

31 December 2023

**TO ALL EMPLOYEES & RECOGNISED UNIONS**  
**South African Post Office**

Dear Sir / Madam

**RE: NOTICE OF POSSIBLE TERMINATION DUE TO OPERATIONAL REQUIREMENTS - SECTION 189 OF THE LABOUR RELATIONS ACT**

**INVITATION TO CONSULT AND DISCLOSURE OF RELEVANT INFORMATION IN ACCORDANCE WITH SECTION 189 (3) OF THE LABOUR RELATIONS ACT, ACT 66 OF 1995**

1. As you are aware, the South African Post Office SOC Limited ("the Company / as SAPO") was placed under business rescue on 10 July 2023 in accordance with Section 131 of the Companies Act 71 of 2008, as amended ("Companies Act"). Mr. Anoosh Rooplal and Mr. Juanito Damons were appointed as the Company's interim Business Rescue Practitioners ("BRPs) subject to creditors ratification at the first meeting of creditors. Their appointments have since been rectified and confirmed by the creditors.
2. The BRPs are required to publish a business rescue plan which has since been done. The plan which was published and approved by the body of creditors makes provisions for the reductions of the staff compliment within SAPO.
3. This letter therefore serves to inform you that SAPO is faced with the unavoidable situation wherein the staff compliment as identified in the business rescue plan will have to be considered for a possible dismissal for operational requirements.
4. The rationale for dismissals have been detailed on a number of communications and presentations shared with the employees as represented by their respective unions in the National Consultative Forum. For completeness, writer would try and

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detail some of the reasons and the categories of positions that are potentially affected by the possible retrenchments:

4.1 First, it is known that SA Post Office has not been making any profit as its operational expenses far outweigh its profit. It should also be noted that SA Post Office was already placed under provisional liquidation as a result of its continuous failure to honour its financial obligations when they become due and payable.

4.2 Prior the provisional liquidation order being made final, other interested parties intervened and consequently the liquidation proceedings were converted into business rescue proceedings.

4.3 The BRPs have conducted an independent assessment to establish how many employees will likely be affected by the retrenchment process. From the assessment conducted during the BR process, a cumulative figure of 6000 positions were seen as being potentially affected by the retrenchment process. Thus, in view of the number of potentially affected employees, the retrenchments must be done in accordance with section 189A of the LRA (“Facilitation”).

4.4 As specifically discussed in the National Consultative Forum, SA Post Office will request for a facilitation from the CCMA in line with Section 189A(3) of the LRA.

4.5 The positions affected are:

- Group Executives and General Managers. Three positions within the Group Executives and General Manager positions will possibly be affected. In assessing the business strategy of SA Post Office, the BRPs noted that the Executive structure was ballooned, with duplicated roles. To this end, other positions within the Executive Structures will be consolidated and others

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abolished. The new proposed structures, which abolished other positions and consolidate others, have been prepared and will be shared as part of section 189A of the LRA process to enable proper consultation.

- District Managers and Area Managers. All positions of District Managers stand to be abolished from the structure. The BRPs also hold the view that there is a duplication of roles between the position of District Managers and Area Managers. Thus, it is proposed that the positions of District Managers be abolished from the structure.
- Supernumerary Employees. During the BRPs investigations, it was noted that there are a number of employees who were stationed in branches that have since been closed down. These employees are categorized as Supernumerary employees, who were accordingly moved to nearby branches. The total number of these employees are about 815. Although not all of these employees will be dismissed for operational reasons, these Supernumerary employees will possibly be affected by the retrenchments.
- Temporary and Total Disability Employees (“TTD employees”). Fourthly, there is a category of employees called the TTD employees. This includes employees who have been at home because of health reasons. They have applied to be temporarily or permanently boarded for medical reasons. The total number of these employees are just over 200. This group of employees are affected by the possible retrenchments, as operations have continued despite their absence.
- Retail Staff. Between 2500 to 3000 of the Retail staff are possibly affected by the retrenchments. Following a branch analysis that was conducted, it was noted that there were branches that were running at a serious loss. It is important to reduce the operational expenses of the underperforming

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branches through the reduction of the head count in those respective branches.

- Drivers. SA Post Office has a range of Drivers which differs in terms of grading. Forklift Drivers and all other Drivers are possibly affected by the retrenchments. The reason behind this is that SA Post Office has lost most of its vehicle fleet and thus there are no vehicles which the Drivers will be using / driving. Moreover, there have been a number of incidences where the employees in this category refused to be repurposed and used in different capacities. Thus, those positions can be regarded as redundant.
- Postmen/Postwomen. Postmen/Postwomen are also affected by the possible retrenchments. However, there is an alternative to implement short time as opposed to a total reduction of this staff complement.

More information regarding the rationale for the retrenchments can be obtained on the SA Post Office website, particularly the approved business rescue plan.

## 5. Reasons for the perceived need to retrench

**5.1** The reasons for the retrenchment are at the main contained in the published rescue plan. Due to the size of the document, the whole plan could not be attached to this notice but same will be made available to the affected parties in hard copies. However, as stated, the plan is available electronically on the SA Post Office website. Parties are advised to also obtain the full plan from the website.

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## **6. Alternatives considered**

There are currently no alternatives which can be viewed as viable. However, the BRPs will consider any alternatives that could be tabled during the facilitation proceedings.

## **7. The number of employees and job categories likely to be affected**

It should be noted that prior SA Post Office being placed under business rescue, a total number of 7000 was reported as the possible number of employees to be retrenched. The BRPs conducted their own assessment and determined that a cumulative number of 6000 will likely be affected by the retrenchments. The categories of the positions are listed above. For more information, please refer to the published business rescue plan.

## **8. Proposed method of selecting employees to be retrenched**

Selection criteria will be based on the employer's operational requirements. The BRPs will be open to any form of proposal that can be tabled during the consultation, which proposals are aimed at ensuring that the business of the post office continues to the best of its ability.

The BRPs recognise that the normal selection criteria is usually LIFO (First in last out). However, the Company has noted that in some exceptional circumstances, LIFO may not be as practical as projected. Thus, the selection criteria will be left open for discussions during the consultations.

## **9. Time frame when retrenchments are likely to take effect**

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Ordinarily, the timing of the retrenchment would be 60 days after the publishing of this notice. However, the BRPs anticipate that the retrenchment can be pushed back to end of March 2023 to enable parties enough time to engage in meaningful consultation.

## 10. Proposed Severance pay and payment arrangement

- 10.1 Severance pay calculated at 1 (one) week's basic rate of pay for each completed year of continuous service with the Company.
- 10.2 One month's notice pay in lieu of the required notice period.
- 10.3 Payment of accumulated annual leave days and any other outstanding monies.

The BRPs are open to counter proposals that can be tabled during the consultation process.

## 11. Proposed assistance to be offered to retrenched employees

The following assistance is proposed in assisting retrenched employees.

- 11.1 Provide employees with a letter of reference, if requested.
- 11.2 Assistance with the claiming of UIF benefits, if requested.
- 11.3 Provide the employee with a Record of Service.
- 11.4 There are entities who have advised that they are willing to open up job applications to officials who were associated with SA Post Office. The full information will be provided during the consultation process.
- 11.5 The BRPs are also in discussions with the Department of Labour and Employment to determine how affected employees can be assisted. This will also be subject to discussions during the consultation process.

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## 12. The possibility of re-employment

When SA Post Office is able to change its financial affairs, employees will be afforded a recall period of six (6) months. The recall process will be subject to the employee still being available and meeting the minimum qualifications / requirements for positions that may open up in future. This is also open to further discussions during the consultation.

## 13. Number of employees

14. As at the time of drafting the Plan which contemplated dismissals for operational requirements, the total number of employees was 11 083. This figure was as at end October 2023. It is important to note that the number is always changing due to other employees resigning, dismissals for misconduct and those taking Voluntary Retrenchment Packages (“VSPs”). An accurate figure of employees will be provided on a continuous basis during the consultation period.

## 15. Retrenchments during the past 12 months

SA Post Office has note dismissed employees for operational requirement in the last 12 months. However, employees have been afforded an opportunity to take VSPs and a number of employees did take that option. SA Post Office will collate these figures and provide them during the consultation proceedings. The challenge in penning down these figures are that such numbers increase on a daily basis.

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16. Attached to this notice is the referral to the CCMA seeking facilitation from the Commission. Moreover, there is an annexure “A” which provides contact information of the representatives as well as the delegates of the BRPs who are tasked with handling this process on behalf of SA Post Office. Please refer to the referral form, annexure “A” and the BR Plan that has been published.

17. SA Post Office commit to making the consultation process a joint exercise and look forward to the facilitation and the full co-operation of the unions and all affected parties.

Hope you find the above in order

Signed on behalf of the BRPs



**Mukovhe Ravhura**

**Acting Head of Legal (Per the delegation of the BRPs)**

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