

# WORKING Paper 4

**Crew members in South Africa's squid industry: whether they have benefitted from transformation and governance reforms**

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# Abstract

Although crew members form bedrock of the squid industry, they have not benefited from the transformation and governance reforms because: the harvesting technique necessitates incentivisation of individual effort; they are highly mobile; and the industry is exempted from revised labour legislation. As a result, they have been unable to organise for laying claim on benefits. As they unionise to strengthen their bargaining position, the conundrum is how to maintain incentive practices on which the catching sector is based while asserting their rights. The challenge is re-structuring the sector to improve quality of employment while maintaining individual crew member productivity incentives.

# Keywords

squid industry, crew members, transformation, governance, production, incentivisation, unionisation

# Introduction

Although fisheries contributes less than one percent to South Africa's national Gross Domestic Product, it is a very important sector in the livelihoods of fishing and coastal communities and therefore as part of government's poverty reduction strategy. South Africa's poverty reduction policies are underpinned by its constitution (Republic of South Africa, 1996) and the Bill of Rights that is included in the constitution. The constitution entrenches all citizens' fundamental socio-economic rights elevating these to equal status as the rights to political freedom and citizenship. Poverty reduction was the key policy objective of the Reconstruction and Development Programme (RDP) (African National Congress-ANC, 1994), ANC's manifesto for the landmark 1994 democratic elections. This was supposed to be achieved through provision of basic needs, developing human resources, building the economy and nation building. The principles, visionary statements and objectives of the RDP were in line with the 1995 World summit for Social Development goals of eradicating poverty, attaining full employment and fostering stable, safe and just societies (Department of Social Development, South Africa, 2003). More fundamental, ANC's vision for societal transformation was set out in the Freedom Charter of 1955 (Africa National Congress, 1955), which stated that "the people shall share in the nation's wealth and that "national wealth shall be restored to the people" (Everatt, 2003). The African National Congress (ANC) government emphasizes therefore that the fight against poverty is the most pressing problem that the country faces (Mbeki, 2004; Mbeki, 2003).

As Ben Turok (This Day, 11 December 2003) pointed out, experience elsewhere in Africa had made the ANC painfully aware that 'achieving political office did not automatically provide the leverage needed to introduce further change'. Economic transformation is much more difficult

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than political change. Thus, in 1996, just two years after the landmark democratic elections, the ANC shifted economic policy from RDP (in fact abolished the RDP office) to the Growth, Employment and Redistribution (GEAR) strategy (Republic of South Africa, 1996). GEAR is a classic neo-liberal formulation, based on the assumption that if market forces are freed of external restraint they would maximize, not merely economic growth but also the welfare of all citizens. Inherent in GEAR was the assumption that redistribution would occur automatically as a result of economic growth, which would generate increased jobs and higher incomes. In effect, GEAR was fashioned on the principles and concepts of the International Monetary Fund (IMF) and World Bank (WB) Structural Adjustment Programmes. Under GEAR unlike under the RDP, redistribution was not given programmatic form; instead it was assumed that redistribution would result from 'automatic' spread of wealth to all sectors and levels of society through economic growth (the classic 'trickle down' theory).

South Africa's Fisheries Policy, especially from 2002, reflects this macro-economic shift in government policy from the RDP to GEAR; From 2002 to 2005, the Department of Environmental Affairs and Tourism: branch Marine and Coastal management (DEAT: MCM), issued four-year 'medium term rights' and then from 2006 'long term rights'(DEAT, 2001; DEAT, 2005). The idea of long-term rights is based on the theory of Individual Transferable Quotas (ITQs). The aim of introducing ITQs is to maximise economic efficiency. For fisheries economists such as Scott (1955) and Arnason (1991), the privatisation of common fisheries resources is not a side effect of ITQs, but rather the most important objective of the system. One of the assumptions of the ITQ system is that since the fishery will be more profitable, the bargaining position of fishing crews will improve, resulting in higher wages (Arnason, 1991). Thus fisheries policy alignment to GEAR had been to achieve equity and re-distribution through growth of the fishing

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economy in the hope that this would create jobs and result in improved and increased benefits for fish industry workers and fishing communities generally, especially those that had been historically marginalised.

This article investigates whether policy and governance reforms meant to transform the Squid industry, especially those related to re-distribution of fishing rights, share ownership and improved conditions of employment have impacted on the socio-economic lives of crew members in the Squid fishing industry. According to Béné (2001), governance is 'the exercise of legitimate authority through externally imposed and endogenously evolved sets of rules'. The concept of fisheries governance highlights two key elements; firstly, in the absence of government (weak state) or lack of capacity to enforce law and policy, governance becomes entirely a question of endogenously evolved set of rules. Secondly, formal and informal institutions are the tools through which governance (exercise of legitimate authority) operates (Béné et. al., 2004:93).

## Conceptual frameworks and methodology

Three conceptual frameworks guided this study: 'poverty reduction in fisheries' from Béné et. al. (2004), adapted for the South African context (figure 1); South Africa's 'Fisheries Transformation Policy' and the concept of 'Entitlement'. The 'poverty reduction in fisheries' framework argues that a well-managed fishery is one that generates economic rent (surplus generation) without endangering the resource. Failure to ensure this is likely

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to result in poverty due to absence or decline of economic rents derived from fishing activities (production failure). Poverty can still occur in a well-managed fishery generating economic surplus due to failure to re-distribute the surplus rent as a result of 'institutional and/or entitlement failure'. Therefore while ecological, biological and economic viability of a fishery are necessary, these in themselves are not sufficient for reducing poverty in fishing communities. A second condition are mechanisms for ensuring (re)-distribution of surplus rent from fishing activities (figure 1).

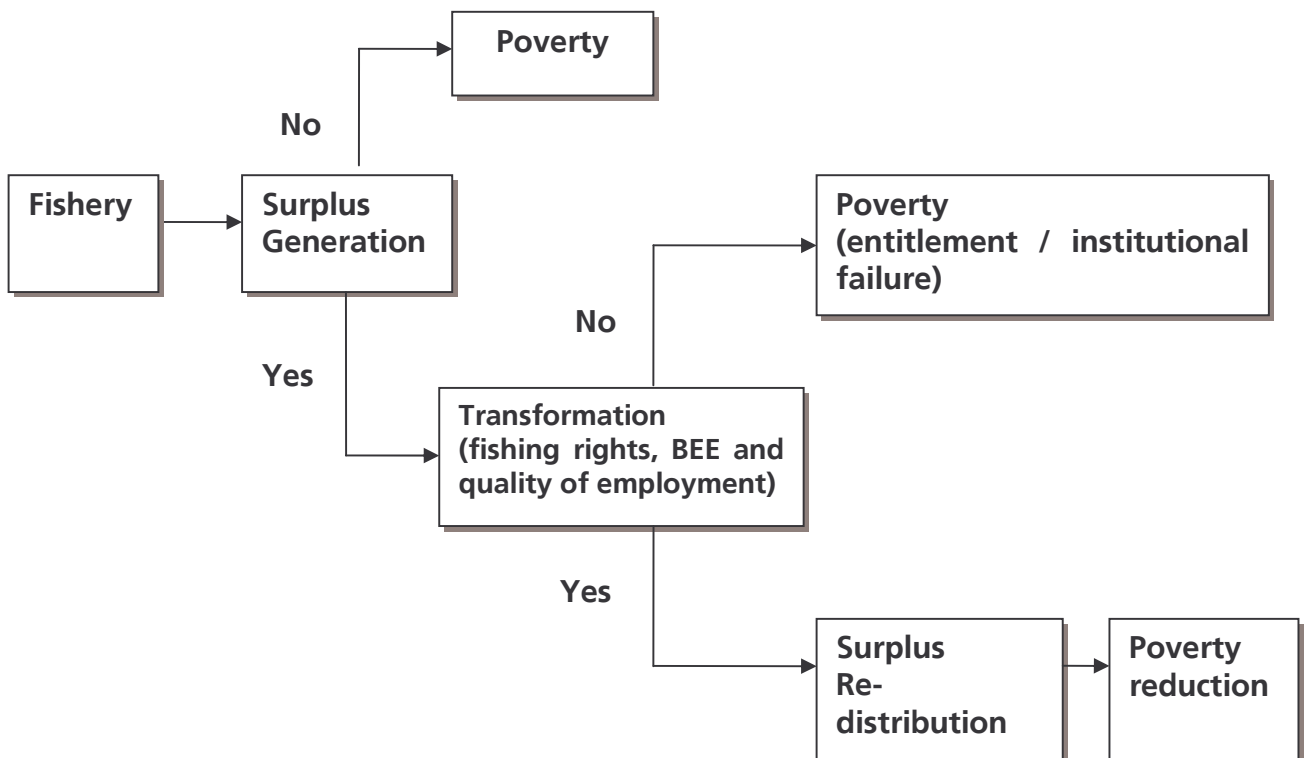


Figure 1: Framework for poverty reduction in South African Fisheries (adapted from Béné et. al. 2004)

In South Africa's case, transformation of the industry was supposed to ensure re-distribution of surplus through three avenues: extension of rights to blacks who had been formerly denied fishing rights; Black Economic

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Empowerment (BEE); and through improving the quality of existing employment within fishing companies (Isaacs et. al, 2007; Raakjær and Hara, 2006; Isaacs, 2003; Sauer, 2003; Hersoug, 2002; Hersoug and Holm, 2000; Martin and Nielsen, 1997) as illustrated in figure 1.

In reforming the fishing industry, fishing rights had been re-allocated to new entrants (mostly blacks) from early 1990s (accelerated after 1994) in the various fishing sectors. Secondly, the existing rights holders brought on board as shareholders black individuals, companies or labour unions under the policy of Black Economic Empowerment (BEE). In addition, the existing companies embarked on a strategy of improving the quality of employment for their existing employees on the shop floor, most of who were black. The Basic Conditions of Employment Act (BCEA) (Republic of South Africa, 1998) and the Labour Relations Act (LRA) (Republic of South Africa, 1995) are the main revised labour legislations that form the main pillars on which improvement of quality of employment is based <sup>1</sup>.

The ability to make claims and assemble secure livelihoods is based on the individual's or household's social and economic endowments and the claiming systems to which such endowments give access (Sen, 1981). Poverty could thus be not only as a result of limited assets, but also as a result of constraints to effective use of capabilities to extract benefits (du Toit, 2004; Carter and May, 1999). Often, the poor cannot influence ways in which the state and other institutions allocate resources within society (Devereux, 1996; Johnson, 1997; Chambers, 1997). The concept of entitlement will be used to assess whether the policy and legal reforms have improved the (cap)ability of crew members in the squid industry at St. Francis Bay in Eastern Cape to claim benefits from the industry.

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<sup>1</sup> Various other legislation such as the 'Skills Development Act' (Republic of South Africa, 1998) and the 'Employment Equity Act' (Republic of South Africa, 1998) support and work in tandem with these acts



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Methods used for this study included drawing up life histories of crewmembers and their families, interviews with crewmembers concerning employment conditions and work relations on board squid fishing vessels. Also interviewed were rights holders and personnel managers of a number squid fishing companies, MCM scientists working in squid industry and officials of the Food and Allied Workers Union (FAWU). In total, 52 respondents in these various categories were interviewed<sup>2</sup>. Secondary information from records and documents was also used to substantiate information from primary research.

# The Squid Industry

The crew members interviewed were from the squid industry based at St. Francis Bay in the Kouga Municipality, Cacadu District Municipality in the Eastern Cape about hundred kilometres from Nelson Mandela Bay (formerly Port Elizabeth) (figure. 1). South Africa's squid industry is based on *Loligo Vugaris Reynaudii* (locally called Chokka), the most common species in country's coastal waters. A commercial jig fishery for squid started in 1984 when it was realised that the species could be exploited commercially. Before then, squid was used as bait in the line fish industry and was also caught as by-catch by the demersal trawl industry. Abundance of chokka squid fluctuates substantially although the biomass levels have been at near-record levels in recent years, (DEAT, 2006). The highest recorded catch was about 12,000 tonnes in the 2003/04 season. For most of the 1990s, the average catch was between 6000 and 6500 tonnes. There is doubt about the accuracy of these figures as comparison with export volumes from South

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<sup>2</sup> The following categories were people were interviewed; 17 crew members, 7 vessel owners, 2 Human resources managers, 2 Vessel captains, 4 Marine and Coastal Management Officials, 3 Food and Allied Workers Union officials, 1 health inspector, 2 municipal managers, 10 health workers, 2 South African Police Officials and 2 Tourism officials.

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African Customs Department reveals discrepancies indicating that under-reporting of catches by rights holders could be widespread (Lepinski, pers. comm.). Since the fishery is based on hand jigging, it is regulated using Total Applied Effort (TAE) by restricting the number of crew that may be deployed on each vessel and the fishery as a whole.

The industry is capitalised at about R241 million and is believed to generate more than R180<sup>3</sup> million annually (DEAT, 2006: DEAT, 2003). For the long-term rights (2006-13), 128 commercial squid fishing enterprises had been granted rights to operate 138 vessels authorised to use 2400 crew (DEAT, 2006). Of the commercial vessels in the industry, 46 were based at St. Francis Bay in 2006 making it the second most important port after Port Elizabeth. Fishing (the squid industry being the main sector) and construction are the main sources of employment in the Kouga Municipality (Woni, pers. Com). The squid industry is export based, with more than 95% of the catch going to the European Union (particularly Italy).

The majority of the crew members working on the squid fishing boats operating from St. Francis Bay (an upmarket holiday town) Harbour reside in the Umzamowethu community at Oyster Bay Beach Holiday Resort (see figure 1). A few live in the KwaNomzamo Township in Humansdorp. Oyster Bay Beach Holiday Resort is about thirty kilometres from Humansdorp and about fifteen kilometres from St. Francis Bay. Humansdorp is the main commercial centre and the headquarters of the Kouga Municipality. The Umzamowethu community is a relatively new community of about 2000 people that came into being about ten to fifteen years ago when the squid industry was established. Its claim of the farm area where they initially squatted has been strengthened by government's construction of improved RDP houses for the community. Over 70% of the crew members stated that

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<sup>3</sup> Exchange value as of 11/09/08 was: \$1US = ZAR8.03 (<http://www.xe.com/ucc>)

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they or their parents worked on farms before coming to work on the squid boats in the late 1980s and early 1990s. Some in fact came along with the present vessels owners when they invested into the squid industry from farming. A small number of the women are able to find work as domestic workers seasonally in the holiday homes in Oyster Bay or St. Francis Bay during the holiday seasons in the holiday homes in Oyster Bay or St. Francis Bay during the holiday seasons when the home owners are in. The total period for such domestic work is about eight weeks annually (one week during Easter, three weeks during the mid-year school break in July and four weeks during the Christmas and New Year holiday periods).

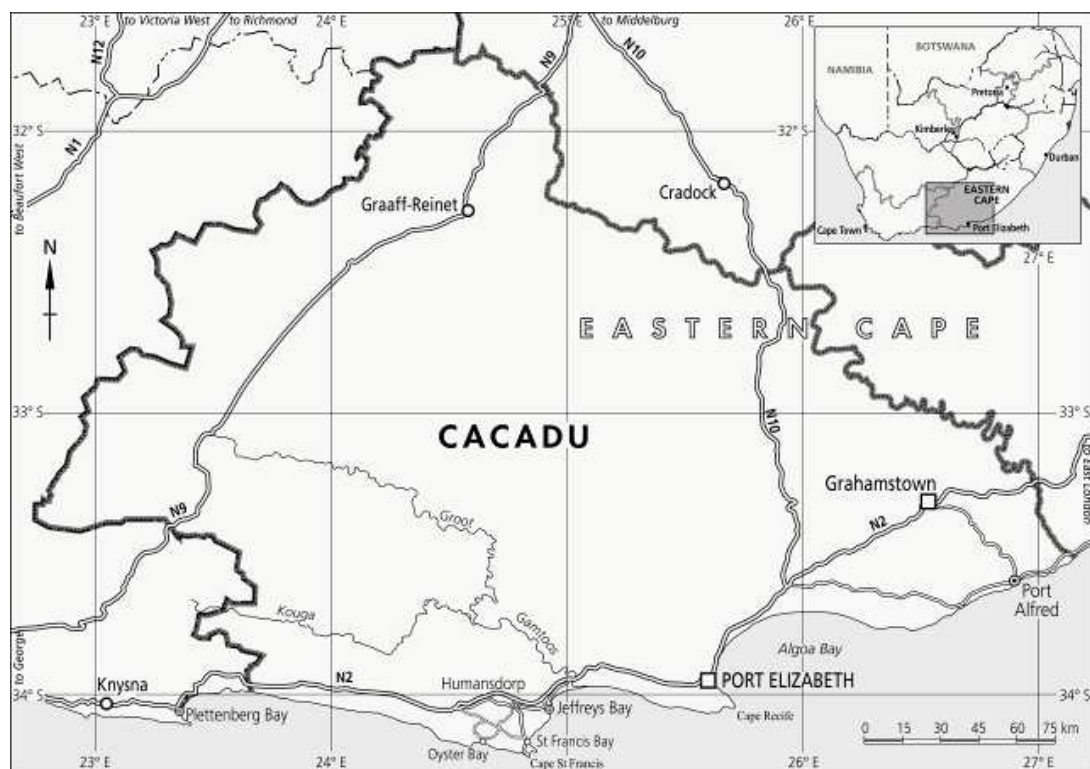


Figure 2: Map of Cacadu District Municipality showing St. Francis Bay, Oyster Bay, Humansdorp and Nelson Mandela Bay (Port Elizabeth).

# Fishing rights

The majority of the crew members had applied for medium-term squid fishing rights, as individuals or closed corporations or had been promised to become shareholders by their employers. None had been successful. For the long-term rights (2006 to 2013), 236 entities (122 of the existing medium term rights holders and 114 new entrant applicants) had applied for rights. The Minister allocated rights to 138 vessels belonging to existing rights holders and none to new applicants. The stated reason for not allowing any more new entrants was that the resource was being exploited to maximum capacity, could not accommodate any additional fishing effort and was therefore already fully subscribed for among the existing rights holders (DEAT, 2006). The second reason given was that significant transformation had already occurred within the industry, with black ownership increasing from 33% to 49% between medium term rights period and long-term rights period (DEAT, 2006). This despite the fact that the results of whole sector performance evaluations for medium term rights period for Squid Pole for both Established Companies and New Entrants based on the commercial fishing sector evaluation codes showed that these evaluations were grossly incomplete. The policy stated that the re-allocation of long-term rights to existing rights holders would be based on their performance during the medium term rights period based on the company transformation codes<sup>4</sup> for each sector as evaluative criteria (DEAT, 2006). Rather than using these codes

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<sup>4</sup> The following were the transformation codes that established companies are supposed to be evaluated upon: catching performance; investment; employment; ratio of black directors to white directors on the Board of Directors; ratio of female directors to male directors on the Board of Directors; ratio of black top salary earners to white top salary earners; ratio of female top salary earners to male top salary earners; equity owned by Africans Coloureds Indians; equity owned by female; black ownership; black ownership increase; female ownership; and employee ownership. For new entrants, the following were the codes: financial performance; ratio of black directors to white directors; Ratio of female directors to male directors; ratio of black top salary earners to white top salary earners; ratio of female top salary earners to male top salary earners; equity owned by Africans, Coloureds, Indians; equity owned by female; black ownership; and female ownership (DEAT, 2006)

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as benchmarks for award of long term rights though, DEAT: MCM adopted an approach that scored applicants against each other on the argument that the process of granting rights should be competitive, so that an applicant with a higher transformation score would stand a greater chance of getting a right or a larger portion of the available Total Allowable Catch (TAC) or Total Allowable Effort (TAE) than one with a lower score. In the case of the squid industry, both Established Companies and New Entrants were only evaluated on two codes; 'Catching Performance' and composition of 'Board of Directors' (DEAT, 2006). It would have been particularly vital to thoroughly evaluate performance of companies and rights holders for the medium-term rights as a pre-requisite for consideration of award of long-term rights. Without such a comprehensive audit, it is not possible to say conclusively that there had been increased, genuine and meaningful participation of the historically disadvantaged in the industry especially if this was to be used as objective basis for excluding new applicants who included the crew members. Given this scenario, the only real value and benefits from the industry for crew members would have accrued from Black Economic Empowerment (BEE) and/or improved quality of employment.

# Black Economic Empowerment

Fishing companies and right holders were required to demonstrate how they intended to transform their companies in terms of BEE as one of the conditions for retaining their fishing rights. In response to criticism about narrow based empowerment instituted in 2003/04 that led to enrichment of a few blacks, the government initiated Broad Based Black Economic Empowerment (BBBEE) (Republic of South Africa, 2003). Government defines BBBEE as "an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings

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about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities" (Republic of South Africa, 2003: 12). As the government emphasizes regarding the necessity of BBBEE, "more than just an economic imperative, the deracialisation and engendering of our economy is a moral requirement in keeping with the values and principles of equality enshrined in our constitution" (Republic of South Africa, 2003: 5). One important aspect of BBBEE therefore was how fishing companies intended to extend shareholdership to their existing black employees. Most of the established (previously all white) companies in the squid industry claim to have re-structured their shareholdings to include blacks as the majority share holders. The majority of crewmembers alleged that they were not included in the shareholdership deals that had been instituted, even though their employers had used their identity documents for applications for medium term rights. In most cases, it was only the onshore employees (factory and administration) and outside Black Economic Empowerment (BEE) consortia that had been included in such deals. The main reasons given by most primary right holders (vessel owners) for crew members not being offered shares were: that crew members are casual employees (only offered contracts for the duration of each fishing trip) and also that crew members like to migrate from one fishing vessel to another rather than sticking with one employer. Some rights holders indicated that crewmembers who had been working with their companies for a long time on a continuous basis had been offered shares in the profit (i.e. they get a bonus at the end of the year calculated on the basis of the annual profit).

The lack of organisation among crewmembers as organised labour and the political clout such organisation carries is one of the factors for their failure to gain a foothold into the industry as shareholders. This can be contrasted with the unionised employees in industrial fisheries in the Western Cape

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Province where organised labour had significant influence on the policy process (Hersoug, 2002) and had the clout to secure shares within the industry and negotiate improved conditions of employment for their members. As one squid vessel owner put it bluntly, 'there was no reason for offering shares to crew members since they did not bring any political influence that could have helped me retain my fishing rights'.

Even in cases where companies allege to have transformed in terms of shareholdership, one ought to be cautious in analysing the ownership changes as these are usually structured in a very complex manner. Shares are usually offered separately in the different asset components of companies such as; the quota, the vessel, the factory and profit. For the most part, the original (white) owner retains sole or majority ownership of the vessel. Given that the squid is fresh frozen onboard the freezer vessels, very little of the processing operations are carried out on land in the factories any more. Where the squid is concerned, the factories have largely become transit storage freezer warehouses before the product is exported. Crucially, since the fishing right is attached to the vessel and the original owners usually retain majority control of the vessels, and therefore control most of the fishing operations, they also retain control of what profit can be declared at the end of the day. As one right holder who got into the industry through a BEE consortium reiterated, 'although his company was 77% black owned on paper, it is the white partner who owns 23% of the total shares in the company, but retains sole ownership of the vessel, that runs finances without their active involvement'. Critically also, the marketing component remains largely under the control of the original owners who have developed the knowledge, experience, networks and contacts in this export based industry. In the end, the original rights holders retain a large say in what profit is declared and thus how much dividends are to be paid to shareholders at the end of a financial year.

# Quality of employment

The squid industry is based on hand jigging. The wage system is thus based on reward of each individual crewmember's skills and hard work calculated on the volume (in terms of weight) of his catch during each fishing trip. The catch by each crewmember is weighed and recorded against his name everyday and at the end of the fishing trip, his total catch is used as the basis for how much he will be paid after the personal operational costs (Table 1) and general vessel running costs have been deducted.

Earnings		Deductions	
Squid	4 567.50	U.I.F.	25.31
Rounding	0.97	Cook	21.00
		Tackle	752.00
		Food	252.00
		Rounding	0.16
			1 050.47
<b>Total</b>	<b>4 568.47</b>	<b>Net</b>	<b>3 518.00</b>

Taxable earnings for Period (01/03/05 to 23/01/06): R20, 086.50

**Table 1: An example of a crewmember's payslip on a squid boat – St. Francis Bay, South Africa**

If a crewmember does not catch enough to cover his costs and his portion of the general costs, he earns nothing for that given fishing trip and in fact ends up owing the vessel owner money that must be paid in the next or subsequent fishing trips. Vessel owners justify this cost sharing system on the basis that crew members should be viewed as private producers who sell their catch to the vessel owners. The vessel owner is merely offering a means of production whose costs he must cover. This view also justifies employment of crew members on 'casual basis' only for the duration of each trip in



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accordance with the Merchant Shipping Act of 1951<sup>5</sup>. As part of the contract with crew members, the vessel owner has first refusal to the product, partly so that he can deduct his money that he advances to crew members in form of crew member fishing operational costs and vessel running costs. Even though the impression created is that crew members are supposed to sell the product to vessel owner, the crew members alleged that vessel owners determine the price at which they will pay for the catch without negotiating with the crewmembers. Apparently, the price being paid to crewmembers for the catch had remained the same in the last five years at between R4.5 to R5.0 per kilogramme<sup>6</sup>. Additionally, crew members complained that the weights of their individual catches are usually under reported by skippers, resulting in underpayment. They further pointed out that it was very difficult to question such under hand practices as skippers have the powers to expel you from 'their' boat. Word passes around that you are a trouble-maker and this could make it very difficult for you to get employed on other boats in the area.

Share contracts are the norm in agriculture and artisanal fisheries (Hara, 2006; Béné, 1997; Platteau, 1995). They are associated with 'risk-sharing'. The usual arrangement in such contracts is that a worker's remuneration should be based on their productivity; that revenue from the sell of the harvest will be split between the employer and employee once costs have been deducted so that risks and benefits are shared by both. In contrast to fixed wage contracts where pay is not pitched to output, share contracts are intended to reward individual workers on the basis of what they produce, thereby incentivising individual worker productivity. The system of remuneration based on individual productivity is thus not unique to the squid industry.

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<sup>5</sup> Only the vessel skipper, driver and mate (those responsible for looking after the vessel) are given long-term contracts with basic wages.

<sup>6</sup> The vessel owners argue that the squid industry has declined in profitability in recent years due to the strong Rand against other major currencies, especially the Euro.

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What is unique is that it still exists despite South Africa's revised labour legislation (Basic Conditions of Employment Act of 1998 and the Labour Relations Act of 1995) and the country's historically militant labour movement that had been instrumental in breaking the back of the apartheid regime. The reason for this could be partly found of the lack of worker organisation among crew members in the squid industry, which is also related to the individual incentivisation structure of the catching sector.

# Crew member organisation

In the BCEA (Republic of South Africa, 1998) and the LRA (Republic of South Africa, 1995), South Africa has some of the most progressive labour legislations. Even then, crewmembers in the squid industry have not so far used this legislation to assert their rights despite the unfavourable working conditions and work practices<sup>7</sup> that they continue to endure. Until 2006, the crewmembers had not unionised themselves apparently because the employers had been threatening them that they could not belong to labour unions because they were not permanent employees. According to section 200A of the Labour Relations Act (Republic of South Africa, 1995) most crew members had signed on with the same employers for over three months continuous in the past<sup>8</sup>, and therefore qualified as full time employees (Dicks, 2006). The problem though is that in contradiction to the LRA, the BCEA excludes employees working on fishing vessels at sea (except section S41 – severance pay) in accordance with an agreement made in the National

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<sup>7</sup> Crew members do not have long-term contracts, do not get a basic wage, are not entitled to minimum benefits such as paid sick leave, medical aid, annual leave or a pension.

<sup>8</sup> According to the Labour Relations Act (Republic of South Africa, 1995) an employee that works for more than three months for one employer should be regarded as having been permanently employed. Most of the crewmembers have been signing contracts with the same employers for the stipulated minimum period, with some having worked for the same employee for more than ten years.

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Economic Development and Labour Council (NEDLAC) (ibid.). Dicks (2006) argues though that the fishing industry Bargaining Council (BC) applies to the whole fishing industry in South Africa including the squid sector, not to the Western Cape Province only<sup>9</sup>. However, this universal application is restricted through schedule 1 of the BC, which identifies two chambers only; 'Deep Sea Trawling' and Inshore Trawling' (ibid.). A second reason for the quiescence of crew members could be explained through the historical patron-client relationship between most black workers and their white employers. This type of relationship has been singularly prevalent between white farmers and their labourers (du Toit, 1998; du Toit and Robins, undated). This also applies to the squid industry since most of white vessels owners come from a farming background together with some of their workers who became their crew members. Given this historical contextual relationship, crew members had not been able to rise against their 'masters'.

In June 2006, the crewmembers from the in the Eastern Cape Province, including those in the squid industry, went on an illegal strike (they did not have a legal labour union to call for a strike) due to the prevailing poor working and employment conditions on board fishing vessels. As the crewmembers did not a have legally recognised labour union, no negotiations could take place between themselves and their employers until the Food and Allied Workers Union (FAWU) intervened. The strike action precipitated into 3,000 crew members from 55 companies registering as members of the FAWU. One of the challenges FAWU had encountered concerning unionisation of crew members in the squid industry had been the unstable working conditions that exist in this particular industry especially as a result of the short term contracts which result in high mobility of the crew members from one employer to another. FAWU has verified the new

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<sup>9</sup> According to the BC constitution and definition, its legal status (S1 -1) applies to the whole fishing industry rather than to the Western Cape only. It also covers fishing activities on and off shore.

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members with the employers' organisation, the Employers' Organisation for the Cephalopod and Associated Fisheries (EOCAF). In June 2007, EOCAF recognised FAWU as representing most of the crewmembers in the industry. Subsequently FAWU and EOCAF formed a Bargaining Council for the squid industry within which negotiations could take place (Mbaza, pers. comm.). FAWU proposes the revoke of the NEDLAC agreement that excluded fishing employees from the provisions of the LRA and the revision of the BCEA so that it covers crewmembers on board fishing vessels at sea. In September 2008, the crew members went on strike again. The issues around basic conditions of employment such as a minimum wage had still not been resolved. The employers continued to argue that in an industry based on incentivisation of individual crew member productivity, pay based on minimum wage would be unworkable (Christy, pers. comm.; Mbaza, pers. comm.; Viljoen, pers. comm.).

## Conclusion

Despite the revised fisheries legislation that talks to transformation of the sector, revised labour legislation and South Africa's constitution, the crew members have not been able to gain fishing rights or shares in the squid industry despite long years of service, nor has their quality of employment improved because of their weak bargaining position. As a result, crewmembers cannot claim their fair entitlement from the industry's surplus rents. Although DEAT: MCM had employed private companies for checking and verification of fishing rights applications for both the medium term and long-term rights, the evaluations did not apply the transformation codes stringently as the basis for renewal of existing rights and this does not appear to extend to monitoring and evaluating performance annually as stipulated in the BBBEE (Republic of South Africa, 2003) codes in the periods

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between renewals of rights. In effect, rights holders are left to their own devices after the rights have been awarded and retained their rights for the long-term period without thorough appraisal of transformation performance during medium term period. This study shows that redistribution of surplus in South African Fishing industry requires strong and functioning institutions, buttressed by appropriate and progressive legislation and watchdog organisations. It implies that there is need to develop and put in place working governance systems and institutions for monitoring and evaluating performance of fishing companies in key performance areas of transformation as stated in their applications and BBBEE transformation codes. These would provide checks and balances that could improve adherence to policies and legislation by rights holders.

While DEAT: MCM, as the line agency, should play a major role in monitoring and enforcing policy and legislation, the case of squid shows that other departments and NGOs do also have a vital role to play. In this particular context, the Ministry of Labour and labour unions should play important countervailing roles in solving the riddle of how apply the BCEA and LRA that would improving work conditions and the quality of employment on squid vessels for crew members while maintaining productivity and profitability of the industry. The challenge for all stakeholders is to re-structure the productive sector of the squid industry in a manner that would improve the quality of employment for crew members while retaining the incentives for productivity of the individual crew members.

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