

Telkom

yet another wrong number

The proverbial war of words between Telkom and organised labour over planned retrenchments brought to the fore major tensions within the Cosatu aligned Communication Workers Union (CWU). The **Labour Bulletin** attempts to explore some of the dynamics which have unfolded.

Attempting to unpack the dynamics which have emerged in the wake of Telkom's announcement in June/July that it planned yet another round of retrenchments has proved interesting. Before getting into some of these, let's look at how the events unfolded.

Since 1994 an estimated 30 000 jobs have been cut at Telkom. Telkom announced in July this year that it wanted to enter into consultations on retrenchments. In line with the Labour Relations Act it lodged a section 189 notice which provided a motivation for the retrenchments. The company argued that the retrenchments were for economic reasons. The unions – Solidarity, CWU and SA

Communication Union – apparently warned the company before the first consultation meeting that their rationale for retrenchments would not stand up in court. The company had only recently declared huge profits and directors had received large performance bonuses with the CEO Sizwe Nxasana receiving a bonus in the region of R11m.

By the time the first consultation meeting took place, the rationale for retrenchments appeared to have changed, according to the unions. The company's rationale was now one of efficiency and instead of wanting to retrench over 1 000 workers, the company indicated that over 4 000 workers could be retrenched over three years. This would cut its wage bill by R6,7bn. The first meeting proved acrimonious as unions expressed their anger at this change. Telkom argued that it wanted to introduce greater efficiencies through the introduction of new technology. It indicated that it wanted retrenchments to start by August through the offering of voluntary retrenchment packages. Aside from packages, workers had the option of accessing benefits from the social plan such as going through 12 months of training with the hope of being redeployed. In the event redeployment was not possible, workers would receive a less favourable package than those opting for a voluntary package.

After the first consultation meeting, the unions proposed an independent facilitator from the Commission for Conciliation Mediation and Arbitration (CCMA). At the same time a task team was appointed to look at the rationale behind the retrenchments while the union requested additional information disclosure. After the first meeting Telkom's argument, as presented in the media, was that it was entitled to offer voluntary packages without

consulting unions. Unions believed there was nothing voluntary about the packages as those who were not prepared to take up the voluntary packages would be forcibly retrenched.

After the meeting an alliance was formed between the three Telkom unions to fight the retrenchments. The first action was to approach the Labour Court for an interdict to prevent the company from going ahead with offering voluntary packages and early retirement prior to the completion of consultations. The Labour Court ruled on 15 August that Telkom could not go ahead with the retrenchments until it had consulted. In the aftermath of the interdict Telkom was reported to have warned that it would go ahead with its plan to offer voluntary severance and early retirement packages on September 14 whether or not an agreement with the unions was reached. It would also appear that some company representatives implied to some union officials that if they did not fall into line, the company would withdraw the social plan. The unions claimed that the court interdict against Telkom was the beginning not the end of the fight.

Aside from applying for an interdict, the unions agreed – after being proposed by Solidarity – to demand the establishment of a commission of inquiry to investigate the rationale around the retrenchments. Solidarity's Dirk Herman says that over the years large scale retrenchments had taken place at Telkom and the unions had not put up much of a fight aside from trying to block retrenchments and then negotiate packages. What Telkom had not factored in is that unions have begun to shift their approach in responding to retrenchments and aggressively attack the rationale.

The union, he says, has learnt from unions such as NUM who in recent times have begun to attack the rationale around



the retrenchments. This led to the appointment of a commission of inquiry to investigate the rationale around retrenchments at Harmony. Herman says Solidarity adopted a similar approach in the case of Iscor. This experience was brought into the Telkom process.

Despite Telkom's refusal to participate the unions went ahead and announced the names of the commission members including economist Dawie Roodt, investment consultant Charles Snyman, senior advocate John Grogan, Charley Lewis from the University of Witwatersrand, Peter Benjamin of the Open Knowledge Network, legal advisor AC van Wyk and three former senior Telkom managers. The commission is

supposed to present its results in September.

One of the driving forces behind the CWU's challenge of the retrenchments, Mfanafuthi Sithebe, says it was disappointing that the company had refused to participate. Telkom responded by saying it was acting in a sufficiently consultative manner through continuing talks facilitated by the CCMA.

Pending further consultation meetings, the unions kept up pressure in the media and by attempting to get government to intervene. This emerged after Telkom attempted to argue that it had a mandate from government to retrench. Under normal circumstances such a response might not be so strange seeing as government is the

majority shareholder. However, it is rather problematic when that same government has committed itself to addressing the chronic unemployment problem in the country. 'A company that makes a profit of R4.5bn can not retrench people in a country with 42% of the population unemployed,' Hermann says.

In the interim, CWU decided to put pressure on government, as the major shareholder to intervene. Formal requests were made to the departments of communications and public enterprises to intervene. It also organised a march on Telkom's offices. Sithebe says it was disappointing that government, the majority shareholder, remained silent throughout this process. Sithebe explains that the state owns 37% of Telkom, Thintana holds 15,1% and 47,9% is owned by various institutions. The CWU accused communications minister Ivy Matsepe-Casaburri of 'constantly avoiding' meetings with labour over issues of common interest. Her department denied this and said government had not ignored the issue. At the time of going to press, the union indicated that the minister had agreed to a meeting.

Sithebe explains that while the unions were attempting to get support from government, a similar process was underway with other key shareholders. Letters were sent to some important institutional investors such as Sanlam and Iscor to pronounce themselves on the planned retrenchments. Sithebe however, acknowledged that a number of worker provident funds had also invested in Telkom including the Telkom Retirement Fund.



IMPACT ON SERVICE DELIVERY

Telkom has indicated that it wants to review, streamline and refocus its business in response to the changing market. In line with this, the number of fixed-line technicians would be reduced by between 7% and 10% over the next three years. Hence, a large number of those facing retrenchment will be field operators. However, what is significant is that the majority of these field operators are the ones that roll out lines in the rural areas. What does this mean for rural roll-out?

There might be some commercial rationale for reducing roll out in the rural areas because of an uptake in cellular phones, but what does this mean for governments' commitment to universal service. This issue will be taken up in the next edition of the *Labour Bulletin*. The CWU has accused Telkom of trying to sabotage the country through its planned retrenchments. The union says over the past five years Telkom tariffs have been going up, the company has retrenched 25 000 workers, service has deteriorated and Telkom executive managers have been getting richer. The union's president Joe Chauke says: 'A parastatal like Telkom that is supposed to be providing service to all South Africans is gradually moving towards mobile lines at the expense of what the government stands for in the provision of universal service.' This effectively amounts to sabotage, he argues.

BAD CALL FOR WHOM?

Whilst the CWU shies away from using the word privatisation (in view of unexplained dynamics within the union and with its investment company around investment decisions), Solidarity argues that the developments unfolding at Telkom amounts

to the first big test case of the effects of privatisation. Hermann argues that Telkom is now serving the interests of its shareholders and not the community. It is for this reason that we need checks and balances when it comes to the privatisation of organisations such as Telkom. He believes that the fight around retrenchments amounts to a battle of ideas. Hermann says Telkom argues in the name and interests of shareholders. He says Telkom is caught in the philosophy of shareholder fundamentalism. The irony, he says, is that many worker provident funds have invested in Telkom. Workers in some sectors might indirectly benefit through the retrenchment of workers at Telkom

STATE OF UNIONS

What is behind all the rhetoric of CWU president Joe Chauke, such as 'this is a war situation'? Whilst he might be referring to the 'war of words' between Telkom management and the unions, there is another war going on beneath the surface in the ranks of CWU. The Telkom retrenchment dispute unfolds amidst rising tension within CWU which was discussed at a special CEC held on 17 and 18 August.

During this meeting Cosatu tabled a report on the state of the union. This comes in the wake of a request by the Gauteng region for Cosatu to intervene in the union as the region had expressed its lack of confidence in the CWU leadership. There is a perception, amongst some members, a source argues, that some of the leadership have compromised themselves because of their 'close' relations with Telkom. Three of the union's office bearers come out of Telkom.

Without having sight of the Cosatu report, it is believed however, that it reflects the decline in CWU membership by almost

50% from 1999. This is not surprising in view of the job losses at Telkom. As the report highlighted, one of the key problems is that CWU was effectively a company-based union. This, by its nature has ensured that some of the key leadership work at Telkom. This creates problems in terms of real independence. The Cosatu report however, also noted other problems around the leadership including their lack of vision and poor leadership skills.

Union members believe they have been sold out. These problems are not however, unique to now and possibly could be traced back to the times when former telecommunications minister Jay Naidoo was around.

CONCLUSION

As events unfolded it became evident that Telkom was not winning the public relations war. One wonders whether the company thought through the PR implications of announcing good results, awarding high bonuses to management and then announces job cuts in an environment of high unemployment. To add to this insensitivity the media reported that Telkom's CEO was enjoying his time in Greece on a luxury ship liner during the Olympics while the dispute around retrenchments continued back in SA. It is clear from Telkom's approach that it did not anticipate the kind of reaction from the unions that it received. There seemed to be some level of arrogance from their side that things would proceed their way. This might be based on the fact that Telkom management is aware of the problems in CWU. Whatever, the reasons, Telkom management clearly need to explore the possibility of further training in communications and labour relations!

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