

# PART B: ACTORS

## THE ACTORS – COOPERATION AND INTEGRATION

All actors in the forest supply chain – whether contractors, their clients in the form of industry or forest owners, the public supervision authorities, influential bodies or pressure groups, along with those offering support services – cannot be treated independently, but should be viewed as an integral whole. The actions of all actors should be coordinated to maximize the benefits within the whole supply chain.

## THE TARGET GROUP – FORESTRY CONTRACTORS

Forestry contractors comprise three main actor groups: contractors (entrepreneurs), employees (often, but not predominately organized in workers unions) and subcontractors (self-employed individuals working for a main contractor). In this section, the formal requirements of contractors will be dealt with.

There are a number of formal requirements that need to be met by contractors. Many of the requirements described hereafter are already covered by national laws and international conventions, which means that the first principle common to all forestry contractors is that they must comply with all relevant national laws. Apart from that, there are further significant criteria:

- Contractors need to have the status of a formally recognized business company. This usually means that they must be registered by the competent national authority. The conditions laid down for this differ considerably from one country to another. The lowest common denominator of contractors seems to be that they all have to pay taxes and other levies.
- A qualified business management is of increasing importance for the economic and social survival of contractors.
- Implementing work safety and health protection is a basic duty of all contractors. It is their responsibility to ensure health and safety of employees at their place of work (*ILO Code of practice on safety and health in forestry work*, ILO, 1998).
- Contractors must be able to provide adequate equipment for the task in question. Minimum standards of equipment for forestry work comprises, in any case, tools and machines that comply with the security standards required, as well as any personal protective equipment necessary for the task.
- All above-mentioned demands require that contractors and their workers must be provided with an adequate income. However, the standards for what is to be considered as an adequate income do differ from one region to another.

With the present rapid development of the services sector in forestry, contractors are often competing under unequal competition conditions. The inequalities have many causes, ranging from diverging tax assessments to distinct differences in qualification and technical standards, even within the same region.

## EMPLOYEES AND WORKERS' UNIONS

Even if contractors run generally small enterprises, they need qualified and motivated employees to successfully do their business. Contractors have to respect employees' rights, and employees have to fulfil their obligations towards the enterprise. Working conditions, remuneration and social security are of course subject to negotiations between employers and employees.

In the past, social dialogue in many countries has led to acceptable or even very good working conditions and fairly secure jobs. This is at least the case in traditional forestry, where workers were employed by forest owners. But the traditional social dialogue within forestry, which was based on powerful employers on one hand and on dependent employees organized in unions on the other hand, has lost its significance in many places over recent years, because the directly employed workforce has been replaced by contractors who are contracted either by the forest owner or the industry.

Apart from a few exceptions, forestry contractors are small- and medium-sized enterprises. Their employees do not always make use of their rights to organize themselves, for whatever reasons. Considering the increasing significance of contractors in forestry, it is a challenge for workers' unions to win the contractors' employees as members. The continued existence of workers' unions as socially relevant interest groups for forestry matters is of general importance, because they contribute to ensuring decent work and acceptable remuneration in forestry work, and this again is a core requirement for raising the attractiveness of this profession.

## SUBCONTRACTORS

In principle, charging subcontractors with a task is not a problem in the case of (small) enterprises grouping themselves for a project, or when a contractor occasionally "takes on board" a partner for a partial order. However, this form of cooperation becomes problematical when it does not involve two equal partners, for example, when a small, weaker business is employed by the other, but is forced to work as an independent business, carrying all the risks involved in the enterprise.

Establishing subcontracting relationships with what are in fact dependent employees is contrary to the development of the forestry services sector. This applies even if in some regions it is quite customary and permissible, according to custom and the national legal provisions in force, to employ what are formally dependent employees as subcontractors. Labour-only contractors cannot be considered as businesses in the proper sense of the term; it should be one of the objectives in the development of forestry contractors to reduce this form of subcontracting.

## THE CLIENTS OF CONTRACTORS – FOREST OWNERS AND THE TIMBER INDUSTRY

Clients of contractors are mainly forest owners and the timber industries. For both customers groups basically the same criteria apply, as far as contract labour is concerned. Above all, forestry contractors expect contract conditions that are fair and that guarantee subsistence. One of these conditions is grouping tasks into "package deals" rather than giving only short-term orders. For this reason it is only possible to appeal to clients to maintain long-term business relationships with contractors pointing out that both sides benefit from cooperation and reliability.

In some cases, national or regional regulations deal with selection criteria for contractors.

These lay down in a more or less binding fashion that orders may only be given to contractors who comply with respective rules for the recognition and registration as contractors.

A clear distribution of responsibilities, competences and duties is necessary, either by the definition of rules for cooperation in job contracts, or through forest owners including forestry contractors in the implementation of occupational safety and quality management systems.

As a rule, the contractors have the responsibility for ensuring lawful and social working conditions rather than the forestry enterprises as clients. There are probably only a few exceptions in some countries where there is the formal possibility of obliging forest owners to take a share of some kind of responsibility upon them.

Contracts often contain the statement that the contractor carries the responsibility for compliance with occupational safety regulations. These contracts, however, seldom contain specific information on the implementation of occupational safety measures that exceed legal obligations. Rules and operational procedures that go beyond labour contracts and address the cooperation between employees of forest estates and contractors, as well as the cooperation between several contractors working at the same site are necessary. This is of great importance not only for safety at work, but also for the quality of the results. Occupational safety management systems may act as possible frameworks for this (see section Occupational safety management systems in Part C).

Explicit statement of responsibilities in contracts could and should be used by clients to implement and control compliance with legal obligations and with quality standards throughout all contractual work. It should also be used to sanction transgressions by giving the possibility of immediate notice of termination of the contract. Nevertheless, there is a suspicion that such contract clauses serve rather to exculpate the client in the case of infringements of legal provisions than to demand and put into practice standards for good work in the field.

For this reason it seems inappropriate to regulate sound practice for contracting only in work contracts to achieve social and qualitative standards. Instead, additional measures such as the quality management systems presented below or sectorial agreements on the recognition of contractors are needed.

### **BEST PRACTICE 1. THE RELATIONSHIP BETWEEN A CLIENT AND A CONTRACTOR**

... is always laid down in a work contract in writing. Independently of its form, such a contract contains information on the kind and amount of work required, as well as on the amount, kind and time of payment.

Besides, every contract should clearly state rights and duties of both parties and should contain information on shared responsibilities and competences. This implies that contractors must be able to provide the client with:

- evidence of his trade recognition by the competent authorities, namely taxation authorities;
- evidence of sufficient insurance against accidents for all employees;
- a list of all persons involved in fulfilling the order, including the necessary labour permits for foreign employees;
- evidence of competences of those carrying out the work;
- evidence of sufficient professional liability insurance (min. US\$ 2 million).

## PUBLIC AUTHORITIES / LABOUR INSPECTION

The most important duty of public authorities is to ensure compliance with national legislation and other legal provisions at work places through labour inspection, not only by control and sanction, but also through preventive and proactive action (i.e. information and training). The main focus of labour inspections should comply with the respective national regulations on occupational safety – demonstrating that safety at work is the key working condition. Labour inspections should also provide supervision authorities with information about adherence to laws and regulations, and most of all, to notify them in cases of abuse or infringements. However, labour inspections are also an opportunity for advising contractors on how to comply with legal obligations.

Labour inspection can be conducted by separate institutions, focusing on the following aspects:

- working conditions;
- work relationships;
- safety at work and health protection.

Labour inspections can take very different forms, depending on the structure of the organization and on national legal provisions. A comprehensive view of the organization of labour supervision in more than 20 countries may be found in the ILO Working paper *Approaches to labour inspection in forestry* (ILO, 2000), and the *Guide to labour inspection in forestry* (ILO, 2005).

Labour inspection authorities worldwide have much in common. Generally, sufficient laws and regulations concerning labour inspection are in place to empower and commit supervisors to assure occupational health and safety at the workplace. While roles and responsibilities are clearly stated in the legal framework, the practical implementation is still problematic. Most labour inspections are understaffed regarding their considerable duties in forestry. Moreover, they often do not have adequate professional knowledge concerning the specific working conditions in forestry. This leads to numerous problems, the biggest being that the working places the inspectors are supposed to control are mostly in rural areas, far from their offices. To meet the requirements, these inspections should be performed on regular basis and not just occasionally when inspectors are notified of abuses or when accidents need to be dealt with and documented.

Depending on legal provisions of the country in question, supervision authorities have limited possibilities for controlling and sanctioning self-employed contractors, as labour legislation mostly relates to the situation of dependent employees. This applies to compliance with working hours as well as to wages and occupational safety. The legislation of many countries is not very specific in this respect. It may be argued that this is one of the reasons for the attractiveness of involving self-employed subcontractors.

Effective labour inspection is hardly possible in small service-providing businesses without support of forest owners and the timber industry. The legal framework for this is based on national legislation (see *ILO Code of practice on safety and health in forestry work*, ILO, 1998). Clients are encouraged to work solely with contractors who comply with all regulations. In addition, business and sectorial policies are needed to ensure that these conditions become a clear objective of forest management, too. For this reason, self-inspection can be regarded as a supplement but not as a replacement for public labour inspections, providing an effective tool to implement normative rules on the use of forestry contractors.

## CERTIFICATION AND AUDITORS

Certification and its impact can be viewed as a complimentary instrument to labour inspection. Forest certification therefore considerably improves the effectiveness of regulations on social security and safety at work, and also complements supervision and sanction. Through certification, legal regulations and international social standards become part of a business commitment. This increases the chances of their implementation. As opposed to authoritative state supervision and sanction, whose limits were already critically reviewed in the foregoing section, the compliance with these rules is inspected by independent bodies. Certification furthermore requires that forest owners need to describe and document their business processes in a transparent way. This again necessitates, or indeed enhances, the introduction of quality and occupational safety management systems.

Contractors worldwide need to cope with the increasing demands of society and of the public interested in forest management, expressed by the efforts to certify sustainable forest management. By including social and labour-policy issues and problems in forest certification, there is the possibility of raising the awareness of the forestry sector concerning the labour and socio-political dimension of forest management. The implementation of social criteria of certification, for instance, gave ILO an opportunity of proposing the importance of international standards regarding the protection of employees in forest management.

Since the forest owner decides about certification of his forests, certification criteria are clearly a clients' request, whereby the forest owner binds the contractor. For this reason, forestry contractors wishing to sustain their business must conform to certification criteria.

### BEST PRACTICE 2. COMMUNITY RELATIONS AND WORKERS' RIGHTS

#### Principle 4 of the Forest Stewardship Council (FSC)

Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.

1. The communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services.
2. Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.
3. The rights of workers to organize and voluntarily to negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of ILO.
4. Management planning and operations should incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations.
5. Appropriate mechanisms should be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures should be taken to avoid such loss or damage.

Source: *Internet homepage of FSC, [www.fsc.org](http://www.fsc.org)*

The certification scheme Programme for the Endorsement of Forest Certification (PEFC), equally takes account of social criteria in the certification of forest enterprises (Best Practice 3).

### BEST PRACTICE 3. SOCIAL CRITERIA OF THE PEFC SCHEME

#### Criterion 6: Maintenance of other socio-economic functions and conditions

The forest owner carries a comprehensive responsibility towards society as a whole, but particularly towards the employees working in his forest. These responsibilities are:

- The maintenance or creation of well qualified staff resources should be adapted to the conditions in the enterprise.
- The forestry contractors employed additionally must possess the necessary qualifications and must comply with legal regulations in force, also in relation to their own employees.
- Preference should be given to trained forestry staff.
- Accident prevention regulations should be complied with.
- The entire workforce should have access to adequate initial and advanced training.
- Salaries of the workforce should correspond to qualification and are based on tariff agreements in force.
- Employees should have the opportunity to participate in business operations within the legal frame.

Source: *Internet homepage of PEFC: [http://www.pefc.org/internet/resources/5\\_1177\\_289\\_file.136.pdf](http://www.pefc.org/internet/resources/5_1177_289_file.136.pdf)* according to Criterion 6. Maintenance of other socio-economic functions and conditions of the Pan-European Operational Level Guidelines for Sustainable Forest Management which were completely implemented by PEFC.

## INFLUENTIAL BODIES OR PRESSURE GROUPS

Three main groups of influential bodies or pressure groups are included in this section: forestry standards organizations, NGOs and the insurers that have a major role (e.g. using insurance premiums as an economic tool) in applying standards to help reduce accidents and claims.

### National forestry standards organizations

The need for sustainable forest management has led to national governments playing an increasing role in establishing national forestry standards partly as a result of the widening activity (and conflict between) certification bodies, such as FSC and PEFC, and the need for independent standards without the imposition of wide-ranging international standards. The United Kingdom is a case in point, where the Forestry Commission together with industry and environmental non-governmental organizations (NGOs) produced the UK Woodland Assurance Standard (UKWAS). Several certification bodies have based their criteria for certification of woodland and forest in the United Kingdom upon this standard.

### Environmental NGOs

In recent years, environmental NGOs have played a major role in imposing standards for sustainable forest management. Organizations such as the World Wide Fund for Nature (WWF), Greenpeace or various national organizations influenced public attitudes towards forestry and tried to promote with publicity campaigns the role of sustainable forest management in alleviating potential damage to forests from poor management, over-cutting and illegal logging. Such organizations reflect public attitudes and have the potential to encourage sustainable forest management practices. In the United Kingdom, for example, the development of UKWAS was only possible by the involvement of NGOs in the formulation process.

## Health and safety insurers

The most important task of accident insurers is to protect employers and employees from economic consequences of an accident or occupational disease by paying the costs of cures and rehabilitation or pensions. They are mostly based on national laws or other regulations and as such vary greatly from one part of the world to another. The existence of such insurances is however a general demand, explicitly formulated for example in the *ILO Code of practice on safety and health in forestry work* (ILO, 1998).

In addition, insurers can play numerous other roles in the improvement of working conditions. These may include the prevention of accidents and other health risks. In Germany, the support and consultancy of clients is also part of the legal mandate of accident insurers. The Swiss accident insurance company SUVA launched a comprehensive long-term programme to improve safety at work in Swiss forestry (Wettmann, 1996). This example shows that accident insurers can take a leading role in the improvement of working conditions.

Accident insurers play a decisive role in the implementation of occupational safety management systems in forestry enterprises, if they go beyond passively paying insurance benefits. Accident insurers partly conduct some of the labour inspections related to safety at work (e.g. in Germany).

In any case, accident insurers need to be integrated in business and cooperation concepts in order to change working conditions in contracting businesses.

## SUPPORTING ORGANIZATIONS AND HELP INSTRUMENTS

### International standards organization

The International Organization for Standardization (ISO) is the world's largest developer of standards. Although ISO's principal activity is the development of technical standards, these also have important economic and social repercussions. There are two standards that are of increasing relevance in forestry: ISO 9000 quality management systems and ISO 14000 environmental management systems.

### Training providers

Development of the forestry workforce in management, technical and general skills is of utmost importance for the continuing economic and professional development of the sector. Training in a range of skills is widely accepted throughout the world as a means to improve production, sustainable forest management, reduction of accidents and danger to the workforce. In recent years forestry training programmes in the European Union (EU) encouraged cooperation between training establishments and tried to improve skills levels across member states. A number of projects aim at establishing of networks between training providers, e.g. EDUFOREST ([www.eduforest.org](http://www.eduforest.org)) and ENQUAFOR ([www.enquafor.com](http://www.enquafor.com)). The Joint FAO/ECE/ILO Experts Network to implement sustainable forest management is another attempt to develop an international network for cooperation between training organizations.

### Associations

The organization of forestry contractors in unions or associations can help to implement good practice in forestry contracting. With the increasing significance of forestry contractors these associations gain more political influence, not only at national level but also internationally.

Forestry contractor associations play an important role and are often even the initiators in activities promoting good practice presented in this guide. Activities concerned with occupational safety, qualification measures, tariff negotiations, quality management concepts

and the participation in the definition of certification criteria are some examples of achievements of forestry contractors' associations. A review of structures and activities of forestry contractors' associations was made prior to the foundation of the European Network of Forest Entrepreneurs (ENFE) (Kastenholz, 2000).

Last but not least there have been attempts to draw the attention of political decision-makers to the situation, in particular at the Third Ministerial Conference on the Protection of Forests in Europe in Lisbon, in 1998; the Fourth Ministerial Conference in Vienna in 2003; and the Fifth Ministerial Conference in Warsaw, in 2007.

Forestry contractors and the people employed in forestry are still under-represented in the forest policy debate, and forestry contractors are still hardly represented in any decision-making authorities on forest policy. Lobbying by contractors and their representatives is therefore an urgent task to be tackled in the future, so that the importance of forestry contractors is recognized in research and policy programmes.

### **Best practice guidelines**

Best practice guidelines, such as this document, can play a major role in assisting the management element of the forestry workforce. The FAO model code of forest harvesting practice (Dykstra, 1996) ensures that guidance is available for forest harvesting systems to meet the objectives of sustainable forest management. The code is being further elaborated with a series of regional codes of practice. The first one was the Code of Practice for Forest Harvesting in Asia-Pacific, which was published in 1999 and the latest was the Code of Practice for Reduced Impact Harvesting in Tropical Moist Forests of West and Central Africa published in 2005.