

30 August 2016

Telkom welcomes Labour Court Ruling on Restructuring Process

The Labour Court of South Africa today handed down a damning judgement against the Communication Workers Union (CWU), describing the union as “confrontational”, “obstructionist” and noted that the CWU had withheld key facts from its founding affidavit.

The judgement relates to an urgent application brought to the Labour Court on 1 August 2016. The CWU sought to interdict Telkom from completing the Section 189 (retrenchment) phase of the Company’s restructuring of its corporate office.

The judgement found against the CWU and was clear that the union had not consulted in good faith noting “...there is not one real example in any of the consultations conducted, of the CWU making a proper proposal on any of the Section 189(2) consultation topics.

Between 8 March and 19 July, Telkom attempted to consult with the CWU on 15 different occasions. Telkom even sought to supplement consultations outside of the formal facilitated process to ensure that all issues were addressed. Despite these many attempts, the judgement notes that the union maintained an “intransigent” position, insisting that all processes be halted and wages be negotiated.

“Throughout all our consultations with organised labour, we have sought to engage in a fair, transparent and meaningful manner. We negotiate in good faith and are pleased that today’s judgement recognises that our adherence to and respect for due process, was not in vain,” said Jacqui O’Sullivan, Telkom Managing Executive: Communication.

The judgement states: “CWU had every opportunity to participate in the consultation process... It had every opportunity to table its own proposals. But to adopt the approach of effective non participation in the process, wait until employment of employees is terminated, and then after the fact complain about the process, is just not proper.”

The court found no unfairness in the circumstances surrounding Telkom’s restructuring process and instead found that the conduct of CWU itself had undermined consultation efforts.

The judgement states: “The overall objective of fair consultation has been achieved, despite the CWU’s best efforts to scupper this. In the end, it is the conduct of CWU itself that stands in the way of it claiming procedural unfairness.”

While the judge indicated a temptation to award costs, based on the conduct described in the judgement, the decision was not to award costs in an effort to maintain the relationship between Telkom and the CWU. ENDS.

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ABOUT TELKOM:

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue of R37.3 billion and normalised profit after tax of R4,052 million for the year ended 31 March 2016. Total assets amounted to R46.8 billion and equity attributable to the owners of Telkom to R26.1 billion as of 31 March 2016. The group generated normalised free cash flow of R3.9 billion for the year ended 31 March 2016.

As of 31 March 2016, we had approximately 3.2 million telephone access lines in service and 1,077,939 ports connected via MSAN access. We offer business, residential and payphone customers a wide range of services and products, including:

- fixed-line retail voice services using PSTN (Public Switched Telephone Network) lines, including ISDN (Integrated Services Digital Network) lines, and the sale of subscription based value-added voice services and calling plans;
- fixed-line customer premises equipment rental and sales services both voice and data needs and these include PABX, Computers, Routers, Modems, Telephone handsets and other ancillary equipment;
- interconnection services, including terminating and transiting traffic from South African mobile operators, as well as from international operators and transiting traffic from mobile to international destinations;
- fixed-line data services, including domestic and international data transmission services, such as point-to-point leased lines, ADSL (Asymmetrical Digital Subscriber Line) services, packet-based services, managed data networking services and internet access and related information technology services;
- Data Centre Operations includes e-commerce, application service provider, hosting, data storage, e-mail and security services;
- W-CDMA (Wideband Code Division Multiple Access), a 3G next generation network, including fixed voice services, data services and nomadic voice services;
- mobile communication services, including voice services, data services and handset sales through our mobile brand called Telkom Mobile;
- information and communication services including cloud services, infrastructure services, workspace services, global service integration management and hardware and network equipment sales locally, in seven African countries, the UK and Dubai through Business Connexion Group; and
- other services including directory services, through Trudon (Pty) Ltd, wireless data services, through Swiftnet (Pty) Ltd.
- Convergence is one of our key strategic initiatives in building a sustainable future for Telkom. We will lead the provision of converged services in South Africa in support of our mission statement: Seamlessly connecting people to a better life.