

Solidarity, Telkom head for CCMA

Trade union Solidarity said on Tuesday (14 May) that it had referred a dispute to the Commission for Conciliation, Mediation and Arbitration (CCMA) after wage negotiations between trade union and telecommunications company, Telkom, reached a stalemate. Trade unions rejected Telkom's final offer of a 1.5% increase.



Marius Croucamp, Solidarity spokesman, said wage negotiations with Telkom began in March this year and after five rounds, no progress had been made.

"Solidarity is demanding a wage increase of 8.8%. It is based on the consumer price index of 5.8% plus 3%. We are more than willing to negotiate with Telkom and would submit any reasonable offer from the employer to our members," he said.

Solidarity said it was still in talks with Telkom about the voluntary severance and early retirement packages offered to its 21,000 employees earlier this year.

Telkom urgently needs to reduce staff numbers to cut costs. Its employee costs make up about 50% of the company's operating expenses, excluding payments to other operators, cost of sales and depreciation. Telkom's operating expenses for the six months to September last year increased by 1.6% to R15.6bn, primarily due to a provision for a penalty handed down by the Competition Tribunal, and an average annual salary increase of 6.5%. Telkom was fined R449m for anti-competitive behaviour.

In March Thami Msubo, Telkom's chief of human resources, said the voluntary severance offer was necessary as there "is an urgent need" for the company to address its "human capital requirements", which impact substantially and directly on the company's cost base.

In November, Telkom's chief financial officer Jacques Schindehütte warned that the company was unlikely to continue operating under the present conditions and environment, especially given that total expenses were almost the same as revenue. He said the cost base would have to be reduced and employee costs "will come into play".