



AgriSA comments on

**SOUTH AFRICA'S NATIONAL MINIMUM
WAGE ACT NO. 9 OF 2018**

Investigation into the National Minimum Wage



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1. EXECUTIVE SUMMARY

AgriSA welcomes the opportunity to comment on National Minimum Wage Act No. 9 of 2018 Investigation 1 into The National Minimum Wage as published for comment in *Government Notice* No. **6522** on 19 August 2025.

As the largest representative body of South Africa's commercial agricultural sector, we acknowledge the importance of policies that support the sector's growth and sustainability. In this context, it is also imperative that policies impacting agriculture, including labour regulations such as the National Minimum Wage (NMW), are designed with a comprehensive understanding of the sector's economic realities.

This submission highlights the fragile state of the sector, the vulnerability of households, and the pressures of global competition. It also situates the NMW within the framework of the Agriculture and Agro-processing Master Plan (AAMP), which provides the government's own roadmap for inclusive and job-rich growth.

AgriSA recognises that fair wages are essential for workers' well-being. However, sudden or disproportionate increases can impose significant financial strain on farmers, particularly smallholders and emerging producers, potentially hindering their capacity to invest in sustainable practices or sector development.

Therefore, we call for a balanced approach that considers the sector's economic sustainability alongside social objectives. AgriSA and its members are committed to preserving the country's food security. For this reason, the organisation will continue to engage government on the critical challenges facing the sector.



2. THE STATE AND OUTLOOK OF SOUTH AFRICAN AGRICULTURE

The Bureau for Agricultural Policy (BFAP's) Baseline 2025 illustrates the volatility and fragility of South Africa's agricultural economy. After a strong performance during the pandemic years, when the sector expanded by 13.4 percent in 2020 and 8.3 percent in 2021, the sector has since been battered by multiple shocks. Severe drought conditions induced by El Niño, combined with widespread outbreaks of Foot-and-Mouth Disease and other animal health crises, led to deep contractions of 4.6 percent in 2023 and 8.7 percent in 2024. This marked the sharpest downturn in agricultural GDP in over a decade.

Despite these setbacks, the BFAP's Outlook for 2025 suggests a rebound of 5.5 percent in agricultural GDP, driven by improved rainfall and a recovery in horticultural production. Farmers have demonstrated remarkable resilience by planting the largest area under summer crops in more than twenty years, even as many were under severe financial strain from the preceding drought years.

Yet this recovery is fragile, and projections for the next decade remain muted. Field crops are expected to face declining margins as global prices soften and stock levels normalise. Livestock, the largest subsector, faces a growth trajectory that hangs in the balance due to the persistent weakness of South Africa's national animal health system, which continues to undermine productivity and restrict access to export markets. Horticulture presents a brighter picture, with the expansion of orchards and vineyards over the past decade translating into projected export volume growth of around 25 percent by 2034. However, this growth will take place in an environment of rising cost pressures, logistical bottlenecks, and intense international competition.

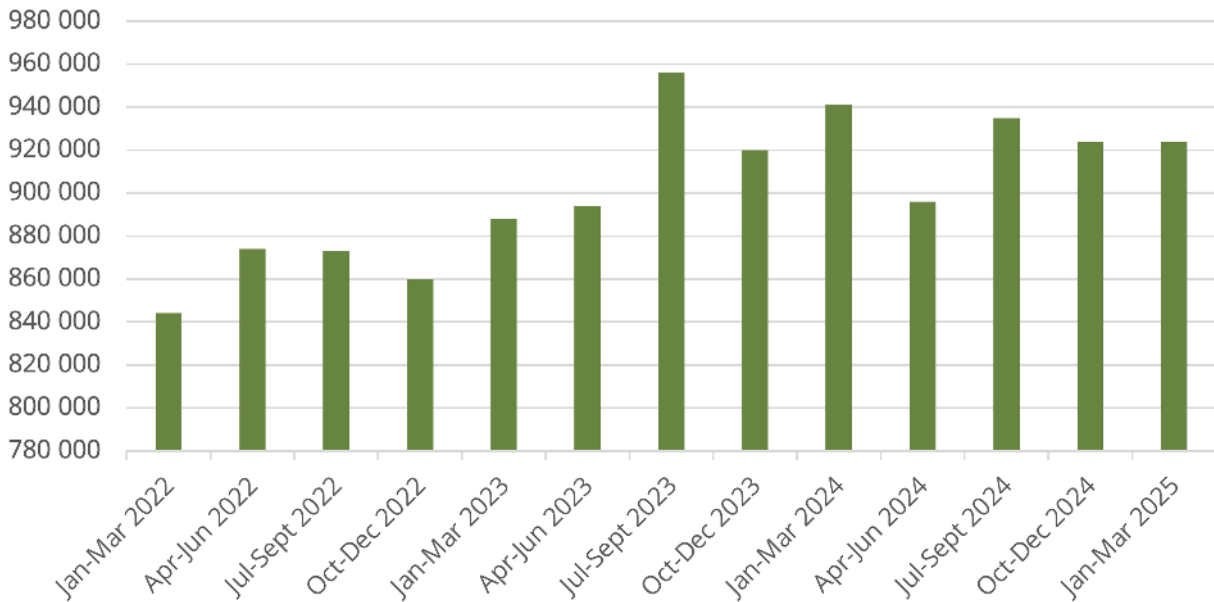
This makes it clear that agriculture will remain a pillar of employment and economic opportunity, but one that is highly vulnerable to external shocks and domestic structural constraints. The NMW decision must therefore be sensitive to these dynamics.



3. EMPLOYMENT AND WAGE DYNAMICS IN AGRICULTURE

Agriculture remains a major source of rural employment, sustaining close to one million jobs nationally. Between early 2022 and the first quarter of 2025, employment in the sector fluctuated between 844,000 and 956,000 workers. While the peak of nearly 960,000 jobs in mid-2023 reflected strong commodity prices and favourable planting decisions, subsequent declines highlighted the vulnerability of employment to drought, animal disease, and weak profitability. By early 2025, employment had stabilised at around 924,000 jobs, broadly in line with 2022 levels. The overall trend demonstrates agriculture’s capacity to generate jobs quickly in favourable conditions, but also its fragility, with gains easily reversed during downturns.

Graph 1. Agricultural Employment between 2022 and 2025



Source: Stats SA



4. THE PRESSURE OF RISING WAGE COSTS ON AGRICULTURE

Labour is among the largest cost items for farming operations, particularly in labour-intensive subsectors such as horticulture. BFAP's Baseline projects that labour costs will continue to grow slightly faster than consumer price inflation over the coming decade. This comes at a time when farms are also absorbing escalating expenses in electricity, irrigation, logistics, compliance, and private security. In particular, the recent tariff increases on Eskom's Ruraflex lines, has resulted in electricity costs increase of more than 25%. While some of the cost increases are the result of global price cycles, many stem from systemic weaknesses in South Africa's infrastructure and governance, such as unreliable power supply and deteriorating municipal services. In particular, the state of rural roads has an enormous cost implication on the movement of goods.

These structural pressures mean that farmers operate on increasingly narrow margins. Any steep increase in wages risks pushing many enterprises beyond viability. For large-scale commercial producers, this may mean a shift towards mechanisation; for smaller and emerging black farmers, it may mean exiting farming altogether. Either outcome undermines inclusivity and job creation.

The tension between wages and productivity has become a defining feature of South Africa's agricultural economy. Between 2015 and 2024, productivity per worker fell by 71.5%, while real wages increased by 43.9%. By 2024, GDP per worker in agriculture averaged R197,166, with the minimum wage accounting for over 30% of GDP per worker, a much higher share than in key export competitors such as Chile or Brazil, limiting South African producers' ability to compete against international prices.



5. COMPETITIVENESS IN EXPORT-LED GROWTH

Much of the growth in South African agriculture since 1994 has been export led, particularly in high-value commodities such as citrus, nuts, wine, and fruit juice. These industries are highly labour intensive and play a crucial role in rural job creation. However, they also face stiff competition in global markets. Rising wage costs in South Africa, if not matched by equivalent productivity improvements, risk eroding competitiveness against producers in Latin America, Europe, and Asia.

The stakes are particularly high in light of new global trade uncertainties. South African exports to the United States already face tariff threats following recent shifts in US trade policy. In graph 2, the broader structural disadvantage that South Africa face compared to its fruit competitors in priority markets is evident.

Graph 2. Competitiveness of the South African fruit industry in key markets

		SA's Competitors							
		SA	Australia	New Zealand	Peru	Chile	Argentina	Uruguay	Brazil
Strategic Markets	China		FTA & EIA	FTA & EIA	FTA & EIA	FTA & EIA			
	Hong Kong		FTA & EIA	FTA & EIA		FTA & EIA			
	India		FTA & EIA			PSA	PSA	PSA	PSA
	Indonesia		FTA & EIA	FTA & EIA		FTA			
	Japan	GSTP	FTA & EIA	FTA	FTA & EIA	FTA & EIA	GSTP		
	South Korea		FTA & EIA	FTA & EIA	FTA & EIA	FTA & EIA			
	Malaysia		FTA & EIA	FTA & EIA	FTA	FTA			
	Philippines		FTA & EIA	FTA & EIA					
	Thailand		FTA & EIA	FTA & EIA	EHP	FTA & EIA			
	Vietnam		FTA & EIA	FTA & EIA	FTA	FTA			

GSTP: Global System of Trade Preferences among developing countries
EIA: Economic Intergration Agreement (refers to services, capital and/or people)
FTA: Free Trade Agreement (refers to goods)
PSA: Partial Scope Agreement
EHP: Early Harvest Program/Interim agreement

No agreement signed / Not publicly available
Ongoing Negotiations
Negotiations finalised

Source: BFAP 2024



At the same time, the BRICS market, though promising for many commodities, remains difficult to access due to prohibitively high tariffs on key South African products. In this context, any erosion of cost competitiveness through disproportionate wage increases would undermine the very foundation of South Africa's agricultural growth model.

Graph 3. Competitiveness of the South African fruit industry in key markets

Fruit	China	India	Russia
Apples	10%	50%	5%
Avocado / Apricot	7%	30%	4%
Grapefruit	12% / 11%	25% / 30%	4%
Grapes	40% / 13%	20% / 30%	0%
Lemons / Pears	11% / 12%	30% / 25%	4%
Litchi	21%	24%	3%
Nectarine / Peach	10%	30%	0%
Mango	15%	30%	3%
Orange	11%	30%	0%
Plum	10%	25%	4%
Soft Citrus	12%	30%	3%

Source: FPEF



6. ALIGNMENT WITH THE AGRICULTURE AND AGRO-PROCESSING MASTER PLAN

The Agriculture and Agro-processing Master Plan (AAMP) was developed as a social compact between government, industry, and labour to unlock inclusive growth, competitiveness, and employment within the sector. It already came into effect in 2021. A central ambition of the AAMP is to create opportunities for job-rich growth by expanding exports, improving productivity, and supporting transformation. AgriSA is fully committed to the principles and objectives of this plan.

In this context, the discussion on the national minimum wage must be situated within the broader goals of the AAMP. The Master Plan emphasises the importance of retaining and creating jobs in labour-intensive value chains such as horticulture and agro-processing. It also stresses the need for enabling infrastructure, animal health systems, and producer support programmes to strengthen the resilience of farming enterprises. AgriSA believes that an evidence-based approach to the NMW, as advocated in this submission, is consistent with the AAMP's focus on building competitiveness while advancing worker welfare.

Crucially, the AAMP recognises that transformation and job creation will not be achieved through the NMW policy alone. They depend on coordinated action to lower systemic costs in energy, logistics, and compliance, while expanding market access and enhancing skills development. If the NMW rises faster than the sector's capacity to absorb higher costs, it will undermine these broader objectives by reducing employment and weakening competitiveness. Aligning wage policy with the AAMP therefore means ensuring that increases are phased, predictable, and accompanied by measures to raise productivity, expand exports, and improve the enabling environment for both commercial and emerging farmers.

7. AGRISA SURVEY

This comprehensive case study analyses the impact of National Minimum Wage (NMW) policies on South African agricultural operations based on responses from 822 farms across all nine provinces. The findings reveal significant workforce disruption, with 44.4% of farming enterprises having laid off workers and 49.5% reducing their overall workforce due to minimum wage increases. The study demonstrates clear regional variations in impact severity and highlights critical challenges facing different agricultural commodities.

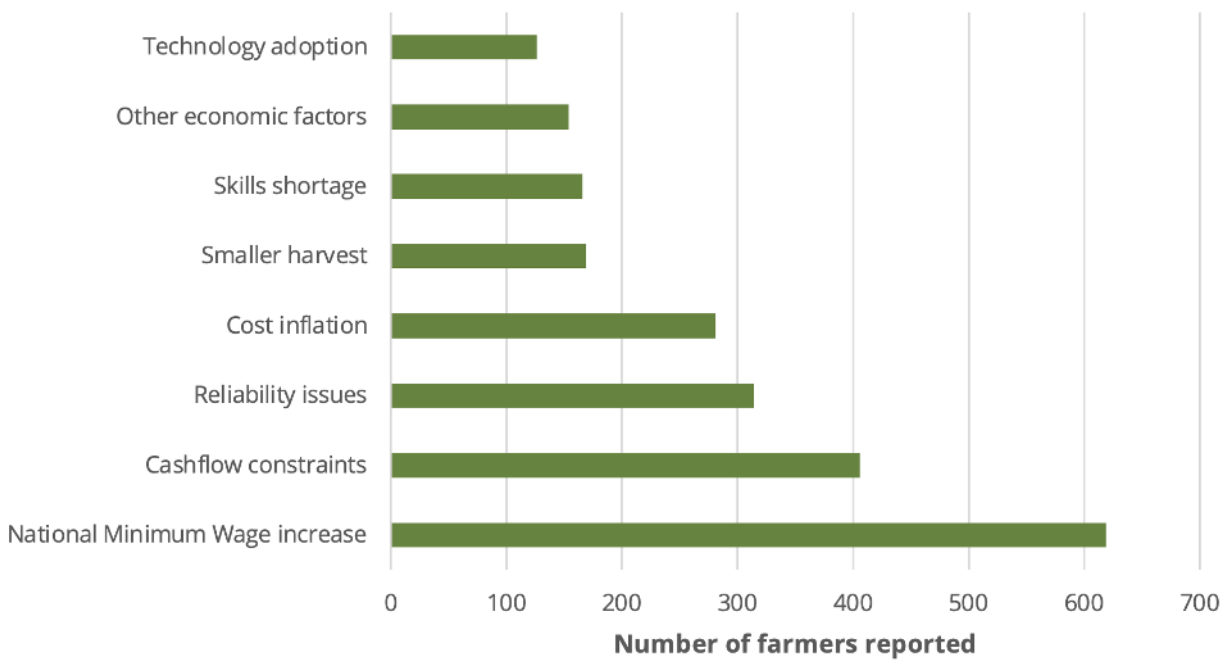
Statistical Summary

Metric	Value
Total Survey Responses	822
Total Full-time Jobs Represented	40,833
Total Part-time Jobs Represented	92,058
Total Employment Represented	132,891
Total Annual Wage Bill (R)	2,019,590,873
Total Jobs Lost to NMW	16,370
Job Loss Rate due to NMW increase(%)	12.32%
Farms Reporting NMW Layoffs (%)	44.4%
Farms Reducing Workforce (%)	49.5%
Farms Reducing Hours (%)	43.4%
Farms Using Mitigation Strategies (%)	65.3%
Farms Considering Changes (%) due to NMW	53.4%
Average Reasonable NMW Increase (%)	3.3%

Primary Factors contributing to Workforce Reductions

The dominance of NMW as a factor (75.3%) demonstrates its central role in workforce decisions, often compounding other operational challenges. When farmers were asked about the most significant contributing factors when making decisions on workforce and layoffs, the graph below clearly demonstrates that wage increases are the primary consideration, followed by cashflow constraints, and not too far behind, cost inflation. Cash flow is therefore the single highest consideration and most directly impacted by these factors.

Factors most considered when making workforce size decisions



8. RECOMMENDATIONS

AgriSA supports the principle of a fair and decent wage for all farmworkers. However, we emphasise that any adjustment to the national minimum wage must be carefully phased and calibrated to the realities of the agricultural sector. Wage increases that are disconnected from productivity growth, profitability, and global competitiveness risk triggering unintended consequences such as farm closures, job losses, and rising food prices.

AgriSA recommend that the minimum wage trajectory be linked to indicators of agricultural GDP growth and sectoral profitability, ensuring that wage adjustments are aligned with the sector's capacity to absorb them. A CPI only adjustment can stabilise labour costs and reduce the need to take drastic cost-cutting measures such as retrenchments whilst safeguarding real wages and ensuring employees retain their purchasing power. Consideration should also be given to the diversity within agriculture, recognising that subsectors such as field crops, horticulture, and livestock face very different labour intensities and market dynamics.

Finally, we urge that NMW policy be integrated with broader reforms in infrastructure, animal health, and logistics. Improvements in these foundational areas would unlock productivity gains, creating the space for higher wages without undermining farm viability.





9. CONCLUSION

Agriculture is the foundation of South Africa's food security, rural employment, and export performance. Farmworkers deserve wages that support dignified livelihoods. The setting and periodic adjustment of a National Minimum Wage is an important, but not the only factor in advancing human dignity. Wage policy must be designed in a way that strengthens rather than weakens agriculture's ability to sustain jobs and provide affordable food. AgriSA therefore calls for a balanced, evidence-based approach to the national minimum wage, aligned with the Agriculture and Agro-processing Master Plan and sensitive to the structural realities of the agricultural sector. Only such an approach can protect farmworker welfare while safeguarding the long-term sustainability of South African agriculture.

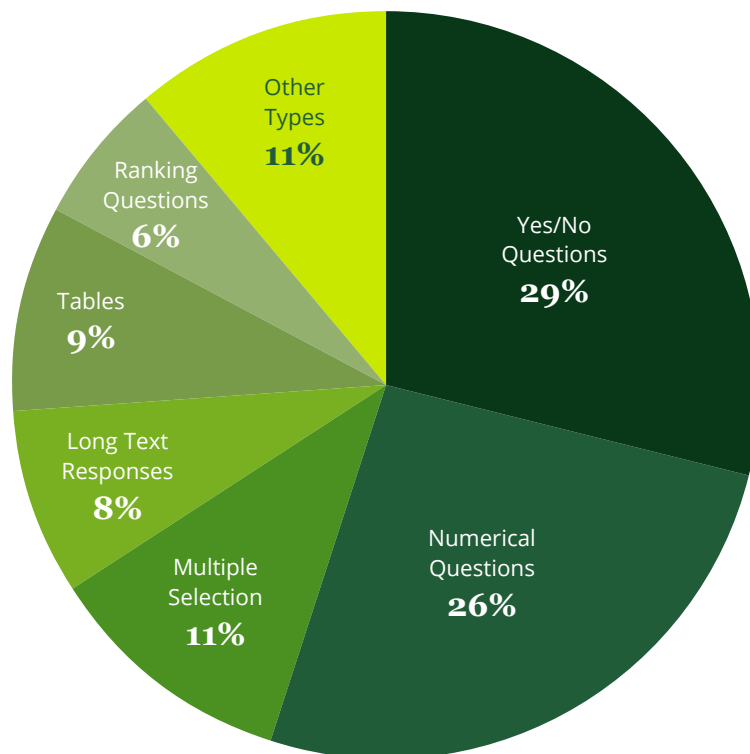
ANNEXURE A

SURVEY METHODOLOGY

Question Type Distribution

Question Type	Count	Purpose
Yes/No Questions	10	Binary decisions and consensus measurement
Numerical Questions	9	Quantitative workforce and financial data
Multiple Selection	4	Industry classification and geography
Long Text Responses	3	Detailed qualitative insights
Tables	3	Structured operational data
Ranking Questions	2	Priority assessment
Other Types	4	Single choice, slider, matrix, text

Number of questions per type



Thematic Analysis Framework

The survey questions were strategically organized into five core thematic areas:

i) Demographics & Business Profile (Questions 1-7)

PURPOSE

- Establish baseline understanding of respondent characteristics
- Geographic distribution across provinces
- Primary vs. secondary agriculture classification
- Industry sector identification and ranking
- Farm size and operational scale
- Business structure description

KEY INSIGHT

Strong representation from Eastern Cape (33.2% of respondents) with 97.2% engaged in primary agriculture, indicating a robust sample of on-farm producers.

ii) Current Workforce Structure (Questions 8, 9-11, 13)

PURPOSE

- Quantify existing employment patterns and wage structures
- Permanent employee numbers and working arrangements
- Total wage bill calculations
- Current workforce composition

KEY INSIGHT

Wide variation in workforce sizes (0-3,500 employees, average 49.68) with total wage bills ranging from R0 to R250 million annually.

iii) Minimum Wage Impact Assessment (Questions 12, 14-17, 27-30)**PURPOSE**

- Evaluate direct impacts of National Minimum Wage policy
- Management strategy adaptations
- Workforce size changes over 18 months
- Layoffs attributed to minimum wage increases
- Decision-making factors for workforce management
- Input cost pressures and employment decisions

KEY INSIGHT

75.3% of respondents identified the National Minimum Wage increase as a contributing factor to workforce reductions, representing the strongest consensus in the survey.

iv) Hiring & Retention Patterns (Questions 18-26)**PURPOSE**

- Analyze employment dynamics and seasonal variations
- Permanent vs. non-permanent hiring patterns
- Seasonal employment strategies
- Position conversions between permanent and temporary roles
- Harvest season workforce requirements

KEY INSIGHT

Significant reliance on seasonal workers (average 68.91 during peak season) with limited conversion to permanent positions (only 12.9% converted non-permanent to permanent roles).

v) Forward-Looking Perspectives (Questions 31-35)

PURPOSE

- Assess adaptation strategies and future expectations
- Mitigation strategies implementation
- Anticipated workforce changes
- Reasonable minimum wage increase expectations
- Threshold analysis for workforce decisions

KEY INSIGHT

65.3% have implemented mitigation strategies, with 53.4% considering additional workforce changes, indicating ongoing adaptation processes.



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