

CHAPTER FIVE

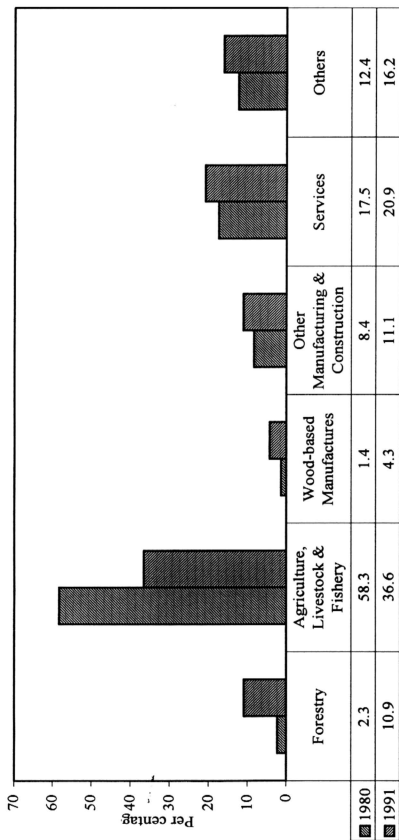
EMPLOYMENT

5.1 INTRODUCTION

This chapter examines the employment opportunities provided by the timber industry. It will review working conditions, including wages, working hours, logging accidents, insurance and other employment benefits. In general, employment in the timber industry provides cash incomes, which enables recipients to buy provisions from the village shop. However, this cash income comes at a price - in exchange for labour and the burden of risk of logging accidents. The monetary wage also has to be evaluated with respect to the cost of living and the relative status vis-à-vis wage rates in other industries.

The following discussion will focus on the Kapit and Miri Divisions in the northern region of Sarawak. These divisions produced the bulk of Sarawak's timber at the time of this study. Logging started in Kuching in the southern region in the fifties and proceeded northward, reaching these divisions at the time of writing. In this chapter, comparisons of employment in the logging industry with other industries will be made where possible.

Figure 5.1: Sarawak - Employment by Industry, 1980, 1991



Sources: Department of Statistics, Malaysia

Table 5.1: Sarawak - Occupational Breakdown in the Logging industry, 1990

Occupation	Distribution
Professional	0.03 %
Managerial	1.10 %
Supervisory	2.76 %
Clerical	4.72 %
Office Workers	0.40 %
Mechanic	9.44 %
Manual workers	78.51 %
Drivers	3.05 %
TOTAL	100.00 %

Source: Department of Labour, Kuching

5.2 EMPLOYMENT OPPORTUNITIES

In 1980, the logging industry provided employment for 19,303 workers, or 2.3% of employment in the state. The last published census in 1991 shows that the logging industry in Sarawak employed 64,686 workers, representing 10.9 per cent of employment. Employment in the logging industry increased by 2.25 times during this period employment in wood and wood based industries increased by three folds, from

1.4 per cent of employment in Sarawak to 4.3 per cent in the period under review. Total employment in the logging industry and wood based manufacturing grew fastest between 1980 and 1991 (Figure 5.1). Logging offers cash incomes to its workers in rural areas. However, it may guarantee cash returns because of weather, pests, transport difficulties and subsistence priorities.

At least three-quarters of the workers were manual workers, such as chainsaw operators, tree fellers, scalers, debarkers, rafters and hookmen (Table 5.1). This was followed by mechanics, who made up 9.4 per cent. Clerical formed 4.7 per cent and supervisory workers, 2.8 per cent.

The record also shows that the majority of workers in the industry in 1991 were Malaysians mainly domiciled in Sarawak (numbering 63,714 or 98.5 per cent). This was an increase from 93.7 per cent Malaysian citizens in 1980. Most of these workers came from Kapit Division (53.3 per cent), Sibul Division (27.9 per cent) and Sarikei Division (10.4 per cent) (Table 5.2). In areas close to the Indonesian border, the foreigners included Indonesians from Kalimantan, related to Sarawakians. These Indonesians were usually Dayak, of the same ethnic group as those in Sarawak. It is only the official border between Sarawak and Indonesian Kalimantan which divides the people. In the period 1987-1991, a total of nine companies in Lawas Division were granted licences to employ immigrant workers under Section 119 of the Labour Ordinance, Sarawak - 143 immigrants from Sabah, West Indonesia, Indonesia and Phillipines were employed. The actual number of imigrant workers cannot be determined as many foreigners are illegally employed. The turnover for such illegal foreign workers appears high. An 'escape route' to Meropok-Sendumin on the Sarawak-Sabah border is very nearby and it takes less than an hour to cross the border.

Table 5.2: Sarawak - Breakdown of Timber Workers According to Place of Origin, 1990

Division	Percentage
Kapit	53.3
Sibu	27.9
Sarikei	10.4
Sri Aman	1.8
Kuching	2.1
Bintulu	1.4
Miri	1.6
Limbang	0.3
West Malaysia	0.5
Sabah	0.7
TOTAL	100.0

Source: Department of Labour, Kuching

In Kapit Division, 67.3 per cent of the workers were indigenous, mainly Dayak and Malay. These indigenous ethnic groups comprised the majority of truck operators (91.7 per cent), tree fellers (99.2 per cent) as well as general workers (86.3 per cent). In Sibu Division, most workers were Malay and Melanau, comprising 67.9 per cent of all workers, and represented 90.5 per cent of general workers. Next came the Chinese (28.2

per cent), who held 80.9 per cent of the clerical positions. In Miri Division, about 99 per cent of the workers were indigenous, with the majority in unskilled occupational categories. In Limbang Division, a majority (82.4 per cent) was indigenous, and of this, 77.8 per cent were manual and general workers. In Bintulu Division, 75 per cent of the workers were indigenous, and were mainly involved as manual and general workers. Young persons were mainly employed as unskilled workers such as hookmen, assistant tree fellers, assistant chainsaw operators, log debarkers, apprentice mechanics or sundry workers in the camp.

5.3 WAGE

Table 5.3 shows the wage rates for various categories of workers in the logging industry in the Miri and Limbang Divisions. Managers in the Limbang Division were paid higher wage rates than the Miri Division. Wage rates in the logging industry appear to be have wide ranges. They are also generally higher than for similar occupations in other industries in Sarawak (Table 5.4). In particular, truck operators and truck drivers in the logging industry earned at least RM1000 per month, which exceeded the average wage rates of RM635, RM666 and RM383 for road haulage establishments, bus transport establishments and taxi transport establishments respectively. A worker in the logging industry might earn as much as RM6752 per month.

Wage rates for the logging industry in the Miri Division and Limbang Divisions also compared favourably with the poverty line income of RM516 for an average household size of 4.8 for Sarawak in 1995 (*Seventh Malaysia Plan*, p. 72). These wage rates also appeared higher compared to the average gross household income of RM1208 for the state in 1989 (Department of Statistics, Malaysia). Indigenous workers, who formed the majority in the industry, received higher incomes than the average gross household income of RM932 for indigenous people in the state in the same year. Miri

Division also had the advantage of a smaller household size ranging from 4.5 to 4.7, lower than the state average of 4.97. Furthermore, Miri Division had a lower dependency ratio of 60 per cent compared to the state average of 68 per cent (1991 Census).

Some companies gave fringe benefits to their workers. For example, Bintulu Lumber Development Berhad, which operated in Miri Division also offered fringe benefits in addition to workers' salaries. The benefits included:-

- free medical treatment by the company doctor every Saturday at the workers' housing complex
- free electricity supply for the workers' homes
- subsidised water supply at RM20 per family
- recreational and sport facilities at the housing complex
- company run school for Primary 1 - 6 in the Mandarin language
- free transport for secondary school children.

Table 5.3: Average Wage Rates for Logging Industry Workers,
Miri Division (1992) and Limbang Division (1990) (RM per month)

	Miri Division	Limbang Division
Manager	1400 - 1700	1800 -6752
Executive	850 - 2000	n.a.
Engineer	600 - 2700	n.a.
Accountant	600 - 2700	n.a.
School principal	600 - 2700	n.a.
Truck operator	1000 - 3000	1000 - 3240
Truck driver	1500 - 2000	1500 - 2000
Chainsaw operator	780 - 2256	780 - 2256
Road construction workers	n.a.	1500 - 2000
Mechanic	n.a.	650 - 300
Apprentice mechanic	500	n.a.
Others	n.a.	250 - 630

Note: Female workers came to 8.8 per cent of workers in the logging industry in Miri Division, with 94 per cent of them in managerial, financial and clerical occupations, earning RM250-2900 per month.

Source: Department of Labour, Kuching

Table 5.4 Sarawak - Wage Rate for Industries in Sarawak, 1992 (RM per month)

All private establishments	662
Private professional establishments	870
Private engineering establishments	1524
Private accounting establishments	871
Private schools	605
Bus transport establishments	666
Taxi transport establishments	383
Road haulage establishments	635
Manufacturing	626
Construction*	711
Mining	894
Stone quarrying	807
Stevedoring companies	802

* Establishments with value of work done of RM100,000 or more.

Source: Calculated from *Yearbook of Statistics, Sarawak, 1998*

Timber sub-contractors normally did not provide benefits over and above the requirements of the labour laws. They mainly provided basic housing and shop facilities.

The wage system varied from company to company. Besides monthly salaries for office workers, daily or piece rates were implemented. Piece rates ranged from 55 to 66 sen per metric tonne, depending on the nature of the work, while sundry workers were paid RM6 to RM12 per day (Table 5.5). The rates for chainsaw operators and truck drivers in both Miri and Limbang Divisions were the same. However, tractor operators in Limbang Division were paid slightly higher rates than in the Miri Division. Renumeration for logging work appears to be relatively attractive. Training for most workers who do manual work is considered unnecessary. Hence the direct out-of-pocket costs of training for workers have been low. Nonetheless, most logging tasks are dangerous. Perhaps, training could have reduced the risks of accidents and deaths in the logging industry.

One of the main problems faced by logging workers has been the wage system practised by sub-contractors. A majority of logging workers employed by sub-contractors were tree fellers, chainsaw operators, tractor operators, hookmen and debarkers, and all of them were paid piece rates. Their earnings were based on their productivity, measured when the logs reached the log pond, usually a distance away from the logging block. In bad weather, the tractor operator might not be able to reach the block to transport logs to the log pond. The time period could be as long as one to two weeks. As a result, timber workers did not get the wages for the amount of work done on a monthly basis. Wage payments might be delayed. They were definitely irregular. The piece rate system could also encourage workers to work at a faster rate in order to earn more income. This led to less care and safety in their work and resulted in more accidents.

Table 5.5: Wage System for Logging Industry, 1990 (Piece Rates and Daily Rates)

Category	Miri Division	Limbang Division
Hookman	55 sen per tonne	n.a.
Assistant tree feller	55 sen per tonne	n.a.
Assistant chainsaw operator	66 sen per tonne	n.a.
Log debarkers	66 sen per tonne	n.a.
Sundry workers in the camp	RM6 - 12 per day	n.a.
Tractor operator	RM5 - 6 per tonne	RM5 - 6.50 per tonne
Chainsaw operator	RM 5 - 6.25 per tonne	RM 5 - 6.25 per tonne
Truck driver	RM3.50 - 6.50 per tonne	RM3.50 - 6.50 per tonne

Source: Department of Labour, Kuching, 1990

In the past, there have been reports of logging contractors deducting wages from workers who patronised canteens in logging camps run by their relatives and friends. The Sarawak Labour Ordinance states that wages should be paid in cash, not in kind. However, there have been no reports of prosecution under the Ordinance. The prices of food in the lone canteen in the camp were also high, presumably because of high transport costs for provisions from urban centres to the isolated campsites. Therefore,

the real value of logging wages tends to be lower than if the same money wage was received elsewhere.

The logging industry has accelerated the conversion of the rural economy from a subsistence economy into a cash economy. As logging workers remitted part of their money wages to their families, the latter were able to buy more goods sent from urban centres. Trade and consumption has increased. However, employment in the logging industry can be expected to decline with depleting forest resources. Furthermore, the distribution of surplus from Sarawak's forest resources has been unequal. Wages for workers in the timber industry were a meagre 4 per cent of total gross income from the sale of timber in the state, although workers represented over 90 per cent of those involved in the industry (Lian, 1990). As we have seen in Chapter 3, rent capture from forest resources in Sarawak in 1966-89 was a mere 35 per cent with the balance of 65 per cent going to logging contractors, concessionaires and buyers.

5.4 LOGGING ACCIDENTS

The risks involved in working in the logging industry have been high. Since 1973, more than 20,000 workers have been killed or maimed in timber related accidents in Sarawak (Table 5.6). Those involved in the direct extraction of logs, including tractor operators, hookmen, tree fellers, rafters, debarkers, scalers, truck drivers, chainsaw operators and truck operators have been vulnerable. Of 30,762 persons involved in the logging industry

Table 5.6: Sarawak - Log Production and Logging Accidents, 1973-2000

Year	Log Production (cubic metres)	Total Number of Accidents	Non-fatal Accidents	Fatal Accidents
1973	3,251	757	738	19
1974	2,827	687	671	16
1975	2,511	621	607	14
1976	4,414	933	887	46
1977	4,880	782	754	28
1978	5,977	909	861	48
1979	7,571	1,044	987	57
1980	8,445	1,071	1,019	52
1981	8,802	1,149	1,084	65
1982	11,312	1,687	1,597	90
1983	10,565	1,530	1,449	81
1984	11,402	1,727	1,640	87
1985	12,285	1,819	1,740	79

(continued)

Table 5.6: Sarawak - Log Production and Logging Accidents, 1973-2000 (continuation)

Year	Log Production (cubic metres)	Total Number of Accidents	Non-fatal Accidents	Fatal Accidents
1986	11,472	1,502	1,428	74
1987	13,655	1,502	1,428	74
1988	14,387	1,864	1,793	71
1989	18,182	n.a.	n.a.	94
1992	18,848	1,184	1,100	84
1993	16,735	n.a.	n.a.	114
1997	16,823	n.a.	n.a.	97
1998	11,307	n.a.	n.a.	30
2000	14,274	1,437	1,386	51

n.a. – not available

Sources: Department of Labour, Kuching

Department of Statistics, Malaysia, *Yearbook of Statistics, Sarawak*, various issues

Sarawak Tribune, various issues

for the period 1992-93, 1,836, or about 59 per cent worked in these high risk occupations. The most vulnerable among them were the tree fellers. Accidents happened when falling trees and branches hit the fellers. Chainsaws have also cut worker's limbs. Fatigue has caused worker to be more careless and accident-prone. In

1992, of the total reported accidents in the logging industry, 43 per cent, or 509, involved tree fellers. For drivers, accidents happened when their vehicles overturned on the slippery logging roads and uneven jungle tracks. At times, their vehicles crashed into ravines. In fact, logging accidents have been the major cause of admissions to and deaths in hospitals in Sarawak (comparable to road accidents in Peninsular Malaysia).

Fatalities in this sector were about 15 times higher than in developed countries. For example, Malaysia has recorded five deaths for every million cubic metres of timber output compared to one death per three million cubic metres in developed countries. The sector has also registered the highest fatalities in Malaysia (*Sarawak Tribune*, 23 August 2000). Since Sarawak has been the major timber producing state in the country, it has also registered more accidents and fatalities. Fatal logging accidents in Sarawak have exceeded the national average, with more than a thousand deaths since 1973.

Death has occurred due to logging trucks falling into ravines, being hit by falling trees and technical problems. Of fatal cases in 1989, 60 were killed by falling logs or trees, 24 by accidents on timber tracks and 10 by falling trees (*New Straits Times*, 25 December 1989); 34 per cent of deaths in the industry have involved chainsaw operators (*Sarawak Tribune*, 23 August 2000). As a result of accidents, the timber industry has lost many working days. For example, 135 accidents in 1994 resulted in a total loss of 8,435 working days (Department of Labour, Kuching).

Except for 1977, 1992 and 1997, the accident rate since 1973 has increased with the volume of log production. The increase was largest in 1976 (50.2 per cent) and 1982 (46.8 per cent), when log production also jumped tremendously. The major cause of the increase could have been pressure to increase production. For example, increased logging might have led to the recruitment of inexperienced, new and more accident-prone workers.

5.5 INSURANCE

The Social Security Act in Malaysia requires compulsory insurance for employees earning less than RM1,000 per month and working for establishments with more than five full-time workers. Both employers and employees have to make monthly contributions to the Social Security Organisation (SOCSO) at rates prescribed according to their respective wage rates. SOCSO pays scheduled compensations if contributors are injured, incapacitated or die in the course of performing their duties at work. This compulsory insurance is meant to protect low waged workers. However, the compensation rates are low, ignoring increasing earning capacity over time in the event of a young worker's premature death or incapacitation, or rising costs for treatment of injuries sustained at work. For example, if a debarker, who earns RM250 per month, dies in an accident while at work, his parents receive RM175 per month until the end of their lives. The Act also denies the worker the right to sue the employer for negligence leading to injury or death at work.

Employers may take other insurance schemes for their employees. The Workmen's Compensation Act, 1977, is applicable if the Social Security Act is inapplicable, e.g. where the establishment employs less than five full-time workers. Compensation rates under the Workmen's Compensation Act are lower than under the Social Security Act. Compensation is a lump sum equal to 45 times the monthly wage, or RM14,400, whichever is less. For instance, if a debarker who earns RM250 per month dies in an accident while at work, the compensation is RM11,250. In general, the compensation rates under the Workmen's Compensation Act are less than under the Social Security Act. However, the former allows employees to sue employers for negligence leading to injury or death.

After growing adverse publicity regarding such paltry compensation in the late eighties and with growing evidence of the high accident rate, the Sarawak Forest

(Amendment) Bill, 1991 (Section 54(A)) has made it compulsory for timber companies and contractors in the state to insure timber workers over and above the Workmen's Compensation Act and Social Security Act. The scheme covers death, medical treatment, hospitalisation, temporary disability, travel and constant attendance costs, funeral, rehabilitation and other benefits considered necessary by the minister-in-charge.

In moving the second reading of the Bill, Sarawak's Minister for Land Development explained that everyone was concerned about the high rate of accidents in the timber industry. He said that a human life is worth more than the RM14,400 compensation for death under the Workmen's Compensation Act, and that in the case of fatality, it was only fair that the injured worker or family of the deceased be more adequately compensated so as to enable them to continue to live with dignity. He also said that from then onwards, timber companies and contractors had to insure all their workers or lose their licences or permits and be refused entry into their respective logging areas (*Sarawak Tribune*, 15 May 1991). The law came into effect on 1 September 1991. In early October, more than one month after the law came into effect, most firms had yet to secure insurance for their workers. On 19 October 1991, the Sarawak Government gave timber companies until 30 November 1991 to insure their workers or face the risk of having their licences revoked.

In 1994, compensation for logging accidents totalled RM357,000. Of these, RM168,000 was for compensation in the case of death and RM189,000 was for injuries. Human lives are precious and compensation will never be sufficient. Training and safety awareness campaigns would be more proactive in impact. In addition, improving the remuneration of workers might reduce risks associated with rushed work especially for piecework to increase earnings. A more equitable distribution of income or of benefits from forest resources would also help.

5.6 SOCIO-CULTURAL ASPECTS

The worker in the logging industry either stays in his community of origin or in temporary logging camps with co-workers, either from his community of origin or other communities. His co-workers may change as the logging camp moves to new areas and hires new workers, as contract may expire with each logging camp move or termination of a concession. Inevitably, there comes a time when the worker leaves his community of origin as the camp moves out of logged over areas and moves to new areas. The worker may bring his family with him as the camp moves, or he may leave them behind. At times, the camp approaches communities alien to the worker, with which the worker must interact. Thus, the worker has to adapt to his changing social environment.

If the worker brings his family with him, he has to cope with their reactions to these changes as well. If he leaves his family behind, he either continues to be responsible for their well-being despite the distance between them, or loses his commitment to his family or community of origin. He may either forge new relationships with some people in his immediate environment or communities near the logging camp, or may remain alienated. Conversely, the people in his immediate surroundings may be uncommitted in their relationships with him. In short, there is no guarantee of stability to address his social needs.

As we shall see in the next chapter, certain communities oppose logging in their areas. What is the worker's stand? How does he react? The worker may be sympathetic and quietly carry on his work if the communities allow him, where there is no physical resistance. If he is prevented from doing his work, his reaction may depend on that of his employer. The employer may handle the conflicts himself and leave the employee out of the conflicts, as in the majority of the cases. Or, the employer may use the worker to negotiate with the communities. Sometimes, employers use workers from the

communities which oppose logging to negotiate with the communities. Thus, the worker may compromise the interests of his community of origin or communities of the same culture as his. There have been a few instances of workers acting as negotiators. The worst scenario would be when the worker continues working in the face of physical opposition from the community. Thus, the worker may be drawn into the controversy and physical violence. Hence, logging threatens the social fabric of the traditional communities from which the workers originate.

5.7 CONCLUSION

Logging in Sarawak has provided increasing employment opportunities for growing workforce as well as for foreign workers, particularly from Indonesia, Philippines and Sabah. Logging brings cash incomes, with which the household can purchase consumer goods on the market. Monetary wage rates and fringe benefits compare favourably with the wage rates in the state. Most logging workers are manual workers and investments in personnel training are deemed unnecessary.

On the other hand, logging workers in the remote interior are likely to be exploited. Late payment of wages is a common problem. Work is often irregular, and is definitely dangerous. Logging accidents, resulting in injuries and death, are frequent and much higher compared to the logging industry in developed countries, while existing insurance schemes under the law offer insufficient compensation.

Only a small portion of the revenue from timber sales is channelled to workers in the form of wages. The depletion of forest resources of the state implies job insecurity. Many workers leave their families to work in remote logging camps. They may also cease to relate to their original communities, while their dependents and families may have to fend for themselves. Workers moving with logging camps in forest concessions are not committed to the communities which they may temporarily

come into contact with. The workers also have to make adapt to changing environment as they move with the camps, working from one part of the state to another.

As we shall see in the next chapter, there may be conflicts between communities and logging companies. In some instances, the companies used employees who originated from the opposing communities to handle the conflicts. Some headmen sided the companies against their own communities when induced by bribes given by the companies. In these case, the interests of the communities have been compromised by self-interested individuals, which is against the local traditional culture. Logging has broken the social fabrics of the communities involved.