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Rotten fruit

Tesco profits as women workers pay a high price

STOP
CORPORATE
ABUSE

Rotten fruit

Tesco profits as women workers pay a high price

“Tesco can say all good things, but the truth is the people are not being treated well here,”

says Gertruida Boysah,* a seasonal worker on a farm in Ceres in the Western Cape in South Africa that supplies apples to Tesco in the UK.

What's the problem?

Tesco recently announced record profits of £2 billion. But in South Africa thousands of women casual workers growing fruit on farms accredited by Tesco and other global retailers are being exploited as low prices and tougher standards are forced on local fruit farmers.

Summary

Apples and pears from South Africa look pristine on Tesco shelves, but ActionAid looked behind the shine and investigated conditions among casual women workers on fruit farms in the Western Cape accredited to supply Tesco. The retailer is known to squeeze local suppliers and these pressures are passed on in the form of low wages and precarious employment for the most vulnerable in the supply chain: casual women farm workers. Our investigation found:

Poverty wages:

- “I get 378 Rand [£32.50]¹ pay every two weeks, which is not the minimum wage. I can't afford school fees for my daughter or go to school functions or buy school uniforms.” Tawana Fraser

Exposure to pesticides:

- “They spray pesticides while the women are working in the orchards. We have no gloves or protective clothing... we have to pick pears from the trees while they're still wet from pesticides.” Tawana Fraser

Hunger:

- “We only eat bread and butter. It's very difficult. It's not enough.” Aruna Morrison

Dismal housing:

- “I sleep on the floor on a plastic sheet...there's no water or electricity and the walls of my shack are made of cardboard.” Gloria Nzama

Discrimination against women:

- “The men get everything – boots, uniforms – all free. Seasonal women workers get nothing. Why must we pay, and the men not?” Aruna Morrison

Action

We are not calling for a boycott of South African fruit from Tesco - this would be counter productive. We are calling for new legal duties on the directors of UK companies, such as Tesco, to ensure that they take account of the likely consequences of any decision on the interests of employees, suppliers, communities and the environment.

Fruit in South Africa

Over 104,000 workers are employed permanently on approximately 3,000 fruit farms in South Africa and tens of thousands of women are now increasingly employed as a 'reserve army' of part-time labourers to do contract and informal work to pick and pack the fruit for export.²

South Africa supplies most of its deciduous fruit (apples, pears, plums and peaches) to Europe, especially the UK. Total exports from South Africa are valued at close to 1 billion Rand [£86million] a year;³ Europe took about 67% of these in 2003, with 34% going to the UK.⁴

Tesco is the UK's biggest buyer of South African fruit and increasingly loads many of the costs and risks of its fresh produce business onto local producers.⁵

Global retailers such as Tesco are known to squeeze local suppliers on price, set tough technical standards and demand greater flexibility under 'just-in-time' production schedules and more uncertain and volatile trading conditions.⁶

"A buyer for Tesco picks up the phone and says x is offering me apples for £1 a carton cheaper; meet him or I take you out of the programme," says a farm and pack house owner from the Western Cape accredited to supply Tesco, who spoke to ActionAid on condition of anonymity. "Supermarkets like Tesco⁷ have all the power in the world, and we have to cut costs as far as we can. We're really at their mercy."

Farmers often pass these extra costs and risks onto workers in the form of exceedingly low wages and through an expansion of highly insecure part-time work and precarious employment.⁸

Farmers have responded by cutting their permanent, resident on-farm workforce. They rely increasingly on less costly off-farm flexible, seasonal, contract and migrant labour – the majority of these workers are women.⁹

"Every year there are more labour contractors in this area," says a labour broker from Grabouw in the Western Cape,¹⁰ who provides informal work teams of labourers for local farms that supply Tesco, and who spoke on condition of anonymity. "Three years ago there were 20 brokers in this area, now there are 400."¹¹

This growth in labour brokers represents the expansion in casual work. Although fruit producers and labour brokers are *jointly* responsible for employment benefits for employees under South African law, the majority of brokers are officially unregistered and avoid these responsibilities.¹²

As a result of these changes, the most vulnerable in the global supply chain – poor women and migrant workers – often suffer insecure employment, keeping workers trapped on the edge of poverty with no job security, written contracts or work benefits, and with long hours and poverty wages.

Context

Fruit growers increasingly have to comply with external certification of standards on their farms – such as EUREPGAP,¹³ an accreditation scheme to supply European retailers – but besides pressure from global retailers such as Tesco and Asda Wal-Mart, other factors have forced South African fruit farmers to cut labour costs and downsize their resident workforce and rely more on off-farm flexible labour.

These include:

■ deregulation of the fruit export sector

liberalisation of the single export channel, Unifruco, in 1997, has seen an explosion of 60 new competitors sourcing deciduous fruit for export. This has increased competition and led to cut-throat margins.¹⁴

■ extension of national legislation on employment, labour rights and security of tenure for on-farm workers¹⁵

South Africa has extended exemplary labour legislation and employment rights to previously marginalised groups, such as all agricultural workers, including seasonal and casual farm workers. These progressive labour rules are based on International Labour Organization (ILO) standards,¹⁶ although in effect, state legislation has not been fully enforced and has not succeeded in protecting contract and other informal workers.

■ integration into global markets resulting in price competition from exporters from Chile and New Zealand

South Africa now competes globally with apple exporters from China, the US, France, Spain and Italy, plus Chile, New Zealand and Argentina.¹⁷

Sharp end

Tesco has responded to supply chain concerns by creating voluntary codes of conduct for their fruit suppliers; at least 70 farms are currently accredited to Tesco's 'Nature's Choice' scheme in the Grabouw, Stellenbosch and Ceres areas in the Western Cape.

Nature's Choice focuses on technical issues such as keeping up-to-date pesticide spraying records and specifying the precise size, shape and colour of fruit for export.

Tesco also supports the Ethical Trading Initiative Baseline Code (on minimum labour standards) and is committed to corporate social responsibility¹⁸ and worker welfare, but despite this – and the existence of good national laws to protect all farm labourers – we found unacceptable conditions among the non-permanent labourers we interviewed on Tesco-accredited farms.

In practice, the voluntary approach is proving insufficient on the ground; evidence suggests it is failing to protect the rights of *all* agricultural labourers, including the growing ranks of casual workers who increasingly are employed in the sector as a result of supermarket buying practices.

To highlight the need for greater legal obligations on TNCs to respect human rights, ActionAid linked with South Africa-based group, Women on Farms,¹⁹ and conducted 21 interviews on a sample of seven of Tesco's Nature's Choice-accredited farms in March 2005.

We found:

- farm workers paid below the minimum wage
- farm workers exposed to pesticides
- farm workers suffering food insecurity
- casual farm workers trapped in dismal housing
- women workers in precarious employment and losing out on benefits.

1 Farm workers paid below minimum wage:

"I get 378 Rand [£32.50] every two weeks, which is not the minimum wage of 419 Rand [£36]," says Tawana Fraser, who works from 6.30am to 5.30pm five days a week as a 'permanent casual' labourer on a pear farm in Ceres that supplies Tesco. "I feel very unhappy about the low wages. I can't afford school fees for my daughter or go to school functions or buy school uniforms. It makes me feel very bad. I want to be treated fairly. I should receive the minimum wage."

Poverty wages are widespread in the Western Cape but they are particularly entrenched in the Ceres district. A survey of 540 households of seasonal fruit farm workers there in 2002 found that daily wages varied between 25–35 Rand (£2.10-£3) and that 82% of those surveyed had monthly incomes below the poverty line.²⁰



Eric Miller/Panos/ActionAid

Farm worker Tawana Fraser is paid below minimum wage, about £16 a week

Wider surveys in the fruit sector have found women's wages are lower than men's and that women work for shorter periods during the year. Workers are segregated by gender. Women are given jobs requiring 'nimble fingers' – pruning, sorting, grading and packing,²¹ – while men dominate the higher paying jobs of irrigation, tractor driving and supervision on farms.²²

2 Farm workers exposed to hazardous pesticides:

Tawana Fraser says she and her colleagues run away when the orchards they tend are openly sprayed with harmful pesticides. "They spray pesticides while the women are working in the orchards," says Ms Fraser, who lives with her two children and 11 family members in a three-bedroom house on a pear farm in Ceres that supplies Tesco. "We have no gloves or protective clothing – we can't afford them – and we have to climb wet ladders and pick pears from the trees while they're still wet from pesticides."



"We only eat bread and butter," says farm worker Aruna Morrison

She says spraying normally happens twice a week and that nobody on the farm has protective clothing, including all permanent workers. She claims the farm owner says the pesticides "won't harm anyone", although one colleague recently went down sick with a rash, and others suffer from red eyes, cold sores and sore throats. That's why when they spray pesticides she runs "fast and far away".

3 Farm workers suffering household food insecurity:

Putting enough food on the table is seasonal worker Aruna Morrison's biggest struggle. Aruna can find work for only six months of the year on an apple farm in Ceres that supplies Tesco, and as a widow she is the sole breadwinner for her four children, disabled brother and elderly parents. She earns 46 Rand a day (£3.90) sorting Granny Smiths, Golden Delicious, Braeburns, Pink Ladies and Royal Gala apples, and providing enough food for the family is a daily challenge. "We only eat bread and butter. It's very difficult. It's not enough," she says. "On Sundays we'll also go out of our way to eat meat."

Aruna says her family does not talk about food and that it's sad when her child cries for bread, but there is nothing to give. "What hurts is when my child begs, 'Mummy, mummy, please, please...' but they don't understand." Overall, the worst thing is the shame she feels amongst her peers. "I don't have the courage to lift my head up high and look people in the eye," she says.

Aruna's experience of food insecurity is widespread amongst seasonal fruit farm workers in Ceres. A survey by South Africa's Chronic Poverty Research Centre in 2002 found that 70% reported experiencing a period of insufficient food during the previous year, while half reported going hungry for half the year or more.²³

4 Casual farm workers trapped in dismal housing:

Resident farm workers traditionally benefit from free housing, water and electricity. However, the trend towards more off-farm flexible employment prompted by supermarket buying practices is seeing thousands of casual workers exposed to dismal housing conditions in compounds, shanty towns and informal settlements.²⁴

Gloria Nzama migrated from Transkei and can only find work intermittently on Tesco-accredited farms organised through a 'labour broker'. She earns 150 Rand [£12.90] a week, which is below the weekly minimum of 219 Rand. "I live in a two-room shack made from wood and planks," says Ms Nzama, who goes without meals when she is not working and relies on her brother for food. "There is one bedroom and one kitchen. I sleep on the floor on a plastic sheet. There's no water or electricity and the walls of my shack are made of cardboard."

Her previous shack burnt down recently and she now lives with her brother and his wife and baby. She has left her two young children with her mother in Transkei, and says it is extremely stressful sleeping on the floor, next to cooking pots and pans. Living conditions are severely cramped and there is no running water or storage space to hang her clothes. "I'm trapped," she says. "It's very pressured. I don't earn enough money to move anywhere else."



"The walls of my shack are made of cardboard," says casual worker Gloria Nzama

5 Women suffer precarious employment and lose out on benefits

Women bear the brunt of more precarious employment and are cut out from a range of work benefits. All the women casual workers ActionAid interviewed complained they had no access to benefits provided by labour legislation. "I don't have rights to money to visit the doctor, for sick pay, maternity leave, UIF [Unemployment Insurance Fund] or pensions," says Gloria Nzama who, like thousands of other women, works without a written contract and loses out on benefits.

Tawana Fraser says she does not get paid annual leave and unlike predominantly male permanent workers, she misses out on pay when work stops in the orchards when it rains. "The men get to work inside when it rains and still earn a wage. The women stay at home and don't get paid," she says. The women on her farm are also forced to take unpaid maternity leave when they are three months pregnant. "We have to sit at home, without any money," she says.

"The men get everything – boots, uniforms – all free. Seasonal women workers get nothing. Why must we pay, and the men not?" says Gertruida Boysah, who works all year on a pear farm in Ceres supplying Tesco but who is still classified as a seasonal worker.

But the biggest worry for many women was the anxiety of doing informal work. "I'm not permanent, and I feel uncertain," says Ms Fraser, who works for 12 months of the year, without a contract, and who is still classified as a casual employee. "The farmer said he can let us go and easily get seasonal workers to replace us if we don't want to work."

Recommendations

All countries have an obligation to ensure that TNCs do not undermine human rights when they invest overseas.

A multiple approach is necessary to tackle the dominance of supermarket buyer power in the South African fruit sector. Local unions and casual farm worker groups must be strengthened; producers must carve out more power in relation to buyers; state bodies must be empowered to enforce their own regulations; and governments north and south must work to curb the abuse of supermarket buyer power.

And while we welcome the commitment by TNCs such as Tesco to improve their social and environmental performance, we believe the voluntary approach is insufficient and needs to be underpinned by minimum legal standards applied at the national and international levels.

We are *not* calling for consumers to boycott South African apples and pears from Tesco – this would be counter productive.

We are calling on the UK government to use the current Company Law review process to place a legal duty on company directors to take account of the interests of their companies' wider stakeholders – notably employees, suppliers, local communities, and on the environment – in their decision-making.

UK law currently only obliges company directors to work towards providing benefits (ie financial returns) to their companies' members (ie shareholders). This means that directors are driven to take decisions that may increase shareholder returns, but that may also harm the interests of employees, consumers, communities and the environment.

We believe a well-regulated business sector can be a key partner in eradicating poverty. However, by focusing directors solely on maximising shareholder returns, we believe that the current UK company law framework does not provide such a regulatory environment.

ActionAid proposes that a strong legal framework governing the behaviour of publicly listed companies – at home and abroad – must be adopted to create an accountable business sector capable of contributing to the Government's objectives for international development and poverty eradication.

The way to ensure this is through:

- ensuring directors are responsible for their wider impacts by providing a statutory requirement for directors to consider, report on and mitigate against any negative impacts on other stakeholders, and;
- ensuring that, in cases where these duties have been neglected, stakeholders should have effective means of legal and financial redress.

We believe if companies such as Tesco had greater obligations under UK law they would be legally required take their human rights obligations to all workers – such as Tawana Fraser, Gurtruida Boysah, Gloria Nzama and Aruna Morrison – much more seriously.

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**All names have been changed to protect identities.*

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- ¹⁴ Greenberg, S (2004) *op cit*
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