

## Agri SA states position on the minimum wage

"The 52% increase in the minimum wage for farmworkers, as announced by the Minister Oliphant this afternoon, has not duly taken into account the implications for agriculture and employment which will have drastic implications for this sector and related industries," said Johannes Möller, president of Agri SA.



"This is especially true for labour-intensive sub-sectors where individual farmers will now have to make tough decisions on adjustments to ensure their sustainability. Such adjustments are inevitable, taking into account recent hikes in fuel prices and water tariffs and a likely sharp escalation in electricity tariffs," he added.

He said that Agri SA is frustrated about the fact that although research information indicated that a minimum wage of R104 per day is largely unaffordable, it was decided to raise the entry level wage to R105 per 9 hour workday. It is indicative that popular demands for higher wages carried more weight in the decision than its implications on the sustainability of the industry, including its ability to maintain jobs.

### **Pricing labour out of the market will NOT create new jobs**

The implication of this wage adjustment in an industry where farmers are price takers and not price makers, especially in international context, is not conducive to confidence, investment and the maintenance of the industry's contribution to food security. It should also be questioned against the background of the National Development Plan - as recently adopted by the ruling party as its guiding policy framework - which has the vision of agriculture creating an additional 1 million jobs by 2030.

Research has also indicated that it is especially small and medium sized farmers who cannot afford to pay wages of R105 per day. This will inevitably impact negatively on the agricultural transformation process. Retrenchments will also lead to more poverty in informal settlements and exacerbate the prevailing socio-economic difficulties, including that of crime to which rural communities already highly exposed to.

Agri SA wishes to co-operate with government and other industry players with regard to solutions which will bring the industry on track to meet expectations and also to address factors which impact negatively on the sector.

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