



PART I

Overview: Legislative and Policy Review Report

DOC/18/2012/13/P

16 September 2013

Introduction



There are three key phases to our proposed methodology :

- Situational Analysis – Consisting of a document review, review of ICT policy, legislation and regulation since 1994 (and where relevant before) and market analysis, as well as benchmarking global policy trends);
- Impact Assessment – including review of the impact of policy and regulations, and stakeholder interviews consisting of a series of key interviews with experts and practitioners across the postal services sector, and
- Final Report and Recommendations – these will be based on the findings of the first two phases (these will be submitted in draft form for DoC's comment prior to finalisation).

Each of these phases will be a critical input into a framework for analysing the effectiveness of ICT policies in South Africa.

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PART I Legislative Review



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Introduction

Documents Analysed



The Situational Analysis report provides an analysis of the relevant policies, legislation and regulations applicable in the postal market, and provides an overview of the following documents:

- 1998 White Paper on Postal Policy
- Postal Services Act No. 124 of 1998
- Postal Services Amendment Act of 2006
- South African Postbank Limited Act No 9 of 2010
- ICASA and ICASA Amendment Act 3 of 2006
- Broadband Infraco Act 33 of 2007
- South African Post Office SOC Ltd Act No 22 of 2011
- National Road Traffic Act, 93 of 1996
- National Credit Act
- Electronic Communications and Transactions Act 25 of 2002
- South African Social Security Agency Act, 9 of 2004
- SAPO Licence

Introduction

Comparative Approach



1998 White Paper

Relevant Legislation

Identify information gaps for clarification in the next phase

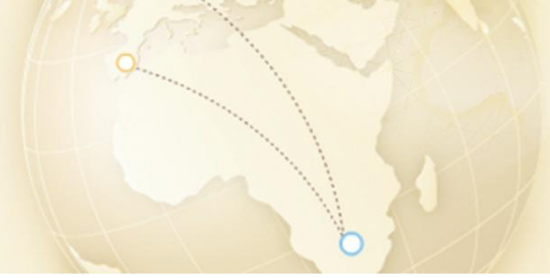
In the next phase this table will be expanded to identify policy requirements that did not have the required effect, identify ineffective policy provisions that should not be taken forward and identify policy gaps

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 1	
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.	Clause 7.3 in the licence
The policy requires a licence to be issued to the monopoly provider	Implemented – new licence issued 2012 (effective fro 2008)
The licence should stipulate various obligations through which universal service is to be achieved.	Schedules 1 (under serviced areas) and 2 (address roll-out) to the licence
The licence should place a commercial obligation on the monopoly service provider to operate as far as possible in a manner consistent with sound commercial practices. It states that 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.	Indirectly covered in clause 7.6 which deals with tariffs.
The policy also sets targets to provide postal addresses to those areas not previously covered. 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.	Schedule 2 of the licence
Default on the determined target will subject the Post Office to penalties imposed by the Minister.	Clause 7.15 of the licence
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.	Code of Conduct for licensees (ECA)

Policy Provisions Implemented



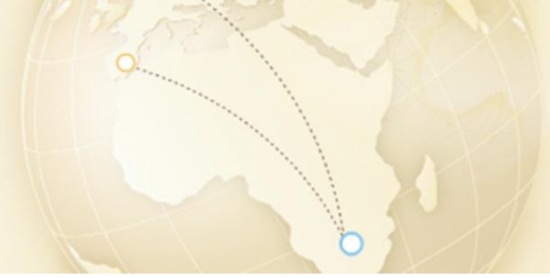
Policy Provisions	Legislative implementation
Chapter 2 The scope of the monopoly and that of the reserved area will be reviewed by the Regulator every three years, or at the Minister's discretion	Section 16(8) of the Postal Services Act provides - In the licence to be issued to the postal company in terms of subsection (3), there must be specified in respect of reserved postal services rendered by the postal company a fixed period or from time to time any extended period, during which no person other than the postal company may be licensed to provide a similar service: Provided that nothing contained in this subsection may be regarded as limiting the powers vested in the Minister by subsection (2) and that any such period must be reviewed by the Minister every five years or such shorter period as the Minister may determine. The ICASA Amendment Act replaces the word “Minister” with “Regulator” in this section
The role of the post office as a multi-purpose community centre to include: <ul style="list-style-type: none"> Motor vehicle licences; 	Section 3 of the National Road Traffic Act - The Post Office acts as a registering authority at most post offices across the country
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.	Clause 7.4.1 (a) of the licence

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 3 <p>The policy included the following governance requirements:</p> <ul style="list-style-type: none"> • 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; • 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. 	<p>Section 8 of the SAPO SOC Ltd Act</p>
<ul style="list-style-type: none"> • While the Articles of Association are not prescriptive in any way, specific skills and representation of both geographic and sectoral diversity are deemed essential. • 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. • The position of Chairperson of the Board and that of Chief Executive Officer will be separated. • The Chairperson of the Board will be appointed by the Minister for Posts, Telecommunications and Broadcasting. 	<p>Section 8 of the SAPO SOC Ltd Act provides</p> <p>8. (1) The Board of the Post Office is responsible for managing the affairs of the Post Office.</p> <p>(2) The Board consists of-</p> <p>(a) not more than 11 non-executive members appointed in terms of section 11, one of whom must be the managing director of the Postbank by virtue of his or her office; and</p> <p>(b) three executive members appointed in terms of section 16.</p>
<ul style="list-style-type: none"> • In addition to the executive committee, it is proposed that four board committees be constituted, representing the audit, human resources, remuneration and Postbank arenas. 	<p>Section 11(4) SAPO SOC Ltd Act</p> <p>Section 11(4) SAPO SOC Ltd Act</p> <p>King III</p> <p>(Subsection 3) The Chairperson and Deputy Chairperson must be appointed by the Minister from the non-executive members of the Board.</p> <p>Section 14(2)(a)</p>

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 3 <ul style="list-style-type: none"> 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. 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. Board meetings will be conducted at a minimum of quarterly intervals. Additional meetings may be convened when considered necessary. 	<p>Section 21 of the SAPO SOC Ltd Act</p>
<p>The financial mandate of the Post Office is 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.</p>	<p>Section 29 provides (1) The Minister may, in consultation with the Minister of Finance, out of money appropriated by Parliament for the purpose, grant an annual subsidy to the postal company in respect of normal expenditure.</p> <p>(2) A request for a subsidy must be submitted by the postal company to the Minister by a date determined by the Minister in order for it to be subjected to the evaluation process for inclusion in the annual compilation and exposition of the Government's expenditure proposals for appropriation purposes.</p> <p>(3) The payment of subsidies must be for such purposes and period and subject to such conditions as the Minister may determine in consultation with the Minister of Finance.</p>

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 4	
A 25 year licence is to be issued.	Section 16(3) states that - At the date of commencement of this section the postal company must be regarded as having applied for a licence in terms of this Act and the Minister must grant the application and issue such licence to the postal company with a period of validity of 25 years from the date of commencement of this section. ICASA Amendment Act replaced “Minister” with “Regulator” in this section
A licence fee will be levied on the Post Office.	Section 19 (2) provides for the payment of licence fees ICASA Amendment Act provides for payment to the Regulator instead of the Department as per the original wording
The Licence will provide for monopoly operations which will be reviewed every three years	Section 16(8) provides - In the licence to be issued to the postal company in terms of subsection (3), there must be specified in respect of reserved postal services rendered by the postal company a fixed period or from time to time any extended period, during which no person other than the postal company may be licensed to provide a similar service: Provided that nothing contained in this subsection may be regarded as limiting the powers vested in the Minister by subsection (2) and that any such period must be reviewed by the Minister every five years or such shorter period as the Minister may determine. ICASA Amendment Act replaced “Minister” with “Regulator” in this section
The Licence will provide service standards.	<ul style="list-style-type: none"> Conveyance of Mail Regulations

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 4	
Implementation and monitoring of policy directives	Code of Practice for the South African Postal Industry published in the Government Gazette No 29740 of 30 March 2007
Adherence to international conventions that South Africa is signatory to;	Clause 7.10 of the licence
Set targets for the achievement of universal service;	<p>Section 16 (7) provides:</p> <p>The postal company and any other holder of a licence must comply with the conditions specified in the licence in question relating to the provision of postal services in areas and to communities which are not served or adequately served by postal services, with a view to achieving universal postal service.</p> <p>ICASA Amendment Act replaced “Minister” with “Regulator” in this section</p>
Monitor universal service obligations on an ongoing basis and ensure that the Post Office does not use its monopoly powers to obtain an unfair competitive advantage;	<p>Section 16(6) provides - If it appears to the Regulator that the postal company or any other holder of a licence is taking or intends taking any action which has given or is likely to give an undue advantage to themselves or any other person or category of persons, the Regulator may, after having given the licensee an opportunity to be heard, direct the licensee in writing to cease or refrain from taking such action, as the case may be.</p>

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 4	
Take action and impose penalties in consultation with the Minister in case of non –performance;	<p>Section 24 provides - Notwithstanding anything to the contrary contained in this Act, the Regulator may after written notice to the holder of a licence or registration certificate and after due enquiry, suspend or cancel any licence or registration certificate issued under this Act, if the holder has contravened the terms and conditions of the licence or certificate or the provisions of this Act.</p> <p>(2) The holder of a licence or registration certificate is not upon the suspension or cancellation of his or her licence or registration certificate entitled to a refund of any fees paid in respect of such licence or registration certificate.</p> <p>(3) A person whose licence or registration certificate has been suspended in terms of subsection (1) must, during the period of suspension, be regarded, for the purposes of this Act, as not being the holder of such licence or registration certificate.</p> <p>(4) Any person who is aggrieved by the suspension or cancellation of his or her licence or registration certificate in terms of subsection (1) may apply to a court to review a decision of the Regulator in terms of this section.</p>
Protect the Post Office in the carrying of letters within and between South Africa and other countries;	Reserved services – Licence
Protect the Post Office in issuing of postage stamps;	<p>Section 31 provides - Subject to section 30, there must be paid on every article for transmission by post, such postage and other sums as may be prescribed, or determined by the postal company.</p> <p>(2) Save as is otherwise prescribed or determined by the postal company, the postage and any fees which may be payable in respect of any postal article posted within the Republic must be prepaid by means of postage stamps issued for the Republic by the postal company and not previously used, obliterated or defaced, and in default thereof there is payable in money upon every such postal article, at the time of or after delivery thereof, an amount prescribed or so determined.</p>

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 4	
Prohibit the operation of any entity violating the monopoly or reserved area	Section 66 provides that it is an offence to forge stamps, dies or other articles
Licensing of all postal service providers;	<p>Section 15 of the Act prohibits operating reserved postal service without licence, and states:</p> <p>(1) Subject to the provisions of this Act, no person may operate a reserved postal service except under and in accordance with a licence issued to that person in terms of this Chapter.</p> <p>(2) A licence confers on the holder the privileges and subjects him or her to the obligations referred to in this Act or specified in the licence.</p> <p>(3) The Minister may by notice in the <i>Gazette</i> make such amendments as may be necessary from time to time to the Schedules but may not, in so doing, cause any activity falling under unreserved postal services to fall under reserved postal services.</p> <p>Section 16 deals with applications for licensing and specifically states that licences for reserved services may only be issued upon publication of a Ministerial policy direction.</p>
Registering courier companies and licence courier companies to handle parcels (and delivery only for international courier companies);	Section 20 provides - No person may operate an unreserved postal service contemplated in Schedule 2, unless such person is registered with the Regulator in terms of this Act and is in possession of a registration certificate issued by the Regulator. (Section 22 provides for operators regarded as being registered)

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 4	
Obtain information records from licensees;	Clause 7.11 of the Licence
Handle complaints;	Code of Practice for the South African Postal Industry published in the Government Gazette No 29740 of 30 March 2007
Regulate the prices of monopoly services;	Fees and Charges Regulations (January 2012) – reserved services Clause 7.6 of licence
Regulate tariff increases in the reserve area through a price cap system (inflation related);	Fees and Charges Regulations (January 2012) – reserved services Clause 7.6 of licence

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 6	
The Post Office is required to: <ul style="list-style-type: none">• Assess the human resources required to deliver the operational objectives in the organizations strategic plan.• Assess the organizations existing human resource capacity• Propose how best to bridge the gap between existing human resource capacity and the future human resource requirement, within financial resources available.	Reflected in section 4 of the SAPO SOC Ltd Act
The postal sector is required to make all buildings in its domain – particularly pension pay outs – easily accessible for disabled people.	Regulations setting out the minimum customer care standards and complaints handling procedures Notice 140 of 2008

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 7	
By using data networks and electronic point of sale systems the Post Office must act as multi-purpose centres that 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.	<p>Section 47 provides – Money may be remitted through the postal company either within or outside the Republic at rates determined by the postal company and the postal company may authorise any employee to issue and pay money orders, postal orders and other documents authorised to be used for the purpose of so remitting money.</p> <p>Section 59 provides - Subject to the Electronic Communications Act, 2005 (Act No. 36 of 2005), the Postal Company may carry electronic mail, including the Internet, and provide electronic addresses.</p>

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 8	
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.	Clause 7.10 of the licence
<p>Outgoing postal items will remain under the jurisdiction of South African law in the case of items -</p> <ul style="list-style-type: none"> 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; conveyed by ship: until the ship conveying the items enters the territorial waters of the country of destination or of transit of the item; 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. 	<p>Section 46 (1) provides –</p> <p>South African law applies in the case of outgoing postal articles -</p> <p>(a) conveyed by air, until the aircraft conveying the postal articles touches down on the runway at the first airport in the country of destination or of transit of the postal articles;</p> <p>(b) conveyed by ship, until the ship conveying the postal articles enters the territorial waters of the country of destination or of transit of the postal articles;</p> <p>(c) conveyed by road, until the vehicle conveying the postal articles passes through the first border post along the route to the country of destination of the postal articles.</p>
<p>Incoming postal items will come under the jurisdiction of South African law in the case of items -</p> <ul style="list-style-type: none"> 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 conveyed by ship: from the moment the ship conveying the items enters South African territorial waters Conveyed by road: from the moment the vehicle conveying the items enters South Africa through a border post. 	<p>Section 46 (2) provides –</p> <p>2) South African law applies to incoming postal articles -</p> <p>(a) conveyed by air, from the moment the aircraft conveying the postal articles touches down on the runway of the first airport of arrival in South Africa;</p> <p>(b) conveyed by ship, from the moment the ship conveying the postal articles enters South African territorial waters;</p> <p>(c) conveyed by road, from the moment the vehicle conveying the postal articles enters South Africa through a border post.</p> <p>(Commencement date of s. 46: 1 January 1999)</p>

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 9 <p>The restructuring of the Postbank was required to be implemented in a three-phased process:</p> <p>Phase I The Postbank as a profit centre – providing greater autonomy within the existing divisional structure. The savings product range will be expanded.</p> <p>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.</p> <p>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.</p> <p>Postbank to operate as a profit centre and a division of the South African Post Office.</p>	<p>Section 10(1) and (2) of the Postbank Limited Act states –</p> <p>(1) The Company is controlled by a board of directors.</p> <p>(2) The members of the Board are appointed or reappointed by the Minister, with the concurrence of the Minister of Finance and the Post Office.</p> <p>Section 51</p> <p>Section 3(2) of the Postbank Limited Act states –</p> <p>Notwithstanding section 32 of the Companies Act and section 37 of the Banks Act, the Post Office shall, upon incorporation of the Company, be the sole member and shareholder of the Company.</p> <p>Section 9(2)(a) and (b) of the Postbank Limited Act states –</p> <p>The Company and the Post Office must, with the concurrence of the Minister and the Minister of Finance, conclude an agreement which governs cooperation between the Company and the Post Office.</p> <p>(b) Such agreement must include, amongst others, terms and conditions relating to the utilisation by the Company of infrastructure of the Post Office, envisaged in section 2.</p>

Policy Provisions Implemented



Policy Provisions	Legislative implementation
Chapter 9	
The 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	<p>Section 51 provides - The Postbank is operated under the control and management of the postal company.</p> <p>(2) The postal company must undertake such activities as are customary for a financial institution carrying on the business of accepting deposits.</p> <p>(3) The Postbank must be operated, managed and controlled in accordance with this Act.</p> <p>(4) Interest on deposits in the Postbank must be paid at a rate determined from time to time by the postal company and the Minister in consultation with the Minister of Finance in the case of each kind of deposit.</p> <p>Section 4(2) of the Postbank Limited Act states – The Company must be registered as a bank after it has satisfied the requirements of the Banks Act.</p>
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 fulfil its primary objective.	<p>Section 4(4) of the Postbank Limited Act states - The Company shall not expand the scope of its banking and investment activities which exist when this Act takes effect until it is registered as a bank in terms of the Banks Act, and any such additional business activity is approved by the Registrar of Banks.</p>

Policy Provisions

Implemented

Policy Provisions	Legislative implementation
Chapter 10 The postal violations and crimes are required in terms of the policy to be incorporated into postal legislation	Section 34 provides - A postal article received in a post office must be regarded as having been posted in contravention of this Act - (a) if the postage stamps thereon have been previously used, obliterated or defaced; or (b) if it is posted or contains anything in fraud of or contrary to the provisions of this Act or any other law. Section 67 to 81 addresses illegal practices, offences and penalties. Conveyance of Mail Regulations Regulation 9 As above
The Universal Service Provider is required to 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.	As above
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: <ul style="list-style-type: none"> 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 <i>modus operandi</i> of criminals change, other internationally acceptable techniques will be utilized. 	Section 67 to 81 addresses illegal practices, offences and penalties.

Policy Provisions

Clarity Required



Policy Provisions	Legislative implementation
Chapter 1	
Funding of the USO will be derived primarily from profits earned on monopoly and non-monopoly activities.	To be clarified in interview phase
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.	To be clarified in interview phase
The monopoly provider will execute its functions in a manner consistent with Government development and growth strategies, any directions given by the Minister subject to existing legal and statutory provisions and obligations imposed under any international conventions.	To be clarified in the interview phase
The delivery time will be assessed against established Postal Service standards for delivery of such mail	To be clarified in interview phase
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.	To be clarified in interview phase

Policy Provisions

Clarity Required



Policy Provisions	Legislative implementation
Chapter 2 The role of the post office as a multi-purpose community centre to include: <ul style="list-style-type: none">• Tax collection;• Eskom services;• Housing;• Radio licences;• Voters Roll Administration;• Lottery and• Rural financing.	To be clarified in interview phase

Policy Provisions

Clarity Required



Policy Provisions	Legislative implementation
Chapter 4	
The Post office shall oblige direct mailers to subscribe to the Mail Preference Service of the Direct Marketing Association of South Africa	To be clarified in the Interview phase
Regulator to advise Government on the scope of universal service required;	To be clarified in the interview phase
Appoint an independent monitor to assess the standards and performance of the Post Office by: <ul style="list-style-type: none"> Assessing the performance of the Post Office against publicly-stated service objectives; Conduct continuous measurement that is statistically valid (sample mail to enter the postal system every business day); Provide the Post Office with performance results on a daily and monthly basis 	To be clarified in the interview Phase
Audit the results of the independent monitor and publish the results quarterly in all major newspapers and magazines;	To be clarified in interview phase
Promote fair competition in the non-reserved area by issuing licences and licence conditions that level the playing field;	To be clarified in interview phase
Promote and conduct research into developments in the area of regulatory policy and technological development within the sector.	To be clarified in interview phase

Policy Provisions

Clarity Required



Policy Provisions	Legislative implementation
Chapter 5	
A decisive programme of Black economic empowerment to be initiated	To be clarified in interview phase
Governance rules for the tendering process to be implemented	To be clarified in interview phase

Policy Provisions

Clarity Required



Policy Provisions	Legislative implementation
Chapter 6	
Requirement on the Department of Communications to: <ul style="list-style-type: none"> • The setting of realistic target for all activities of affirmative action, and instituting the monitoring and measuring procedures to ensure all targets are met • Overseeing the auditing of the employee profile, specifying racial, gender and disability components. • Reviewing management practice and identifying barriers to entry for historically disadvantaged communities. 	To be clarified in interview phase
The Post Office is required to: <ul style="list-style-type: none"> • Assess the human resources required to deliver the operational objectives in the organizations strategic plan. • Assess the organizations existing human resource capacity • Propose how best to bridge the gap between existing human resource capacity and the future human resource requirement, within financial resources available. 	To be clarified in interview phase Reflected in section 4 of the SAPO SOC Ltd Act
Post Office must prepare detailed plans for the internal monitoring and evaluation of affirmative action programmes -- present annual progress reports to Ministry	To be clarified in interview phase
Post Office Management to: <ul style="list-style-type: none"> • Appoint a manager and support staff to manage the acceleration process • Identify and implement a specific skill and management training curriculum • Provide seminars and courses for instructors, supervisors and mentors of the identified group • Formulate a plan to rotate the group through key positions • Allocate high achievers to appropriate assignments for short-term, rapid experience. 	To be clarified in interview phase
Affirmative action plan to be implemented over a period of five years.	To be clarified in interview phase
A Human Resource Fund for the postal sector is required to be established within the framework of the Skills Development Bill (now an Act).	To be clarified in interview phase – desktop research does not indicate that such fund was created

Policy Provisions

Clarity Required



Policy Provisions	Legislative implementation
Chapter 10	
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.	To be confirmed in the interview phase
Fraud <ul style="list-style-type: none"> 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. 	To be confirmed during the interview phase
Robberies <ul style="list-style-type: none"> 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. 	To be confirmed during the interview phase
Housebreaking (burglaries) <ul style="list-style-type: none"> 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. 	To be confirmed during the interview phase
Misuse of mail <ul style="list-style-type: none"> 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. 	To be confirmed during the interview phase
Postage Evasion <ul style="list-style-type: none"> 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. 	To be confirmed during the interview phase

Policy Provisions

Clarity Required



Policy Provisions	Legislative implementation
Chapter 11	
The Minister is required to appoint the Stamp Advisory Committee (SAC) in consultation with the Chairperson of the Board of Directors.	To be confirmed during the interview phase
The SAC is required to formulate a broad stamp programme two years in advance which is finalized a year prior to implementation.	To be confirmed during the interview phase
<p>The stamp issuing policy will comprise the following components:</p> <ul style="list-style-type: none"> • Definitive issues • Commemorative issues • Prestige booklet issues (linked to commemorative issues) • Internal standard rate booklet issues (usually linked to definitive issues) • Airmail postcard rate booklet issues • Corporate products • Philatelic commemoration • Postal stationery 	To be confirmed during the interview phase



PART II

Overview: Market Analysis

DOC/18/2012/13/P

16 September 2013

Postal Sector

3 areas of focus





Reserved postal services



Market Analysis

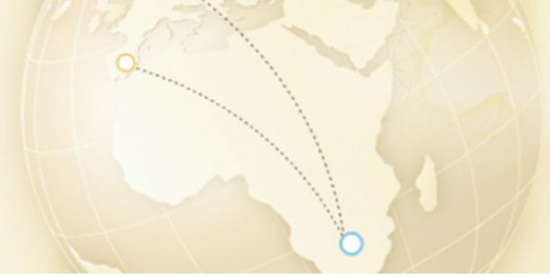
Definition



- Schedule I, Postal Services Act (1998)
- Basic letter service
- Mass
 - Up to 1kg
- Size
 - Specified dimensions: 458mm x 324mm x 100mm
- SAPO have a 25 year licence issued in 2001, with a monopoly over reserved, renewable every 5 years

Market Analysis

Market Size



- Customers
 - 33.7 m adults over the age of 16 in SA
 - SAPO rolling out new delivery addresses annually
 - 2012 committed to rolling out 3.6m new addresses between 2011-2013

Market Analysis

Competition and Revenue



Competition

- SAPO has a monopoly in the reserved area
- 'courier services' not defined in Act, there is likely some encroachment on the reserved area

Revenue

- Stats SA survey 2010 'postal & courier activities' = R9.1bn
- SAPO reported R5.5bn in same period

Market Analysis

Market Share and Concentration



Market Share

- SAPO = 61% market share by revenue for 'postal & courier' as per Stats SA figures

Market Concentration

total income	R million	9,848
income of the 5 largest enterprises	R million	7,691
relative contribution of the 5 largest enterprises	%	78,1
income of the 10 largest enterprises	R million	8,609
relative contribution of the 10 largest enterprises	%	87,4
income of the 20 largest enterprises	R million	9,350
relative contribution of the 20 largest enterprises	%	94,9

Market Analysis

Substitutes and Barriers to entry



Substitutes

- Electronic substitution
 - Email
 - SMS
 - Social media platforms

Barriers to Entry

- Regulatory
 - SAPO 25 year licence with exclusivity over reserved area
- High market concentration ratio



Unreserved postal services



Unreserved Postal Services

Definition



- Schedule II, Postal Services Act (1998)
- Mass
 - From 1 – 30 kg
- Size
 - Larger than dimensions: 458mm x 324mm x 100mm
- Does not define 'courier' or 'value added' services

Unreserved Postal Services

Market Size



- Customers
 - Business to business
 - Business to consumer
 - Citizen to business
 - Citizen to citizen
- Anyone or any business in South Africa that requires a door-to-door, expedited serviced AND can afford the service

Unreserved Postal Services

Competition and Revenue



Competition

- ICASA have less than 300 registered services
- Yellow pages lists over 2,000 courier services (may be duplication in numbers eg DHL showing up as 1 entry for each town)
- South African Express Parcel Association (SAEPA) have 110 members

Revenue

- Stats SA survey 2010 'postal & courier activities' = R9.1bn
- SAPO reported R5.5bn in same period

Unreserved Postal Services

Market Share and Market Concentration



Market Share

- SAPO = 61% market share by revenue for 'postal & courier' as per Stats SA figures

Market Concentration

total income	R million	9,848
income of the 5 largest enterprises	R million	7,691
relative contribution of the 5 largest enterprises	%	78,1
income of the 10 largest enterprises	R million	8,609
relative contribution of the 10 largest enterprises	%	87,4
income of the 20 largest enterprises	R million	9,350
relative contribution of the 20 largest enterprises	%	94,9

Unreserved Postal Services

Substitutes and Barriers to Entry



Substitutes

- Electronic substitution less likely in this sector
- Strong competition in this sector, substitute likely to come from a competitor

Barriers to entry

- Limited regulatory barrier, R500 fee to ICASA to register
- Infrastructure / capex and opex to support delivery – difficult for new entrants to compete on price or service
- High market concentration demonstrates difficulty for new entrant

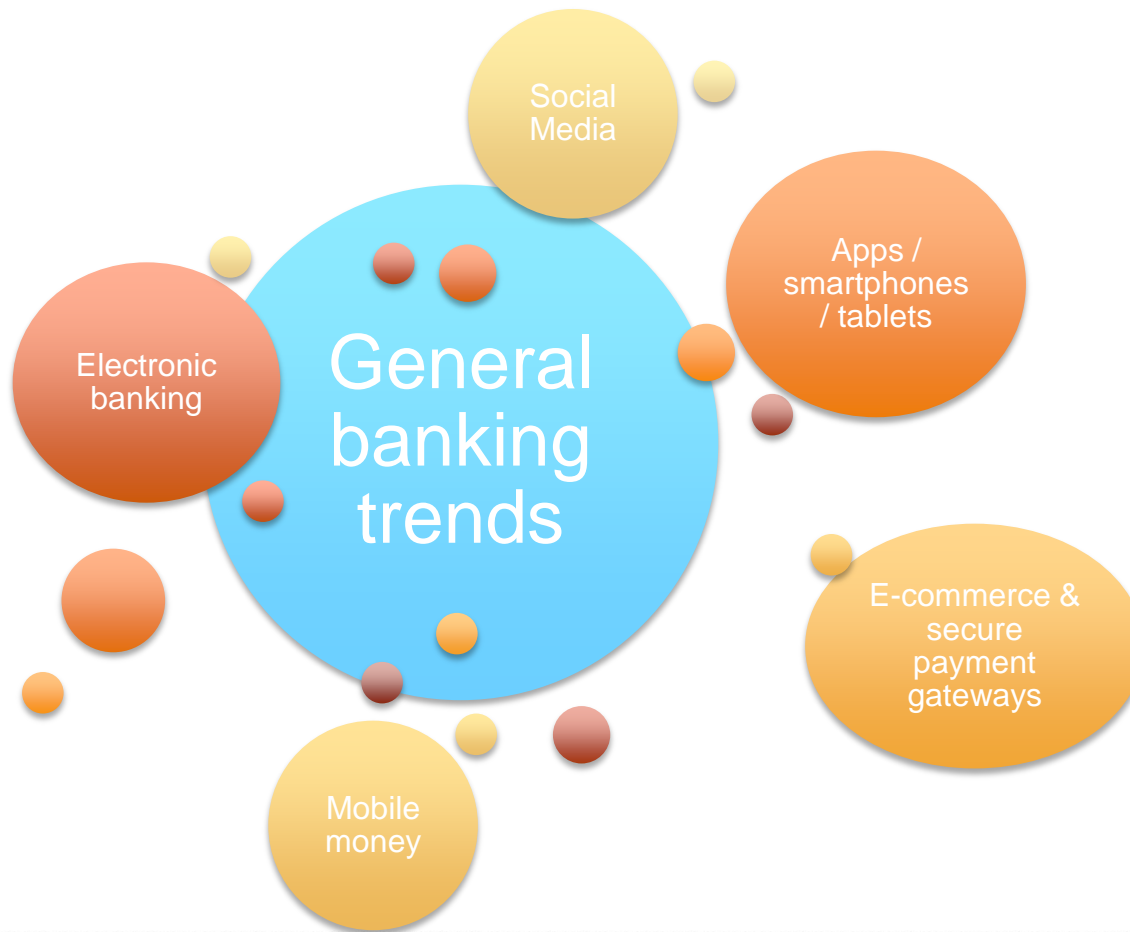


Postbank and banking



Banking Services

General Trends



Banking Services

General Trends



Banking Services

Postbank



Postbank is currently a savings bank only

- Cannot offer credit or loans

Postbank has applied to the regulator to become a fully fledged bank

From **savings bank** to



fully fledged bank

INVESTING TOOLS
FUNDS LOAN MUTUAL
ACCOUNT CREDIT CARD
MORTGAGE INSURANCE
BANKING
PERSONAL BUSINESS
MANAGEMENT MONEY
SERVICE FINANCIAL
INVESTMENT

Banking Services

Market Size



Bank	SA retail customers
Standard Bank	10.4 million
ABSA	10.3 million
FNB	7.5 million
Nedbank	5.9 million
Capitec	4.7 million

Postbank has over 6 million customers

Banking Sector

Competition and Revenue



Competition

- 17 fully fledged banks registered in South Africa
- 3 mutual banks

Revenue

- Savings deposits = R151,816m (31st Dec 2012)
- Postbank = R4,258m

Banking Sector

Market Share and Market Concentration

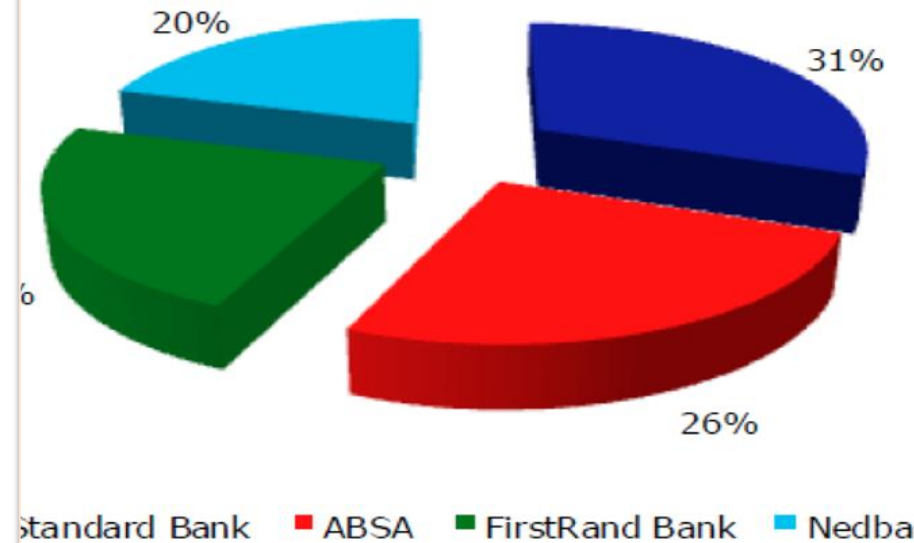


Market Share

- 17 registered banks in South Africa
- 4 major banks represent 84% of total banking assets (R3,506 bn)
- National savings \pm R500bn
- Postbank deposits \pm R4bn, i.e. less than 1% of national total savings

Market Concentration

Market Share - Major four banks



Banking Sector

Substitutes and Barriers to Entry



Substitutes

- Electronic substitution
 - Mobile money
- Competitors
- SSASA card
- Stokvels

Barriers to entry

- Regulatory requirements, including liquidity ratios and compliance to BASEL III
- High degree of market concentration

Gap analysis

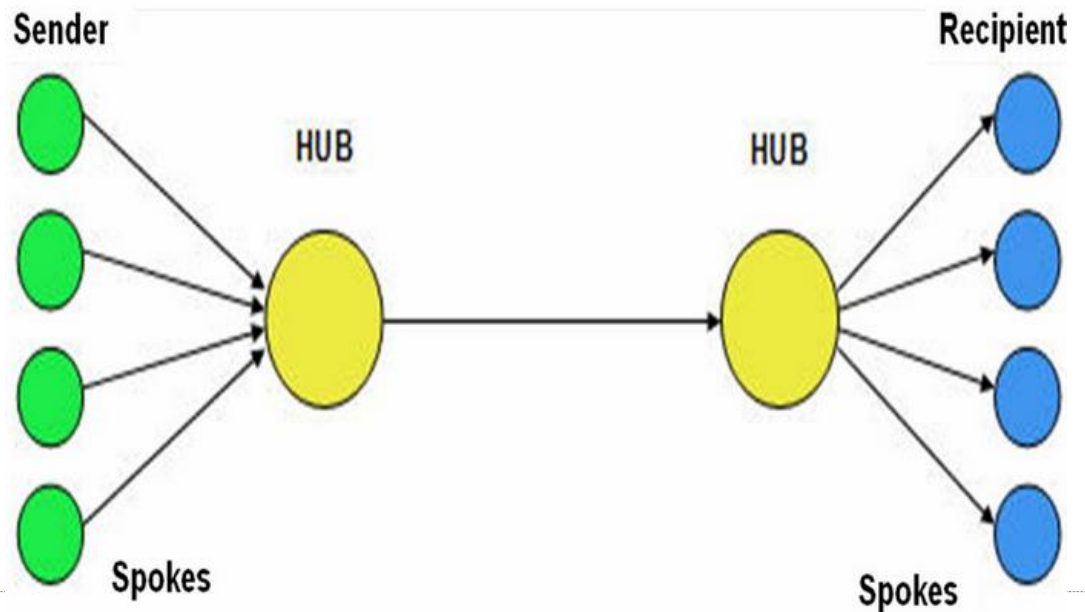


Reserved	Unreserved	Postbank
Trend to liberalisation and privatisation	A competitive sector and companies are required to be <ul style="list-style-type: none">• Flexible• Efficient• Cost competitive	Competition in the market
Competition within the reserved area		Competition for the market
Reducing letter mail volumes		

Postal Sector

Factors for Success

- Retail footprint
- Broadband infrastructure
- Thusong service centres
- Logistics infrastructure and networks





PART III

Overview: Benchmark

DOC/18/2012/13/P

19 September 2013

Contents

PART III BENCHMARK



- Approach
- Country Background
- Institutional Arrangement
- Postal Market Structure
- Financial Services
- Regulation of the Postal Sector
- Postal Trends
- Sector Benchmark: Energy and Transport

Introduction

Approach



- Transforming the postal sector requires that we explore the policy and regulations regarding the scope of the market, institutional structures and funding and operation models; as well as the universal service obligations.
- The Benchmark report explores these themes in the following countries:
 - Australia
 - Brazil
 - Canada
 - Germany
 - Japan
 - Kenya
 - Russia*
 - Sweden
 - Tanzania
- Furthermore, an industry analysis was conducted with the energy and transport sectors, as well as the energy regulator NERSA.

*Russia has not been included in this presentation due incomplete data sets to form a complete study.

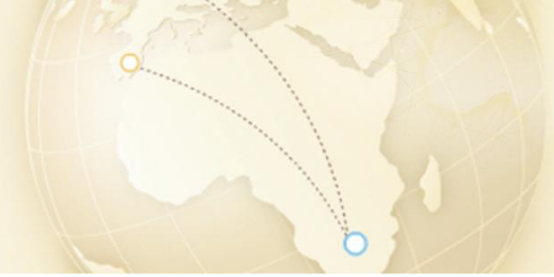
Country Background



Country	Ministry	Regulator	Incumbent	Corporate Status	Market Status
South Africa	Department of Communications Ministry of Finance & National Treasury	Independent Communications Authority of South Africa	South African Post Office South African Post Bank	Reserved – Corporatised State Owned Unreserved – Private Ownership	Reserved – Natural Monopoly Unreserved – Competition
Australia	Department of Broadband, Communications and the Digital Economy	Australian Competition and Consumer Commission Commonwealth Ombudsman – Postal Industry	Australian Postal Corporation T/A Australia Post	Reserved – Corporatised Unreserved – Private Ownership	Reserved – Legal Monopoly Unreserved – Competition
Brazil	Ministry of Communications	No Regulator – Proposed postal regulator ANAPOST	Enterprise of Post and Telegraph (ECT) BANCO Postal	State Owned	
Canada	Minister of Transport	No Independent Regulator Post Ombudsman	Canada Post Corporation Canada Post Group	Corporatised	

Country Background

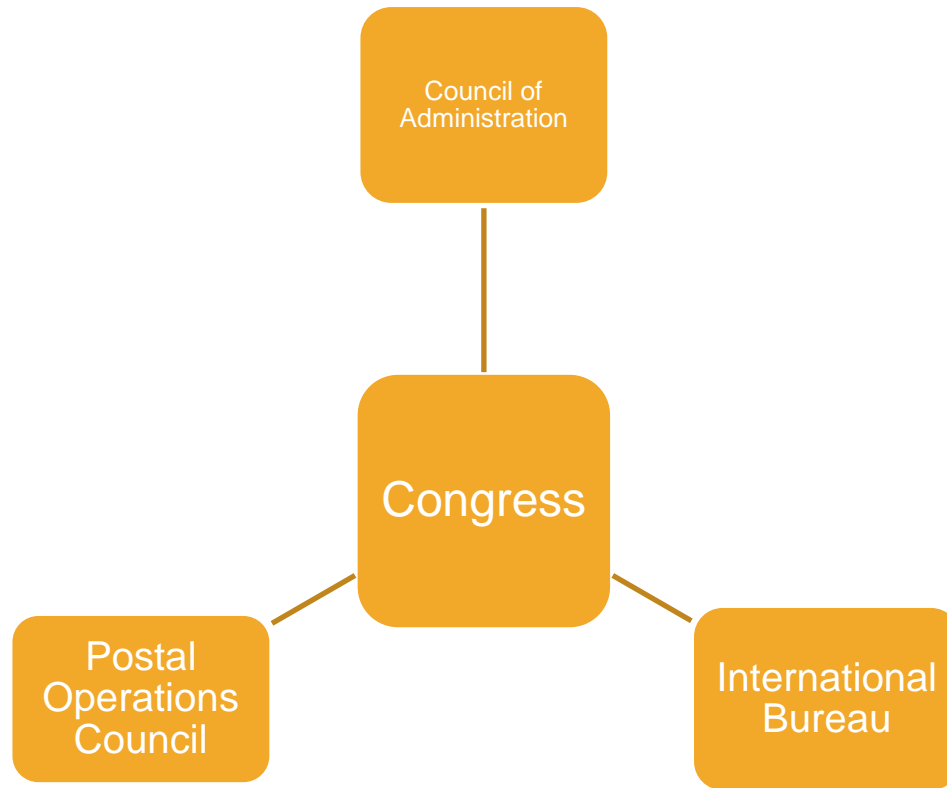
Institutional Arrangements



Country	Ministry	Regulation	Incumbent	Corporate Status	Market Status
Germany	Ministry of Economics and Technology	Federal Network Agency Federal Cartel Office and Monopoly Board	Deutsche Post AG PostBank AG	Corporatised	Liberal Market
Japan	Ministry of International Affairs and Communications	No Independent Regulator – MIC regulates	Japan Post	Partially privatised – State Owned	Liberal Market
Kenya	Ministry of Information Communications Technology	Communication Commission of Kenya	Posta Corporation of Kenya – POSTA Kenya	Corporatised – State Owned	Legal Monopoly in reserved area
Sweden	Ministry of Enterprise, Energy and Communications	National Post and Telecom Agency Independent Competition Authority	Posten AB	Privatised – State Owned	Liberal
Tanzania	Ministry of Communications, Science and Technology Ministry of Finance	Tanzania Communications Regulating Authority	Tanzania Posts Corporation Tanzania Postal Bank	Corporatised – State Owned	Natural Monopoly in reserved area

Institutional Arrangements

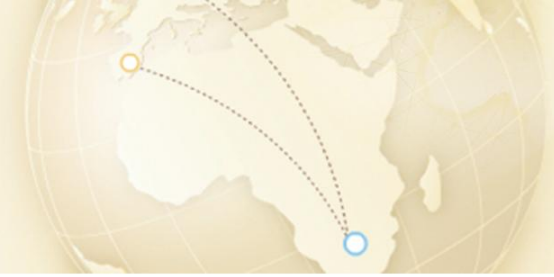
Universal Postal Union



- The Congress is the supreme authority

Institutional Arrangements

Universal Postal Union Convention



- The UPU is established by five primary acts or agreements which are binding on the UPU member countries
- The major Acts of the UPU are tabulated below:

ACT OR AGREEMENT	ADOPTING BODY	SCOPE OF AGREEMENT
Constitution	<ul style="list-style-type: none"> • Permanent act adopted by Congress in 1964. • May be amended by Congress. 	Establishes the Union; defines rules of adopting or modifying acts and their legal effect
General Regulations	<ul style="list-style-type: none"> • Permanent act adopted by Congress in 2004. • May be amended by Congress. 	Implements the Constitution; defines composition and duties of UPU bodies
Universal Postal Convention	Congress	Fundamental rules for exchange of letter post and parcel post items between designated operators
Letter Post Regulations	Postal Operations Council	Implements the Convention with rules for letter post
Parcel Post Regulations	Postal Operations Council	Implements the Convention with rules for parcel post
Postal Payment Services Agreement	Congress (only member countries party to Agreement)	Fundamental rules for financial services provided by designated operators
Regulations of the Postal Payment Services Agreement	Postal Operations Council	Implements the rules for financial Services

Institutional Arrangements

Doha Strategy 2013 - 2016



- The Doha strategy provides an indication of the current priorities within the postal sector and presents the UPU roadmap for the UPU going forward.
- Below are the summarised priorities within the regions where some of the Benchmark countries are located

BENCHMARK	REGION	PRIORITY GOAL/ PROGRAMME
<ul style="list-style-type: none"> • Australia • Japan • Kenya • Tanzania 	Africa and Asia Pacific	<p>Goal 1</p> <ul style="list-style-type: none"> • Improve the quality of service of international and domestic mail • Promote the use of the Quality of Service Fund • Achieve the universal quality of service standard (J+5 for 80 % of mail) – Increase the use of UPU monitoring tools and of the Global Monitoring <p>Goal 2</p> <ul style="list-style-type: none"> • Train managers in statistics and postal market research to meet customer needs • Develop economic models for determining costs and setting prices <p>Goal 3</p> <ul style="list-style-type: none"> • Continue the development and modernization of electronic money Transfers • Stimulate growth of designated postal operators by developing e-commerce, and parcel and small packet services <p>Goal 4</p> <ul style="list-style-type: none"> • Raise awareness of sustainable development and social responsibility through suitable strategies and activities • Establish systems of good governance, and ensure cost and price transparency as well as quality of service

Institutional Arrangements

Doha Strategy 2013 - 2016



BENCHMARK	REGION	PRIORITY GOAL/ PROGRAMME
Brazil	Latin America	<p>Goal 1</p> <ul style="list-style-type: none"> Improve national and international operational processes and promote implementation of quality plans as well as operators' participation in quality and security testing Encourage the use of UPU standards in the region and promote implementation of an appropriate regulatory framework for the sector <p>Goal 2</p> <ul style="list-style-type: none"> Expand the offering and improve management of the universal postal service and other postal services by ensuring continuity in postal reform processes Increase awareness among stakeholders of the postal sector's role and its potential for economic and social development Carry out market and sectorial research to deepen knowledge of the postal sector Strengthen exchanges of information and technical expertise to promote cooperation among stakeholders <p>Goal 3</p> <ul style="list-style-type: none"> Carry out a study of issues that prevent the growth of the international parcels business and design an action plan to create conditions which would encourage its growth Compile a practical planning checklist and specific implementation guides to support the development of new Services. <p>Goal 4</p> <ul style="list-style-type: none"> Improve management to enhance the sector's profile, focusing on three aspects of sustainability: human capital, marketing, and the environmental/ social responsibility Promote the use of postal networks as platforms which allow appropriate access to services as a factor in inclusion

Institutional Arrangement

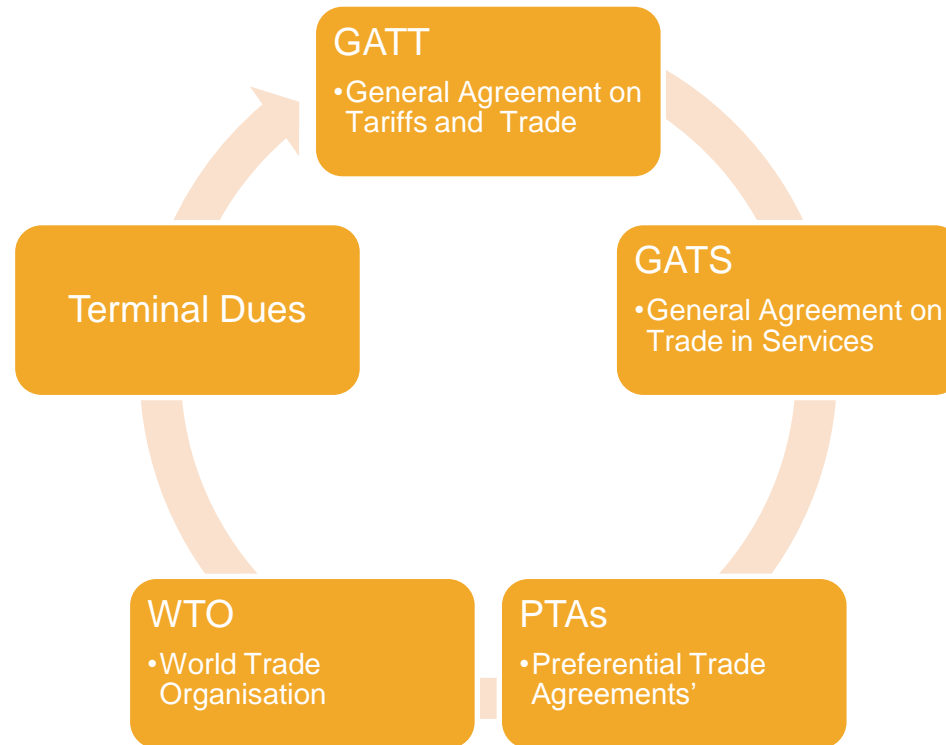
Doha Strategy 2013 - 2016



BENCHMARK	REGION	PRIORITY GOAL/ PROGRAMME
<ul style="list-style-type: none"> Germany Sweden 	Europe and CIS countries	<p>Goal 1</p> <ul style="list-style-type: none"> Improve the quality of service of international and domestic mail Join the Global Monitoring System <p>Goal 2</p> <ul style="list-style-type: none"> Modernize and reform the postal sector Provide staff training in the application of new technologies to master operational, technical and technological innovations in key areas of postal activity <p>Goal 3</p> <ul style="list-style-type: none"> Develop e-commerce Further develop and improve electronic payment services <p>Goal 4</p> <ul style="list-style-type: none"> Carry out marketing and advertising activities to promote electronic, financial, business and e-government services Improve marketing and sales potential

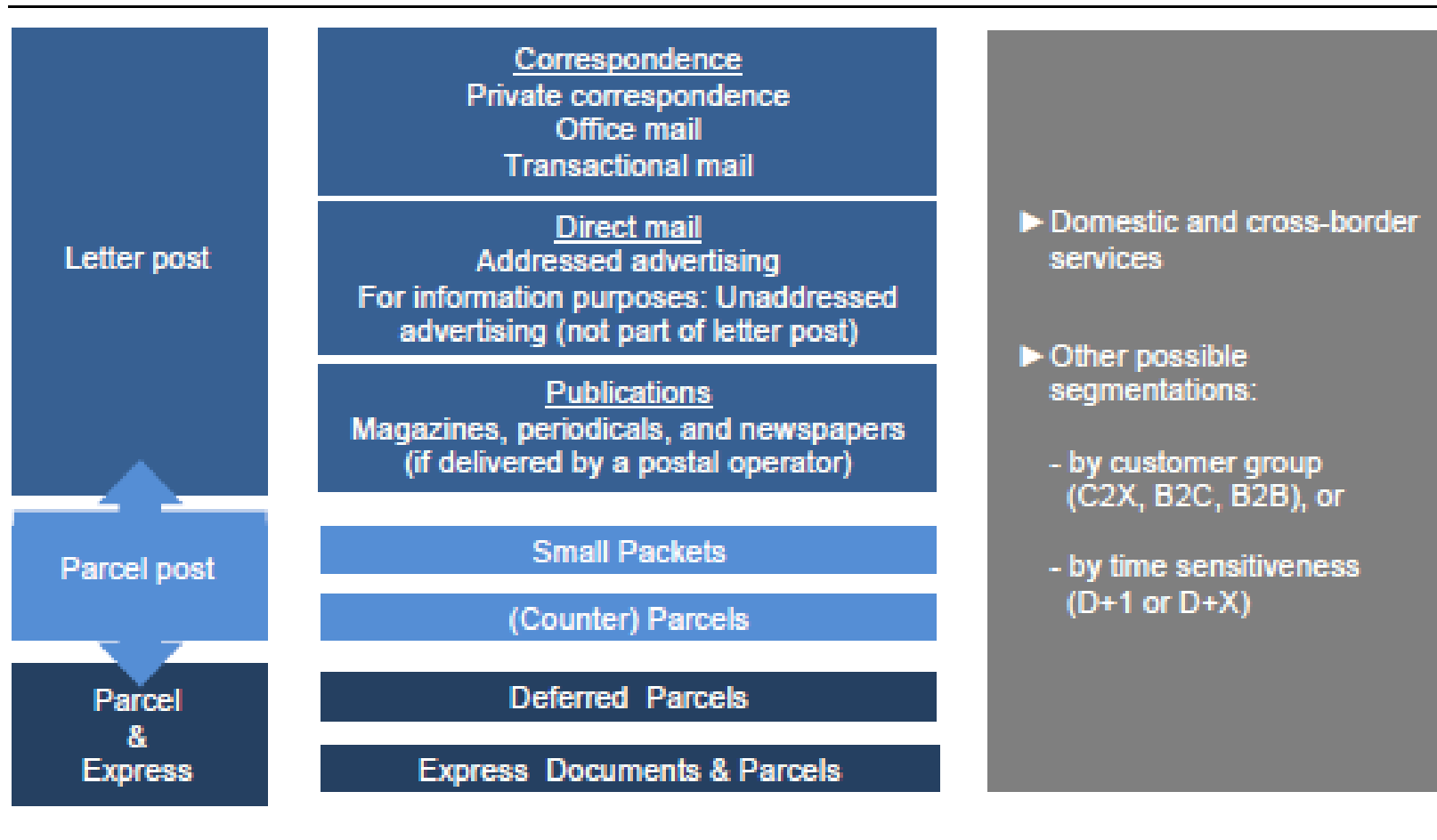
Institutional Arrangements

International Trade Agreements



Postal Market Structure

Postal Market Segments



Postal Market Structure

Market Segments



Market Segments				Postal Services				
Reserved	Unreserved	Private	Public	Financial Services	Letter Mail	Parcel Services	Courier Services	Value Added Service
Australia								
Australia Post has a legislated monopoly on the delivery of letter.	Market is open to all private players offering any postal services	Private mail operators offering value added services and all postal services.	Australian Postal Corporation – trading as Australia Post – is a statutory corporation with the Government as the sole shareholder	Australia Post, as well as other private players offer financial and para-financial services	Carriage of letter weighing 250 grams or less at a uniform rate across Australia	Private and Public players. Australia Post is not protected by regulation in this segment and is subject to all fair competition	Private and Public players. Australia Post is not protected by regulation in this segment and is subject to all fair competition	Australia Post also provides passport and ID services such as renewal, applications, issuing, birth, and death and marriage certificates. Licence renewal
Brazil								
Reserved	Unreserved	Private	Public	Financial Services	Letter Mail	Parcel Services	Courier Services	Value Added Service
Letter mail, postal cards, small parcels, telegrams and mail bags are reserved	Express mail, packages, printed matter including newspapers and magazines			Post Bank Services ,including deposits, loans, credit cards, bill payment, direct deposit, tax and social security payments, as well as phone and internet banking offered on Bradesco's network Francesco is regulated by the Brazilian central bank.	ECT holds 100 % because of its monopoly ECT Franchisees competing with ECT and each other in	Major international Players, ECT and a large number of relatively small, locally-based express parcel firms Main competitors of ECT: DHL, FedEx, UPS, TNT (by Mercurio) and USPS (by Sky Postal)		



Postal Market Structure

Market Segments

Market Segments				Postal Services				
Canada								
Canadian Post has a legislated monopoly on the delivery of letter.	Market open to all players , there are no additional licensing requirements to participate	Private firms may deliver Magazines and books	Canada Post Corporation- is a statutory corporation (a Crown Corporation) with the Government as the sole shareholder	Canadian Post does not offer any financial services	Carriage of letter weighing 500 grams or less at a uniform rate across Canada	This section is open to competition with Canadian post dominating the business to business portion	This section is open to competition	This section is open to competition
Outbound international mail was ruled in 2004 as the exclusive privilege of Canada Post		Private companies can deliver "letters of an urgent nature" if they charge at least three times Canada Post's regular rate of postage for a 50-gram package						
Germany								
Operators must be licensed to provide addressed mail weighing less than 1 kg	Deutsche Post AG subsidiaries (64.5%) DHL (26%), UPS (11%), DPD (LaPoste) (10%) GLS (The Post Office)(5%), Hermes (4.8%), Trans-o-flex (with DHL Worldwide: 4%) (4.7%) TNT Post Group (TNT Logistics, TNT Express) (3%) Local providers (35.5%)	Local mail service providers providing express and courier services, local delivery organisations of un-addressed mail and addressed mail Regional press distributors, who have expanded into mail services Networked local mail services. Document exchange providers large volume mail	There is no clear separation between public and private companies, operators are licensed to provide services and operate on the basis of these licenses.	Deutsche Post AG provides financial services through the Postbank AG; including	Operators must be licensed to provide addressed mail weighing less than 1 kg Deutsche Post AG owns (94.9% market share of revenues Local providers 5.1 %	Competitive but dominated by Deutsche Post AG	Competitive but dominated by Deutsche Post AG	
Deutsche Post AG owns (94.9% market share of revenues Local providers 5.1 %								

Postal Market Structure

Market Segments



Market Segments					Postal Services			
Japan								
Open Market; previously a monopoly to Japan Post since privatization in 2003 this market was open to all players. To Date Japan Post still holds monopoly on what was a reserved area due to existing infrastructure.	Open Market; this segment is open to all players for the delivery of all postal related services including value added services. Players have to be licensed in order to participate in the market.		Transfer of all ownership to the Private sector had begun however has been brought to a halt by new government. Intentions are to retain at least one third of the total share in public ownership.		This service is fully open to the market; however the government incumbent, Japan Post Service, holds the majority market share owing to the support provided by its sister company the Japan Post Network. Japan Post Service boasts 1090 branches nationwide	This service is fully open to the market; however the government incumbent, Japan Post Service, holds the majority market share owing to the support provided by its sister company the Japan Post Network. Japan Post Service has 2,524 collection and delivery centres.		
Kenya								
POSTA maintain a monopoly on the delivery of letter mail up to the size of 350grams	Subject to Law that prescribes that all letter mail up to 350grams be charged at least five times Posta's basic letter rate.	Market open to licensed postal and courier operators. They are subject to regulation and license fees. Licences are valid for 15 years.	State Owned Postal Corporation of Kenya (POSTA). Postal service was working on launching a franchising offering of 60 stores to private operators and individuals for those stores that had made losses.	Posta offers postal banking services such as money transfers and savings facilities; however the services have met fierce competition from innovative solution like Safaricom's mobile banking solution M-Pesa.	Posta maintains the monopoly in letter mail owing to the favour of legislation. Private operators are obliged to charge up to five times more than Posta's basic letter rate on all letter mail that is 350grams or less.	The parcel market is highly competitive as its open to every postal operator with no legislative restrictions.	The entry of established international companies has limited the participation of smaller operators in this service offering. Posta has maintain its competitive participation through service agreement with private companies, they have also leveraged on the existing network that they have.	

Postal Market Structure

Market Segments



Market Segments					Postal Services							
Sweden												
There are no reserved services in the Swedish postal sector. Posten still has universal service obligations to meet. Posten still holds monopoly dues to existing postal network and established operations; as well as being exempt from all taxes.	The entire postal sector is operating in the unreserved sector, with no privileges.	The Swedish Postal sector was one of the first markets to fully liberalise; back in 1993. The letter mail segment was open to all operators' participation.	Posten was officially privatized in 1994 however it remains an entirely owned by the Swedish government. Posten AB was launched as a new entity, a limited Liability company.		Posten AB holds monopoly over this service due to existing infrastructure, established operational systems and extensive network. Posten delivers 95% of its domestic mail overnight; exceeding the EU standards of 85%.	The market is open to all operators to trade; however there are two dominant players which make up the 99% of all parcel services. Posten AB and City Mail hold the majority market share with Posten AB holding 96%.	The Market is open to all operators including international courier services. This service enjoys a more balanced playing field, though Posten does still dominate.					
Tanzania												
Public Postal Operator, being Tanzania Posts Corporation, retains a monopoly in the basic postal services	Licensed Postal Operators have full competitive access to the international and domestic courier and other value added services	All market players must be licensed by the Tanzania Communications Regulatory Authority, and adhere to the regulations and laws governing the postal sector.	Tanzania Posts Corporation is the public post operator. TPC is a state owned corporate entity.	Tanzania Postal Bank is established independent of the Tanzania Posts Corporation; it is underwritten by the Ministry of Finance and the Bank of Tanzania. Tanzania Postal Bank offers basic banking services, money transfers, lending facilities, and value added services like Tax Collection and Treasury services.	TPC holds monopoly on basic mail service which is letter mail. Postal Regulations prescribe the ground of the monopoly	This segment of the market is dominated by TPC but is open to all licensed players. TPC leverages off its existing network.	This segment is dominated by international and domestic market players offering expedited services.					

Financial Services



PRODUCTS AND SERVICES	SERVICES			
	Basic Banking	Money Transfer	Lending Services	Para-Financial Services
	Savings	Int. Money Order	Micro-Loans	Insurance
	Deposits	Domestic Money Order	Check Accounts	Pension Fund
	Withdrawals	Account Payments	Credit Arrangements	
South Africa	Yes	Yes, Account Payments	No	Yes, Insurance
Brazil	Yes	Yes	Yes	Yes
Germany	Yes	Yes	Yes	Yes Insurance
Kenya	Yes	Yes	Yes	No
Japan	Yes	Yes	Yes	Yes
Tanzania	Yes	Yes	Yes	Yes

Financial Services

Structures used to provide Financial Services

Brazil

- Correspondent Banking
- Underwritten by Licensed Bank

Tanzania

- Independent of Postal Service
- Ministry of Finance, Fully fledge bank

Japan

- Japan Post Bank
- Japan Post Insurance
- Biggest providers in their sector (2010)

Regulation of the Postal Sector

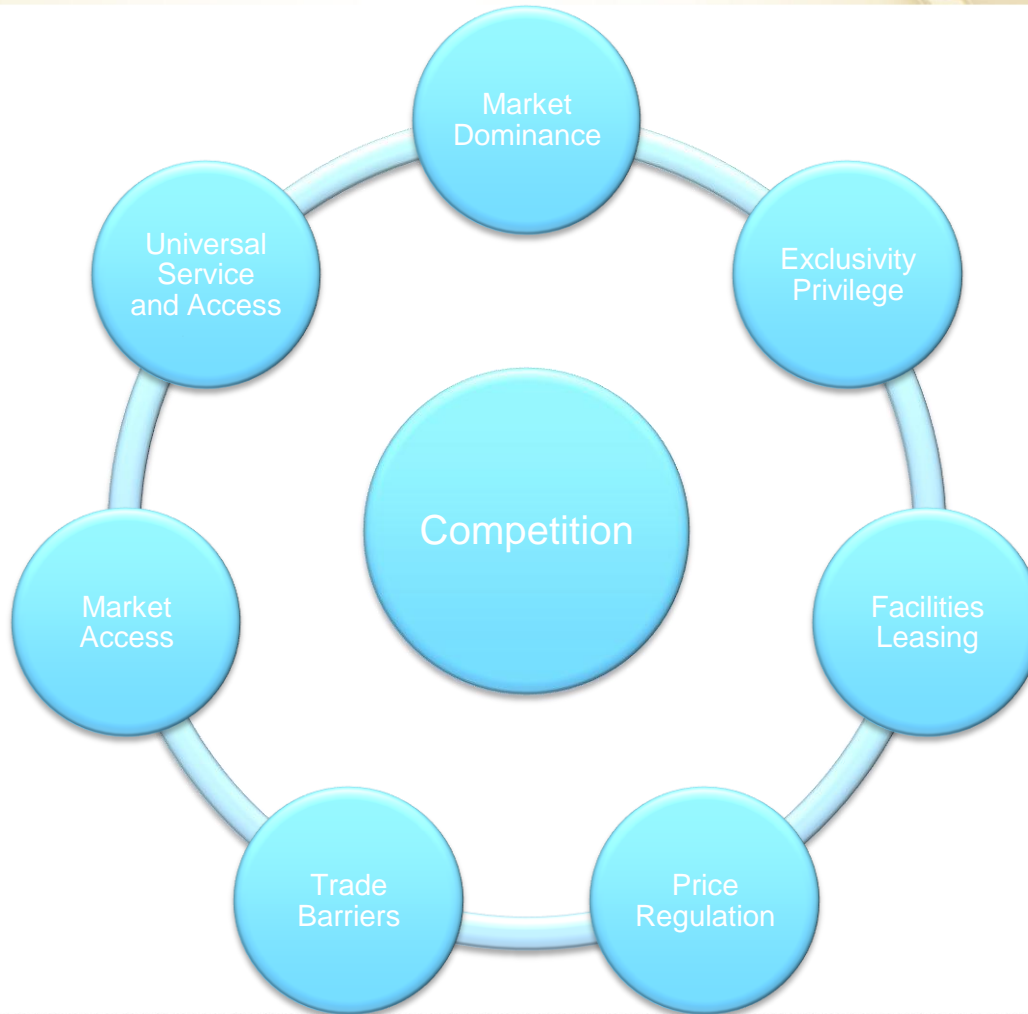
Liberalisation of the Postal Sector

- There has been a broad shift toward greater corporatisation of postal operators in the past few decades.
- The incumbent operator is usually subjected to greater corporatisation, commercialisation or privatisation prior to liberalisation of the postal market.
- The general intention is to create a more efficient governance structure for the postal operator, particularly when it will have to compete with private operators in a liberalised market.

	Corporatization*	Sector Regulator	Mail Delivery Competition	Privatization*	Liberalised Market*
Australia	Yes	ACCC	No	No	Yes
Canada	Yes	No	Yes	No	Yes
Brazil	Yes	No	Yes	Yes	Yes
Japan	Yes	None	Partial	Partial	Yes
Kenya		CCK	No	No (Partial)	Partially
Germany	Yes	Yes	Yes	Yes	Yes
Sweden	Yes	PTS	Yes	No	Yes
Tanzania		TCRA	Partial	No	Yes

Regulation of the Postal Sector

Competition in the Postal Sector



Regulation of the Postal Sector

Reserved Services



Country	Definition of Reserved Services
Australia	Collection and delivery of letter mail – with a maximum weight of 250 grams, and the basic tariffs within Australia, postage stamps
Brazil	Letters, postcards, telegrams and consignments and a monopoly on the production and issuing of postage stamps and other means of postage payments
Canada	Collection, Transmission and Delivery within Canada of letters not weighing more than 500grams
Germany	No Definition. 2008 marked the end of the reserved area in Germany
Kenya	Collection, Transportation, Sorting and Delivery for hire or for reward of letter and postcards weighing up to 350 grams
Japan	<p>The "Law Concerning Correspondence Delivery provided by Private Sector Operators" came into effect on 1 April 2003 and permits private sector operators to engage in general correspondence delivery services.</p> <p>However, as of 1 April 2005, there was no private-sector operator licensed to provide the general correspondence delivery service with full national coverage though there are several operators licensed to provide high 'value-added' postal services.</p>
Sweden	No Definition, 1994 marked the end of a reserved area
Tanzania	Collection and delivery of Letter Mail and parcels – Letters and postcards with a maximum weight of 500grams and parcels with a maximum weight of 10 kilograms

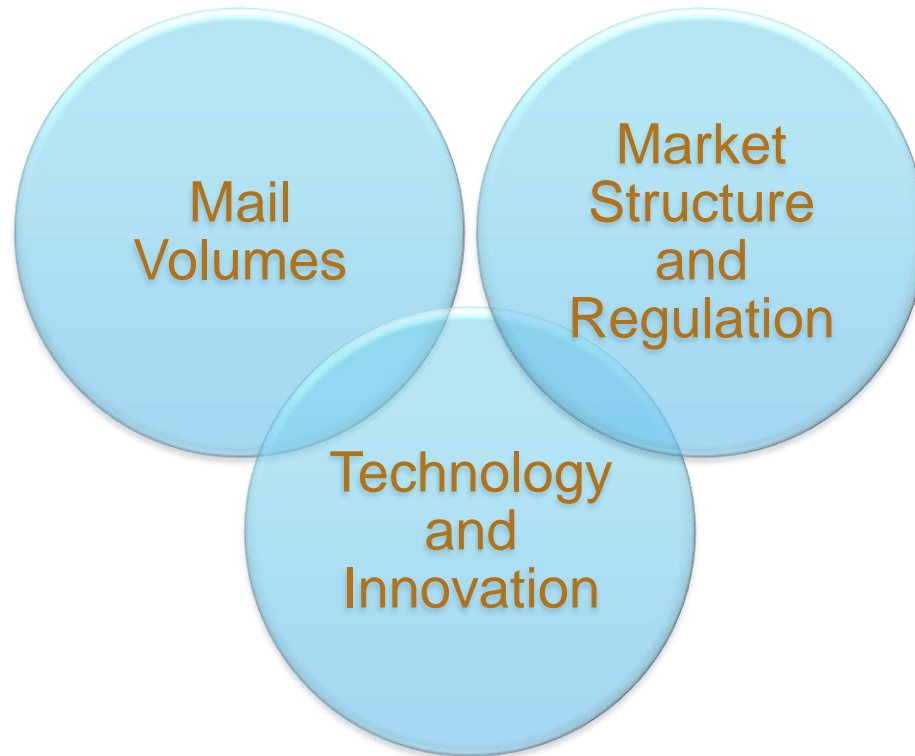
Regulation of the Postal Sector

Funding Models



- **Public Funding**
 - All funding for the operations and subsidies of the institution come from the Government. The institution is exempt from paying certain taxes and levies.
 - The Government acts as revenue reserve, all monies appropriated to the institution will be collected and accounted for according to the fiscal income
 - The institution has the leisure of government infrastructure and support structure for operations
- **Private Funding**
 - The institution is a commercially driven organisation, whose focus is equally on the revenue generated to sustain the operations and make a profit
 - This institution is independent of the Government's control and reserves
 - The institution is exposed to the full force of the market, as well as taxes that are payable to all market participating companies
- **Hybrid Funding**
 - This is typically a corporatised institution that is state owned but functions like a private institution
 - The institution is revenue driven and is not subsidised in any manner by the Government
 - It is expected to pay all taxes payable, and make contribution to the Fiscal budget
 - This institution may have access to state owned infrastructure however a nominal fee is payable

Postal Trends





Sector Benchmark

Transport and Energy

Sector Benchmark

Introduction



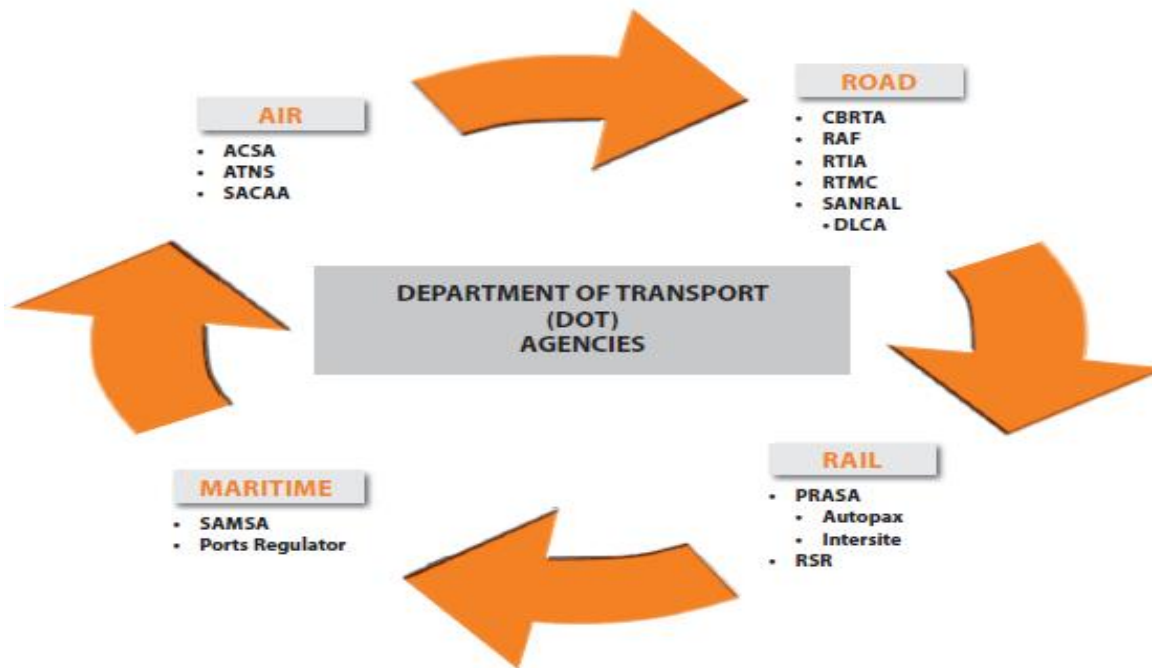
- Postal Service similar to network sectors such as energy and transport are considered natural monopolies. This is due to their having a grid or network, which generally cannot viably be duplicated and must therefore be regulated to promote economic efficiency.
- In South Africa these industries are also regulated to serve economic growth objectives and therefore national development. However despite being a key enabler of economic growth and economic inclusion of remote and poor communities, postal services are hardly considered in economic infrastructure related national policy processes, strategies and programmes.
- Transport and Energy networks are essentially public utilities and are thus regulated as such. This is due to their large scale and pervasive infrastructure that they own as well as the nature of the services that they provide.
- As a result they are considered to be natural monopolies and thus require economic regulation in order to promote efficiency.
- The services that they provide tends to be considered as essential survives and thus lends them to public ownership. Given the similarities that the postal sector has to public utilities, it follows that this sector should be regulated and managed in the same fashion as other public utilities

Transport Sector Overview



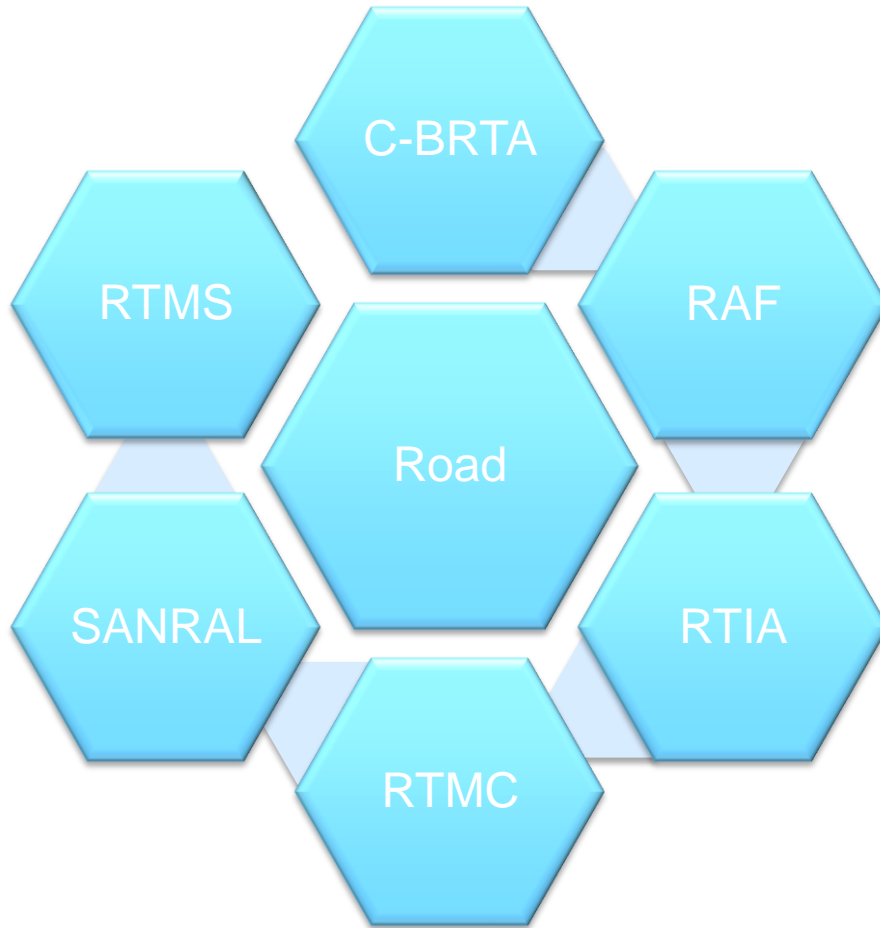
- The transport sector consists of the air, road, maritime and rail sectors and is overseen by the National Department of Transport (DoT).
- The Department of Public Enterprises (DPE), through shareholding, also has a measure of control over some of the delivery agencies such as Transnet.
- The four main sectors and their delivery agencies are depicted and detailed below.

TRANSPORT PORTFOLIO



Transport Sector

Department of Transport and Delivery Agencies



- C-BRTA: Cross Border Road Transport Agency
- RAF: Road Accident Fund
- RTIA: Road Traffic Infringement Agency
- RTMC: Road Traffic Management Corporation
- SANRAL: South African National Road Agency Ltd.
- RTMS: Road Transport Management System

Transport Sector

Department of Transport and Delivery Agencies



RAIL

PRASA

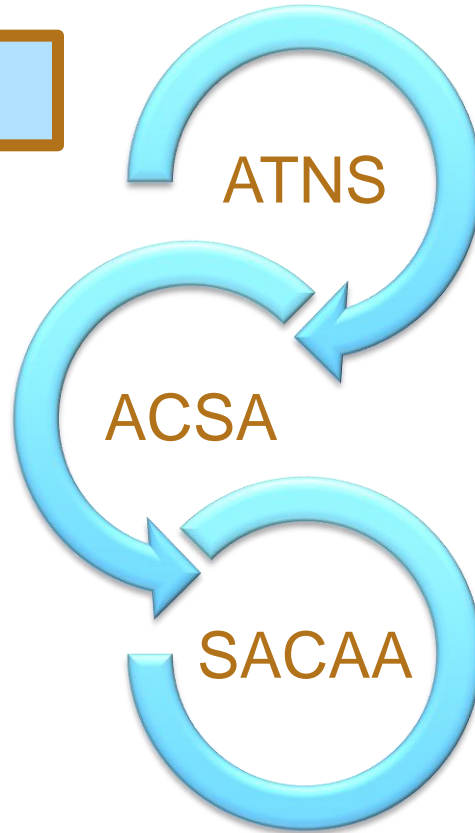
RSR

- PRASA: Passenger Rail Agency of South Africa
- RSR: Railway Safety Regulator

Transport Sector

Department of Transport and Delivery Agencies

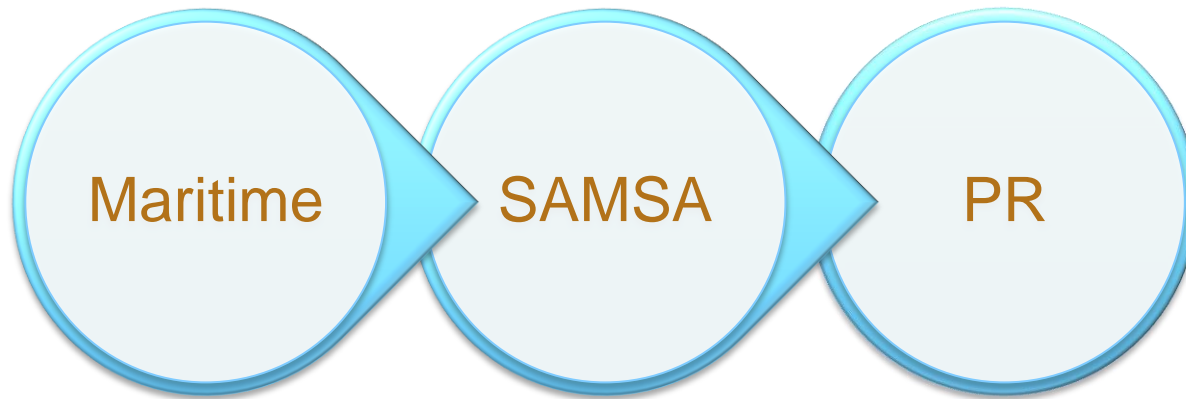
Aviation



- ATNS: Air Traffic and Navigation Services
- ACSA: Airports Company South Africa
- South African Civil Aviation Authority

Transport Sector

Department of Transport and Delivery Agencies



- SAMSA: South African Maritime Safety Authority
- PR: Ports Regulator

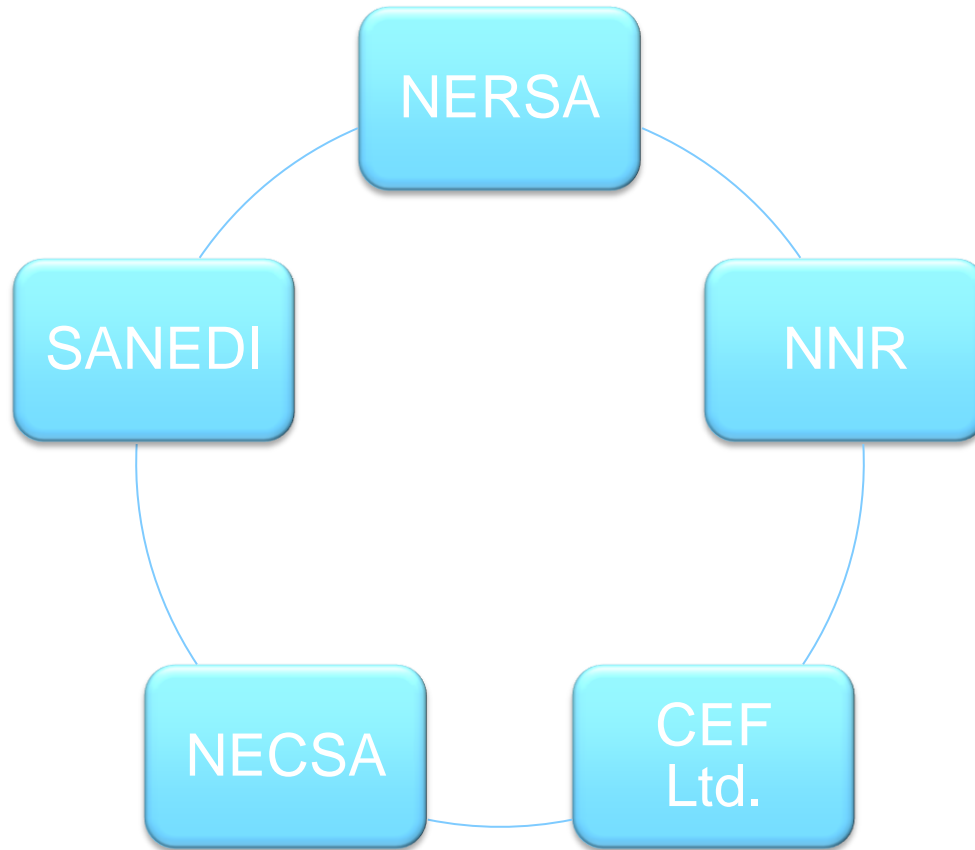
Energy Sector Overview



Forms of energy	Coal	Oil	Gas	Biomass	Electricity
Source	Coal mines, especially in Mpumalanga & North West	Imported, processed at refineries or produced at synthesis plants Sasol & PetroSA	Off-shore gas fields, import, refinery product, coal-to-gas conversion	Wood, bagasse in sugar industry, wood in paper industry	Power stations (generation - G) for conversion from primary energy: coal, nuclear, diesel, hydro & limited renewables
Delivery	Rail & road transport	Pipelines, road tanker	Pipeline, gas cylinders	Road (where applicable) transport	Transmission lines (T), distribution (D).
Market structure	Private sector, oligopolistic production, small retail sector	Private sector, multinational companies, small retailers	PetroSA, Sasol, multinationals & small private sector retailers	Private sector industry (own use), informal sector	Eskom (G, T, D), local authorities (D), limited cogeneration in industry for own use, some import and export.
End-uses	Electricity generation (41%), export (31%), synfuel & chemical production (19%), metallurgical & industrial heat (8%), households (1%)	Transport (road, rail, aviation, agriculture) (92%), industrial heat (4%), electricity generation (2%) ¹ , household paraffin (2%).	Synfuel, industrial heat.	Industrial heat, households	Mining, manufacturing & agriculture (63%), commercial, institutional, transport and general (18%), households (15%) [Losses in delivery: 10%]
Approximate share of primary energy	71%	18%	1%		1% other (hydro & nuclear, used for electricity generation)

Energy Sector

National Department of Energy and Delivery Agencies



- NERSA: National Energy Regulator of South Africa
- NNR: National Nuclear Regulator
- CEF: The CEF Group
- NECSA: Nuclear Energy Corporation of South Africa
- SANEDI: South African National Energy Research and Development Institute



GRAZIE

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