

# TGWU's struggle for permanence at IHS

**I**nternational Harbour Services (IHS) manages a shipping terminal for the South African fruit industry. It receives, cools and loads most of the country's apples, pears and grapes, and some citrus fruit, for export. Fruit is seasonal, so in some months there is a lot of shipping and in other months not. Contract and casual workers were employed at the company to work during a season when there is a lot of fruit.

Current TGWU Western Cape regional organiser, Nathi Mfundisi, co-ordinated the union's maritime sector in the region for nearly seven years. He explained that it is common for workers to have little job security in the stevedoring industry.

The company operated from 1983 under the Deciduous Fruit Board, which had the sole right to export fruit. In 1987 it became IHS, owned by Unifruco. At the beginning of 1999 Unifruco merged with Outspan to become Capespan, and Capespan now owns IHS. Capespan is the third biggest fruit exporter in the world.

South Africa had a single-channel marketing system for agricultural produce until September 1997. Under the single-channel marketing system Unifruco, and therefore IHS, was the only company exporting apples, pears and grapes. Now that the system has been scrapped, IHS faces competition from other companies who handle locally produced fruit to be sold on the overseas market.

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*Tanya Goldman details a case study that proves that it is possible to create full-time permanent jobs, even in a business that deals with seasonal products.*

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When it started, IHS had a small core of approximately 50 workers, and a much larger seasonal workforce that worked for six to seven months of the year and were then laid off again. By 1993, the permanent core had grown to around 100 workers, but there were still more contract than permanent workers. In the five-year period from 1993, the number of permanent workers at IHS has increased to about 450.

## **Increase in permanent core**

From 1993, permanency was firmly on the bargaining agenda. The union put pressure on management to increase the permanent core of the workforce. The company started exporting exotic fruit and vegetables off-season and found that it could employ more people permanently for this work. IHS also appointed 53 full-time supervisors in 1994. The following year it appointed forklift drivers, tally clerks, and even labourers. By 1995, the permanent core was up to about 200. The

union made sure that all new permanent positions were filled by workers from the existing seasonal workforce

### **Equal pay for equal work**

Until 1994, the company had 16 different scales of payment for only five basic categories of workers: labourers, tally clerks, office clerks, forklift drivers and crane drivers. So two labourers, for example, could be earning very different rates even though they are doing exactly the same work.

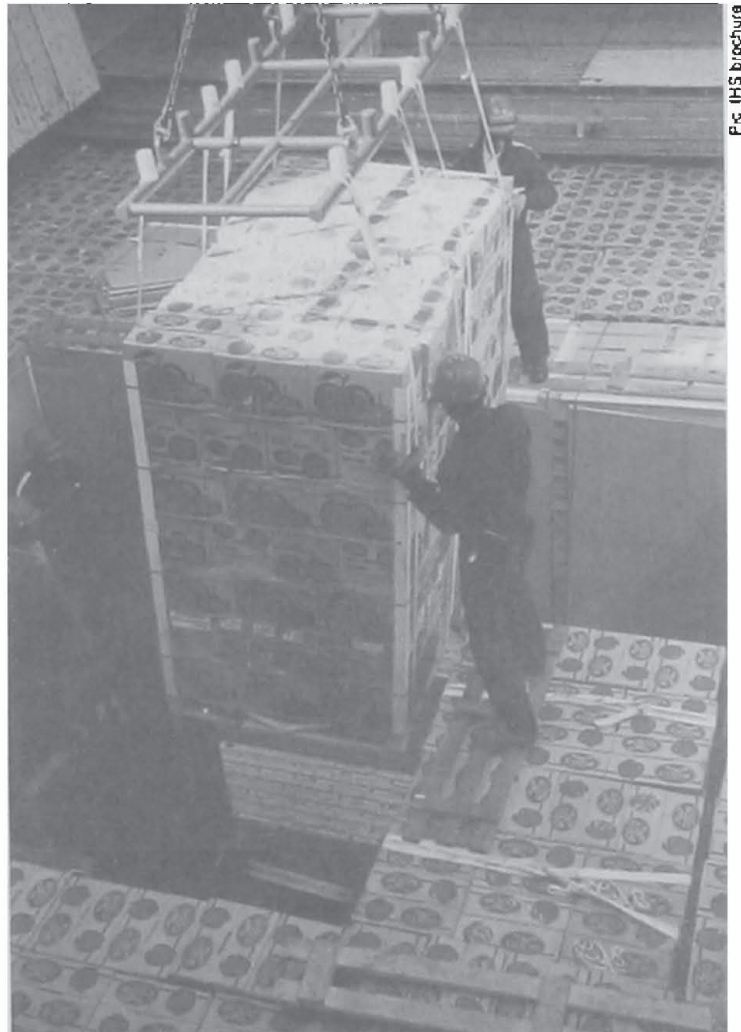
Contract workers generally earned much less per hour (nearly half) than permanent workers. Over a number of years, the union won equal wages for equal work.

While contract workers worked fewer hours than permanent workers, they now got the same wage per hour as permanent workers. The company was also starting to invest in keeping the same group of seasonal workers. Because their labour was no longer cheaper, the company had an incentive to train contract workers so that their skills and productivity were the same as permanent workers.

### **'Permanent-seasonal' group**

TGWU won a major breakthrough in 1994 when, after a company-wide one-day strike, management agreed to create a permanent seasonal group of workers. These 268 workers had been working regularly on contract for six to seven months each year. Now they were guaranteed at least two days work every week of the year.

IHS full-time shopsteward, Gerhard Philander, said this gave workers some relief. 'it did not matter if there was work for you or not for those days. You knew



Pic: IHS brochure

*Workers in the stevedoring industry are highly skilled.*

you were going to get money from the company's side'

Agreement was also reached that workers from this group were always first in line whenever jobs for permanent staff became available.

### **Increasing guaranteed days**

The following year, workers at IHS again held a work stoppage over the issue of permanence. Another guaranteed day was added. Thus, from 1995, the permanent-seasonal workers were guaranteed three days work per week throughout the year.

The company also gave a principled commitment to working towards the goal of permanence over the next two years as far as the financial position of the company allowed.

### Winning benefits

At the same time as fighting to increase the number of guaranteed days work, the union fought to increase benefits for contract workers. In 1996 the company experienced financial difficulties and refused to move closer towards full-time employment for contract workers. However, after negotiations, permanent-seasonal workers were included in the provident fund.

In 1996, TGWU also won a job security issue that benefited all workers – whether on contract or permanent. All workers would be paid a full day's wage even if the company did not have enough work for them to do, or if the weather made it impossible for the ships to be loaded.

### Permanent employees

Last year TGWU declared a dispute with IHS in the course of substantive negotiations. The issue of permanence was high on the agenda and the case was about to be heard at the CCMA when the company settled.

IHS took the bold step of agreeing to make all permanent-seasonal workers, full-time permanent employees from January 1999. These workers now have the following: five days guaranteed work a week throughout the year, increased provident fund contributions for the extra days worked, and medical aid.

### Struggles along the way

A number of things made this victory possible.

#### *Strategic target*

TGWU chose IHS as a strategic target. IHS is the biggest company in the harbour. The management tends to be more far-sighted than management at other companies in the docks.

The company pays better than others, and leads the way in many areas. Victory at

this company would set an example for the other companies. It would prove that it is possible to create full-time permanent jobs, even in a business that deals with seasonal products like fruit.

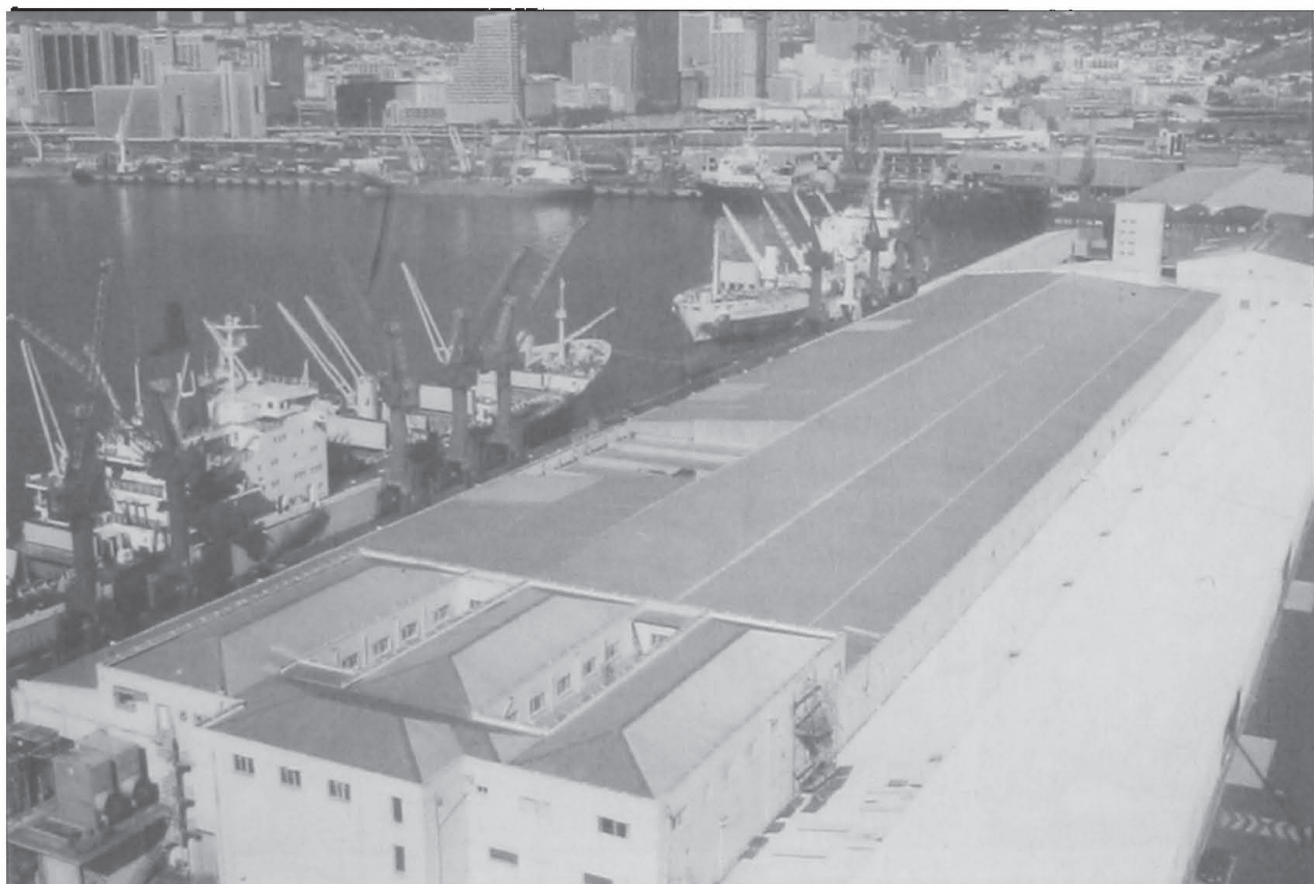
#### *Strong organisation*

Strong organisation was the key to success at IHS. Mfundisi and the shopstewards described how the union helped to make contract workers feel like they belonged in the organisation: 'TGWU is part and parcel of the premises here at IHS because of the spirit of the workers at the company. Permanent and contract workers were all TGWU members. We arranged with the company that for the time that contract workers were in the plant, they continued their membership of the union. When contract workers came back they did not fill in a new stop-order form. The contract workers participate in the union structures.'

Strong organisation helped workers make some of the difficult decisions in the struggle for permanence. Not all workers benefited from each gain that was made, but strong organisation meant that all members agreed on fair criteria for making decisions.

Mfundisi explains: 'At general meetings workers would give us clear mandates. They would decide who will be permanent if there is a vacancy or who would get to join the permanent-seasonal group, given the length of service.'

Mfuleni Platjies was the full-time shopsteward when most of the battles around contract work were fought. He explained what went into building unity on the shopfloor to prevent divisions that would give management an advantage: 'We needed to mobilise and educate the workers. We called tea time meetings and general meetings. The month we were fighting for the five days, we had a tea-time meeting or toyi toyed on the floor here every day.'



*Capespan is the third biggest fruit exporter in the world.*

The union also paid attention to the needs of both permanent and contract workers. Plaatjies outlined an important principle: 'The position was very clear. What has already been negotiated for the permanents should remain. Nothing should be taken away.'

But permanent workers made sacrifices to make sure that seasonal workers won job security. Sometimes permanent workers accepted lower wage increases or lower increases in benefits than they could have won if allowances were not being made to improve the position of contract workers. Mfundisi emphasised the permanent workers' commitment: 'Permanents are making sure that whatever they've got, everyone has got.'

### **Action and negotiation**

Contract and permanent workers at IHS stood together and took action to win permanence. The organiser and

shopstewards said that each step of the way demanded sacrifices from workers in the form of strike action, work stoppages and go-slows.

Negotiation was also very important in the process, as Mfundisi explains: 'You have got workers who are militant, who are forcing issues if management will not agree to their proposals. Obviously there is also room for negotiation. If there is a stumbling block in negotiations, we go back to the workers and they take whatever action is needed.'

The law was an important negotiating tool for the union. Plaatjies described how this prevented a strike over the issue of permanence last year: 'We were on our way to call a strike, but then we thought, let us first take the issue to the CCMA, because we've got a strong case here.' Both the LRA and the BCEA say that contract workers have the same rights as permanent workers.



*Fruit is seasonal, so the workers are usually contract workers.*

Management stressed the role that negotiation – rather than industrial action or the law – played in making progress towards permanent jobs. Industrial relations manager at IHS from 1993 to 1997, Francois du Toit, said the company's approach was to look for creative alternatives in the negotiation process with the union. An example of this is found in 1996, when it was not possible to increase the number of guaranteed days, but permanent-seasonal workers were included in the provident fund for the first time.

### **Changes in the industry**

Du Toit emphasised that management's change in attitude towards contract work was 'most importantly a sound business decision'. He explained that delays in the process were caused by uncertainty about the future of the single-channel marketing system. The final move on the issue was prompted by competition when the system was scrapped. Independent

contractors started providing the same service as IHS and drew on the skills that IHS contract workers had built up over the years. Du Toit explained that, 'the competitors' needs were exactly the same as ours as far as the workforce is concerned, and we were under pressure to retain skills'.

The agricultural sector has also been under tremendous pressure since 1994 to improve conditions on farms, which have been particularly bad in the past. Du Toit described IHS's directors as farmers who have made the paradigm shift to realise that it is important to employ people in a socially responsible way.

### *Timing*

Both Mfundisi and du Toit said they would have liked the process to have moved more quickly. Mfundisi described how the need to take the process in stages created problems for him as an organiser: 'It was difficult to come into a very militant

environment and explain that we should not force a position that is impossible to win at that time.'

For du Toit, the company's bottom line dictated the timing: 'From a social responsibility perspective, we would have done it sooner. But from a business perspective, our timing was exactly right. With the merger we know that the citrus from Outspan will go through IHS because we're in the same stable. Previously they could have negotiated with anybody else to do it. But now we've got that security.'

### *Flexibility and skills*

For management, an important principle in the negotiations for permanence was to make sure that the company also gained. Another area where the company looked for benefits was flexibility. Du Toit explained: 'It was a give-and-take situation. We got a commitment from our workers that they would work when the need arose, which was very important to us. You invest in your people, and that's when your company runs more smoothly than it did before.'

Philander explained what this means for workers: 'Say for instance it's raining this morning and the ship can't work. Then people have to be sent home with the instruction to stay at home and sleep next to the telephone, because they will be phoned to come in. Then this is overtime.'

Workers must also do whatever job needs to be done. The company has its own training school, and many workers are trained to do more than one job. So, for example, many labourers have a forklift licence. When workers do jobs that would normally be done by a lower-paid person, they are not paid any less. If they do work that is usually done by a higher-paid person, workers earn the higher rate for the time that they are doing the better-paid work.

## **The struggle is not over**

Workers at IHS are not stopping here. The company still employs over 200 seasonal workers on contract. Most work three or four days per week for six or seven months a year. Union members want all workers to be included in the permanent workforce. Philander said his dream is 'to see all of these people become permanent, especially those who have come in now four to five to six seasons on a continuous basis'.

New permanent workers do not get the same benefits as old permanent workers, although they are doing exactly the same work as others in their job category. The union will fight for all benefits of the new permanent workers to be equal to those of the old permanents. For example, new permanent workers do not get the housing subsidy that goes to the old permanent core. There are also differences in annual leave and sick leave arrangements between the new permanent workers and old permanent workers. Sick leave is particularly important at IHS because workers often get sick from working in the cold storage rooms.

The union is also campaigning for an overtime ban. Mfundisi explained why the focus is now on this issue: 'Working too many hours of overtime actually prevents contract workers from getting permanent jobs, and people who are not working, from being employed.'

Under the earlier arrangements there was an agreement that any permanent vacancy must be filled by seasonal workers. This is not part of the new agreement. Workers want this included to make sure that the size of the permanent workforce at least stays the same, and to make sure that seasonal workers who have been working at the company for a long time are given the first chance to get a full time job. ★

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