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Focus on forestry in South Africa

Giant forestry companies 'rationalising' workers' conditions and forest communities' lives

by JOHN EVANS

Forestry workers:
problems and prospects for PPWAWU

by SNUKI ZIKALALA

Giant forestry companies 'rationalising' workers' conditions and forest communities' lives

The three monopoly forestry companies, linked in with the giant conglomerates in South Africa, are imposing new employment terms on largely defenceless workers, and evictions on communities. JOHN EVANS* reports.

There are hundreds of thousands of people who live in forest communities in South Africa. They seldom have security of tenure, have little access to health and education services, are far from the services of towns, and dependant for their survival on land that they do not own. Millions live in areas adjacent to forest land, and find their lives influenced by its changes.

The lives of forest workers are extremely hard and dangerous. In a typical day, they rise at the crack of dawn, walk or are transported into the forest by the employer, and spend the next nine or ten (or even more) hours there.

The work is hard: spraying weeds in the forest, cutting trees with chainsaws, transporting logs to the roadside for movement to sawmills and pulp and paper mills, removing tree stumps from harvested land, often by hand but more and more frequently with a giant destumper, getting land ready for a new planting, and planting the new crop, often by hand.

Workers are paid extremely low wages. At

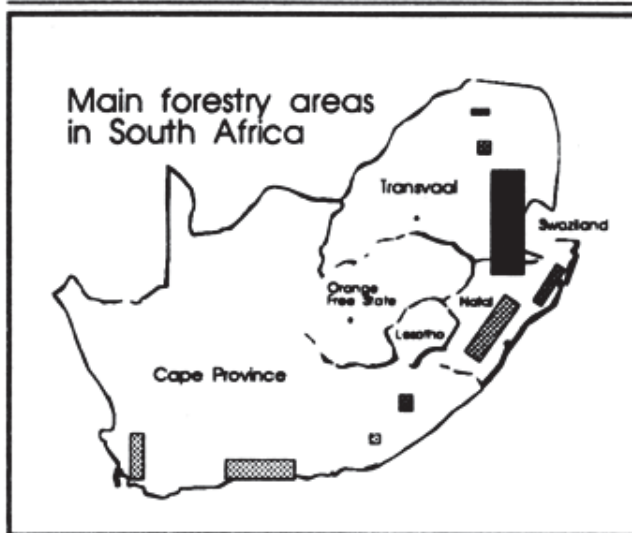
one of the largest and more 'progressive' companies, Sappi, for example, wages in the Natal midlands start at R11 per day. The company spends a further R10 per day to cover housing, medical aid and food rations.

Forest workers are exposed to a variety of dangers, working with chemicals and chainsaws, and surrounded by falling trees. No data exists on the dangers faced by SA forestry workers, but in Europe, with more advanced safety regulations than SA, forest workers are twice as likely to be killed or injured in accidents as industrial workers. Injury is also more long term: few forestry workers who operate equipment such as chain saws are likely to retire at the normal age, due to illnesses caused over the years by vibration.

In the evening workers return home: most frequently a compound or village on company land for which they pay rent, explicitly in the form of a deduction of wages, or in the form of lower wages. Accommodation consists of a hut or a room for the family. It is highly unusual to find electricity, and water is obtained from rain.

Forest workers experience many of the same problems as other rural, particularly farm, workers. They live on the land, largely isolated from the wider society. The employer controls all aspects of their lives. On plantations, as on farms, workers have usually lived on the land for generations. Children follow their parents into the same work. It is

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Areas most suitable for forestry coincide with the most densely populated parts of the country. Travelling southwards, east of the escarpment, you travel through Venda, Lebowa, Kangwane, Gazankulu, Kwandebele, Kwazulu and the Transkei. There is a hunger for land from those who have been dispossessed and forced into the bantustans.

often the family that is the unit of labour that is hired, rather than individuals.

New owners: new labour system

In recent times, changes are being brought to this 'semi feudal' system. The major forestry companies have expanded into land previously owned by small timber growers, as well as sugar and other farmers, and they have found a labour system which does not meet their needs.

The large companies that now control the vast majority of forest lands are attempting to move to a straight 'cash wage' basis of payment. They say the previous system of payment was "paternalistic". The cash wage system involves simplifying and formalising the nature of the employment contract, with many of workers' previous benefits being converted into a cash value, and added to their wage. For example, Sappi says it would like to pay workers R25 per day, rather than the R10 cash plus R10 in benefits that is presently paid.

Essentially, the companies want a labour force that will come to work, be paid for the days work, and return home in the evening. The exception they are prepared to make is to

continue providing workers with a mid-day meal. In the words of one manager: "It is impossible to tell a man to work when he has not eaten, and it is difficult to provide cooking facilities in the forest."

Workers' rights?

Workers, on the other hand, feel that the change in the method of payment prejudices them. They do not trust the companies to give them the full value of food etc in cash, and they point to problems of obtaining food and other essentials in the forest areas where they live and work.

Workers also see a need for the company to provide facilities that would otherwise not be available in remote rural areas. In their view, the company is more than a mere profit-making entity. It is also a central part of the workers' support base. The company is the most effective link with the world outside the plantation.

At present, workers are confronting the breakdown of a labour system under which communities and workers understood themselves to have rights which facilitated survival. Workers feel they have accumulated these rights through their occupancy and use of land often over generations (and often originally their ancestors' land) - in contrast to the rights which the state gives to the legal property owners.

In particular, workers feel they have *de facto* rights of tenure and rights to use the land. Because workers have always depended on the forest they also feel they have rights to the produce of the forest: mushrooms are gathered, goats and cattle are run amongst the trees, and wood is collected as the main source of fuel for cooking and warmth. Because the forest workers live almost their entire lives on company land, their families are with them and they feel they have rights to family life.

Companies, such as Sappi, are now, however, attempting to exert control over land for which they have title deeds. They are challenging different aspects of worker's activities on 'their' land. Companies have in some instances evicted workers' adult children

from the land if they are not employed by the company. Others have attempted to stop workers from having their cattle on the land, or from collecting wood. Some workers are no longer able to grow maize. And some workers who are no longer wanted, particularly the old and infirm, who have lived and worked all their lives on the plantation, have simply been evicted.

Subcontracting: a key instrument of change

A key instrument of change for management is the subcontracting of operations to rid themselves of responsibilities and reduce costs.

Sappi has already subcontracted 50% of the work performed in the company's forests. In April 1991 Sappi retrenched 1 000 workers in the Natal Midlands alone. In 1992, a further 1 847 have already been retrenched. This was not brought on by strikes, or the economy, but largely by subcontracting (with increased mechanisation playing a secondary role). The benefit for the company is that they don't have the overheads of maintaining housing and

providing other facilities.

Subcontracting is not limited to Sappi. It is being pursued by all the major companies. Increasingly, workers are retrenched, or find that they no longer work for the major companies, but for small subcontractors. Often the owner of the subcontractor firm is an ex-employee of the major company who has been encouraged, and offered cheap finance, to become a subcontractor. Employers say this policy is simply promoting 'free enterprise'.

Large companies say they encourage subcontractors to offer employment on the same terms as previously. Little changes initially for the worker. There is, however, no requirement for those terms to be maintained indefinitely. Over a period of time, workers find that their wages are lowered in real terms, that accommodation standards and schools are not maintained and so on.

Other workers endure lowered wages from the start. Wages in subcontracting companies can be 50% or more below the level paid in the major companies. Many 'fly by night' operators are around - subcontractors who hire

Subcontracting, conditions and problems of organising

Workers at Top Crops, a nursery growing seedlings for major companies in the Natal Midlands, have experienced the effects of working for subcontractors at its most intense. Top Crops is on the road to Greytown, 30km from Pietermaritzburg, and not far from New Hanover. Workers were paid between R3-R6 a day, with most workers earning in the range of R4-R5. Workers did not have access to company housing, but stayed at the nearby Presbyterian Mpolweni Mission in Cramond.

Organising attempts by PPWAWU have been

complicated by violence in the area, endemic since Inkatha launched a recruiting drive in 1987. Nevertheless, by April 1991, PPWAWU had organised a majority at the nursery. Management indicated they would recognise the union, and asked for stop order applications from workers. The union complied with this request.

However, management delayed recognising the union, and victimised the PPWAWU members. The police and Inkatha played a major role in this victimisation. Management

called in the police a number of times, and they detained workers. Typically they were taken to the New Hanover police station, intimidated and released.

In July 1991, workers went on strike, demanding recognition of the union. Management agreed to recognise the union, then withdrew and dismissed 80 PPWAWU members of the 220 workers, so destroying PPWAWU's majority. The PPWAWU workers were replaced with workers provided by the local Inkatha leader, Psychology Ndhlovu.

workers on a casual basis, and disappear before wages are paid. Violence against workers is common.

Who owns the forests of South Africa?

Looming over the small subcontractors, however, are other companies of a very different scale:

- The *large foreign multinationals* previously involved in forestry in South Africa* now have only a minimal presence.
- They have been replaced almost entirely by *large South African monopoly companies* controlling vast amounts of land and numbers of sawmills and pulp and paper mills. There are now essentially three such companies left - Sappi, Mondi and HLH Timber. Over the past few years they have bought up all of their major competitors. Other surviving forestry companies, such as Hans Merensky and Masonite, are very

small by comparison.

- The greatest single forest owner in South Africa is, however, *the state* - which owns fully 30% of the total forests in the country. Most recent indications are that the present government is seriously considering transferring the state commercial forests to a company owned by it which will then compete commercially with the private sector.
- There are also *small timber growers*, or farmers who are often also engaged in other types of farming activity, especially beef and, in Natal, sugar. These farmers control a very small portion of the land that is under timber but there are 2 500 of them. They are organised in four co-operatives, one of which also owns a chipping plant.

The three main forestry companies

It is clear that the large companies are by far the most important forestry players. They control most of the forest land in SA [see graph

* including Masonite, owned by the International Paper Corporation of the USA, Shell Forests part of the mammoth Royal Dutch/Shell group, Italy's Snia Viscosa, and Courtaulds of the UK

In the period since, PPWAWU members have been under pressure by management to resign from the union, and they experience continual intimidation through the Inkatha presence in the nursery.

Workers are struggling to challenge this situation. However, the area is dominated by small conservative farmers and large companies who are in the process of retrenching thousands of workers while subcontracting work. Both Large and small employers are reluctant to hire known union members - and especially strikers. Inkatha,

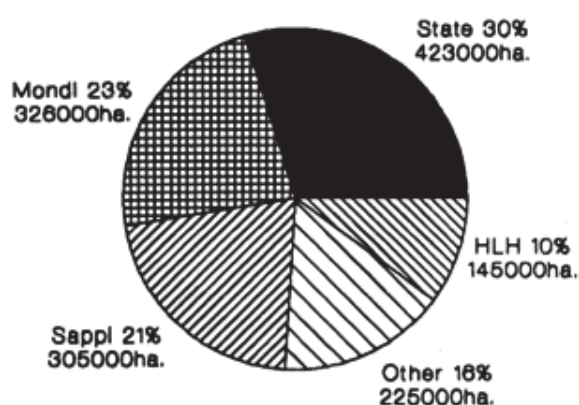
on the other hand, will supply managements with docile workers willing to work for a minimal wage.

The subcontracting companies are far from the public eye, and are able to exploit their position as employer in the midst of widespread unemployment. Workers labour far from the organising infrastructure and support found by unions in urban areas, and they have no protection from labour legislation. They have minimal protection from other legislation, and live in an area where elite society is insular - everyone knows everyone else, the police, farmers and magistrates

socialise together. Inkatha, in addition to undermining attempts to organise, supports this society, acting as a bridge between the world of the bosses and the world of the worker, seeking to control the world of the worker in the interests of the bosses.

The victimised workers have received no support from the Presbyterian Church on whose land they live. While they seem, at face value, to have a good legal case that their dismissal was unlawful, no legal action has been taken because the union lacks funds. ❖

Forest Ownership 1991



above] and have increased their control over the last few years. At present they control at least 77% of the forest land in private hands, that is 54% of the total forests.

The rise of the corporations can be seen in another way. In 1980 small farmers owned 44% of forest land in private hands. In the last ten years that proportion has fallen to about 23%.

The companies have extended their land holdings by buying existing forest land and land formerly used for sugar and cattle farming (and most recently even sheep land in the North Eastern Cape). In the process they have aroused the anger of many sectors of SA agriculture, especially the sugar sector. The government has been called on to stop the land acquisitions of the major companies, but has refused to intervene in the 'free market'.

Sappl provides a useful example of this expansion. In 1988 Sappl bought over 60 000ha of land when it took over Saligna Forests. Last year it took over Lotsaba Forests from Barlow Rand and gained a further 35 000ha of forests. Besides corporate takeovers, it has bought farming land in Natal and the Eastern Transvaal - and is presently attempting to evict unwanted residents from some of this land. Sappl is also looking at investing in Mozambique and Angola (as are all the major companies).

Sectoral monopolies

The activities of the three majors are not limited to forestry, but extend to all facets of

the wood based-industries. They are dominant in sawmilling and pulp and paper, and have a substantial presence in wood-based furniture. This 'vertical integration' is important as it is very difficult to understand the conditions that forest workers, and by implication trade unions, face without also understanding the structure of the industry. (see box on p 45)

There are clear links between the forestry sector and the forest product sectors. Wood that is grown in the forest goes straight to the processing plants. Large companies control both the forests and the processing industries. They also control the major distribution outlets. Much of the output from the forest products industries is used in-house by the major companies in the production of consumer commodities. Wood products are also used in the mines, in building, for printing and packaging.

The control of the processing side is extensive - two major companies (Sappl and Mondl) own *all* the pulp and paper plants in the country, while three companies (Sappl, Mondl and HLH Timber) own *almost all* the board mills, and are *dominant* in the sawmilling and the mining timber sectors.

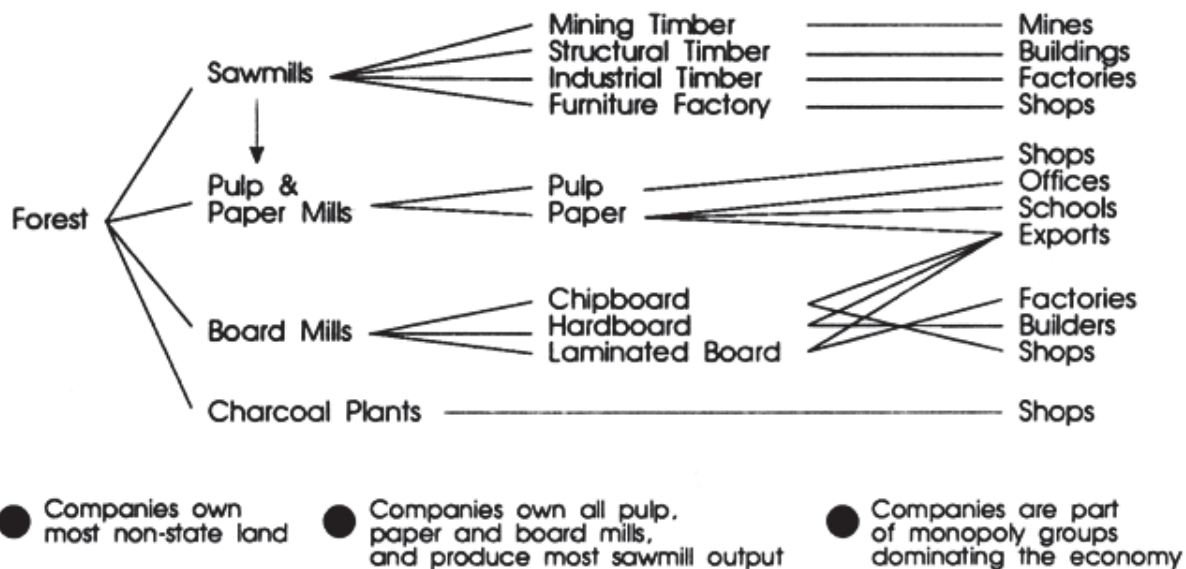
The fact that the companies are vertically integrated allows the monopolies to control prices between different branches of industry. Thus it makes little difference to Sappl whether profits in the forestry sector are low, because most of the wood is used by processing branches of the company, where the low prices result in higher processing profits.

But the low prices and the lack of accessible alternative markets allow the monopoly companies to buy small timber growers' wood cheaply. Thus the small growers constantly complain of the market power of the monopolies, which keeps the price of their wood low (amongst the two or three lowest in the world). One small timber growers' co-operative is exporting unprocessed wood chips to Japan where they receive better prices.

Part of the conglomerates

HLH Timber, Mondl, and Sappl are part of

Forestry Industry Structure



even larger groups that dominate the entire SA economy. They are owned by Anglo/Rembrandt, Anglo and Gencor respectively. These groups own nearly all SA mines of note, major construction companies (eg Anglo owns LTA, Gencor owns Murray & Roberts), and major printers (eg Anglo owns Times Media and Argus).

Increasingly the monopoly conglomerates are also active in agriculture and food - each of them has branches that are engaged in agricultural activities, and there is a substantial degree of cross-holdings and joint ventures. For example:

- HLH, owned by Rembrandt, owns 40% of Rainbow Chickens (the largest chicken producer in the country) and citrus and tea estates, as well as owning 50% of HLH Timber.
- Anglo American owns the other 50% of HLH Timber, as well as owning Mondi, and Amfarms (which own a wide range of farming enterprises from piggeries to vineyards), and a major food company, Premier Milling.

The three forestry companies have immense power as a result of their ownership by the monopoly conglomerates who have financed their expansion. In the last 18 months the three major forestry companies, or their holding

companies, have had 'rights issues'. They have sold additional shares to their shareholders to raise capital for their expansion efforts. In the case of Sappi, over a billion rands (a thousand million) was raised. Most of the money was supplied by the Sanlam/Gencor group. In the case of Mondi, R454m was raised. All of it came from the Anglo group.

The forestry companies have grown at an enormous rate over the last 10 years. Over the last year, profits have dipped as a result of the international recession, but Mondi profits rose from R36m in 1979 to R363m in 1989 and Sappi's from R51m in 1980 to R639m in 1990 (a massive rise of 35% per year, when the economy as a whole has remained stagnant). Following the takeover of five paper mills in the UK last year, and with international trading companies in Hong Kong, Geneva and Houston; together with their recent take over of Hannover Papier in Germany, Sappi is now one of 15 largest paper manufacturers in the world.

In short, forestry is linked into the dominant heights of economic power and influence in the country. It is these dominant heights that have financed the companies' expansion with profits from other sectors of the economy. But the expansion has also been based on low wood prices, a reflection of the market power



Vertical integration: the major forestry corporations also have interests in timber-processing plants (above) as well as in manufacturing concerns and distributors

Photo: Shariff/Labour Bulletin

of the monopoly companies.

Impact on workers

The fact that these large companies dominate the industry is important for workers in several ways. Most noticeably, the large companies are constantly attempting to lower the costs of production. They:

- have the capital to buy machines that will enhance productivity and replace labour;
- carry out research to find new ways of doing work, some without needing machines, but which nevertheless employ less labour;
- produce on a very large scale which gives them considerable economies of scale;
- have the power to negotiate favourable transport contracts with private hauliers and Transnet;
- have taken the lead in using sub-contractors which reduces their own costs at the

expense of workers;

- are themselves also retrenching and evicting workers no longer needed on the land.

Because forestry workers are largely unorganised, they bear the brunt of the companies' constant search for new profits with productivity improvement, restructuring of operations, and expansion of land and other holdings. As the companies have changed the system of labour procurement and work methods and have pursued subcontracting, forestry workers face deteriorating conditions in a very profitable industry.

Effects on small producers

The power which the monopolies have - owing to their size - dominance in markets, and relations with the commanding heights of the SA economy, allows them to dominate the smaller companies without actually owning them.

Smaller companies, family farmers and subcontractors have to compete with and/or supply these large companies, so their costs of production have to be approximately the same. When the large companies implement measures to increase productivity, the smaller companies have to respond, and lower their costs. For many - who do not have access to capital, machinery and research and the economies of producing on a large scale - wages are the key point of cost control. So they have to lower wages in real terms.

Thus the large companies have the power to set pay scales, even for workers who do not work for them. Smaller companies fear unions when their costs are being squeezed by larger companies, and union busting is their response.

Challenges to trade unions

Organising in the forestry sector carries particular problems: of huge distances to be covered, in the less developed and more politically conservative areas, where employers resort to dismissals and even violence to counter the unions.

In other ways, too, the organising issues differ from the urban sector. The fact that workers depend on the employer for land,

accommodation, health and schooling for their children suggests that these have to be the terrain of union organisation. It is impossible to divide the lives of forest workers between the time when they are residents and the time when they are workers. At all times they are addressing the employer. The unions need to respond to the challenge that this throws up.

Unions also need to be aware of and organise - together with other mass organisations - around the land question, family life on the land, standards of accommodation and the like.

At present, workers in state forests are totally un-unionised and ill-equipped to deal with the challenges that the state's 'commercialisation' project will bring.

Workers urgently need legislative protection. At the obvious level, there is a need for labour legislation to be extended to rural workers. But there is also a need for legislation that protects the tenure arrangements of rural workers, the right of access to land and to products of the land and so on.

Problems caused by illiteracy suggest that this is a crucial issue of organisation, in addition to the issues common to workers everywhere - wages, health and safety, hours of work and racism in the workplace.

Because the forestry industry is so vertically integrated, workers in the pulp and paper, sawmilling and other sectors have a key role to play in strengthening forestry workers. However, forestry workers are due to join COSATU's new farmworker's union when it is established. The desirability of such a move is open to question.

The highly concentrated nature of ownership in the forestry sector suggests this is an industry where centralised bargaining could be effectively established. This would facilitate, more than anything else, the extension of better conditions and wages to remote and even unorganised workers enduring some of the worst working and living conditions in the country. ☆



Forestry workers: problems & prospects for PPWAWU

With the help of PPWAWU, SNUKI ZIKALALA visited forestry operations in Natal and the Eastern Transvaal. He also went to Sappi forests at the company's invitation, and - without invitation - to one of the state forests. He reports what he saw.

Travelling through the Eastern Transvaal towards Swaziland, there are vast green expanses of beautiful pine trees grown for newsprint and gum trees for mine pegs, roofing and telephone poles. The whole area gives a sense of relief from the polluted industrial areas of the PWV. But the beauty is spoiled by plumes of smoke and steam and spirals of fumes from the Ngodwana paper mill. The smell of the area is sickening. However, Nick Bantish, Deputy Director of