

## Overview of HR Matters at the Post Office

During the year under review, the main focus at the Human Capital Management unit was on fostering capabilities that will enable the organisation to deliver on its mandate. This included enhancing and improving organisational discipline and people management practices.

During this period of rebuilding the HCM policy framework was relaunched and relationships and was rebuilt with trade unions through the development of consultation structures. The relationship between the organisation and other external stakeholder like Services SETA, was also prioritised to enable the growth envisaged in the corporate plan through the development of the skills profile of the organisation.

Another focus area was the enablement of the human capital of the Post Office to deliver on the SASSA project. A Training programme was developed and implemented and the appropriate structure for delivery on the SASSA project was developed. The capacitation of this structure taking into account the challenges on staff cost will be the priority for the new financial year.

Dealing with the bloated cost structure of the organisation was a focus for the HCM unit in the year under review and some initiatives in this regard were launched with limited success. This will be a continuing focus for the next financial year.

Parallel to the cost reduction strategies, initiatives to improve productivity and engagement is central to the organisations recovery path. The focus on entrenching a performance management culture in the Post Office was an important driver and during the year under review, more than 97% of employees expected to submit performance appraisals actually did so. This indicates a significant success rate, and improved employees' understanding of the workplace and the role each employee plays in turning the vision of the organisation into a reality.

Skills development remained a challenge because of

the financial situation, however the process of re-establishing the internal training division – known in the Post Office as the Learning Institute was started in the year under review. This will be an ongoing focus for the new financial year with the help of the Services SETA. This programme will be ramped up to reduce the cost of learning and development initiatives, whilst increasing the impact of capacity building.

An imperative for the Post Office during FY18/19 will be the implementation of a new operating model. Appropriate skills in the areas of IT, HR, finance and operations will be developed internally from the skills available within the organisation through skills rotation programmes and the skills development programme with the Services SETA.

## HR Priorities

The priorities set for the year were:

**Reduction of staff and staff cost:** there was a reduction of staff, but due to the filling of critical vacancies in anticipation of SASSA and overall organisational stability at market related cost, the staff cost remain stable.

**Cost containment:** Cost containments initiatives for overtime, acting allowance and extended hours were implemented. Overtime reduced by R160 000 due to overtime at our international mail centres, this was as a result of an unprecedented growth in parcels from China. Unfortunately, our leave liability increased during the period under review, a programme to drastically reduce this liability will be implemented in the new financial year.

**Implement Performance Management on managerial level:** The submission of the Performance contracts has improved dramatically to 96%. This has been due to all continuous communication and creating awareness among managers to drive performance among their teams, and encouraging them to realise that performance management is a tool to enable them to encourage discussions on performance and dialogue in line on the corporate plan, and the set objectives.



**Training Centre re-establishment:** The National Learning Institute will be established in Pretoria at one of the Post Office venues. This project will be completed by the end of 2018. Work in this regard have already started. The roll-out of the SASSA project will be an important element of this re-establishment.

Application for the extension of the Learning Institute accreditation was submitted to the Services SETA and the accreditation of the Post Office Qualifications, i.e. Postal Frontline Service & Management & Mail Handling is underway.

### **Workforce Planning Framework and key strategies to attract and recruit a skilled and capable workforce.**

The Post Office have an established dynamic crewing model benchmarked on world class postal service delivery to enable it to crew and plan the workforce effectively to ensure the right people for the right job. The focus is on enhancing the current framework to be more dynamic to take cognisance of the changing workforce drivers, i.e. decreasing volumes whilst taking into account the challenges of a vast geographic spread and USO obligation.

A key challenge for the new financial year will be the consolidation of regional services with specific reference to mail and Retail business functions to enable reduction of duplications in operational and support functions.

### **Employee performance Management Framework**

The historically poor culture of performance management has created an environment that has been slow to respond to the pressure for change and improvement that is required. Performance management for the top 70 had to be implemented by 2017/18. The submission of the Performance contracts improved dramatically to 97%.

In a number of business areas this has improved however more work will be done in the new financial year to ensure that it is sustainable.

The future performance management strategy is to include employees at all levels of the organisation. Generic performance standards have been determined for each job category and this will be followed by individual performance contracts. The next step that will be driven is the monitoring of performance and ensuring that employees who do not perform receive necessary support to develop the employees.

The challenge for the new financial year is to improve and develop incentives and recognition for great performance amidst the challenging financial situation of the organisation.

### **Policy Development**

Our philosophy is to attract, retain and enable high performance by ensuring that policies conform to supporting business and HCM strategies which must be legislatively compliant, internally integrated, consistent across topics and disciplines and aligned to market best practice.

The following policies were approved by the Board during the fin-year:

- Retrenchment
- Employee Leave
- Remuneration and Benefits
- Learning and Development
- Talent and Succession Management
- Recruitment and Selection
- Cellular Phones
- Performance Management

## **Human Resources Oversight Statistics**

### **Personnel cost by programme**



Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	% of Personnel expenditure to total Personnel cost	No. of employees	Average personnel cost per employee (R'000)
5 569 162	3 507 086	63%	18 119	193 558
Total expenditure figure is preliminary and subject to change after the external audit is finalised.				

## Personnel cost by salary band

### Staff Establishment

The Post Office's staff establishment was 18 119 as at 31 March 2018, compared to the figure of 18 730 at 31 March 2017. The 4,17% reduction during the year under review was as a result of natural attrition (781).

Salary Band	Employment at beginning of period	Terminations	Appointments	Employment at end of the period
Board	11	0	4	15
Top Management	33	2	3	34
Senior Management	257	9	12	260
Professional qualified	415	46	18	387
Skilled	3 152	161	14	3 005
Semi-skilled	13 427	488	115	13 054
Unskilled	1435	75	4	1 364
<b>Total</b>	<b>18 730</b>	<b>781</b>	<b>170</b>	<b>18 119</b>

### Performance Rewards

The Post Office does not have a performance rewards system in place as a result of the financial situation. A key objective of the next financial year is the development of a variable remuneration programme with incentive schemes for target programmes and employees. This is a crucial driver to establish a high performance culture and to re-establish the discipline of performance management.

### Training Costs

Directorate/ Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee (R'000)
The Post Office workforce across Business Units	3 507 086	3 133	0,1%	3 450	0,908

### Employment and vacancies

The total salary cost for the year under review (April 2017 – March 2018) was R3 507 086 billion. The Post Office group monthly salary cost as at 31 March 2018 was R227 million, showing an R8 million decrease as at 31 March 2017.





	2017	2018			
Level	Number of employees	Approved positions	Number of employees	Vacancies	% of vacancies per level
Board	11	19	15	4	21%
Top Mgt	33	59	34	25	42%
Snr Mgt	257	474	260	214	45%
Specialist	415	621	387	234	38%
Skilled	3 152	4 173	3 005	1 168	28%
Semi-Skilled	13 427	16 144	13 054	3 094	19%
Unskilled	1 435	1 981	1 364	617	31%
Total	18 730	23 471	18 119	5 356	23%

The focus was on internal recruitment as part of driving employee engagement and ensuring talent development whilst curtailing a rise in staff costs. The management of vacancies is closely aligned to the need to manage the cost structure of the Post Office and all vacancies are reviewed and if possible roles are combined to reduce the number of vacancies.

The Post Office's policy and practice is to first to fill positions internally. Only in cases where scarce skills are required and no suitable skills are found internally, the vacancies are filled with external applicants.

During the 2017/18 financial year positions within Post-bank and IT were filled with external candidates due to the lack of internal expertise. In order to ensure that capacity is built within the organisation an IT graduate

program was introduced to provide a pool of suitable IT qualified employees to fill current and future staffing needs. The purpose of the programme is to enable graduates that studied in the IT field, to gain experience within different specialised areas within IT. These graduates are appointed with a formal development plan and they rotate within IT in order to build capacity.

The Post Office also embarked on projects e.g. Address roll-out project as well as the Broadband Digital Migration Project and for these project and had to appoint external temporary staff on a fixed term contract to assist with the implementation of the projects.

The personnel cost by salary band is reflected in table below:

Level	Personnel expenditure (R'000)	% of Personnel expenditure to total cost	Number of employees	Average Personnel cost per employee (R'000)
Board	867	0,38%	15	58
Top Mgt	4 055	1,78%	34	119
Snr Mgt	11 818	5,20%	260	45
Specialist	13 996	6,16%	387	36
Skilled	55 972	24,64%	3 005	19
Semi-Skilled	130 857	57,60%	13 054	10
Unskilled	9 619	4,23%	1 364	7
<b>Total</b>	<b>227 184</b>	<b>100%</b>	<b>18 119</b>	<b>13</b>

The stabilisation in the salary bill was brought about through cost containment initiatives, which saved R15 837 995 in acting allowances for the period under review.



	2016/2017 (R'000)	2017/2018 (R'000)	Variance between 2017 and 2018
Acting Allowances	25 420 337	9 582 342	-62%
Extended hours	74 749 900	114 912 721	54%
Overtime	23 168 686	27 971 261	21%

## Employment Changes

### Attrition

The attrition rate from April 2017 - March 2018 was 4,17%.

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of period
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Top Mgt	33	2	3	34
Snr Mgt	257	9	12	260
Specialist	415	46	18	387
Skilled	3 152	161	14	3 005
Semi-Skilled	13 427	488	115	13 054
Unskilled	1 435	75	4	1 364
<b>Total</b>	<b>18 730</b>	<b>781</b>	<b>5 356</b>	<b>1 8119</b>

The assumption underlying the targets for the EE plan was that the natural attrition rate for the previous years would continue and that the organisation would reduce staff through a voluntary staff reduction programme. The natu-

ral attrition was arrested by a more optimistic financial outlook and the voluntary severance programme has a lower than anticipated uptake. The targets will be reviewed and the 5 year EE plan will be aligned to take this into consideration.

Progress on the implementation of the Disability management programme was also not as anticipated, however efforts to address this challenge will be enhanced in the new financial year.

Reason for leaving	Number Exited	% level of number of staff exiting
Demise	83	11%
Dismissal	228	29%
End of Contract	11	1%
Resignation	228	29%
Retirement	231	30%
<b>Total</b>	<b>781</b>	<b>100%</b>

### Labour relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Reprimand	144
Written Warning	174
Final Written Warning	180
Dismissal	187
<b>Total</b>	<b>685</b>

18 119 as at 31 March 2017

Misconduct and disciplinary action were reduced and it is currently only 4% of the total workforce (18 199), compared to 5 % in the previous financial year. The discipline of conforming to company policies and procedures have been instilled and 96% of employees conform to policies and procedures.

### EE Target and Employment Status

The Post Office continually reviews its Employment Eq-



uity targets taking into account the level of natural attrition and the strategic workforce skills plan. Although the Post Office largely mirrors the diversity profile of the economically active population, inroads have been made in ensuring greater representation at management level in specifically the retail business in the African and Coloured female target groups. Attaining targets in women development remains a challenge and the skills development programs that will be implemented in the new financial year will have this as a priority.

<b>Race</b>	<b>African</b>		<b>Coloured</b>		<b>Indian</b>		<b>White</b>		
<b>Level</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>All</b>
Board	5	4	0	0	0	0	1	1	11
Top Mgt	13	5	1	1	5	0	7	2	34
Snr Mgt	107	57	15	11	16	2	33	19	260
Specialist	147	92	27	8	19	8	60	26	387
Skilled	836	1 120	174	191	90	52	240	302	3 005
Semi-Skilled	5 896	4 394	963	511	250	89	344	607	13 054
Unskilled	261	911	55	120	2	0	5	10	1 364
<b>Total</b>	<b>7 265</b>	<b>6 585</b>	<b>1 236</b>	<b>842</b>	<b>382</b>	<b>151</b>	<b>691</b>	<b>967</b>	<b>18 119</b>

The assumption underlying the targets for the EE plan was that the natural attrition rate for the previous years would continue and that the organisation would reduce staff through a voluntary staff reduction programme. The natural attrition was arrested by a more optimistic financial outlook and the voluntary severance programme has a lower than anticipated uptake. The targets will be reviewed and the 5- year EE plan will be aligned to take this into consideration.

<b>Level</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Board	8	7	15
Top Mgt	26	8	34
Snr Mgt	171	89	260
Specialist	253	134	387
Skilled	1 340	1 665	3 005
Semi-Skilled	7 453	5 601	13 054
Unskilled	323	1 041	1 364
<b>Total</b>	<b>9 574</b>	<b>8 545</b>	<b>18 119</b>

Progress on the implementation of the Disability management programme was also not as anticipated, however efforts to address this challenge will be enhanced in the new financial year.

<b>Disabled Staff</b>				
<b>Level</b>	<b>Female</b>	<b>Male</b>	<b>Grand Total</b>	<b>% of Disability</b>
Top Mgt		1	1	2,9%
Snr Mgt		4	4	1,5%
Specialist		1	1	0,3%
Skilled	3	8	11	0,4%
Semi-Skilled	16	13	29	0,2%
<b>Total</b>	<b>19</b>	<b>27</b>	<b>46</b>	<b>0,25%</b>







KRUGERRAND 50 YEAR ANNIVERSARY



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## PART E: FINANCIAL INFORMATION

