



Media release

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Agricultural sector shocked as sector inputs are ignored on national minimum wage for farmworkers

The immediate equalisation and increase in wages for farmworkers would be unsustainable for the agricultural sector.

This was made clear by Agri SA through its inputs submitted to the department of employment and labour.

Agri SA and its affiliates take the needs of farmworkers and their families seriously, however, the poorest households are in need for access to employment and to retain those in employment. The immediate equalisation and increase will place many jobs in serious jeopardy, which and such could have been avoided.

The department of employment and labour published the annual adjustment of the national minimum wage for 2021 on 8 February. In terms of the reviewed adjustment, farmworkers will be entitled to a minimum wage of R21,69 per hour. The recommendation of the minority report by the business commissioners emphasised the need for a sustainable wage increase.

Agri SA brought the fact to the attention of the department that the agricultural sector is a multifaceted sector that consists of mostly small-scale and medium-scale farmers, with large-scale commercial farmers only making up a small percentage of the industry. "These small-scale and medium-scale farmers have already endured the effects of recent severe drought, compounded by the effects of the pandemic and it is disappointing that these crucial factors were clearly not considered," Agri SA says.

Most of the commissioners seem to have taken the incorrect view that the severity of the pandemic on the agricultural sector was minimal. Subsectors such as the wine industry have endured two bans on sales, whilst tobacco, wool and barley producers were not declared essential services during the hard lockdown and their activities were seriously hampered during the last months. These industries are yet to recover from losses suffered during the hard lockdown, which has severely impacted the demand from the agriculture sector.

Farmers in drought-stricken areas, such as the Northern Cape, Eastern Cape and Western Cape, continue to face major financial challenges and with the Land Bank's status as a going concern at stake, an 16% increase will undermine the economic growth and contribution of a sector that faces serious challenges amidst the pandemic.

The double-digit increase will almost certainly compromise the role of the agricultural sector in contributing to social stability in our country, Agri SA warns. If farmers cannot produce food affordably and employ agricultural workers on a large scale, this will result in a food crisis and large-scale social upheaval as food insecurity and unemployment start to take root. The government will need to decide whether it is serious about addressing unemployment. The Covid-19 pandemic continues to wreak havoc and unemployment is on the increase. To approve of a 16% increase therefore does not make sense.

The double-digit increase will grow the agricultural wage bill to above 30% of production costs and this cost will have to be passed onto the consumers, making food unaffordable to those the minimum wage is trying to assist.

South Africa needs farms and farm businesses to remain financially viable during these unprecedented times and farmworkers need to remain employed, Agri SA stresses.

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