

Post office performance targets have improved - AG

CAPE TOWN: The ailing SA Post Office has made progress in crafting performance targets that are more clearly defined, time bound and verifiable, the Auditor General's (AG) office told Parliament on Tuesday, 16 April 2013.



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Last year, the Auditor General's (AG) office found that the Post Office's targets weren't easily defined and therefore were difficult to measure, but today in a review it conducted of the state entity's 2013-2016 corporate plan, the AG said it had found that about 70 targets were clearly defined, time bound and verifiable.

Briefing the National Assembly's communications portfolio committee and the Deputy Minister of Communications Thembisile Ndabeni, Donovan Simpson - a financial executive of auditing firm Sizwe Ntsaluba Gobodo which conducted the review on behalf of the AG's office - said only a handful of targets didn't meet these criteria, making it unlikely that these would result in any audit modification or qualification.

However, he said the Post Office still faced a number of current challenges, including tackling key unfilled posts such as that of supply chain general manager, the chief information officer and the chief operating officer, all of which were currently being filled by acting managers.

The position of the chief financial officer, which had been vacant for some time, had meanwhile been filled, said Simpson.

He said there was also non-adherence to policies on fruitless, wasteless and irregular expenditure, and non-compliance with certain laws and regulations - specifically around contract management.

The AG's review recommended among other things, that clearly defined roles and responsibilities be linked to performance contracts, that proper standards for operational performance be developed and that a forum be set up to share insights between the different entities that fall under the Department of Communication.

The AG also suggested that action plans be implemented to resolve key audit findings.

In response, the Post Office's chief executive Chris Hlekane said all the targets in the entity's 2013-2016 strategy plan would now translated to business units and had become part of senior managers' performance contracts

Presenting the corporate plan and entity's 2013-2016 strategy, Hlekane said revenue remained a key challenge - heightened by the recent five-week strike by postal workers, which cost the post office R100 million.

The SA Post Office is expected to record a R156 million operating loss for the 2012/13 year (with this climbing to over R170 million for the whole post office group once subsidiaries are included).

Contributing to the R156 million loss, the post office division would experience a net loss of almost R384 million, which was partly offset by the R212 million net profit set to be recorded for the Post Bank.

Staff expenses came in at R16 million above budget - due to strike action and the conversion of casual staff into permanent employees.

Hlekane said the labour unrest matter would be addressed with labour brokers by latest the middle of this year.

The biggest revenue generator in the third quarter of 2012/13 was the service offered to the renewal of over 872 000 car licenses.

MPs were concerned that the Post Bank was essentially subsidising the continuing losses at the post office division and that when the Post Bank was eventually removed from the group, the post office could find itself in a very unsustainable position.

Since 2009, the subsidy received from the government has been in decline against income, resulting in a steady slide into losses.

Hlekane said the post office was focusing on growing electronic postal services in a bid to increase revenue and was also looking at alternative methods to fund post offices.

The board has set up an IT sub-committee and had authorised the spending of R120 million to replace IT systems.

The committee was due to also hear the a presentation by the AG on the SABC's corporate plan, but this has now been postponed to June 5, as the broadcaster's interim chair was unable to make it to the meeting following a prior engagement.

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