

A joint approach

restructuring the state's commercial forests

The Department of Water Affairs and Forestry (DWAF) has been working closely with several trade unions over the last two years to create an unusual agreement on the merger and restructuring of the state's forests assets. Several unions have been involved including NEHAWU, SAAPAWU, CEPPWAWU and the PSA.

NEHAWU has been most central to the project since most of the workers affected by the process are NEHAWU members, currently employed by DWAF.

History is still with us

Government's forests still suffer from the after-effects of the homeland system which carved up the state's industrial forests holdings. The industrial forests are timber plantations planted with pine or gum trees for the purpose of supplying timber to sawmills and pulp mills.

When the homelands were established, the plantations were carved up and some of them were allocated to various homelands. The major beneficiaries were the Transkei, Ciskei, KwaZulu, Lebowa and KaNgwane. In many cases these forests provided homeland governments with a source of employment and revenue.

On the surface, this arrangement appeared to work successfully for many years, from the mid-1970s to the late 1980s. But there were underlying problems. In many cases, forests had been

Lael Bethlehem details how the Department of Water Affairs and Forestry and trade unions have negotiated an innovative agreement on the merging and restructuring of the state's forests assets.

split down the middle with the homeland border running through the forest. In many cases, the border was represented by a forest road or sometimes by a sign erected in the middle of a plantation. This meant that the forests became fragmented and that each forest estate was too small to supply sufficient wood for more substantive investments. In addition, labour practices and policies were different on one side of the fence from the other so that workers doing one job were paid vastly different salaries from workers doing the same job a few hundred metres away. Similarly, the homelands entered into different kinds of wood supply contracts, some of them promising a supply of timber way beyond the capacity of the forests to deliver.

Meanwhile, in the late 1980s, the RSA embarked on a programme to commercialise their industrial forest assets. This involved establishing a state-owned

enterprise in the form of the South African Forestry Company Limited (Safcol) which was formed in 1992. All the industrial forest assets which had been under the direct management of the Department of Water Affairs and Forestry were transferred to Safcol.

The company was given a mandate to operate as a commercial enterprise and to move towards profitability. Safcol was established as a state-owned enterprise, operating under the authority of the Minister of Public Enterprises.

Meanwhile, outside the plantations, democracy dawned. In 1994, the homelands were dismantled and the various homeland plantations were transferred to the Department of Water Affairs and Forestry.

To make matters more complex, workers in Safcol were paid and managed in line with industry norms, while workers who had been transferred to DWAF were paid and managed according to public sector standards.

Having just transferred all its industrial forests to Safcol, the Department once again found itself operating commercial forests. And at this stage the problems that were created by virtue of having split the forests into entities came home to roost. Suddenly, the new democratic state was operating two distinct sets of commercial forest assets - Safcol managing 260 000 hectares of forests and selling to a range of customers, and DWAF managing 150 000 hectares in adjacent locations and selling to many of the same customers.

To make matters more complex, workers in Safcol were paid and managed in line with industry norms, while workers who had been transferred to DWAF were paid and managed according to public sector standards. This involved, and continues to involve, a difference of some 40% in monthly salaries with a minimum wage of R1 100 per month in Safcol and R1 800 in the public sector

Re-uniting the fragments

The privatisation of Safcol was on the agenda from the early days of the new democracy. By 1997 a plan was in place to put Safcol on the market. However, when the cabinet committee on restructuring debated the proposal, it became clear that there was a flaw - the plan would privatise one side of the state's assets, Safcol and leave the other side of the assets, DWAF, alone.

In many cases, and particularly in the Eastern Cape, this would lead to a situation where a single large forest would continue to be split along the middle. Government decided, therefore, that it would be necessary to effect a merger as part of the process of restructuring.

The unions supported this process and argued that restructuring should not simply be about disposing of assets, but rather creating entities that were viable in the longer term. And so it was decided that in the process of restructuring, 70 000 hectares of the 150 000 managed by DWAF would be brought together with Safcol and that the assets would be offered jointly for private investors to take up a long-term lease. The remaining 80 000 hectares (including 15 000 hectares now classified as community forests) are in the process of being mapped, surveyed and re-organised in order to restructure these plantations in a manner that supports smaller, medium and community

enterprise. This process will have specific black empowerment and community participation objectives

Labour and human resources

But how were the human resource aspects of this process to be managed? Investors could not be expected to pay some workers one wage and other workers another. Especially given that Safcol's wage, although lower than the public sector norm, compares favourably with a minimum of around R900 in other companies and around R600 in the contract sector. In addition to this, DWAF inherited forests which were overstaffed compared with industry norms. A 1998 analysis showed that DWAF employed 3,5 workers for every one employed by Safcol. Clearly it would not be possible to maintain this if the forests were going to be merged and if they were going to be profitable.

At the same time, the public sector had declared a moratorium on retrenchments and both the Department of Water Affairs and Forestry as well as the Department of Public Enterprises were committed to a close working relationship with the unions. This relationship was framed by the National Framework Agreement. All parties felt that it would be possible to resolve the situation through joint work and negotiation.

An intense process of negotiation was agreed and culminated in late 1998 with the signing of an agreement on the restructuring process. In addition to defining joint objectives for the restructuring process, the agreement set out a method to resolve the staffing and wage issues. The main elements of the agreement were as follows:

- The department and the unions would jointly determine an 'industry average' number of jobs for those plantations

that were to be merged with Safcol. Workers would then be given the opportunity to volunteer to transfer into one of these jobs. Those workers who transferred would do so on the basis of Safcol wages and conditions. Transfer workers would be paid a 'transfer package' which would be equal to the difference between the DWAF package and the Safcol package for three years. This would be paid as an up-front amount and would take account of differences in all conditions of service.

- Safcol would be audited to ensure that its conditions of service complied with all aspects of labour legislation
- Those who did not transfer would either be re-deployed to other forest work (such as in the indigenous forest reserves) or could opt for a voluntary severance package
- Any worker who opted for a voluntary severance package would be entitled to join a social plan programme which would be set up and jointly managed by the department and trade union representatives
- Any workers who had not been given the opportunity to join a pension fund in the past (for example, ex-Transkei workers) would benefit from a government-wide agreement to back-pay pension contributions. As was later agreed at the Public Service Co-ordinating Bargaining Council, DWAF's commercial forestry workers would be the first to benefit from this.

These agreements have been implemented over the last year and a half. Since the agreement was signed, the following steps have been taken:

- 1 187 forest workers have taken a voluntary severance package, and more than half of these have participated in the social plan programme. Follow-up

work shows that many of the social plan beneficiaries have been successful in establishing small businesses, using the voluntary severance package payments as their initial capital.

- 1 486 have agreed to transfer to Safcol and/or to the new companies on the basis of the Safcol conditions and the transfer package.
- 955 workers are in the process of redeployment. Management and the unions are jointly managing the redeployment process.

There is still some way to go before the process is completed. At present the parties are engaged in aligning the DWAF grading system to the Safcol grading system so that the transfer candidates are able to take up their correct positions in the new organisational structure. The transfers are expected to take place before the end of this year.

Thereafter, the department will continue to restructure the remaining plantations. These plantations have been earmarked for community enterprise and small- or medium-sized investment. These plantations too are heavily overstaffed and the parties face the challenge of turning these plantations into productive assets for rural communities. Very often these assets are among few tangible commercial assets in a particular area.

Lessons

This has been a challenging process and there are several important lessons that can be learnt.

Communication

The process has highlighted the need for ongoing, open communication both among the negotiators and with workers on the ground.

One of the mechanisms used were joint national roadshows where union leaders

and management visited plantations together to explain the process, answer questions and deal with criticism. Several of these were held in the course of the process and they have been invaluable in ensuring that workers' views were heard and understood by all. In addition, the roadshows helped both union and management leadership to see up close the implications of the decisions that were being made and to understand how the process impacted in the far flung plantations.

Commitment

The process has required great stores of commitment over a long period of time. The negotiating teams have met and continue to meet very frequently and are required to deal with the issues in detail. We have found that there are no short cuts. There have also been several occasions where deadlocks have been reached which could only be resolved with the assistance of the ministers of Water Affairs and Forestry and Public Enterprises, as well as the senior leadership of the unions.

Flexibility

In a process that is as complex as this, flexibility on both sides is required. Without the capacity to adjust plans and make compromises it would have been impossible to make our way through the process. But what the process has ultimately shown is that workable solutions can be found to "difficult and complex problems. Such solutions can be found through negotiation provided that both parties are committed to a spirit of co-operation between employers and unions ★

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