

# Union vows to fight "slaughter" of Post Office jobs

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The Communication Workers Union says the Post Office is supposed to play a developmental role in South Africa.



The South African Post Office is bleeding jobs. Archive photo: Ashraf Hendricks / GroundUp

- The Business Rescue Plan for the South African Post Office estimates 6,000 workers – more than half the current workforce of 11,038 – will have to be retrenched in the first quarter of this year.
- The plan also envisages cutting the number of Post Office branches from 1,203 to 600.
- But the union says there are regulations governing postal services, and they are examining whether the plan aligns with legislation.

Up to 6,000 South African Post Office workers – more than half the current workforce – stand to lose their jobs by the end of March. But the Communication Workers Union are fighting to reduce the proposed number of retrenchments.

The number of retrenchments at the beleaguered institution are laid out in the [Business Rescue Plan](#) published by Business Rescue Practitioners Anoosh Rooplan and Juanito Damons on 23 November.

The resultant [notice of possible termination of posts](#) in line with Section 189 of the Labour Relations Act, was published on 31 December and subsequently distributed to employees.

The Post Office entered into business rescue on 10 July after being placed under provisional liquidation following litigation by creditors, including landlords to whom the Post Office had failed to pay rent.

According to the Business Rescue Plan (BRP), the Post Office has debts of R4.5-billion. Of this R3.9-billion is owed to Postbank, with about R400-million owed in rental arrears.

The operating losses, states the BRP, are “due to declines in revenue and an unsustainable cost base”, with the amount of money earned being less than half the money spent on operating costs. The biggest cost is salaries and wages, with the Post Office paying its employees R1.50 for every rand it earns.

As of July, at the commencement of the business rescue, there were 894 operational Post Office branches, but only 113 of them were profitable. This was after 384 branches had closed since the 2022 financial year. But of these closures, only 47 were planned. The remaining 337, some of which were profitable, closed due to non-payment of rent and utilities. While the business rescue practitioners plan to negotiate with landlords to “reopen certain branches”, the branch closures have resulted in about 815 more employees than needed.

“Although not all of these employees will be dismissed for operational reasons, these ... employees will possibly be affected by the retrenchments,” states the BRP.

The largest staff contingent facing retrenchment are the retail staff, of which up to 3,000 stand to lose their jobs, along with about 275 drivers, about 200 employees who have been at home due to ill-health for an extended period, along with three of 19 group executive and general manager positions. The remaining retrenchments would come from district manager posts – a post which is to be abolished – and postmen and women, although approximate numbers of employees in these posts are not provided.

While there are 1,023 branches nationwide (of which 894 are operational), the BRP is looking to reduce that by half, to 600 branches.

Although 6,000 jobs are to be cut from a staff complement of 11,038, the business rescue practitioners state their plan saves the remaining 5,038 posts, which would all have been lost if the Post Office were to be liquidated, as well as the workers running the risk of receiving no dividends from the liquidation process.

But the BRP’s success depends on a remaining R2.4-billion appropriation and an additional R3.8-billion equity funding coming from the National Treasury. Should all proceed as planned, the retrenchment process was expected to be completed by 31 March.

## **Attempts to reduce job losses**

The Communication Workers Union (CWU), which is the largest union in the Post Office, representing 34% of all employees, intends to stem the job losses.

“Clearly the business rescue plan is not worker friendly in any way, it is creditors seeing what they can get out of the process,” said CWU collective bargaining coordinator Nathen Bowers, adding that more than 70% of the creditors voted for large scale retrenchments prior to the business rescue plan being developed.

Bowers said the first sitting of the Commission for Conciliation, Mediation and Arbitration (CCMA) for the appointment of a facilitator for the retrenchment process, is on 26 January.

Bowers said while workers were “always going to be the casualties” of the business rescue plan, 6,000 job losses was “slaughter”, particularly with the current unemployment rate.

But he said there are regulations by the Independent Communication Authority of South Africa (ICASA) which state how many Post Office branches there should be in an area, based on the population. The CWU would be “looking into” how the retrenchment of 6,000 workers aligned with the ICASA regulations.

Asked to see the applicable regulations, CWU president Clyde Mervin sent *GroundUp* the 2011 Code of Practice for the South African Postal Industry and the Postal Services Act of 1998.

The code states ICASA had a regulatory function “to promote a universal postal that will ensure equal access for all citizens to a basic better service that is reasonable and accessible to all people in the country regardless of their physical location and at a uniform rate and affordable prices of postage”. The code also sets minimum standards of conduct within the postal industry.

Bowers said the Post Office, together with other state-owned companies, was supposed to play a developmental role in the country. “In rural areas, the Post Office is of utmost importance, even in towns and cities. It has the best network in the country.”

He said the provisional liquidation of the Post Office and the subsequent business rescue plan was a development the union placed “squarely on the mismanagement through various administrations”, particularly given the [findings of corruption at the Post Office](#) by the Public Protector in 2016, among which was the irregular appointment of labour brokers between 2002 and 2012 which cost the Post Office R2.7-billion over the period.

The Post Office has also [not been paying over employees’ pension fund deductions](#) to the Post Office Retirement Fund since April 2020, despite 7.5% being deducted from workers’ salaries as part of their retirement fund contributions. This is also despite a [scathing Supreme Court of Appeal \(SCA\) judgment](#) delivered on 31 December 2021 ordering SAPO to pay the retirement fund arrears, as well as 9.75% interest on the outstanding amount, within five days of the order.

A Post Office manager, who cannot be named as he had no authority to speak to the media, said their retirement funds were still being deducted, but not paid over. *GroundUp* attempted to contact the Post Office Retirement Fund Principal Officer Mike Faasen to confirm this, but was unsuccessful.

The Post Office manager said while workers opting for retrenchment were reimbursed for the retirement fund deductions, they were not receiving the interest on their payments over the last three years. Also, the contribution from their employer to the retirement fund was supposed to be 13.5% of their salary, and they were losing out on the interest this would have earned them.

As of May last year, *GroundUp* calculated the [Post Office owed about R1-billion](#) in untransferred deductions to the Post Office Retirement Fund.

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