BIZCOMMUNITY

Glass half full for workers at AB InBev and Coca-Cola

By Ann Crotty

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AB InBev is allowed to offer certain employees severance packages, though the two firms may not now retrench staff.

Picture: Bloomberg

Minister of economic development Ebrahim Patel could teach US president Donald Trump a thing or two about protecting jobs (creating them is another thing).

The conditions Patel and the competition authorities attached to approval of the two highest-profile mergers that were ruled on last year have made a huge difference to the job prospects of thousands of workers in SA.

Those conditions won't prevent Coca-Cola Beverages SA (CCBSA) or Anheuser-Busch InBev from restructuring their operations, but they do prevent them from making easy casualties of workers.

AB InBev, which is not accustomed to being restrained when it comes to slashing costs, has had to tread with some agility around its plans to bring the local operations into line with the ascetic conditions that prevail in the rest of its global business.

But the company is nothing if not determined. And so for the first time ever the entire cohort of middle-and upper-level managers at SA Breweries were invited to consider taking a voluntary severance package.

In mid-December a memo went out to all 5,000-plus employees notifying them of the plan to offer the 1,000 or so management employees voluntary severance.

They had until January 20 to accept what one of the affected employees described as a “very generous” package. Two weeks ago, on return from year-end holidays, they received an e-mailed reminder and were told the deadline had been extended.

Presumably, having got a whiff of how very keen AB InBev was to bag SABMiller, the competition authorities had gone big on the employment conditions.

The merged entity is never allowed to retrench an employee (at any level) as a result of the merger. For the first five years any retrenchment will be assumed to be a result of the merger, unless the company can prove otherwise. Thereafter any retrenchment will be presumed not to be a result of the merger, unless the employee can prove otherwise.

The conditions don’t even allow AB InBev to make a voluntary severance offer to employees below supervisory level. And because the overall employee number has to be maintained, AB InBev will have to replace any of the managers who accept the voluntary severance offer by employing the same number of workers at sub-supervisory level.

Over at CCBSA, control of which is about to be sold back to The Coca-Cola Company, management is navigating the conditions attached to approval of its plan to merge four of the five authorised Coca-Cola bottlers in SA. The company says it has
no intention or even desire to reduce the number of employees, but it wants to close some operations and transfer workers to other sites.

Analysts say the operations that are being brought within the CCBSA umbrella are of different operational standards.

The Shanduka bottling operations have received little investment in upgrades in recent years and are lagging the operations run by Amalgamated Beverage Industries and the Gutsche family.

CCBSA would not comment on specifics but confirmed it was planning the closure of five sites, which are based in Bushbuck Ridge, Port Shepstone, Tzaneen and Louis Trichardt, effective March 6.

In an e-mailed response to inquiries the company says it is in the final stages of consultation with employees about redeployment from the five sites.

“While it is always a difficult decision to decommission operating sites, CCBSA continuously identifies ways in which to optimise our operations proactively to create sustainable opportunities for our employees, while we ensure the best possible customer service and consumer satisfaction.”

The company says it has to act to mitigate the impact of SA’s low economic growth and unprecedented increases in some raw material costs. It is emphatic that no employees will be retrenched or “financially negatively affected” as a result of the planned closures. Far from adversely affecting employees, the move to larger sites does, says CCBSA, present them with “greater opportunities for promotion and career growth”.

Food & Agricultural Workers’ Union (Fawu) general secretary Katishi Masemola is not entirely convinced. He is concerned that affected workers will be enticed to accept the redeployment without fully appreciating the consequences. “Workers at Port Shepstone have been told their transport to the larger Durban site will be covered by the company, but that’s an additional 90-minute journey each way, which means their working day will be three hours longer,” says Masemola, who would like to see more discussion between the company and the union’s central office to ensure workers’ interests are protected.

The general secretary says the company is aware that if the workers refuse to be redeployed it will have to wait for three years. In terms of the Patel agreement it has to maintain its total permanent employment number that time.

The agreement provides for the monitoring of compliance by the merging parties. A complaint regarding allegations of noncompliance could trigger rule 39 of the Competition Act, which provides for certain remedies. In the extreme, the competition commission can revoke approval of the merger.

This puts a lot of pressure on Masemola and his union colleagues, who are likely to be doing the monitoring.

It's unlikely that CCBSA would risk allegations of noncompliance.

It is not just the SA rationalisation plans that are at stake. Within hours of AB InBev confirming the £79bn takeover of SABMiller last October, the Coca-Cola Company announced it was exercising its right to buy SABMiller's (now AB InBev's) 54% stake in Coca-Cola Beverages Africa, of which CCBSA is a large part.

The Coca-Cola Company has not yet approached the SA competition authorities for approval for that acquisition but any concerns around its current rationalisation exercise could make the company's second appearance before the authorities even more painful and drawn out than the first.

Source: Financial Mail