



South African Express Parcel Association

Submissions in respect of the Draft Unreserved
Postal Regulations, 2019

Introduction to SAEPA

- Voluntary industry association of express freight and courier service providers;
- More than 110 members including multinational and local service providers of all sizes;
- The representative voice of the dynamic and competitive express freight and courier market in South Africa;



Introductory Submissions

- Express freight, logistics and courier services are distinct and separate from postal services as traditionally understood and originated in international agreements – Express freight, logistics and courier markets should have as little regulatory intervention as possible
- “Postal services” –
 - originate from the Universal Postal Union Convention;
 - a public good provided by a national postal operator for the benefit of the public;
 - reliant on public funds and state support to operate and fulfil the universal postal service obligations prescribed by the UPU;
 - reliant on public infrastructure and international postal agreements facilitated by the UPU for international postal services;
 - market access restrictions to postal services = permissible to enable delivery of the USO obligations;
 - regulatory intervention appropriate to maintain consistent, equitable and affordable access to a basic postal service;
 - service levels and price dictated by regulation and the postal operator – not driven by competition;
 - strategic considerations aligned with state policy and objectives.

Introductory Submissions

- Express freight, logistics and courier services:
 - defined internationally by the WTO GATS, the Services Sector Classification List and the provisional UN CPC;
 - provided by private, profit driven firms;
 - provided through national and global infrastructure established through privately funded investment and at private cost;
 - not the basic postal service covered by the UPU but value added services for the conveyance of high value, vulnerable, time sensitive articles tailored to suit consumer requirements;
 - service levels and price driven entirely by the ordinary rules of a free, open competitive market;
 - market access restrictions not inappropriate;
 - regulatory oversight usually kept to a monitoring role;
 - strategic considerations driven by private stakeholders and in accordance with internal procedures – subject to local laws;
 - low regulatory barriers to entry
 - Large employer in the South African economy.

Draft Regulations 4 & 7 – Licence and Renewal Applications

- Draft Regulations propose that licence applicants must submit applications in triplicate (2 hard copies and 1 CD);
- Possible increase in application costs – registration deterrent for small firms such as owner-drivers (usually one vehicle operations);
- SAEPA proposes an electronic process to submit applications (email or an online portal) – reduces application costs;
- require clarity on the status of valid, existing certificates – will currently registered operators have to apply for new certificates?

Draft Regulation 5 & 6 – Minimum Operating Standards and Customer Complaint Procedures

- Draft Regulations propose to require unreserved postal service registration applicants to submit undertakings to meet certain minimum service standards, including:

"(a) track and trace system[s]...;

(b) to provide standard delivery times;

(c) have delivery rates; and

(d) clear items through customs where applicable."

- Draft Regulation 6 proposes a customer complaints procedure;
- Regulatory intervention on service levels is inappropriate for a free market sector;
- Service levels are agreed and determined between service providers and customers;
- Distinctive service levels and compliance obligations are required for certain types of deliveries – FICA / RICA / KYC etc, which are dictated by the customer's obligations and requirements;
- Evolution of e-Commerce requires service providers to remain flexible;
- Inefficient service providers are subject to ordinary rules of competition – If not up to standard, will lose market share to competitors and be driven out of the market;
- mandatory operating standards will increase cost of operation, and consequently increase barriers to entry – will owner-drivers, Uber delivery vehicles, taxis etc be required to meet these standards as well?
- Industry also requires clarity on what is envisaged by the requirement to submit "*delivery rates*"

Draft Regulation 8 – Change of Information

- Draft Regulations proposes to require registrants to inform the Authority of changes in:
 - Name;
 - Contact details;
 - Shareholding;
 - Physical and postal address;
- SAEPA proposes that firms should not be required to notify of inconsequential changes in shareholding;
- Rather, notifications of a change in control - more appropriate and effective standard – See Companies Act, 2008, or Competition Act, 1998

Draft Regulation 12 – Third Party Contracting

- Draft Regulations propose to require registrants to report to the Authority any agency or franchising agreements that perform unreserved postal services on behalf of registrants;
- Scope of Draft Regulation 6 unclear:
 - Will service providers only be required to notify only if parties act as agents or franchisees?
 - We assume that it is not envisaged that all third-party service providers (i.e non-agents or franchisees such as owner drivers and airlines) will not be covered;
- It is in any case not clear why the Authority requires this notification as any such parties (both agents and non-agents that convey postal articles) should be required to register as unreserved postal service operators in their own right;
- Important clarification on the rationale required from the Authority for this regulation.

Conclusion

- SAEPA stands by its written submissions;
- Authority should be cautious against being too interventionist in the competitive, unreserved market;
- Must refrain from market access restrictions, high barriers to entry and increased operating costs;
- Promote ease-of-entry for increased market participation.



Thank you