

# Farm workers lose jobs after wage hike

At least 2,000 farm workers were issued with retrenchment notices on Wednesday (6 February) as the agricultural sector shed jobs ahead of the implementation of a new minimum wage, indicating a swing to greater mechanisation on farms.



Agriculture has shed hundreds of thousands of jobs since minimum wages were first implemented in 2000. Analysts warn that thousands more will be lost when the new wage, increased by 50% by Labour Minister Mildred Oliphant, comes into effect on 1 March.

Industry observers said mechanisation of farms had begun some time ago and was now picking up pace.

Farmers in Limpopo and Mpumalanga and milk producers were said to have started serving workers with retrenchment notices, but Western Cape farms were quiet with no reported threats of dismissal.

The reaction by farmers to the new wage has been most marked in Limpopo, where Agri SA said 730 workers had been given notice in George's Valley and Magoebaskloof. Farmers in Mpumalanga say they would follow Magoebaskloof's example and cut back on labour.

## Mechanisation

The move to mechanise has lit a fire under sales of farm implements and Jim Rankin, secretary of the Agricultural Machinery Association and described sales of implements last year as "exceptional"

"We sold nearly 8,000 units," Rankin said, adding that "mechanisation of South Africa's farms is a process, not an event".

Over the past three years, the farm machinery industry had performed particularly well and, according to Rankin in 2003, there were 3,200 units of agricultural machinery sold but by last year this figure reached 7,800 units.

Rankin said the higher sales were in spite of the fact that the area under cultivation in South Africa has, in fact, reduced.

Rankin says he expects farmers to look more closely at mechanisation in the light of the last six months when workers went on strike and unions demanded large wage hikes.

Johan van der Merwe, managing director of Northmec, a leading tractor and machine distributor, agreed that business was very good and said the company is expecting a very good year.

Callie Human, the head of sales and marketing at agricultural equipment distributor Argo Industrial, described the market as "quite lively", but pointed out that some sales could be attributed to higher commodity prices particularly for grain.

Transvaal Agricultural Union of South Africa chairman Louis Meintjes warned that farmers were abandoning labour-intensive sectors to focus on those that were easily mechanised. He described the past few months as a "tragedy".

Meintjes warned that farmers were being squeezed from all sides because of rising costs of electricity and diesel, higher taxes and hikes in labour costs.

"We have been told that at least 2,000 workers have received retrenchment notices. It's done on a financial basis for survival. The minister put us in this position," he said.

The flight from labour-intensive agricultural practices had already severely affected the price of foodstuffs - such as vegetables - produced in a manner that cannot be mechanised, Econometrix chief economist Azar Jammie said.

"This will be inflationary. Fruit and vegetable prices have already risen more than other foodstuffs," he said.

Source: *Sapa* via I-Net Bridge

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