

SA Post Office: Union deal halts layoffs at the 11th hour

By  Katja Hamilton

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The South African Post Office - within which Postbank is operating as an independent financial services arm - has made a sudden reversal, striking a deal with unions to halt layoffs.



Source: [Pexels](#)

In a jointly signed agreement involving the Post Office and unions including the Communication Workers Union, the South African Postal Workers Union, and the Democratic Postal and Communications Union, all parties have agreed to retract retrenchment notices.

Instead, the parties have opted for funding from Ters - a temporary relief scheme for employers and employees, which will be in effect for a maximum period of 12 months.

"Should the application for the Ters relief funding be successful, the bargaining unit employees (those classified under work categories Level C and below) will have 75% of their salaries paid by Ters (through the Post Office) and 25% of their salaries paid by the Post Office for the amount of time that Ters agrees but no longer than 12 months."

"The commencement date and the applicable period of the financial relief will be known once the committee provides the Business Rescue Practitioner with its decision," the South African Post Office said in a media statement.

It added that, should the application be successful, the funds can only be applied to employees who are currently employed and not those who have received retrenchment notices.

"Therefore, retrenchment letters sent to employees in Level C or below employment category only, are consequently withdrawn," the Post Office said.



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Employees serving their notice period at home have been requested to remain at home until further notice.

"However, should operational requirements dictate that additional labour is required to deal with exceptions, staff will be legally required to assist when called upon by management," the Post Office added.

As the application does not impact all retrenched workers, those employees in higher employment categories who have received retrenchment letters, remain retrenched and are still at liberty to apply for the new employment roles that have been advertised at the Post Office should their skill set and experience suit the job description, the Post Office noted.

The Post Office and the unions assert that this action aims to safeguard jobs or mitigate the impact of the layoffs. However, they caution that the withdrawal is contingent upon the assistance provided by Ters.

Hope for relief funding

Business rescue practitioner, Anoosh Rooplal noted, "While we are very pleased with the outcome that the negotiating parties have achieved, all of the actions remain dependent on receiving the relief funding from Ters and we are very hopeful that we receive this relief.

"Should the Ters relief be forthcoming, the negotiating parties will endeavour to place employees in positions that may become available as and when the business recovers.

"Relevant employees - including those that have had their retrenchment letters retracted and those in the bargaining council that are still employed - will have the opportunity to attend training and re-skilling programmes."



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The Department of Communication and Digital Technologies will also endeavour to secure positions with private partners should the employees have the correct skills set.

"Should the Ters relief not be forthcoming by the end of May, all retrenchment letters that have been withdrawn shall be reinstated and any amounts payable by the Post Office will be paid subject to the availability of cashflows."

Last year, the Post Office entered business rescue, a process that has subsequently allowed for the planned retrenchment of 6,000 employees.

PostBank: Rising as state bank

Meanwhile, PostBank is preparing to take on the role of a state bank.

With the South African Post Office undergoing business rescue, Postbank's operations remain separate and unaffected.

Postbank had, however, reported a net loss of R2bn for the 2022/2023 financial year according to its annual report tabled in Parliament.

In September 2023, President Cyril Ramaphosa signed the Postbank Amendment Bill into law, formally transferring the Postbank's shareholding from the embattled South African Post Office to the government (the Minister of Communications and Digital Technologies is the shareholder representative in that ownership).

The Bill became active law in the country on Monday, 19 February, 2024, and allows for the creation of a Bank Controlling Company – the new holding company of the bank under the auspices of the South African Reserve Bank.

Plans are underway to roll out a 100 new branches.



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Facing financial struggles

Over the past 16 years, the South African Post Office has faced significant financial challenges, consistently reporting losses and accumulating unpaid bills.

This included defaults on rent payments for its extensive branch network, substantial tax arrears to the SA Revenue Service, and an inability to cover statutory contributions for its sizable workforce, encompassing medical aid, pension, and unemployment benefits.

Following 30 years in operation, The South African Post Office was placed under provisional liquidation in 2023.

Bay City Trading 457, a property company leasing to the SA Post Office, petitioned the Pretoria High Court for provisional liquidation due to rental non-payment.

The exact amount owed to Bay City Trading 457 remains undisclosed, but the Post Office's overall debt stood at R4.4bn as of Thursday, 31 March 2022, with liabilities surpassing assets by R4bn, indicating insolvency.

On Thursday, 9 February 2023, the court granted Bay City Trading 457's request, initiating the Post Office's provisional liquidation.

As of July 2023, there were 894 operational Post Office branches, but only 113 of them were profitable.

ABOUT KATJA HAMILTON

Katja is the Finance, Property and Healthcare Editor at Bizcommunity.

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