FROM THE DESK OF THE CEO (3/13)

Justin Chadwick (18 January 2013)

QUOTE OF THE WEEK   Poverty is not a lack of money, but rather the lack of opportunity to make money" Anon

THE FARMER/LABOUR DILEMMA

A paper compiled by the Bureau for Food and Agricultural Policy (BFAP) exposes a very worrying dilemma. Their research has found that farmers cannot afford to pay higher wages – in essence the bottom third of growers in a particular fruit sector in South Africa are already making losses; an increased wage bill will mean more farmers would join these ranks. However, the research also found that workers cannot survive on the minimum wage. The cost of living has increased dramatically in the recent past, and the most vulnerable have now reached the tipping point. This cauldron has now boiled over as witnessed by the protests in the Western Cape. There is far more than just wages at issue with these strikes – with service delivery frustrations, unemployment, political posturing and just plain criminality also leading factors. It's a complex situation, and will take some time to unpack.

There is a need for agriculture to confront the labour issue – and to look at ways to tackle the sustainability dilemma. The announcement of 14 000 job losses in the platinum mining sector illustrates the unintended consequences of mass action. The difference with farming is that the people without jobs live a stone's throw (literally) from the farms, and entire communities are dependent on the success of agriculture in their area.

A leading academic made the following points about addressing the dilemma – 1) South Africa's food security will be impacted by the labour unrest. Although it is recognized that fruit is not a staple, it is the forex earned by exports that allow South Africa to import goods and services that it needs. In addition, a family's ability to buy food depends on wage earnings. A significant decrease in export volumes impacts on the whole economy; 2) Worker welfare has been neglected. Farmers have picked up many functions where government has failed, and the point where farmers responsibility ends and governments responsibility starts has become blurred; 3) Increasing wages is not the solution as it will probably lead to job shedding and additional unemployment – short term wage increases to avert a crisis will lead to longer term laying off of workers; 4) Shortest route to improved competitiveness is through increased productivity. Investing in people – making them capable of adding value – is the best investment that can be made; 5) Investor confidence has been eroded – both domestic investment and foreign investment. It is essential that an investor friendly climate with policies that attract investment be adopted.

Another study entitled "Capturing the Gains" reported that retailers capture 40% of the consumer price for table grapes – with the farm capturing just 18% (from which he still has to meet all farm expenses, meet farm debts and hopefully get a return on capital and management). This is clearly not sustainable – retailers will have to relook at their value chain if they plan to have produce available for consumers in the future.

As fruit industries there are many initiatives that are at various stages of development or implementation that could address the issues identified above. The Citrus Academy has the toolbox to assist in making a significant difference to productivity. Training material developed by the Academy is terribly under-utilized. A big challenge is up skilling the seasonal labour and unemployed. This is really a state responsibility – but could be fast tracked through a public-private-partnership.

The SIZA programme is now being rolled out. Initiated three years ago by Fruit South Africa, it is a platform that must be used to assist in both improving worker welfare and in measuring and reporting on these improvements. SIZA has been developed to aid the industry in worker welfare issues – to make a real difference in the lives of farm workers (not just to tick a box required by the retailer).

PACKHOUSE WORKSHOPS AND CGA ROADSHOWS

The first Packhouse workshop is just 2 weeks away – **29 & 30 Jan** will be the Limpopo workshop at The Ranch in Polokwane. The following week (**31 Jan & 1 Feb)** the Mpumalanga workshop at Loskopdam Resort; **12 -13 Feb** KZN & Swaziland at Blue Waters Hotel, Durban; **14-15 Feb** Eastern Cape – Summerstrand Hotel, PE; and finally **19-20 Feb** Western Cape at Protea Hotel, Stellenbosch. For the full agenda see www.cga.co.za , if you need further information contact HannesBester@cri.co.za.

The CGA Road Shows are also taking shape – my group starts with **Nkwalini** 10h00 on Monday 18 Feb (10h00 at Farmers Club); **Pongola** 19 Feb at 09h00 at Mvutshini Estates; on the same day **Swaziland** at 14h30 (Tambuti Estates); 20 Feb **Nelspruit** at CRI at 14h00 and finishing that week off at **Onderberg,** MSK at 10h00 on Thursday 21 Feb. The next week we visit **Patensie** on Tuesday 26 Feb at 14h00 at PSB; **Sundays River** on 27 Feb at 14h00 at Kirkwood High School; finishing off at **East Cape Midlands**, Katriver Citrus at 14h00 on 28 Feb.

Paul Hardman's group visits **Zimbabwe** at 16h00, Monday 18 Feb (Paul Bristow's farm); **Limpopo River**,19 Feb at 10h00 at Noordgrens Lapa; **Letsitele** at 10h00, The Junction on 20 Feb; **Hoedspruit** on 20 Feb, 15h00 at Die Hengel Klub, ending the week at **Senwes** at 15h00, 21 Feb (venue to be announced). The following week they will be in **Boland** (Flamingo Room, Infruitec, Stellenbosch) at 09h00, Tuesday 26 Feb; **Western Cape** 26 Feb, 15h00 (Goedehoop Hall); **Oranje Rivier** on 27 Feb, 16h30 (Lake Grappe), finishing off at **Vaalharts** on Thursday 28 Feb at 15h00 at Saamfarm.

SOUTHERN AFRICAN CITRUS GROWERS' FUND THEIR FUTURE THROUGH THE LEVY ADMINISTERED BY THE CGA