CASE STUDY

Restructuring of the South African operations

The HR team played a key role in delivering on the strategy of arresting Tongaat Hulett's business decline. By leading the restructuring of the business, notable fixed cost savings will be realised through a responsible and considered reduction in headcount.

The South African headcount reduction target was set at 30%, with the first phase focused on managerial levels in Sugar, Properties and Agriculture. Legal assistance was utilised to guide the process in conjunction with the facilitation services of the Commission for Conciliation, Mediation and Arbitration (CCMA). One of the biggest challenges faced during this time was to ensure a consistent response to the many questions that were being raised in the meetings.

The offer of VSPs was well received, reducing the number of employees to ultimately retrench. One dispute has been referred to the Labour Court.

In the agricultural bargaining unit, the majority of employees impacted were seasonal workers, who received the same benefits as permanent employees in recognition of their continuity of service over many years. Through FarmCo the company also worked with new land tenants to assist in securing employment for many of these farm workers.

The last phase of rightsizing, which is currently underway involves employees in the collective bargaining units of the sugar milling and refining operations, involving employees represented by three Unions, FAWU, UASA and AMCU. VSPs have been less successful in this instance, leaving a number of jobs still to be contemplated for reduction. This will be in line with business turnaround targets. The number of redundant positions has been impacted by the decision to mothball Darnall sugar mill; to amalgamate Voermol Feeds and Maidstone Sugar milling operations and to reduce the refining capacity at Hulett Refineries to 300 000 tons per annum. The process includes a proposal to introduce a 4th shift at the mills and refinery as a restructuring, cost and safety measure that, if approved, will save 123 jobs that might otherwise be lost. Implementation of the process has been delayed by the imposition of the COVID-19 lockdown and should be finalised during the new financial year.