companies. Also called express delivery services. They cover the express movement respectively of documents and parcels. These services are qualitatively quite distinct from ordinary letter or parcel services.

Parcel

Goods-bearing item for delivery to address point. Technically, no upper weight limit, but usually considered to be 30 kg.

Poste Restante

A facility which enables a customer to arrange to have items addressed to him held at a nominated post office. The customer picks up his mail directly from the post office nominated.

Remail

A cross-border letter mail service offered by public/ private operators, usually in co-operation with a postal administration of that particular country.

Reserved Service

A service provision which is obliged to an operator who in turn is granted some special and exclusive rights. These rights always state that this operator has the sole right to provide these services in the territory to which the reservation applies.

Terminal dues

The system of compensation applying to exchanges of international mail between postal administrations. The "outward" administration receives all the revenue from the customer. It then compensates the "inward" administration for these costs incurred in delivering the mail.

Unaddressed mail

A form of direct mail. Advertising material is delivered unaddressed to all the addresses in the area determined by the advertiser.

Universal service

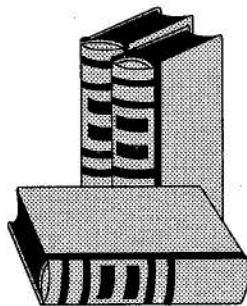
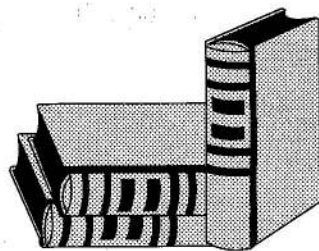
The obligatory provision of postal services throughout the territory to which the obligation applies. This implies accessibility to collection by which mail being

sent can be input into the mail network as well as delivery to every address in the territory. It also implies affordable prices and good quality of service.

UPU

The Universal Postal union. This is a United Nations body that regulates the international movement of mail by postal administrations. Its Convention is reconfirmed at its congresses which are held every five years.

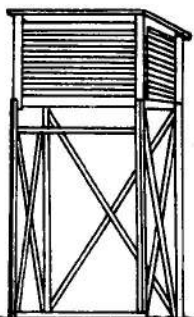
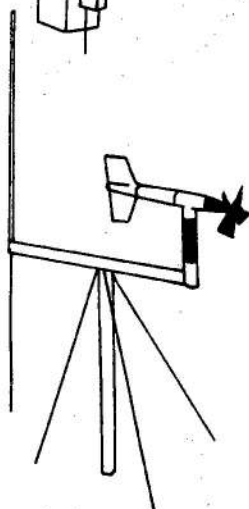
Where is the largest amount of meteorological information in the whole of South Africa available?



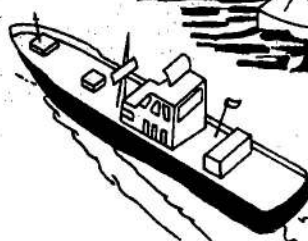
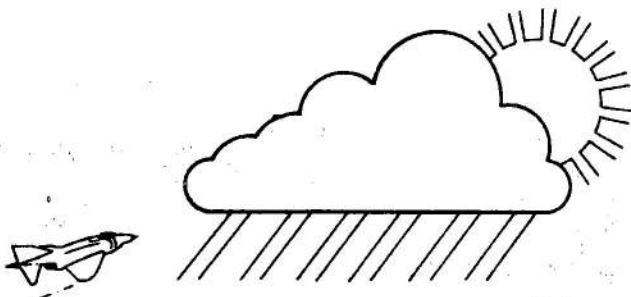
Waar is die meeste weerkundige inligting in die hele Suid-Afrika beskikbaar?

Department of Environmental Affairs and Tourism
Departement van Omgewingsake en Toerisme

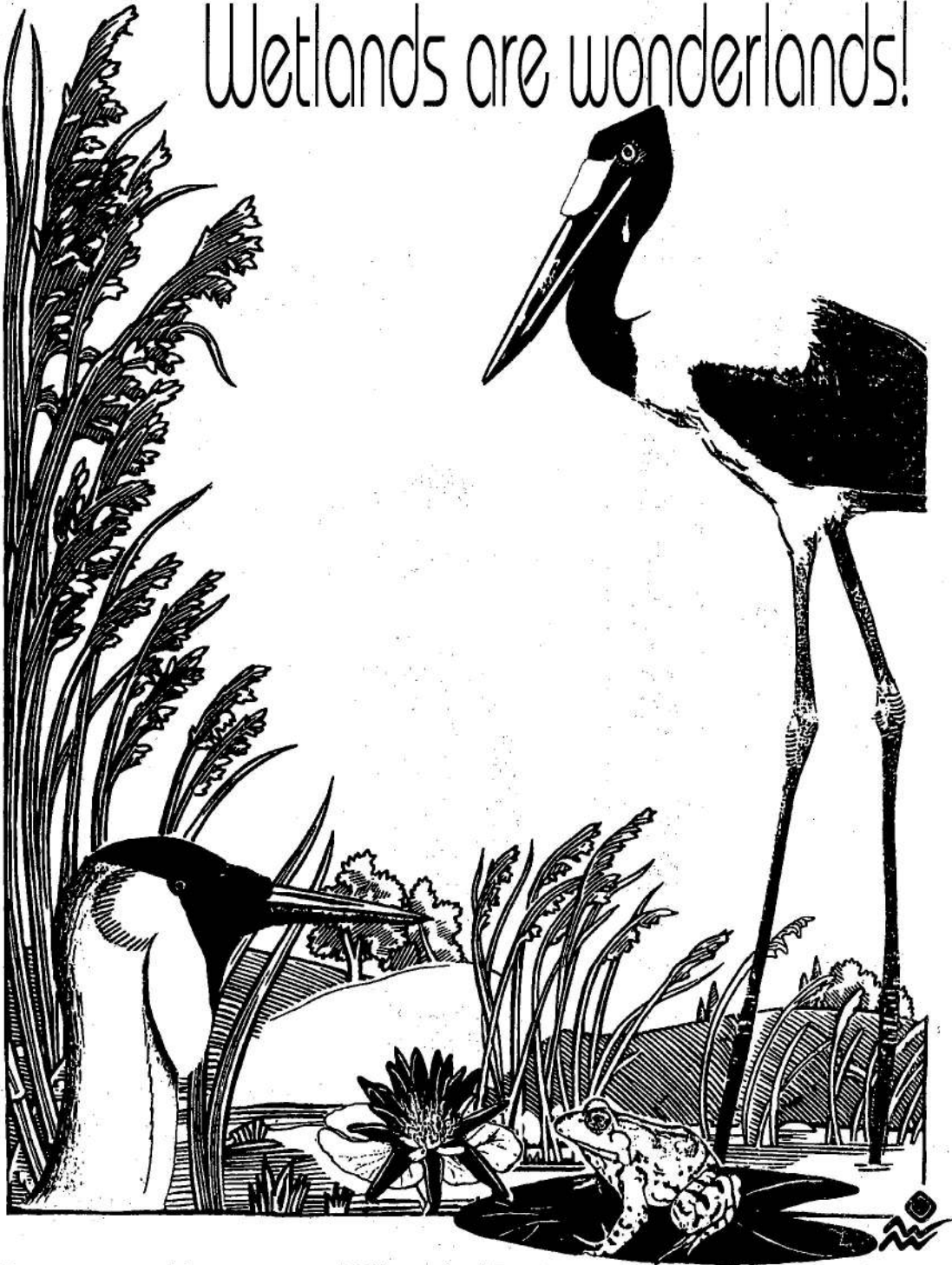
SA WEATHER BUREAU SA WEERBURO



WEATHER SERVICES WEERDIENSTE



Wetlands are wonderlands!



Department of Environmental Affairs and Tourism

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