- womens stay-away -

Port Alfred Womens Organisation

The aims of PAWO are to fight for the rights of women in all spheres. Besides their campaign over the rape issue, the women have embarked on a programme of speaking to students in their schools about the importance of discipline. The drive has already borne fruits, residents said. Also, women have joined together to help people faced with a death in the family, either through police action or otherwise.

PAWO has not yet applied for membership of the umbrella civic, but this is seen as just a matter of time.

(Franz Kruger, May 1986)

Technical Change and Union Organisation
The Closure of Epol in Cape Town*

At the end of October 1985, Epol closed its animal feeds factory in Maitland, Cape Town. Some three hundred workers were made redundant and the Food and Canning Workers Union lost one of its best organised factories.

Organising Epol in Cape Town began in 1982 when a number of African contract workers approached the union. By June of that year, over 70% of the workers voted to have the union represent them. The African contract workers remained the core, but support for the union was soon far more widespread as "Coloured" and white workers joined. In the plant, jobs were differentiated on racial lines with most Africans doing primarily unskilled manual work eg. bag handlers, most Coloured workers occupying semi-skilled positions eg. drivers, and whites performing skilled or supervisory work eg. mechanics. According to workers interviewed, management constantly

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* This paper is based on interviews with management and technical personnel in a number of companies in the animal feeds industry, as well as union officials and workers in the Epol plant.

looked at what expertise was required and what facilities were required and we thought we would come to the rescue [of these disaffected workers] and help them develop a muscle.

SALB: Mr Conco, you are setting up an infrastructure and administrative facilities for this new union before there is a membership paying subscription. Who is funding the new union? Is Inkatha funding it?

Conco: What we are doing, is providing office facilities if they need them.

SALB: And if there's an organiser's salary that needs to be paid?

Conco: We are offering them all facilities.

SALB: Do you have a target, say, to organise a factory in Northern Natal, or a region, and then get stop orders so the union can start paying for itself?

Conco: Mr Gumede will be able to answer that one.

Gumede: In fact, not. We are not targetting a particular region. We are based in Natal and the Transvaal. We will try to get a majority at any factory.

SALB: I'm sure you must know, Mr Gumede, that there was always a tension between the unions that organised along industrial lines and those which were called the "UDF unions" like Saawu, that organised on regional lines and I would have thought you had less in common with those unions but it seems you might be organising on a factory floor level in the same sort of way. Could you possibly comment on that?

Gumede: Really, I was trained when I was working for Fosatu and have been for ten years now in a strategy of organisation and I would still follow the same direction.

SALB: So would you get one factory, organise it properly and then move on?

Gumede: Yes. But if another factory comes first and says we can organise ourselves, then we would just go there and address them and get someone to handle the stop order facilities, then we just

There are a number of significant features of the industry. Firstly, as with many industries in South Africa today, the balanced animal feed industry is dominated by a number of South Africa's largest corporate groups. Epol is part of the Premier Group and hence connected with Anglo American. Meadow Feeds is part of the Tiger Group and hence connected with Barlow Rand. Fed Foods also operates in the industry and it is part of Federale Volksbelleggings and hence connected with Sanlam. There are also food processors who are part of the large cooperatives. As part of South Africa's largest corporate groupings, the food processors have access to funding should they decide to modernise their plants.

Secondly, because transport costs render it uneconomic to produce from a single source, plants are located throughout the country and serve the regional market. Regional economic fluctuations therefore are significant for the industry.

Thirdly, a number of the large corporations who dominate the production of balanced animal feeds also have significant interests in factory farming, especially in chickens both for meat and eggs. As a result of this vertical integration, the feed producers have something of a "captive market" in so far as they supply a related company. The extent to which this occurs varies considerably, but at Epol in the Western Cape this was particularly high. In the order of 60% of production was for the corporation's chicken subsidiary, Farm Fare.

Finally, old and new plants coexist within the industry. Epol's plant in Maitland was over 30 years old and dates from the time when the factory farming, especially of chickens, was only just beginning. Meadow Feed's Paarl plant came into production in 1978. There has been significant technical change in the industry as the nature of the product changed and also as more automated processes connected with microelectronics became available. So long as market demand was growing and there was limited excess capacity, the older and more costly plants could remain in production. But, problems began when the recession hit and the demand for animal products, especially chickens and eggs, declined. This was particularly significant in those regions where the decline in demand was greatest.

<u>The closure of Epol's plant in Cape Town</u>

Epol's plant at Maitland in Cape Town was designed for the continuous production of a limited number of product lines. However, advances in factory farming, particularly of poultry, have increasingly required a greater variety of products as a more varied diet is fed to the chickens at different stages in their growth cycle. At the same time, the market demand for chickens and eggs, which grew rapidly for several years, slowed down considerably recently, resulting in excess capacity in the industry as a whole. In order therefore to maintain volumes and keep the plant operating at close to capacity, Epol were forced to expand their product lines. By the time the plant in Cape Town closed, Epol were producing over 120 different products.

The principal problem then encountered was that the frequent switching to produce the different products was extremely time consuming, requiring a number of manual operations, from changing of dies to machine cleaning. Management estimated a 50% downtime. This was confirmed by one of the workers who stressed that the amount of downtime in the plant had been increasing steadily over time. In the more modern plants, those built over the last ten years or so, change over to new feed products is effected electronically. There is a computer card for each product. This is inserted and the requirements are read, the appropriate instructions conveyed and any re-setting of machines is effected automatically. This reduces downtime greatly and at Epol's modern Isando plant, for example, downtime related to product changes is said to be less than 5%. Given the high value of the ingredients, automatic and more accurate electronic weighing integrated with computerised stock control are important additional advantages enjoyed by the more modern plants and absent from Epol in Cape Town.

There were other problems too. When the plant was designed, little consideration was given to problems of contamination as between feeds, since few toxic substances were used. However, this has changed and special precautions have to be taken to prevent contamination occuring in the older plants. At Epol in Cape Town, however, the chicken feeds had recently contaminated the horse feeds and the company was facing large claims from race horse owners as a consequence. A number of the plant's senior management had been recently dismissed as a result. Some workers believe that the insurers refused to re-insure Epol following this event, and that this was a principal factor in the plant's closure.

The plant was also very labour intensive. Management attempts to cut down the labour complement were opposed by the workers' committee. The union's success in securing higher wages also exacerbated the disadvantages of labour intensity for management.

As the demand for feeds stagnated or declined and the industry had greater excess capacity, producers started cutting prices in order to maintain their production volumes and profit margins fell. The net result was that the Epol plant was unprofitable, and increasingly so. On September 30, Epol management notified the union of their intention to close the plant. At the same time, management notified the union of their intention to build a new plant to be operational in three years time. Management were not prepared to accept any of the alternatives put forward by the union. These included short-time working until the new plant became operational and a reduced scale of operations to supply Farm Fare only.

The union argued particularly strongly for the latter option. They argued that by remaining in production for Farm Fare, the company would avoid becoming dependent on supplies from Meadow Feeds and hence vulnerable to their principal competitors. Management countered that the costs of production at Epol would still be unacceptably high and that Farm Fare was itself losing money and would not be able to pay the higher prices. Moreover, there would still be quality problems at the plant and these would continue to affect Farm Fare adversely. They were confident that Farm Fare would be able to secure a contract at favourable prices for the supply of feed over the period of time that Epol would be closed even if this meant that the contract was placed with a principal competitor which also had interests in poultry and egg production.

The Epol plant closed on October 31. The premises have since been used only as a depot for company products manufactured elsewhere and about fifty workers are still employed. Recently management has given notice of its intention to retrench even further. A three year contract for the supply of the Premier Group's Farm Fare chicken operation has been secured with the principal competitor, Meadow Feeds of the Tiger Group.

Terms of retrenchment

With management refusing to consider any alternatives to plant closure, discussion focussed on the terms of retrenchment. There was an existent retrenchment agreement which provided for 1 weeks pay for every year of service up to 5 years, and one week for every two years of service thereafter. The union raised its demand for 2 weeks pay for every year of service and management eventually acceeded to this. Management undertook to freeze all hiring in Premier Group companies until the end of 1985, in order to give preference to ex-Epol employees. In addition, contract workers were to be paid the unexpired portion of their contracts and were allowed to remain in the company hostel until the end of the year. Management undertook to give first option of employment in the new plant to those who were retrenched.

The final settlement was, in South African terms, a generous one. Moreover, it was considerably better than the existent agreement. Most of the workforce had accumulated many years of service. Moreover, a large number of workers had only recently renewed their contracts and they were paid out in full. Thus, many workers actually opted for retrenchment rather than remaining on to work in the depot. However, any assessment of the settlement as generous must be qualified in a number of ways.

Firstly, the closure of the plant was very abrupt, leaving the union little room to negotiate. Precisely one month elapsed between the time that the workers were informed of management's intentions and the actual closure of the plant.
Secondly, management only acceeded to worker demands for two weeks a year after considerable pressure and only after the workers had discovered that this was to be given to administrative staff. The workers' committee demanded that equal treatment be accorded to all employees.

Thirdly, the undertaking to freeze all hiring in the Premier Group until the end of the year and to give preference for all vacancies to ex-Epol employees had a limited effect. Only an estimated twenty workers were re-employed in other Group companies. According to a worker interviewed, vacancies did arise but when workers went to apply they were rejected on specious grounds. One of the companies, for example, suddenly demanded that bag handlers should be able to read and write. Many of the firms in the Premier Group were non-unionised and it would seem that, whatever the intentions of Head Office, local management were keen to exclude union members.

Fourthly, the promise to re-employ workers when the new plant opens may not amount to a great deal. A new plant will certainly employ many less workers. Moreover, the skill requirements (see below) may differ and this provision of re-employment is explicitly subject to workers meeting the skill requirement. But, most significant of all is whether or not a new plant will be built. Management have always insisted that it will. However, they have always qualified that by saying simultaneously that this decision is subject to the economic climate and that if things remained depressed then they would have to reconsider. Management in some of the competitor firms were very sceptical that Epol would ever re-open and pointed to the fact that even with Epol's closure, considerable excess capacity remains in the industry. On the other hand, workers pointed to the fact that Epol were still taking delivery of new trucks in excess of their present needs at the depot as evidence that there is an intention to re-open.

However, were Epol to re-open a new modern plant, this would cause immediate difficulties for the other producers. All of the managements spoken to stressed that a new Epol plant would have to be on such a scale as to "take market share from the competition" and that this would particularly threaten the older and more labour intensive producers. It is in these older plants that the union is best organised. In the words of an Epol worker interviewed:

> I am sure that Epol will re-open. What worries me is that if they do, for sure Koeberg and Victory Mills will close... and these are our guys too.

This raises issues of the appropriate response and organising strategy of the union in such an industry.

Conclusions: the closure of Epol

In concluding, we first wish to draw out some points specific to the animal feeds industry, and then to raise, tentatively, some general issues about technical change and union organising which are more widely applicable.

The difficulties in transporting animal feed products from one region to another results in a regional segmentation of the market. Consequently, a more technically efficient company in any one region may not be the most efficient company in any other region. There will therefore be an incentive to make behind the scenes deals whereby company A might agree to close a less efficient plant in one region in return for a similar action by company B in another region where company A possesses the more technically efficient plant.

This is what appears to have happened with Epol and Meadow Feeds. Epol was the most technically efficient plant in the Eastern Cape while Meadow Feeds was the most efficient in the Western Cape. Hence the segmented regional market in a situation of a significant technological gap between plants and declining demand, produced a trade off. Meadow Feeds closed its Eastern Cape plant while Epol closed in the Western Cape. If market demand contracts in other regions, similar patterns may be expected to occur.

As regards the impact of future technical changes within the industry, the area most likely to be affected is the bag handling and bag cleaning/repairing sections. This is a highly labour intensive activity utilising jute bags which are repaired and cleaned before being filled again. Modern plants in the advanced capitalist countries mostly transport feed in bulk and, where it is bagged, non-returnable/non-re-usable paper bags are used. The latter process is also highly automated. One can therefore expect that future plants in South Africa will utilise disposable paper bags. It is therefore very likely that the newer plants will utilise significantly less labour, particularly heavy manual labour, as the older bag handling processes are transformed. In this regard, it is significant that the majority of workers employed in Epol's Western Cape plant were in the bag handling sections. If Epol really does build a very modern plant in the Western Cape, it will certainly automate labour intensive processes, in particular bag handling. The overall employment prospects are therefore not very favourable. Moreover, the skill profile of the workforce manning the more automated plant will be drastically different from the skill profile of the ex-Epol workers.

The dilemma of technical change

The Epol case indirectly demonstrates the general dilemma increasingly facing trade unionists confronted with major technical changes. If a union accepts the need for these changes, then workers will often be made redundant or, at best, those waiting at the gate may not find employment. If it resists these changes, then the prospect of plant closure looms ominously on the horizon. There are no easy solutions to this dilemma. It is, however, possible, on the basis of the Epol example, to make a number of more generally applicable points for unionists confronted with significant technical change in recessionary times.

The Epol case demonstrates the importance of technical change and the need for the trade union movement to develop appropriate strategies to cope with it. Age of plant and relative technical levels in periods of market contraction are obviously critical for the continued existence of union organisation. Major technical changes will give the newer plants a pronounced advantage over the older less technically advanced plants. This may not be crucial in times of boom - although it will undoubtedly affect the firm's ability to meet certain union demands - but, in recessionary periods when market demand contracts, the pressure on less advanced firms is likely to be severe.

Lessons for union organising

Hence, the first conclusion for unions is that they cannot afford to organise in a hit or miss fashion. Understanding the technical profile of an industry and its market structure, both nationally and in particular regions, is extremely important. This information must be utilised in order to seriously target firms and plants and then to give organisational priority to those targeted. Organisational strength in a firm or plant teetering on the brink of the competitive abyss is simply not the same as being strong in the technically most efficient plant. Nor indeed does this give the union much strength in the industry or in the region. If the slogan of industrial unionism is to be given real substance then the union has to adopt a wider perspective that incorporates an assessment of these factors.

In the Epol case, the FCWU lack of a presence in the most technically advanced plant in the Western Cape, namely Meadow Feeds in Paarl, was not due to any lack of trying to organise that plant. The limited extent to which Meadow Feeds utilised African contract workers made the union's task more difficult as did a major wage increase given by management at the time, combined with broad hints that a union was not necessary to the welfare of the workers. Both factors, the more limited use of contract workers and the willingness of management to grant wage increases rested, of course, in the more technically advanced nature of Meadow Feed's Paarl plant. The union failed to organise the plant for a number of reasons, but the point being made here is that the consequences of the failure to organise a plant with such a competitive advantage can be severe. Prioritising a plant in terms of these sort of criteria, enables a union to judge more accurately when the level of resources being injected into organising a plant are justified by the consequences of not organising a particular plant.

The nub of the problem is that tying up all of the older plants in a region can, in fact, jeopardise a union presence in these very plants if the advanced plant/s are not included. By so doing the union is putting economic pressure on the older plants on behalf of its members while, at the same time, the technological gap between the older plants and the newer plants is putting even greater pressure on the ability of the former to meet these demands. We are not suggesting that the unions should not organise these older plants, but rather that organising the older plants, while leaving the newer technically more advanced plants, may prove to be a self-defeating exercise.

Targeting and prioritising plants according to technical efficiency will also change the various priorities that a union will be concerned with in its negotiations with management. In the older firms, it is important to negotiate retrenchment and redundancy agreements at a time when workers have the possibility of securing a more favourable deal rather than when the threat of closure looms. In addition, a redundancy or retrenchment agreement should contain retraining clauses for workers made redundant by technical change. In the possible event of any new plant being built, retraining should allow for the acquisition of skills pertinent to employment in such a plant.

Finally, it is apparent that promises and agreements to employ workers in other plants and firms within a single company are largely toothless unless the union has the ability to bring some pressure to bear on the parent company and/or local managements to ensure that such agreements are acted upon. This requires the ability to monitor employment in other plants and firms and company hiring of retrenched workers. There seems to be only two methods of achieving this: (i) an Industrial Council type agreement restricting employment to union members or retrenched workers from the industry; or (ii) the active operation of industry wide or company wide shop steward councils. Their task would be to monitor and enforce agreements in their own plants, as well as to ensure co-operation and the flow of information across plants.

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