

## **Post Office's court bid fails to unfreeze bank accounts as creditors line up**



Post Office employees are back at work at the WitPos Postal Centre on November 28, 2014 in Johannesburg, South Africa. Employees returned to work on Friday following the end of a 4 month strike in the Post Office sector.

**Image by:** Sunday Times / Kevin Sutherland

**Lawyers acting for the SA Post Office left the Pretoria High Court red-faced on Friday afternoon, after their urgent bid to overturn a warrant freezing the utility's bank accounts was dismissed.**

Last September, the Post Office signed a settlement with Nasasa Cellular, which represents eight million stokvels and burial societies, agreeing to pay R50-million for renegeing on a deal struck in 2004 to sell cheap cellphones through the network of 1250 branches. But the cash-strapped post office then broke that deal, and never paid up.

This week, Nasasa's lawyer, Bernard Hotz, got a warrant of execution attaching the Post Office's bank accounts at FNB, Absa, Nedbank, Standard Bank and PostBank.

On Friday, the Post Office failed to have the freezing order lifted in court - and the struggling utility found itself on the wrong end of some harsh words from Judge Eberhard Bertelsmann.

The judge questioned why the Post Office chose to do nothing about the R50-million debt until 2pm on a Friday before a long weekend.

The Post Office's lawyer, Nazeer Cassim, said that it had to pay salaries this weekend, and was unable to use its accounts .

Bertelsmann asked whether the Post Office was bankrupt, and why it had not settled the debt earlier.

Cassim replied that the Post Office had discovered fraud in the Nasasa deal, which contravened the Public Finance Management Act. He argued that "the Post Office can't be seen in any scenario to be selling cellphones. Their job is to deliver post".

But Bertelsmann said the Post Office's court papers did not set out any details of this alleged fraud.

He asked if, when the Post Office struck the deal in 2004, it hadn't considered whether selling cellphones was outside its mandate.

Ross Hutton SC, arguing for Nasasa Cellular, said it was inexplicable why the Post Office administrator Simo Lushaba "comes in late in the day" and suddenly claims there was fraud.

Though Nasasa's lawyers said the bank accounts had been frozen, the Post Office denied this after the court adjourned, and said it was able to pay staff. "In fact, they were paid today," a spokesman said.

Hotz said the attachment of any accounts in the Post Office's name was immediate, and although money could go in, the Post Office could not access it. "Those accounts are all frozen," he said.

Quite why the Post Office refused to pay remains unclear. This week, the Lushaba said: "We will make an announcement on our position when the time is right."

The Post Office's finances are in a dire state, particularly after a four-month pay strike last year. For the year to March, the utility projected a loss of R1.3-billion.

But even with the assistance of National Treasury, there are new allegations that the Post Office is battling to pay suppliers and staff at its Courier Freight Group subsidiary.

One supplier - Crossroads Distribution, which supplies 30 trucks to move mail between the three largest cities - has been forced to extend payment terms to the utility.