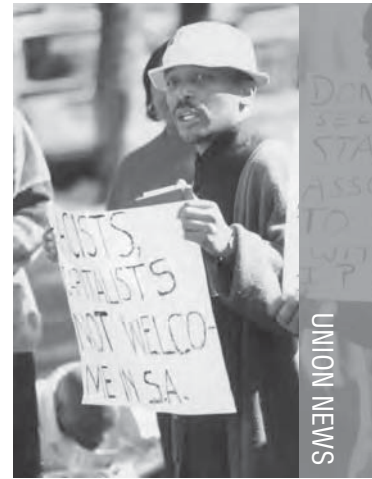


# Retrenchments

## Is Telkom really committed to the ICT summit resolutions?



UNION NEWS

During the ICT sector summit in June 2002 Telkom committed itself to save and maintain jobs. The company has announced yet another round of retrenchments. **Percy Sithole** argues why the retrenchments are unjustifiable.

**B**oth the Growth and Development Summit and the ICT Summit emphasised the potential of the ICT sector to create employment. Yet Telkom is retrenching thousands of its workforce. Does the company have a legitimate case for retrenchments and what are the unions doing to prevent them from going ahead?

Telkom recently announced that it planned to shed 1 381 jobs as part of its cost-reduction strategy. The figure was later raised to 4 181. Telkom claims that these job cuts would help in delivering better service and meeting global standards. Should this be done at the expense of poor workers? Telkom has a social responsibility to retain its workers. Government, which is a majority shareholder at Telkom, has been slammed by unions for not intervening. (Telkom reduced

the number of its fixed line employee's excluding its subsidiaries by 8.5% to 32 358 in the years to end March 2004. A decade ago Telkom had 69 000 employees. Telkom claims that its staff costs were 22,6% of revenue in 2003 against the international benchmark of 17% for developing markets).

Are these retrenchments justifiable? Telkom recorded a R4,5bn net profit last year and paid out R48m in performance bonuses to its senior managers with its CEO getting R11m. While senior management get bonuses, workers are being requested to take severance packages.

Telkom's plan to retrench workers has brought the three unions operating in the company – Communication Workers Union, Solidarity and the South African Communications Union – together to stop the retrenchments which were supposed to have started in July 2004. A Commission of Enquiry has been established to investigate the legal, economic and technical motivations for Telkom retrenchments. Advisers to the commission include economist Dawie Roodt; Advocate John Grogan; an investment consultant Charles Snyman; Peter Benjamin of the Open Knowledge Network; Charley Lewis from the Witwatersrand University and legal advisor AC Van Wyk and three former Telkom Managers. Telkom refused to participate in this commission, claiming that they were acting in a sufficiently consultative manner through talks facilitated by the Commission for Conciliation, Mediation and Arbitration (CCMA). The spokesperson for Telkom indicated that they were following a legal process. The unions found this action disturbing and disappointing.

On 15 August, an interdict was granted in the Braamfontein Labour Court. This brought some relief to the unions. The

interdict prevented the telecommunications utility from offering voluntary severance packages until it had gone through proper consultation with the unions. Telkom agreed to the court order but insisted that after the consultation process, which should be over by 13 September, it would start immediately with the implementation of voluntary severance packages.

There have been serious tensions between the unions and Telkom around defining the term severance packages as 'voluntary'. Dirk Herman of Solidarity coined them suicide 'packages'. People took the packages because they were afraid if they did not they would be retrenched anyway. Telkom insisted that the retrenchments are voluntary, but labour sees them as being 'forced' lay-offs. Telkom makes out that the packages are made as attractive as possible, but the truth is they are not attractive considering the R4.5bn profit made by Telkom.

At the time of going to press, the Communication Workers Union had indicated its intention to call for a nationwide strike against Telkom on 27 August. CWU president Joe Chauke said the union was not convinced by the telecommunications utility's rationale for retrenchments and that Telkom is renegeing on a promise not to embark on a large-scale lay-off after last year. Chauke expressed disappointment at the planned retrenchments and questioned whether Telkom was behaving as a responsible corporate citizen by being insensitive to the socio-economic realities of the country. Is Telkom more concerned about serving the interests of shareholders than ignoring the plight of unemployment?

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