



**ALLIANCE
Of
Communication Workers Union
&
South African Communication Union**



Dear Colleagues

AGENDA: Special Round of Voluntary Severance Packages to be offered to the business.

Melody opened the meeting by giving some history of Telkom operations since 1990.

Between 1991 and 1994 Telkom was wholly owned by state and was the sole fixed line operator. In 1993 Govt approved two cellular licences to Vodacom and MTN. MTN was backed as the mobile voice of the African countries. Termination rates in respect of the interconnection fees have always been in favour of the mobile operators and that is still the case today.

Telkom's view is that at present the mobile operators are the dominant players in the market and Telkom continues to subsidise those operators on the call termination fees v Legacy services continue to impact on the business. It is important to note the global and local trend in the ICT environment in terms of volatility of the business. **BCX was used as an example of this.**

The volatility of our currency can push Telkom into recession overnight. Market conditions for the continued survival of the business are uncertain.

Reasons: We cannot avoid the fact that the company has a very rigid high cost structure when compared to the mobile leaders in the market. This makes it very difficult to compete with them in the marketplace. A quote from the company: ***"our salary bill is one of the rigid high cost structures"***

Intention: The rationale for offering the VSP/VERP packages is to reduce this huge salary bill by reducing the high staff numbers.

It is important to note that as bargaining agents mandated by our members we have no jurisdiction whatsoever to negotiate the promotion of staff reduction outside of the processes and protocol of South African legislation.

The burning question is: Do we undertake this exercise outside the LRA section 189 process? If the company does so the exercise is going to be defective because it removes the rights of the affected employees as enshrined in the LRA.

Our main concern is: Can we defend our members' continued employment if we are undermined in this way? No we cannot. If this is the way that the company intend proceeding Organised Labour need to withdraw and focus on the company's intention to restructure outside of a framework that exists in the law.

As Organised Labour we all realise that the direct pressures and stress in the operations and business environment would see employees making rash emotional decisions, exacerbated by some unscrupulous managers, in accepting separation packages. ***And these are packages that do NOT come with any rights to claim unemployment benefits or retrenchment insurance benefits that most employees are paying for through their home loans for example***

It is important to note that we are to assist the GCEO in his fight against ICASA as per his previous high-level discussions with Organised Labour. The ICASA plans apparently put TelkomSA on the back foot in respect of continued survival in the ICT environment. The GCEO expects us to stand united with the company in this fight, yet today the company inform us of pending job losses. It does not matter whether these job losses are effected by voluntary separation or S189 retrenchment. The company still needs all the employees to survive.

This effectively means that the company would most probably re-employ some of the employees who apply for and are granted severance packages. Their reimbursement for being re-employed will be akin to a slave's salary and there will be no pension growth as they are enjoying at present.

The matter of the continued investigations into the corruption and looting taking place at top management level was discussed and answers are required as to what the company is going to do about curbing this continuous financial drain. There has been much heated debate amongst the employees in the bargaining unit with regard to the many resignations allowed at top level instead of

those individuals being disciplined as the BU employees are. Those top level employees get away with murder so to speak yet the company wants to save on the payroll by getting rid of honest, loyal and committed hard workers!

Timelines: In concluding the meeting the company reiterated that they would share their information with the employees on their intention to continue with this exercise. Their aim is to make the voluntary option to exit available by 25 September 2018 and the cut-off date 1 October 2018. The provisional exit date will be 31 October 2018. The process would conclude on 30 November 2018.

Affected employees: All of Telkom and their service organisations.

Divisions unaffected. BCX – they will undertake their own reduction process.

Alternatives: Can we discuss saving funds in relation to the BCX impact on the group? The company indicated that this process is outside the Telkom scope of the exercise.

Voluntary Retrenchment package: The company representatives indicated that the package details will be communicated in due course as they have not yet decided on the content.

UIF? No UIF would be paid to any employees terminated in their employment.

Reason for termination? Voluntary termination.

This clearly has all the elements that are required under the auspices of section 189 as prescribed in the LRA

Management held a caucus from 13H00 to 13H20. Melody Lekota and JC Smit responded as follows:

- This is not intended to be a S189 process.
- The company feels that it is important to extend this opportunity to the work force and that the company is not doing anything against any law or policy.
- The only condition is that the voluntary separation package request depends on management approval.
 - No Social Plan is in place.

In conclusion the company is offering employees an opportunity to resign with a severance package still to be decided. This offer has the effect that the employee will not be able to benefit from the tax relief as a retrenched employee would nor can they claim the UIF that they contributed while employed.

Allied to this any person who has a retrenchment insurance policy will not be able to claim the benefit that such a policy allows.

THE CHOICES YOU MAKE, NOT THE CHANCES YOU TAKE DETERMINE YOUR DESTINY...

END

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