

FROM THE DESK OF THE CEO

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"If all the worlds a stage, I want to operate the trapdoor" Paul Beatty

FALL ARMYWORM (REPORT FROM CITRUS RESEARCH INTERNATIONAL (CRI))

Citrus is listed in CABI's Invasive Species Compendium as a minor host of the fall armyworm, *Spopoptera frugiperda*. However, no source for this listing could be found. Neither could any other reference to citrus as a host of the fall armyworm be found. Consequently, contact was made with entomologists in Mexico (where the pest originates from) and Florida (where the pest has been resident for decades), who have extensive experience with the fall armyworm. Their response was unequivocally that the fall armyworm is not a pest of citrus. It is therefore considered unnecessary to pronounce any warning of the arrival of the pest in South Africa to the citrus industry. Nevertheless, CRI's entomologists are prepared, should anything unexpected occur.

NATIONAL MINIMUM WAGE (NMW): A DOZEN QUESTIONS ON THE PROPOSED NMW

The wage bill for most farmers makes up more than a third of on farm costs. The citrus industry employs in excess of 10% of agricultural labour in southern Africa. In a country with huge unemployment it is important that a balance is struck between fair wages and labour shedding. The government has the unenviable task of engineering a compromise position – one that ensures workers are fairly remunerated while also ensuring a sustainable business environment. Growers should be taking a keen interest in the latest NMW recommendations and regulations.

Nedlac is considering a proposal made by a panel of experts on the implementation of a national minimum wage in SA. The panel proposes that the NMW be set at R3,500 per month, that it be implemented over a period of two years (during which time a number of exemptions will exist), and that it be revised periodically thereafter.

In order to help generate a more informed debate on this issue, the Centre for Development and Enterprise (CDE) has prepared a Q&A on the Panel's proposal. This begins by setting out exactly what the Panel proposes (questions 1 through 8), before offering an analysis of what CDE believes to be the key weakness of the Panel's work, namely its overhasty and unpersuasive dismissal of concerns that the implementation of its recommendations risks large-scale job destruction both in the short and long terms. This is a risk CDE believes that a country in which nearly 40% of the potential workforce is unemployed should not take, and the CDE urges all interested parties to rethink their approach to these issues.

QUESTION ONE: What, exactly, is being proposed? The Panel recommends that an NMW be set at R20 ph/R3,500 pm, and that it should be implemented in late 2017 after the relevant legislation has been passed... [\(read more\)](#) **QUESTION TWO: How will the NMW be changed over time?** One of the most critical features of any minimum wage regime is how the level is changed over time... [\(read more\)](#) **QUESTION THREE: What does the Panel hope the NMW will achieve?** Although the NMW is intended to achieve a number of goals, the most important is to raise the incomes of the working poor... [\(read more\)](#)

QUESTION FOUR: Will 6.2 million people really benefit from an NMW of R3,500pm? The Panel estimates that 6.2 million people – or 47% of all workers – currently earn less than R3,500 pm, and that this is the number of potential beneficiaries. There are reasons to be sceptical, however... [\(read more\)](#) **QUESTION FIVE: Why R3,500 pm?** The Panel offers two separate justifications for setting the NMW at R3,500 pm.... [\(read more\)](#) **QUESTION SIX: How does an NMW of R3,500 compare to existing wages?** The impact of an NMW on both households and firms depends largely on how significantly it changes the existing structure of wages in the economy... [\(read more\)](#) **QUESTION SEVEN: Who is excluded from the proposal and why?** The panel proposes some exception and exclusions. Its reasoning in these cases is instructive... [\(read more\)](#)

QUESTION EIGHT: What does the Panel say about the potential of an NMW of R3500 pm to destroy jobs? The most important question to be asked about the proposed NMW is its likely effects on employment... [\(read more\)](#) **QUESTION NINE: Are the employment effects of the Panel's proposal really unknowable?** The mere fact that the Panel provides no clear answer to the key question about the potential impact of the NMW on employment does not diminish its importance ... [\(read more\)](#) **QUESTION TEN: Does the international experience really show that minimum wages do not reduce employment?** One of the recurring themes of the Panel's report is the insistence that the international evidence does not support alarmist assessments of the impact of minimum wages on employment... [\(read more\)](#) **QUESTION ELEVEN: What about the macroeconomic effects of a large rise in minimum wages?** Given the scale of job losses, there is likely to be some significant disruption in economic activity in several sectors... [\(read more\)](#) **QUESTION TWELVE: So, will the NMW actually reduce poverty and inequality?** Despite the impossibility of offering precise estimates, it seems clear that the balance of risk is that a high NMW would increase rather than diminish SA's already exceptionally high levels of poverty and inequality... [\(read more\)](#)

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