



Centre of Excellence | Labour

# Agri SA NATIONAL MINIMUM WAGE REPORT





**GET AS MANY PEOPLE AS  
POSSIBLE INTO A JOB!**



*'We have, therefore, decided to extend the period for the Special COVID-19 Grant of R350 by a further three months.'*

*'We have also decided to extend the COVID-19 TERS benefit until 15 March 2021, only for those sectors that have not been able to open and operate.'*

President Ramaphosa, SONA. 2021

**WHAT WILL HAPPEN AFTER THIS EXTENSION?**

## INTRODUCTION

- The unemployment rate according to the expanded definition, which includes discouraged work seekers continues to rise, increasing from 42,0% in Q2 to 43,1% in Q3.
- According to the latest Quarterly Labour Force Survey released by Stats SA, 11,1 million working-age people are unemployed (Stats SA. 2020. *Quarterly Labour Force Survey*).
- According to SASSA, there were 18 369 977 social grants paid to 11 412 303 beneficiaries in July 2020 (SASSA. 2020. *Fourth Statistical Report*).

## INTRODUCTION

- The overall number of companies that have been liquidated, according to data from Statistics South Africa (Stats SA), increased to 20,5% in the fourth quarter of 2020, compared to the same period in 2019.
- Most of the liquidations happened in the financing, insurance, real estate and business services sectors, followed by the trade, catering and accommodation, and then manufacturing sectors.
- For many firms, especially in the hard-hit tourism-related industries, business closures and shedding of jobs will increase further. (Stats SA. 2020. Statistics of liquidations and insolvencies)

## INTRODUCTION

- Agri SA is therefore calling on the government to free up the economy immediately.
- Relax the strict procedural requirements in the
  - Labour Relations Act,
  - Basic Conditions of Employment Act,
  - Employment Equity Act as well as the
  - National Minimum Wage legislation.
- Procedural requirements are too onerous.
- Get as many people as possible into a job as soon as possible.
- Unemployment is the biggest driver of poverty, however, the state's ability to continue supporting the poorest of the poor with grants is not sustainable.

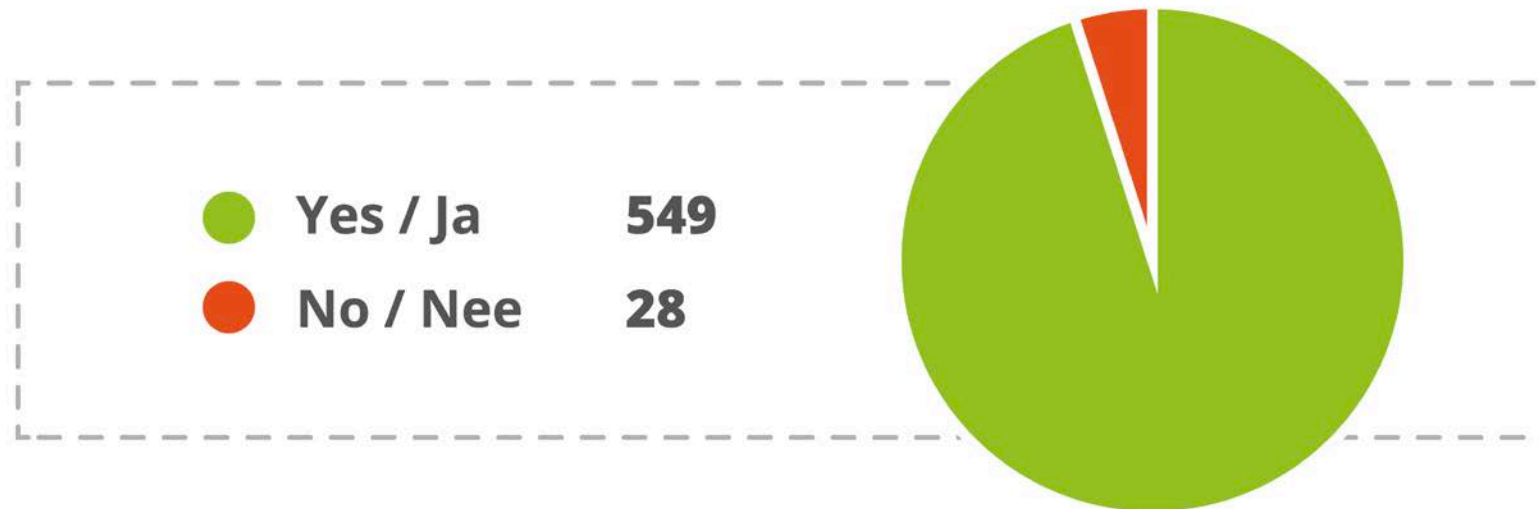
## INTRODUCTION

**Agri SA and its affiliates publicly commit themselves to the implementation of a Social Unity Compact, the guiding principles of which will be the following:**

- Respect for human rights in farming communities.
- Opportunities for constructive dialogue between farmers and farm workers, local associations and rural communities and provincial and national structures of organised agriculture and government and other stakeholders.
- Compliance by Agri SA members with all legislation and particularly labour legislation and land reform legislation.
- Promotion of compliance with best practice codes developed by various commodity groupings and sharing best practice within the agricultural industry.
- Promotion of community involvement within rural areas aimed at addressing poverty, joblessness and inequality.
- Identify the deficiencies (service delivery, infrastructure, healthcare, education, business profit margins and related issues and cultivable land) that hinder progress towards social cohesion in rural areas.
- Few farmers wake up one morning and deliberately give staff a raw deal in healthcare, education, housing or security of tenure for example. Some enablers must be identified and backed by research.

## AGRI SA'S REPORT ON THE IMMEDIATE IMPACT OF THE NATIONAL MINIMUM WAGE 2021

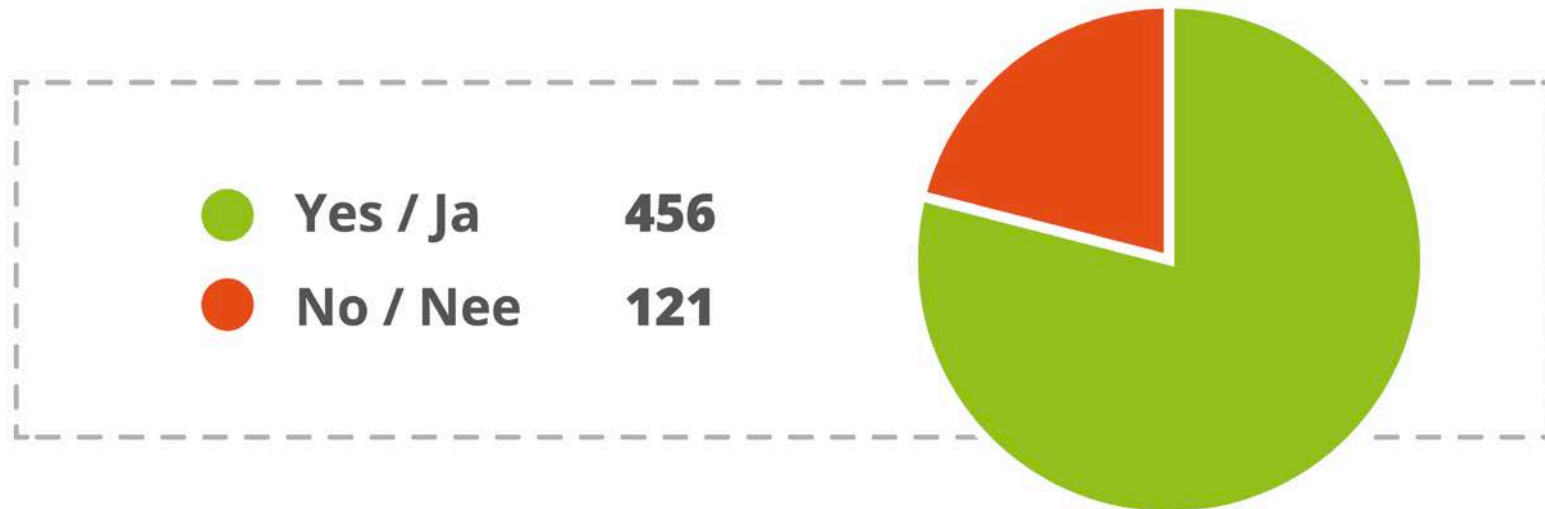
549 out of the 577 participants indicated that, due to the new increased national minimum wage, they will exceed their allocated budget for wages in the 2021 financial year. In total, an amount of R1 703 437 920,00 per annum was allocated to wages in the year 2020 and they foresee a 24% increase in wage costs over turnover for 2021.





## AGRI SA'S REPORT ON THE IMMEDIATE IMPACT OF THE NATIONAL MINIMUM WAGE 2021

456 of the participants foresee retrenchments of their farmworkers as a direct result of the increased national minimum wage.



## AGRI SA'S REPORT ON THE IMMEDIATE IMPACT OF THE NATIONAL MINIMUM WAGE 2021

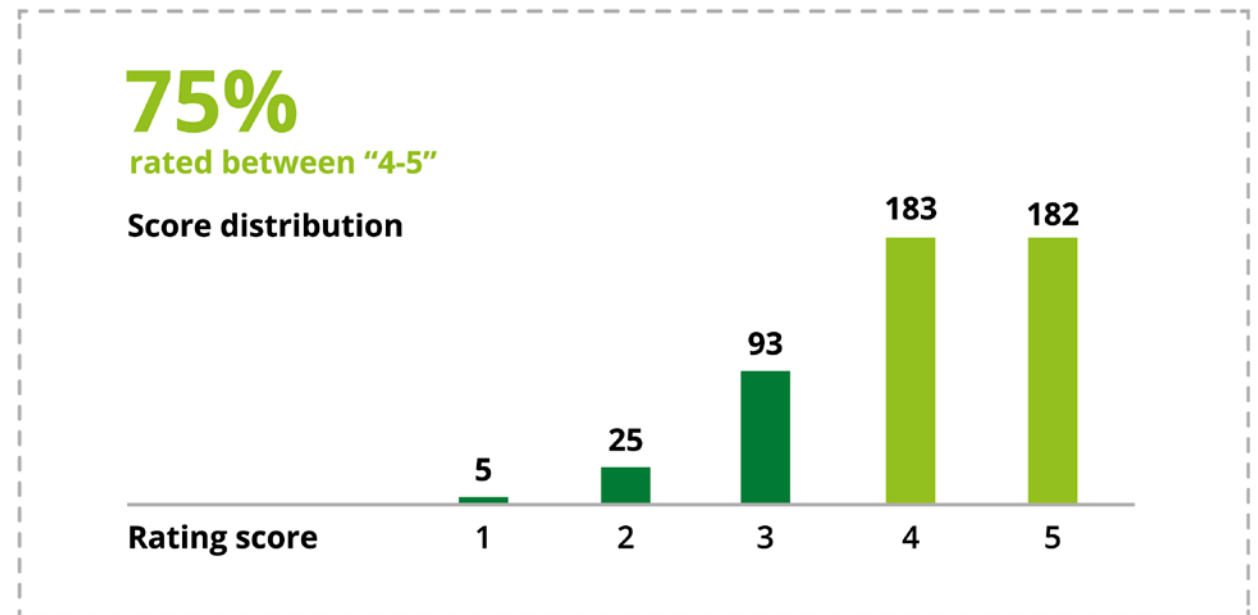
**This data indicates that there is the potential of 4 384 jobs to be lost amongst the 456 participants, meaning that 9,6 workers per participant run the risk of losing their jobs.**

- Participants further indicated that the retrenchments will mostly impact seasonal/casual workers.
- Subsectors that remain labour intensive will consider mechanising processes that will reduce staff numbers and shorten working hours of retained workers.
- Some participants have alluded to reducing staff for a period of three months and halting job-creating initiatives, that requires casual employment to plant vegetables, general maintenance, etc.

## AGRI SA'S REPORT ON THE IMMEDIATE IMPACT OF THE NATIONAL MINIMUM WAGE 2021

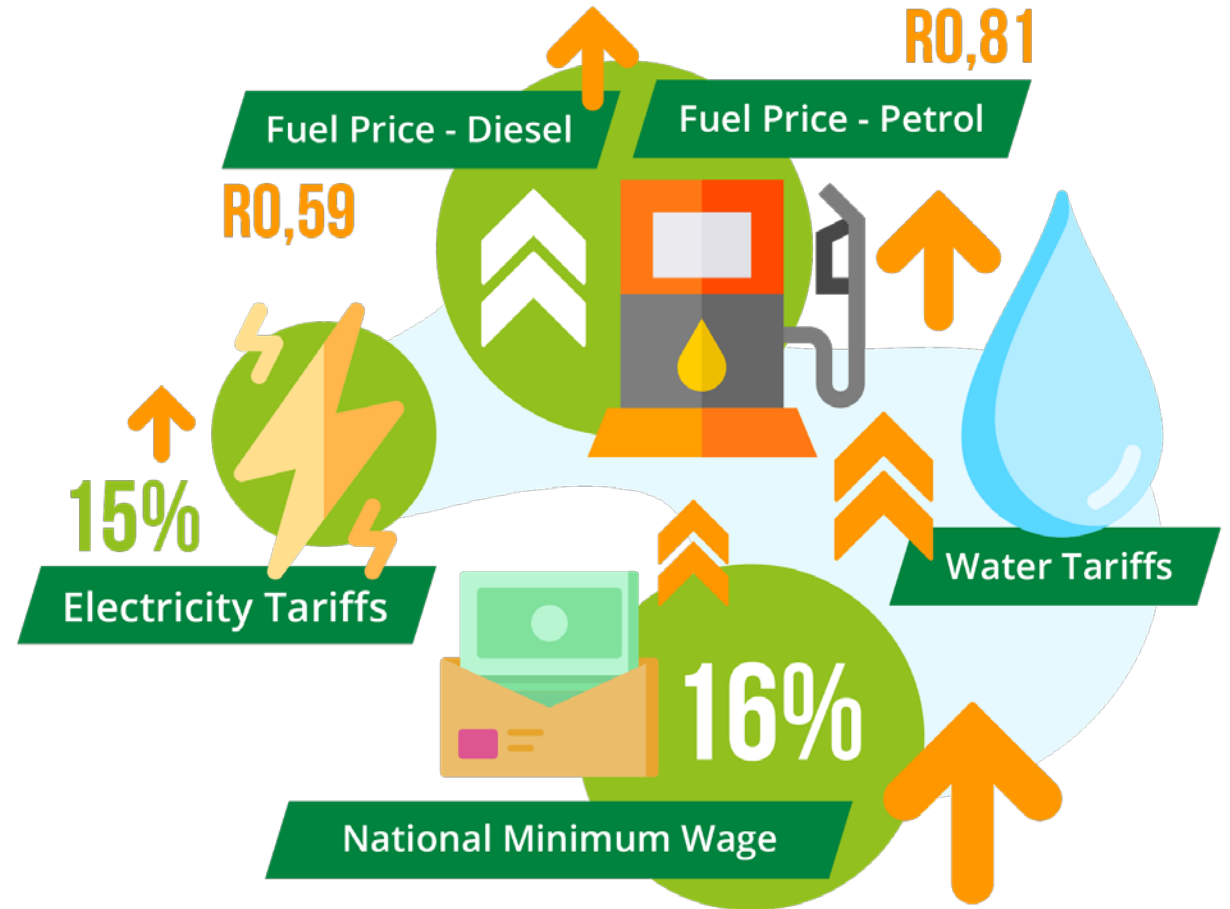
The graph below indicates the level of poverty, hopelessness and social decay in their area due to large scale unemployment and the high levels of despair amongst unemployed youth in need of employment.

- The participants indicated that on average four persons inquire for employment opportunities on farms and this number is growing.
- This is due to numerous people losing their employment in the tourism and game industry.
- There is an indication of high unemployment in the surrounding agricultural communities due to a lack of job opportunities.



## CURRENT COSTS ADD-UP FOR FARMERS

- Electricity tariffs
- National minimum wage
- Fuel prices
- Water tariffs
- Stronger Rand diminishing farmer income






# THE WAY FORWARD

## FOCUS ON JOB CREATION AND CONDUCTIVE POLICIES

- Job creation and inclusive economic growth remain vital pillars towards achieving the country's long-term objectives aimed at improving the lives of all South Africans, especially those who are severely affected by poverty and inequality.
- Therefore, a national minimum wage will be rendered ineffective in the absence of a holistic approach aimed at improving the lives of the most vulnerable households in society.
- Furthermore, there is a need for rural development to improve the livelihoods of farmworkers as such initiatives thus far have proved to bring limited change.
- Such development will enable seasonal workers to benefit from a diverse pool of work opportunities and even a better and more consistent income.
- This might include implementation of housing programmes by rural municipalities, improving the infrastructure of rural towns, improving water and sewerage provision and improving public transport in rural areas, service delivery etc.
- Provision of quality education remains the biggest challenges in our country. It enables people to develop all of their attributes and skills to achieve their potential as human beings and as members of society.

## CONCLUSION

The government cannot remain ignorant to the need of the poorest households to have access to employment. The alleviation of poverty does not solely rely on an increase in wages. It is aggravated by a lack of employment opportunities. In this regard, everything must be done to free up the economy. Remove policy constraints. Implement economic recovery strategies. Implement a holistic rural development strategy. Focus on infrastructure development, service delivery and quality education in particular. Create a conducive environment for businesses to operate profitably and create more jobs. This is the greatest need at this point in time!



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