

Minimum wage increase a threat to agri jobs and sector, says Kwanalu

The announcement of the increased National Minimum Wage by 9.6% for farm workers from 1 March 2023 by the Minister of Employment and Labour on Wednesday, 22 February, places tremendous strain on an already difficult economic climate for the country's agricultural sector, says the KZN Agricultural Union, Kwanalu.



Image source: [Gallo/Getty](#)

"The increase in the national minimum wage will have a negative impact on the livelihoods it aims to serve, as the agricultural sector struggles to keep afloat following other recent, key contributing factors," says Sandy La Marque, Kwanalu CEO.

Kwanalu's statement follows statistics shared with the Commission by Kwanalu, which were compiled from the Department of Labour Quarterly Statistics and Annual Reports, as well as submissions from Kwanalu's member survey which also included all the commodity groups in KZN.

"These statistics show that specific pressures have, year on year, resulted in a decrease in agricultural employment since 2019 in KZN," says La Marque.



Impact of the National Minimum Wage on agribusinesses

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The pressures outlined in Kwanalu's report include an increasingly narrow economic production climate, an abnormally high cost of inflation when compared to other sectors due to the nature of inputs, severe incidences of flooding, the impact of the July 2021 unrest, Foot and Mouth disease, deteriorating road and infrastructure conditions, and the significant impacts of the ongoing and increased load shedding schedules.

"Kwanalu believes that there is insufficient evidence to equitably enforce a greater than Consumer Price Index (CPI) inflation on rural employment, a 0% base rate should have been the departure point. This is relevant as the rural cost of living is lower than the urban cost of living, so it may well be prudent to give agriculture its own minimum wage determination. Kwanalu prior to the announcement, recommended that an increase of less than CPI is more realistic of the industry position and the impacts on the livelihoods of rural employees and dwellers. We will continue to explore options to address the high increase and its impacts," says La Marque.

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