

Date: 24 January 2024

Business Rescue Practitioners reply to Cosatu's press release entitled, "COSATU condemns the appalling neglect and abuse of Post Office workers"

Joint Business Rescue Practitioner, Anoosh Rooplal responds, "The BRPs would like to correct certain misconceptions and inaccuracies contained in Cosatu's press release entitled, "COSATU condemns the appalling neglect and abuse of Post Office workers", dated 19 January 2024 and which was reported on in the media.

When we took over as BRPs on 10 July 2023, no medical aid payments were being made to the relevant medical aids. The SAPO management had made a decision to pay salaries net of these medical aid benefits with the money that was available at the time. To reiterate, no medical aid payments were being deducted from salaries hence no alleged fraudulent transfer on the part of management was being made.

We prioritized negotiations with the relevant medical aids and were pleased to announce to staff that from 1 August 2023 that all medical aid contribution payments were made to the medical aids, however that not all medical aids were allowing employees access to benefits. We had committed to pay contributions going forward to ensure that members of the respective schemes are afforded access to the benefits. We confirm that these contributions are still currently being paid. Employees also have the right to choose a different identified medical aid, should they wish to and were communicated to as such.

The Medical aid and Retirement Fund claims against the company were dealt with in terms of the business rescue plan, which the creditors voted in favour for and approved on 7 December 2023.

Full salaries minus benefits were being paid when SAPO went into business rescue and have continued as such. There has been no reduction in salaries, since business rescue nor are there any salary reductions drafted into the Business Rescue Plan.

South Africa's Post Office's financial sustainability is a critical concern with costs consistently exceeding 200% of its revenue since FY22. We have to rationalize the cost base. Employee costs accounted for 150% of revenue, with inadequate investment into IT systems, fleet management, mail processing centres, depots and the branch network.

After an extensive analysis of the employee base, we proposed to right size the business through the retrenchment of approximately 6 000 of the 11 083 (31 Oct 2023) total employee base, which will also fall in line with the reduction in branch foot print. This action will reduce the annual employee cost by approximately R1.2 billion.

Since the first employee meeting In July 2023, when we set up The Employees Committee, which represent unions and non-unionised staff members, we have continued to engage with the committee around our considered actions with input taken from the committee. It should be noted that should this reduction in staff not take place, it is likely that the Post Office will fail in its entirety and that all staff would lose their jobs in liquidation.

The Section 189 according to the Labour Relations Act was launched on 2 January 2024 with the CCMA, who will facilitate the process.

We further welcome comments from Cosatu that Government must recapitalise the Post Office to give the Post Office a fair chance and the necessary liquidity to compete in their sectors as well as that national, provincial and local government and other state-owned enterprises should play a role in utilizing the Post Office as their preferred service providers.

ENDS

Louise Brugman 083 504 1186 on behalf of Joint South African Post Office ('SAPO') Business Rescue Practitioners (BRPs), Mr Anoosh Rooplal and Mr Juanito Damons

A copy of the Business Rescue Plan can be found on <https://www.postoffice.co.za>