FARM WAGES AND WORKING CONDITIONS IN THE ALBANY DISTRICT, 1957 – 2008.

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ABSTRACT

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Agriculture is a major employer of labour in South Africa with about 8.8% of the total labour force directly involved in agricultural production (StatsSA, 2007a). Farm wages and working conditions in the Albany district were researched in 1957 by Roberts (1958) and 1977 by Antrobus (1984). Research in 2008, involving face-to-face interviews of a sample survey of 40 Albany farmers, was undertaken to update the situation facing farm labourers and allowed for comparisons with the work previously done. Farm workers were governed by common law until 1994 when the government intervened with legislation. The introduction of the Basic Conditions of Employment Act (1997) for farm workers, amended in 2002 to include minimum wage legislation, and the Extension of Security of Tenure Act (ESTA) of 1997 impacted the supply and demand of farm workers. Other impacts have been due to the Albany district experiencing an increase in the establishment of Private Game Reserves and game-tourism with a simultaneous decline in conventional farming.

It was concluded from the survey conducted that minimum wage legislation decreased the demand for regular and increased the demand for casual labour, which incur lower costs including transaction costs, than their regular counterparts. The ESTA of 1997 contributed to a decreased number of farm residents, which had spin-off affects on the supply of labour. Farmers experienced a simultaneous price-cost squeeze, which furthermore decreased the demand for labour. Studying the working and living conditions showed that farm workers had limited access to educational and recreational facilities which negatively impacted the supply of labour.

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CHAPTER 1: INTRODUCTION

The South African agricultural sector has a vital role to play in the economy at a countrywide macro-level and is sophisticated and thriving (Antrobus and Antrobus, 2008). Not only is it responsible for promoting food security but it is also a net exporter. Farm labour has however been a contentious subject in South Africa with words including "exploitation" and "marginalised" synonymous with some authors views on the situation facing these workers. The Basic Conditions of Employment Act (BCEA) (1997), which included minimum wage legislation via the Sectoral Determination and the Extension of Security Act (ESTA) of 1997, were introduced to increase cash earnings of agricultural workers, minimise mistreatment and decrease the paternalistic relationship between worker and farmer (Vink, 2001). Atkinson (2007) suggested that the legislation has however had serious negative impacts including exacerbating unemployment. In addition Murray and van Walbeek (2007) and Naidoo *et al* (2007) believed it to have resulted in casualisation. However, other factors in a changing economic and political environment have also impacted the fortune of farm workers.

1.1 Agriculture as an employer in South Africa

Agriculture is a major employer of labour in South Africa with about 8.8% of the total labour force in 2007 directly involved in agricultural production (StatsSA, 2007a). The agricultural sector plays an important role in the South African economy because of the opportunities for sustaining livelihoods, employment that it offers, and the strong linkages between agriculture and the rest of the economy (StatsSA, 2000). Although primary commercial agriculture contributed less than 4% to the Gross Domestic Product (GDP) of South Africa in 2005 (StatsSA, 2005b, in Sparrow *et al*, 2008:54) the strong backward and forward linkages that the agricultural sector has into the economy result in the agro-industrial sector contributing an estimated 15% of GDP. Agricultural products account for more than 30% of the total job opportunities in the manufacturing sector, and presents 25% of the sector's contribution to GDP (StatsSA, 2005b, in Sparrow *et al*, 2008:54). Department of Labour (2003:78) statistics, however, show a decline in the agriculture, forestry and fishing sectors' contribution from 8.6% of GDP in 1974, 6.6% in 1978, 5.3% in 1989, and 4.6% in

1999 to 2.3% in 2007. The last time agriculture contributed double figures was in 1967 when it added 10.3% to GDP (Department of Agriculture, 2003:78).

The demographics of employment in agriculture show that between the ages of 15 – 65 years, Africans constituted 72%, Coloureds 10%, Indians/Asians 3% and Whites constituted 15% of the labour force. Females made up 43% and males 57% for the sector (StatsSA, 2007a). Previously there was a strong male bias, compared to the gender distribution in other sectors of the economy, with 70% in 1996 and looking further back to 1954, 75% of all agricultural workers were male (Department of Agriculture, 1960:11 and StatsSA, 2000:iii). This may have resulted from what Shabodien (2006:1) described as "an established pattern of labour engagement where certain, mostly higher paying positions, are reserved for men". Furthermore, Shabodien (2006:1) believed that women were discriminated against both in terms of their employment, as well as the type of work they were 'allowed' to do. Sender and Johnston (1994:i) supported the belief that for policy purposes, the importance of women's work, as earning farm labourers, had not been given the attention it warranted. They concluded that "Women's wages and working conditions on all types of farms are probably the critical determinants of the standard of living of many tens of thousands of households in Mhala and Mapulaneng, and of many millions of the poorest households in South Africa as a whole" (Sender and Johnston, 1994:i).

Agriculture has shed labour the world over (Conradie, 2005:138). Simbi and Aliber (2000:3) confirmed that employment in South Africa's commercial farming sector declined at a rapid rate. Looking back, in 1970 agriculture employed 30% of the economically active population in South Africa (Conradie, 2005:138). In 2002, only 12.6% of the economically active population remained in agriculture (StatsSA, 2007a). According to Conradie (2005:139) employment levels fell steadily at 1.7% per year from 1970 to 2002. Since 2002 the employment rate in agriculture continued to fall to 8.8% in 2007 (StatsSA, 2007a). Since the 1940s agriculture, which was seen as the most backward sector of the South African political economy, became substantially modernised shifting its production base from labour to capital-intensive relations (Marcus, 1989), which Lewis *et al* (1996:69) found disturbing considering the impacts on employment. Subsidising credit and capital for white farmers, in large

part contributed to an approximate 20% decline in total agricultural employment between 1970 and 1994. This was a decline in employment that occurred in the absence of labour legislation or minimum wage regulations. With a decline of roughly 20% of jobs in the sector over the 11 year period from 1988 to 1998, there was however an acceleration noted in the 1990s, possibly due to expectation of government intervention involving farm labour after the 1994 election (Simbi and Aliber, 2000:3). Earnings in agriculture were seen as generally extremely low but cash wage values did not accurately capture the total remuneration (Lewis *et al*, 1996:69).

An increase in the casual nature of work available to farm workers has become another issue of concern. Casualisation has been seen mainly as a consequence of new labour legislation (Murray and van Walbeek, 2007:116 and Naidoo *et al*, 2007:25). Bhorat and Lundall (2004:1032) found that the shift to part-time employment across most economic sectors in South Africa was both significant and rapid. The problem with casualisation is not so much that it lowers the possible income of farm workers, but that it increases "the precariousness of their existence" (Kritzinger *et al*, 2004:17). Simbi and Aliber (2000:3) agreed that "there was a trend away from regular, permanent workers and a simultaneous - though not commensurate - increase in the use of casual workers, meaning jobs of less security and consistency". The impact of legislation as a cause of casualisation is however debatable and Conradie (2007:173) has argued that labour market reform has not been responsible for increases in casualisation. This will be elaborated on later.

Studies devoted entirely to the topic of farm labour in South Africa were few up to the 1970s but recently more research has been conducted on the subject. Some of the first research included works by Roberts (1958), Loudon (1970), Antrobus (1970), Beyers (1971) and Wilson *et al* (1977). To fill the gaps in the knowledge of farm labour in South Africa and to understand more clearly the emerging trends and their consequences, the South African Development Research Unit (SALDRU), in the School of Economics at the University of Cape Town, in September 1976, organised a conference on farm labour which was attended by farmers, academics and others (Wilson *et al*, 1977). The 55 papers presented provided for the first time a detailed

overview of, at that stage, the most neglected area of the South African political economy. A selection of these papers, including Nattrass (1977), van der Vliet and Bromberger (1977), Kooy (1977) and Wilson (1977), were published with the accompanying editorial comment that:

> "Little has been known about the working conditions and the pattern of employment in South African agriculture. Yet no fewer than one quarter of all Black South Africans live on the White-owned capitalist farms outside the reserves. These farm workers are among the lowest-paid in the South African economy: denied access to elementary political rights or to collective-bargaining processes, and unprotected by statutory minimum-wage legislation, Black farm workers are also prevented by lack of schooling, lack of skills and an apparently chronic shortage of urban housing, from seeking alternative industrial employment. African workers are, in addition, trapped on the farms by legislation restricting their movement" (Wilson *et al*, 1977).

More recently, research conducted includes that by Antrobus (1984), Marcus (1989), Robertson and Nieuwoudt (1992), Goedecke and Ortmann (1993), Conradie (2005), Naidoo *et al* (2007) and Sparrow *et al* (2008). Growing interest in the subject of farm labour was possibly the result of marked changes in legislation since 1994. An example of such a legislation change in the post-Apartheid South Africa was the introduction of the Sectoral Determination for Agriculture in 2002. Nieuwoudt and Groenewald (2003:211) contended that the farm labour market in South Africa had not been adequately researched despite an increase in contributors since 1998. They observed that the exodus of top researchers from the main research provider – the Agricultural Research Council (ARC) - was as a result of a decrease in core government funding as well as changes in leadership and management styles.

1.2 The Albany district

Historically the farming area around Grahamstown in the Eastern Cape was part of the Albany district council. Following the local government elections of 2000, the Makana local Municipality was established joining Grahamstown with Alicedale and Riebeeck East (Oettle, 2001). Thus the Makana municipal district is equivalent to the former Albany district council.

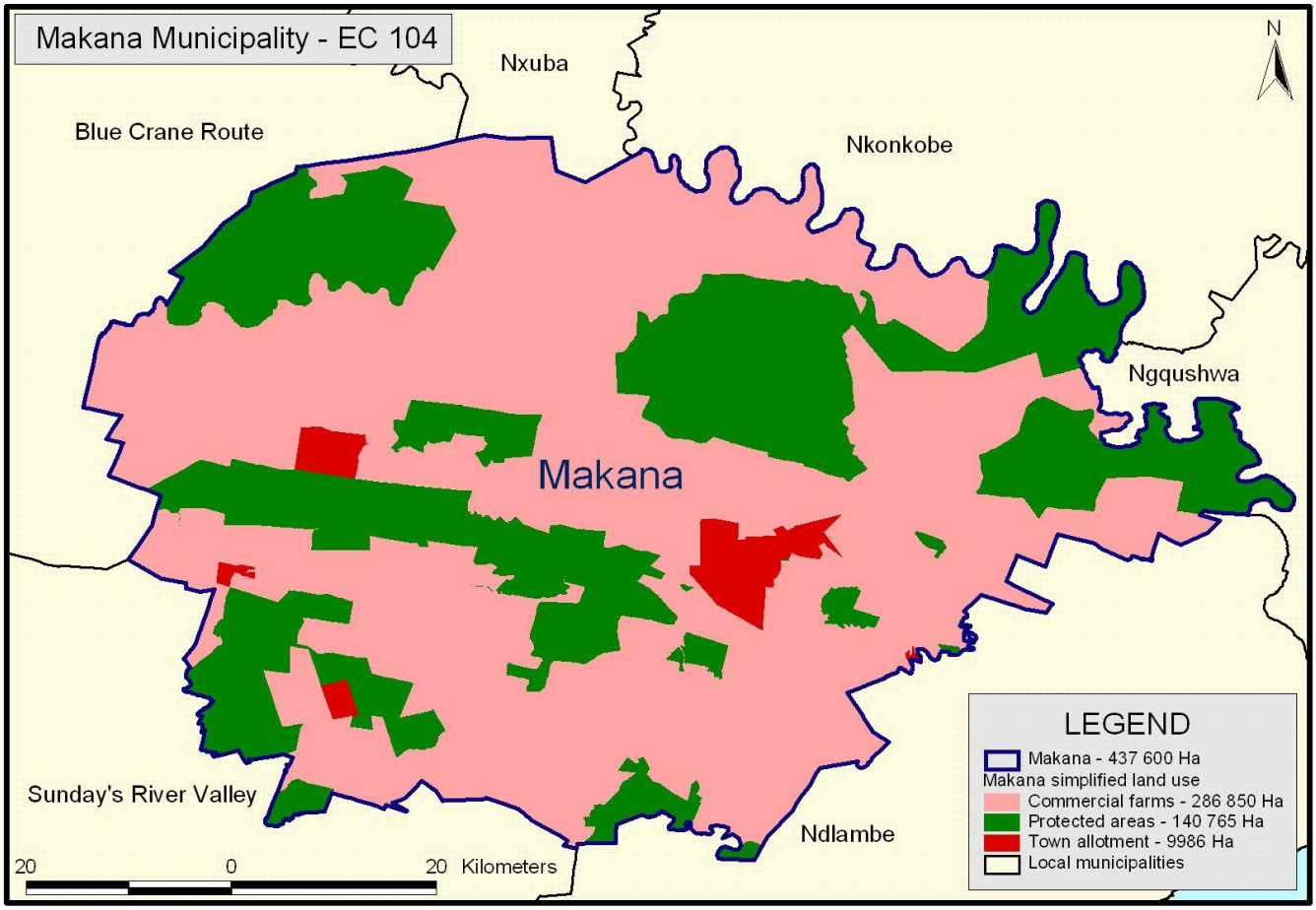

Figure 1.1: Map of Makana local Municipality (former Albany district council), 2007.
Source: Bekker, 2009.

A map of the Makana municipality boundaries with land use areas are shown in Figure 1.1. Grahamstown is the largest town allotment shown in Figure 1.1 at the centre of Makana. North of Grahamstown is known as Upper Albany and south is Lower. The Albany magisterial district (Makana municipal district) was chosen due to the labour surveys previously done in the district in 1957[2] and 1977 by Roberts (1958) and Antrobus (1984) respectively. Therefore the opportunity for a comparative study over a 51 year period arose. Another interesting characteristic of the Albany district was that it had been taken over in large part by private game reserves (PGRs), Shamwari Private Game Reserve consisting of approximately 25 000ha being one of the first to be established in the district in 1992. The largest public reserve in the district, the Great Fish River Reserve, was established in the 1970s and consists of 45 000ha. Farmers have thus experienced a variety of changes and each has affected labour in a different manner. The protected areas in Figure 1.1 consist of both PGRs and public reserves and constitute 32% of the Albany district.

[2] Interviews were conducted between March 1957 and June 1958.

1.3 Purpose of the present study

The present study was undertaken to provide detailed information about one magisterial district in South Africa, namely Albany, against the framework of official statistics made available both at a point in time and over a number of years. This starts with an examination of labour theory, which differs between alternative schools of thought but in principle not significantly between economies, employment conditions and the various sectors of the economy. This raises the importance of an empirical study of a specific sector (in this study agriculture) as a distinct source of employment in a particular economy (namely South Africa). Next a macro-level examination of employment and farm wages in South Africa, with some regional and inter-temporal comparisons, is undertaken. Following the macro study is a micro assessment of farm labour practises in the Albany district in the Eastern Cape. Lastly, using findings from two previous studies on farm labour in the magisterial district, along with statistical information available, a comparative study over a 51 year period is made of the Albany farm labour market. This kind of study is particularly rare given that information over an extended period of time for a regional farm labour market in South Africa is seldom available. The chapters thus follow the sequence of firstly an examination of labour economic theory in Chapter 2. Chapter 3 outlines the farm labour market in South Africa with some regional and inter-temporal comparisons. Chapter 4 explains the research method used to gather information on the micro-level. The detailed information obtained for 2008 on farm wages and working conditions in the Albany district is presented in Chapter 5. Comparisons and changes noted regarding the farm labour market over the 51 year period from 1957 to 2008 in the Albany district are presented in Chapter 6 with conclusions drawn in Chapter 7.

CHAPTER 2: LITERATURE SURVEY OF LABOUR ECONOMICS

Labour holds special characteristics independent of other productive resources and wages make up a majority of the income of an economy, thus a unique field of economics exclusively focusing on labour is essential (McConnell *et al*, 2008). The various Economic schools of thought naturally disagree on many issues and a "New" Labour Economics, emphasising applying an economic perspective to labour issues, is born out of years of studying labour markets and problems. Different theoretical views surrounding Labour Economics, the various labour market issues such as wages rates, demand and supply of labour and the competitive model are explored next.

2.1 Different Theoretical Views within Labour Economics

Labour is the term used by economists to describe the factor of production that includes all gainfully employed persons with the exception of a small group of people who are termed as "entrepreneurs" (Reynolds: 1978). The vast body of literature on the economics of labour and wages has been the focus of study, in the 20th and 21st century, by authors such as Hicks (1904) in "The theory of wages", Douglas (1934) in a book of the same title "The theory of wages", Cartter (1959) in "The theory of wages and employment", Phelps Brown (1962) in "The Economics of Labor", Schultz (1963) in "The Economic value of education", Becker (1964) in "Human Capital", Hunter and Robertson (1969) in "The economics of wages and labour", Reynolds (1978) in "Labor economics and labor relations", King (1990) in "Labour Economics", Hamermesh and Rees (1993) in "The Economics of Work and Pay", Borjas (2005) in "Labor Economics" and McConnell *et al* (2008) in "Contemporary Labor Economics".

Early contributions to the understanding of labour and wages were also made by the classical and neo-classical economists in the 18th and 19th century, namely by Adam Smith (1776), Thomas Malthus (1798), John Stuart Mill (1848), Karl Marx (1867), William Stanley Jevons (1871) and Alfred Marshall (1890).

As economics is concerned with the process of allocating scarce resources between competing demands, so is Labour Economics (Antrobus, 1984:1). McConnell *et al* (2008:1) noted that because resources are scarce and wants are almost unlimited, society should find a way of managing its resources, including labour which is one of society's scarce productive resources, as efficiently as possible to achieve the maximum fulfillment of its needs. Broadly, the function of Labour Economics is to examine "the organization, functioning, and outcomes of labor markets; the decisions of prospective and present labor market participants; and the public policies relating to the employment and payment of labor resources" (McConnell *et al*, 2008:1).

Due to the core problem of Labour Economics being the same as that of Economics this allows for the tools that an economist would bring to the study of labour to be the same as would be brought to any other subject in this field (Phelps Brown, 1962:3). These tools consist of a vast amount of information on institutions and magnitudes as well as micro- and macroeconomic theory.

Hunter and Robertson (1969:27) list the items at the micro-level that Labour Economics takes into account, including: the manner in which firms obtain their workers; the form in which the firm pays; the adjustments firms undergo in their demand for labour; the individual's decision to supply his/her work; and how wages are agreed upon.

Labour Economics is concerned with the following at the macro-level:

Public labour policies;
Levels of unemployment;
Various market forces and wage levels involved; and
The structure of the labour force.

But is it justifiable that a special field of economics be solely concerned with labour and what makes Labour Economics an important area of inquiry? Three issues are identified by McConnell *et al* (2008:2) to answer this question. Firstly, there are the socioeconomic issues which are relevant to labour. An example of this is the increase in the number of female workers over the past couple of decades. To understand this,

the choice of whether or not to do or seek market work, based on a comparison of market opportunities and the benefits of staying at home requires investigation (Hamermesh and Rees, 1993:40). The issue is of consequence to society as a whole. Secondly, there is the quantitative importance of labour. The majority of income flows to workers as wages and salaries. The primary source of income for most households is from providing labour services. The way in which income from employment is distributed is the largest single factor in determining the distribution of purchasing power throughout the economy (Hunter and Robertson, 1969:14). Thus quantitatively, labour is one of the most important economic resources (McConnell *et al*, 2008:2).

Lastly, the unique characteristic and "peculiarities" of labour call for a separate study. Labour market transactions are different to those of product market transactions. Two critical "peculiarities" of labour were recognized by Marshall (1890, in Hunter and Robertson, 1969:195-196) which justifies giving it special attention as a productive resource. These were:

Firstly, "the worker sells his work, but he himself remains his own property….." and it was also noted that "…when a person sells his services, he has to present himself where they are delivered".

Friedman (1962:204) showed that the implication of the first "peculiarity", that human capital cannot be bought or sold, "means that non-pecuniary considerations become relevant to the use of human capital in a way that they do not for non-human capital." Marshall's (1938, in McConnell *et al*, 2008:2) example of this was that it hardly matters to the brickmaker whether his product is used in building a palace or a sewer. What is of more importance to the seller of labour and will be considered is price (wage) and a number of other factors such as the nature and location of the work, the risk involved, the reputation and temperament of his prospective employer, the colleagues he/she may have to work with, the cost of relocation and the preferences of family members (Antrobus, 1984:2).

The second "peculiarity" implies that the labourer is the personification of his/her own assets or ability, with his/her services only temporarily made available to the

employer. The current or potential employer runs the risk of the worker leaving employment at any time and thus any investment which the employer may make in providing labour with training may be lost (Barker, 2003:2).

Labour Economics thus draws some special interest and is complicated somewhat as it deals with humans as a resource (Phelps Brown, 1962:5; Hunter and Robertson, 1969:11; Hamermesh and Rees, 1993: xv; Barker, 2003:2 and McConnell *et al*, 2008:1). Human behaviour has a number of irregularities and is sometimes inexplicable. People are influenced in many ways which will not be a concern when dealing with a material resource. In an attempt to understand humans as a resource it is necessary to consider the institutional factors, social background and attitudes which vary from one economy to another. It is therefore "almost inevitable that each country has to develop its own Labour Economics in which the social and institutional environment can be taken into account" (Hunter and Robertson, 1969:27). Unique institutional considerations such as minimum wage, labour unions and collective bargaining, discrimination, etc. all affect the functioning of a country's labour market and require special attention (McConnell *et al*, 2008:3). This draws from the ideas of institutional economists. Institutionalism has been influential among labour economists through time, "who from the nature of their subject-matter are inherently more conscious than their colleagues in other branches of the discipline of the social and institutional framework which underpins market behaviour" (King, 1990:5).

King (1990:2) has identified the alternative approaches to Labour Economics as Neoclassical, post-Keynesian, Institutionalism, radical-Marxian and Green Economics. Economists, including labour economists, are notorious for disagreeing amongst themselves. It is important to acknowledge the different schools of thought and not to presume that one is correct whilst the others are all fundamentally mistaken.

Institutionalism has already been briefly explored as a school of thought in Labour Economics. Neoclassical or orthodox economists agree on four basic points (King, 1990:2). Firstly, there is the central role of maximizing behaviour by the economic agents involved, i.e. individuals, households and firms. In a neoclassical model, a firm will produce output by choosing optimal combinations of capital and labour to

maximise profits (Sparrow *et al*, 2008:55). This is subject to technological and budget constraints. Secondly, individual decision making is opposed by the process of collective decision-making based on habit and custom, or the idiosyncrasies of human institutions (King, 1990:2). Collective bargaining for wages and other conditions of employment takes the form of Unions. From a historical view unions are essentially the offspring of industrialization (McConnell *et al*, 2008:305). Thirdly, there is the principle of substitution. On the labour supply and consumption side, households and individuals choose from a wide range of commodities and allocate their time between many different activities. McConnell *et al* (2008:25) stated that the substitution effect indicates the change in the desired hours of work resulting from a change in the wage rate, keeping income constant. This means when wage rates rise and leisure becomes more expensive, it is sensible to substitute work for leisure. On the labour demand and production side, firms select techniques of production and levels of input usage from the large number which are available, i.e. labour, mechanization, etc (King, 1990:2). Lastly, is the assumption that there is a strong tendency for markets to clear, and for economic agents to be in equilibrium or rapidly approaching it. This suggests that in a perfectly competitive labour market there is an equilibrium wage rate where the number of hours offered by labour suppliers just matches the number of hours that firms desire to employ, however not observed in the real-world due to imperfect information and transaction costs (McConnell *et al*, 2008:174). There is a clearly recognizable Neoclassical perspective on almost every problem in Labour Economics that gives neoclassical economists an advantage over other theorists.

Post-Keynesian theory agrees fully with the first three points raised by the neoclassical economists, but disagrees with the fourth point and introduces the idea that some markets, especially labour markets, fail to clear and be in equilibrium (King, 1990:3). Radical-Marxian political economists oppose neoclassical economists on every count. Karl Marx's fundamental belief is that of a central organizing concept, namely Capitalism. Hamermesh and Rees (1993:477) claim that capitalists discriminate against or exploit minorities to increase their monetary profits. Important to radical-Marxian theorists is that social classes are the most significant economic agents rather than the individuals of which they are composed. Deep-rooted theoretical conflicts are also found within the radical-Marxian school of

thought itself and Howard and King (1991:388) argue that Marxian theory of wages is unsatisfactory and there is no agreement on the definition of productive and unproductive labour. The only point that radical-Marxian economists and their neoclassical adversaries agree upon, is that in some sense, capitalists do seek to maximize profits (King, 1990:8).

Finally, King (1990:9) studies Green Economics as an approach to Labour Economics. This school of thought grew out of the environmentalist movement of the 1960s and 1970s with Schumacher, who died in 1977, as the main contributor. Three aspects of Green Economics are relevant to Labour Economics. Firstly, work should be seen as an end in itself and not negatively as time sacrificed to provide an input into the production of material goods. Secondly, permanent sustainability of economic activity is important. Leisure time, that is the time available for non-market activities, is also highly valued. Lastly, the related questions of the organizational and technical scale of production are regarded by green economists as basic to human well-being. Schumacher (1973) in his best-selling book titled "Small is Beautiful" expands on the fundamental idea behind Green Economics. He argues that human creativity is often subdued by large hierarchical organizations and that mass production techniques do not take into account the established skills and physical and intellectual capacities of those 'imprisoned' by them.

The boundaries between the competing schools of thought often overlap and are fuzzy. King (1990) emphasizes that their differences are recognized, but there is no one correct approach to the study of labour markets. The idea of 'Old' and 'New' Labour Economics is introduced by McConnell *et al* (2008:3). What was seen in the 'Old' study of labour, 25 to 30 years ago, was that it was highly descriptive, emphasizing historical developments, facts and institutions, and legal considerations (McConnell *et al*, 2008:3). A reason for the approach stems from the complexities of labour markets which seemed to make them relatively immune to economic analysis. Labour markets and unemployment were given some attention, but the analysis was usually minimal.

McConnell *et al* (2008:4) emphasizes that the focal point of an approach to studying 'New' Labour Economics must be the application of economic reasoning to labour

markets and labour problems as a result of analytical breakthroughs in studying these issues in recent decades. What has resulted is that economic analysis has crowded out historical, institutional, legal, and anecdotal material. Labour Economics has increasingly become applied as micro and macro theory.

Contemporary Labour Economics focuses on choices. Particularly, why they are made and how they generate a particular outcome. This 'New' Labour Economics employs an economic perspective, which assumes that resources are scarce relative to wants, individuals make choices by comparing costs and benefits (opportunity costs), and people respond to incentives and disincentives (McConnell *et al*, 2008:4). The 'Old' Labour Economics also included an economic perspective but it has become more prominent in contemporary studies of Labour Economics.

2.2 Wage determination and the Labour Market

There are an amazing array of jobs and remarkable pay differences in South Africa and throughout the world. The determination of wages is one of the most important outcomes of labour markets. Barker (2003:103) categorises four ways in which wages in a market economy are possibly determined. Firstly, they can be established by an agreement between an individual employer and an individual employee, for example in a contract of employment. Prior to labour unions being permitted in the agricultural sector in South Africa, this was the predominant method of wage determination for farm workers. This is a classic example of the operation of market forces and is also one of the assumptions of the market of a perfectly competitive market. Secondly, wages can be determined by means of collective bargaining which usually takes the form of a union negotiating with employers on wages and other conditions of employment. Thirdly, government involvement and influence can result in the setting of wage rates, for example the passing of minimum wage legislation by government. Lastly, employee representation in the decision-making levels within the company, merit awards and productivity or profitability-linked remuneration are included by Barker (2003:104) as methods of worker participation and worker incentive payment systems, which can possibly be utilized to determine wages.

Just as with a particular commodity, in many labour markets the combination of supply and demand forces determine the quantity sold (the amount of labour employed) and its price (the wage rate) (Hamermesh and Rees, 1993:205). This is the starting point of developing an understanding of a competitive labour market.

Whilst superficially the farm labour market may appear to be perfectly competitive in that there are a large number of farmers competing with one another to hire a particular type of labour to fill identical jobs, this is not the case. Jobs are not equivalent as a stock farmer employs stockmen who have different skills to tractor drivers, which crop farmers generally require. Conditions on farms also vary considerably with different wages and living conditions being offered on the various farms, which also differentiates the jobs. As far as the wage level is concerned, a minimum wage for farm workers took effect in South African from March 2003, which was higher than the competitive wage. Transaction costs associated with labour legislation furthermore raised the cost of labour (Vink and Tregurtha, 2003:55). The large distances between farms and from town also meant that costless, perfect information and labour mobility were not observed, which along with transaction costs are characteristic of real world labour markets (Creedy and Whitfield, 1988: 59). The farm labour market could thus be viewed as farmers having local monopsony power rather than being perfectly competitive.

Determinants of Demand and Supply

McConnell *et al* (2008:175) identify the determinants of labour supply as other wage rates, non-wage income, preferences for work versus leisure, non-wage aspects of the job and number of qualified suppliers. McConnell *et al* (2008:175) explained that labour supply will decrease (increase) if there is: an "increase (decrease) in the wages paid in other occupations for which workers in a particular labor market are qualified"; an increase (decrease) "in income other than from employment"; a net decrease (increase) "in people's preference for work relative to leisure"; a worsening (improvement) "of the nonwage aspects of the job"; and a decrease (increase) "in the number of qualified suppliers of a specific grade of labor". For example a net increase in women's preference to work instead of being "housewives" will increase labour supply.

Nieuwoudt and Groenewald (2003:12) found that a loss of employment in agriculture due to increases in labour costs (and accompanied by depressed agricultural economic conditions) is an important push factor driving the least skilled labour out of the agricultural sector in South Africa. There has been a substantial shift in the nature of jobs favouring more skilled workers. Because alternative jobs are unavailable in rural areas farm workers move to urban areas in search of employment. They may also move to non-farm sectors and thus it is noted that there is a decrease in the supply of regular labour to the agricultural sector (Sparrow *et al*, 2008*).* Because unemployment seems to be so prevalent among unskilled labour force, De Wet and Van Heerden (2003:480) argue that it seems plausible to assume that the supply of unskilled and informal sector labour in South Africa is highly wage elastic.

Pasour (1990, in Sparrow *et al*, 2008:56) on the other hand argues that the supply of highly skilled and semi-skilled labour (as owners of specialised skills) tends to be relatively more price inelastic. De Wet and Van Heerden (2003:479) from research conducted on the South African labour market concluded that skilled and highly skilled labour operate at a level of full-employment as opposed to unskilled and informal sector labour who suffer from high levels of unemployment. Wages for the former group tend to adjust as the demand for this type of labour increases or decreases. Bhorat and Hodge (1999:352) suggest that increases in the capital intensity of production will raise the demand for more skilled labour that are required to operate and maintain new capital equipment, but will decrease the demand for unskilled and low-skilled labour in South Africa resulting from the change in the method of production.

The market demand for labour is a derived demand, meaning that it depends on the demand for the product or service produced by that labour (Barker, 2003:17). The determinants of labour demand identified by McConnell *et al* (2008:175) are product demand, productivity, prices of other resources and the number of employers. McConnell *et al* (2008:175) noted an increase (decrease) in demand for labour will occur if there are adjustments in product demand that raise (lower) the product price and increase (decrease) the marginal revenue product (MRP) of labour. Secondly, "assuming that it does not cause an offsetting decline in product price, an increase

(decrease) in productivity will increase (decrease) the demand for labor". Thirdly, "where resources are gross complements (output effect > substitution effect) an increase (decrease) in the price of the substitute in production will decrease (increase) the demand for labor; where resources are gross substitutes (substitution effect > output effect), an increase (decrease) in the price of a substitute in production will increase (decrease) the demand for labor. An increase (decrease) in the price of a pure complement in production will decrease (increase) labor demand (no substitution effect; therefore a gross complement)". Lastly, "assuming no change in employment by other firms hiring a specific grade of labour, an increase (decrease) in the number of employers will increase (decrease) the demand for labor" (McConnell *et al*, 2008:175). For example, if the demand for wool increases and this in turn increases the wool price, the demand for farm workers on sheep farms will increase. These workers may include unskilled or skilled labour, e.g. shearers.

Research on the determinants of demand for regular farm labour in South Africa by Sparrow *et al* (2008:55) reiterates that in the simple neoclassical model of profit maximisation, a firm produces output by choosing optimal combinations of capital and labour to maximise profits. The result is that the quantity demanded of an input (for example farm labour) is likely to decrease with the rising of the own price of that input (farm wages), *ceteris paribus*. Petersen and Lewis (1999, in Sparrow *et al*, 2008:55) suggest that a change in the demand for an input is the result of a change in the demand shifters, such as the price of substitutes which in the case of farm labour would be machinery, practising new or different 'systems' of farming and labour contracting. The demand for labour as a factor of production is derived from the demand for the final product and is thus a function of the expected price of the final product, the level of technology, the expected price of the specific input as well as the expected prices of all other inputs (Friedman, 1962:178). For a given level of technology and input and output prices, variable farm inputs, like farm labour, will be hired to the point where the value of marginal product (VMP) equals the unit cost (farm wage) of that input according to the theory of the competitive firm (Doll and Orazem, 1984:66). If there is a relative increase in the cost of labour, farmers will be encouraged to substitute to labour-saving means of production.

Demand analysis is however complicated by the simultaneous reactions of all firms to resource price changes (Friedman, 1962, in Sparrow *et al*, 2008:55). Changes in the individual VMP curves will occur in such a way to make the relevant industry (agriculture) labour demand less elastic than the sum of the individual (farm) demand curves (Sparrow *et al*, 2008:55).

Allocative Efficiency

In general, labour is allocated efficiently when society obtains the largest amount of domestic output from a given amount of labour, which technically occurs when its value of marginal product (VMP), the monetary value to society of its marginal product, is the same in all alternative employments (McConnell *et al*, 2008:179). For example, suppose that type *A* labour (farm labour) is capable of being used in the production of product *x* (potatoes) and product *y* (milk). Suppose the available amount of type *A* labour is currently allocated so that the value of marginal product of labour in producing potatoes is R20 and its value of marginal product in producing milk is R10. Thus VMP_{Ax} (= R20) > VMP_{Ay} (= R10). This reveals an inefficient allocation of type *A* labour because it is not making the maximum contribution to domestic output. By shifting a worker from producing *y* (milk) to producing *x* (potatoes), the domestic output can be increased by R10 (= R20-R10). VMP_{Ax} will fall and VMP_{Ay} will rise and this reallocation of type *A* labour must continue until VMP in both products is the same, $VMP_{Ax} = VMP_{Ay.}$ In this example of farm labour $VMP_{Ax} = VMP_{Ay} = R15$. When this efficient allocation is reached then no further reallocation will bring about a net increase in the domestic output (McConnell *et al*, 2008:179). Thus mobility of labour creates a competitive labour model that tends to ensure workers are used where they are most needed in the economy (Hamermesh and Rees, 1993:262).

If there are a number of products (*n* products), the condition for allocative efficiency will be:

$$VMP_{Ax} = VMP_{Ay} = \ldots\ldots\ldots VMP_{An} = P_{LA} \qquad (2.1)$$

where *A* is the type of labour; *x,y,.....n* represent all possible products that labour might produce; and VMP is the value of labour's marginal product in producing the various products (McConnell *et al*, 2008:179).

Note that in equation (2.1) the VMPs of labour are equal to the Price of labour (P_L). This is due to type *A* labour only being made available in the labour market if the price of labour is sufficiently high to cover the opportunity costs of those supplying their labour services. Type *A* labour has the opportunity to be used in non-type *A* work, household production (looking after children, cooking, cleaning, etc.), or pure leisure. Thus type *A* labour is chosen by individuals at the cost of the other options available (McConnell *et al*, 2008:179).

Mobility of workers among labour markets and jobs is a manifestation of the job search process that benefits both the workers who move and also the labour market as a whole (Hamermesh and Rees, 1993:263). In their decision making process, workers compare the costs of relocating and forgone income to the gains in terms of higher incomes in new locations or jobs (Hamermesh and Rees, 1993:263). The traditional model approves of voluntary mobility and workers who quit their job to gain a slight advantage in pursuit of private self-interest and as a result an efficient allocation of labour exists. This fulfils Adam Smith's famous concept of the "invisible hand" (McConnell, 2008:180). Reducing mobility thus detracts from the ability of the labour market to allocate labour where it is most productive. Some employers on the other hand, regard voluntary mobility "as an evil to be combated" (Hamermesh and Rees, 1993:262). Employers put great effort into reducing job turnover and minimizing the fixed costs of employment per hour of labour by spreading them over a long job tenure. The presence of fixed costs of employment therefore indicate that there is a trade-off between the gains in economic efficiency resulting from flexibility when changes occur and the gains resulting from specialization under a fixed set of demand conditions (Hamermesh and Rees, 1993:263). As shall be shown by the 2008 research conducted in the Albany district, restricted labour mobility and imperfect information, due to large distances between farms and jobs not being advertised publicly but rather through word of mouth, contributed to the Albany farm labour market not allocating labour efficiently, but possibly workers specialized in the particular job in which they were employed.

Adjustment lags in the labour market

In the standard supply and demand model of the labour market it is assumed that suppliers of labour respond quickly to changes in the market wage rate brought about by changes in labour demand (McConnell *et al*, 2008:201). For example, if the labour demand for game rangers increases it is assumed in the standard model that labourers in other occupations (e.g. farm workers) will leave their employ and work as game rangers or school leavers will choose to work as rangers to satisfy the increase in demand. In reality this is not the case. School leavers will have to train for a time period to enable them to work as rangers. Labourers in other labour markets such as farm workers may not be able to leave their employ immediately and they may not have perfect information about the increase in demand. They are also required to train before they can work as game rangers. Farm workers have an additional restriction which stems from the possible loss of accommodation if they leave the farmers employ.

The determinants of supply and demand, both respond with lags to any new set of conditions facing the households, as suppliers of labour, or the employers who demand them. Evidence however suggests that the lags in demand are far shorter than those in supply (Hamermesh and Rees, 1993:213). The cobweb model helps to explain adjustment lags as in several labour markets having long training periods, requiring highly specialized labour and where supply decisions are based on current market conditions rather than on good forecasts of future patterns of changes in the returns to that training (Hamermesh and Rees, 1993:215 and McConnell *et al*, 2008:203). For the farm labour market long pre-employment training periods are not observed but on-the-job training and experience are the most important qualifications. The lack of mobility of farm workers is thus viewed as the most relevant factor contributing to lags in supply. These delays act as a reminder that many labour markets may better be characterized as moving toward allocative efficiency (VMP = P_L) than having actually achieved it (McConnell *et al*, 2008:204).

Pay differentials

A competitive labour market is characterized by wage or pay differentials. Borjas (2005:284) identifies two "fundamentals" about the labour market that wage inequality reflects, the first of those being that productivity differences among workers exist. Greater variations in productivity means that there will be larger wage differentials. Secondly, the rate of return to skills will vary across labour markets and time in response to changes in the supply and demand for skills. The greater the rewards for skills, the greater the wage gap between workers who are skilled and unskilled, resulting in a more unequal distribution of income. Wage differentials among workers can persist from generation to generation because parents care about the well-being of their children so many will make a substantial investment in their children's human capital in the form of education. This investment into education will bring on a positive correlation between the earnings of parents and the earnings of children. This ensures that part of the wage dispersion observed in the current generation will be preserved into the next. For example, the children of unskilled workers are more likely to be unskilled low wage earners than those of the higher earning skilled workers. (Borjas, 2005:285)

Hamermesh and Rees (1993:468) argue that pay differentials may occur as higher pay is needed to compensate for the characteristics of work that employees generally find distasteful. This could be anything from risk of injury, dirtiness of work, temperature at the workplace, risk of unemployment, etc (Hamermesh and Rees, 1993:434). As with almost everything else in economic life, the idea that there is a trade-off is supported with the birth of pay differentials resulting from varying conditions of work.

Incentive Pay

Nikita Khrushchev is quoted in Borjas (2005:444) as saying "Call it what you will, incentives are what get people to work harder." Productivity varies greatly from employee to employee and it is human nature for a worker to want a high salary while putting in as little effort as possible. It is also impossible for the employer to know the worker's true productivity. This complicates the standard perfectly competitive

labour market. Employers can however make use of methods of payment that will solicit high productivity from workers, which is known as incentive pay. Three such widely used pay systems are piece rates, time rates and merit pay. Merit pay and piece rates in the form of commissions are common among sales workers. Which method is used often depends on the type of work undertaken. Where the pace of work is under the control of the individual worker (for example fruit and vegetable pickers) then individual piece rates are frequently used (Hamermesh and Rees, 1993:298). Incentive pay is useful to assist management in improving worker productivity without having to control the pace of work by supervision. The proper utilization of these methods is important as worker shirking, the allocation of employee time and effort to activities other than work, can generate large financial losses in many industries (Borjas, 2005:459).

Borjas (2005:449) lists the advantages of piece-rate pay as attracting the most able workers, eliciting high levels of effort from the workforce, tying pay directly to performance, minimizing the role of discrimination and nepotism, and increasing the firm's productivity. Borjas (2005:449) also mentions the disadvantages associated with using a piece-rate compensation system, the first of these being that they are not efficient (reducing costs and waste with regards to labour in the production process (Lipsey *et al*, 1990:960)) when production is dependent on a team effort as opposed to individual effort. The possibility of a "free rider" may occur in this event. Piece rates also tend to overemphasize the quantity of output produced. The worker may try to trade off quality for quantity. A concern of workers with piece rates is that their incomes may fluctuate a great deal over time. This makes meeting bills and monthly payments difficult for the workers and they experience a lack of financial security. Workers also fear the ratchet effect with occurs when a piece rate worker produces more output than the firm expects. The firm's manager may interpret this as the work not being as difficult as they thought and that they are paying too much for the production of one unit. This will be a disadvantage to workers in the future. The ratchet effect will also result in piece rate workers being discouraged from adopting new production techniques (Borjas, 2005:450). Incentive pay, particularly piece-rate compensation, is mainly applied to seasonal farm workers as it is possible to administer and identify individual worker productivity. The limited use of incentive pay is however observed on stock farms where mostly team work is necessary.

Efficiency Wages

Efficiency wage theory suggests that an increase in wage rates may well increase productivity of workers (Hamermesh and Rees, 1993; Barker, 2003; Borjas, 2005 and McConnell *et al*, 2008). Evidence exists mainly in developing countries but also in those that are developed. The gains resulting from this type of wage-setting are normally found in less-developed countries, which has workers earning subsistence competitive wages and are not able to maintain a healthy lifestyle. A wage increase may elicit a greater supply of effort simply because workers receiving better pay have a more adequate diet and better medical care that will naturally allow for harder work. Two such cases are where, with improved nutrition, farm workers were found to work harder in West Africa, which was also experienced in Kenya among ditchdiggers (Hamermesh and Rees, 1993:301). Whether a higher cash wage and fewer in-kind payments due to minimum wage legislation in the South African agricultural sector resulted in improved nutrition for farm workers is debatable and dependant on each situation. Workers who spent their extra cash wisely would have benefitted from improved nutrition but those who spent their wage on non-essentials instead would possibly have been susceptible to a decline in productivity.

Other factors may also result in higher productivity of workers which is suggested by the shock theory which states that management's productivity will increase with the wage (Hamermesh and Rees, 1993:304). There is a high probability that improved management practises were employed with the transition to minimum wage legislation in the farm labour market, particularly where farmers were required to increase wages and consequently employed fewer workers to control costs but were required to undertake the same amount of work. Another reason for a possible increase in worker output is that high wages make it costly for workers to shirk. So, if a shirking worker is caught and thus fired, he/she loses her high-paying employment and the fear of unemployment will keep the worker in line. A dampener on this effect in the agricultural sector would have been that farmers found high transaction costs associated with firing a worker as a result of the legislation. Thirdly, due to a feeling of gratitude towards the employer for the higher wage, employers might work harder. Other factors include lower turnover rates, a more select pool of workers, employers

might be willing to invest more in their workers through training and development and workers may experience a higher morale with resulting lower absenteeism (Barker, 2003:139 and McConnell *et al*, 2008:235).

Whatever the rationale, the possibility that workers' will increase productivity encourages employers to investigate the option of higher wage rates. In 1914 Henry Ford at the Ford Motor Company experienced higher productivity and lower turnover of employees due to an increase of the daily wage from $2.34 to $5 (Hamermesh and Rees, 1993:303; Borjas, 2005:468 and McConnell *et al*, 2008:236).

So the question arises as to what the wage rate should be for the firm to experience higher profits. Borjas (2008:466) states "the efficiency wage….is the wage at which the elasticity of output with respect to wage is exactly equal to 1." A profit-maximising firm (farmer) has to consider how a wage increase in that particular firm (farm) influences worker effort and choose the wage rate accordingly. Because different firms experience different effort and production functions, each firm must choose to pay the efficiency wage unique to its circumstances (McConnell *et al*, 2008:466). Minimum wage legislation however restricts this form of wage setting.

2.3 The Case for and Impact of Minimum Wage Legislation

Facts and Controversy

Minimum wage legislation is a tool used by government to set the lowest wage that is to be paid regardless of the wage determined by the labour market. These minimum wages are normally higher than the market determined wage. Minimum wage laws for agriculture can be traced as far back as 2000 B.C. where in Babylonia the code of Hammurabi set the wages for agricultural workers, both permanent and seasonal (Brown, 1969:198).

Minimum wage legislation is often implemented to decrease income inequality by increasing the wage of low wage earners (Dobson *et al,* 1995:256). In third world countries it is sometimes seen as a tool working towards poverty alleviation. When

implementing the legislation consideration needs to be given to the reaction to a given rate as well as the optimal rate to obtain the desired result.

Raising the income of low-paid workers to address the problem of poverty needs to be balanced, without a large portion losing their jobs and aggravating unemployment. Another issue to be dealt with is whether the rise in pay will come out of profit, or will it result in higher prices? (Brown, 1969:194)

The moral standpoint, which is not focused on the balance between vacancies and applicants, instead looks at what is fair. Fairness is fundamental to religion and morality, emphasizing that a human being "should have not what he can get but what he ought to have" (Brown, 1969:195). This idea is deeply imbedded in the teachings of among others, the Christian faith. During the strike of Ahmedabad textile workers in 1918 Mahatma Gandhi adopted the attitude (Brown, 1969:195) that:

> "Pure Justice is that which is inspired by fellow feeling and compassion. We in India call it Eastern or Ancient Justice…….But in most public activities of the West at present there is no place for mercy. It is considered just that a master pays his servant as he finds convenient. It is not considered necessary to think of the servant's requirements. So also the workers can at will make a demand, irrespective of the employer's financial condition and it is considered just" (Mahatma Gandhi 1918, in Brown, 1969:196).

It is undeniably vital that it is necessary to ensure that no worker is paid a wage below that which is fair or socially acceptable, however this may not be plausible. Thus the main argument in favour of a minimum wage is that every worker should be paid at a level that enables the maintenance of a certain minimum standard of living (NMC, 1983:11 and McConnell *et al*, 2008:400). The objective of many societies is to improve the well-being of all its people. Many workers, especially the unskilled, could be oppressed by unscrupulous employers and would not be able to maintain a standard of living that meets basic needs if wages were entirely left to market forces. Barker (2003:113) suggested that "for competitive reasons, other employers would be forced to follow the same policy, i.e. pay 'starvation' wages. The government should therefore intervene by introducing a minimum wage to ensure that society's aims in this regard are achieved".

What however is deemed to be a socially acceptable minimum wage? Basing wages on social grounds would mean that the wage is pushed up as high as possible. But irregularities in the normal functioning of the labour market are more likely to occur the higher the wage is raised (Hunter and Robertson 1969:196).

The South African Government was eager to implement minimum wage for farm workers in an attempt to alleviate poverty and thus minimum wage legislation came into effect on the first of March 2003. A study commissioned by the Department of Labour (2002:52) found that a significant number of farm workers lived in circumstances of absolute and relative poverty prior to the implementation of the Sectoral Determination for Agriculture. Correlations were found between farm worker incomes, access to housing and household services, and literacy levels. Thus the legislation was seen as a tool to address these issues and to increase the incomes of farm workers so as to reduce the inequality, concerning wages and working conditions, between agriculture and the rest of the South African economy.

The analysis further revealed that farm worker wages mostly were far below the rest of the formal sector. It also stated that both a minimum wage and basic conditions of employment could either form part of a rural development strategy, or play a role in an agricultural growth strategy, since a higher rural wage bill would result in an increase in the purchasing power of rural communities. The department was however aware that this depended largely on the employment effects of the minimum wage. It acknowledged that a minimum wage set too high above the equilibrium wage might very well benefit those employed who remain employed, but would have very negative implications for those who became unemployed as a result of the legislation. This would most likely have a negative impact on female and children employees as they would be the first to lose their jobs (Department of Labour, 2002:121).

The impact of minimum wage legislation depends on a number of factors, such as elasticity of the demand for and supply of labour (Dobson *et al*, 1995:63). Several theoretical view points have been identified as to whether minimum wage legislation will have the outcome desired by those implementing it. Furthermore the characteristics and complex nature of such legislation makes it a controversial subject.

Fields (2000:3) identified three common arguments surrounding minimum wages. Firstly, those who support minimum wage legislation that raises wage rates, argue that employment is determined by factors other than wage rates and thus employment will not be affected by wage increases. For example, the amount of labour that is required to support a unit of capital is not determined by the wage rate. The second argument that Fields (2000) presented is in opposition to wage increases as it is believed that employment will be adversely affected. McConnell *et al* (2008:400) stated that "Opponents of the minimum wage…..argue that it increases unemployment, particularly among teenagers, females, and minorities." Employers would rather either hire more skilled labour or shift to more capital-intensive methods of production. Lastly, the macroeconomic school of thought is that by raising wages purchasing power increases and through multiplier effects leads to more jobs being created than lost.

Cartter and Marshall (1972:424), Starr (1981:157), NMC (1983:16) and Kaufman (1986:231) all point out that minimum wage legislation can lead to greater productivity. The employer would be motivated, as a result of the increase in wage costs, to improve productivity and use labour more efficiently, meaning that methods to reduce costs with regards to labour in the production process would be employed (Lipsey *et al*, 1990:960) e.g. through improving training and ensuring the right worker for a particular job is employed (Barker, 2003:113). Through what is termed the "shock effect", employers are "shocked" into using more efficient management techniques to compensate for the higher wages that they are required to pay as a result of the legislation. Higher wages would also lead to improvements in the workers' morale and nutrition. As a result absenteeism, illness and labour turnover will decline all of which would result in productivity improvements (Standing *et al*, 1996:211). This forms part of the efficiency wage theory (Barker, 2003:113), which suggests that both employee and employer benefit if productivity increases by more than the wage increase, resulting in a lower unit of labour cost.

Institutional economists' research (Commons, 1989:799) showed that employers with disorganized work forces tend to pay below the full social cost of labour, while minimum wage legislation could potentially force employers to pay wages at least equivalent to and more likely greater than the social cost of labour. In so doing the

dynamic efficiency of firms would also be enhanced. These economists also believe that higher wages will not lower employment as employers have a great deal of flexibility when it comes to wages and accounting for the cost of labour. Firstly, firms could either sacrifice some of their profits or raise prices of goods. The problem that could arise in the case of an increase in prices is that producers are merely passing the increase in cost of labour on to consumers, so even though workers' monetary wages may increase, their real wages remain the same or decline. This is seen as the inflationary effect (NMC, 1983:9). The scenario is however impossible in the agricultural sector, as price-taking farmers cannot increase prices when labour costs increase. Secondly, if productivity increases and offsets the increase in wages, the decline in a unit of labour cost and efficiency increase would result in employers having little inclination to reduce employment levels.

However, logic suggests that workers should be remunerated in accordance with their marginal productivity and minimum wages do not take into account the productivity of individuals. Along with this, minimum wages do also not account for the specific circumstances of an individual enterprise (NMC, 1983:10). This is particularly relevant to the agricultural sector which consists of a variety of different farming activities such as domestic stock, a variety of crops, game farming, etc.

It has also been noted that minimum wages would interfere with the proper and flexible operation of the market, reducing efficiencies and would eventually lead to a lower economic growth rate and higher unemployment than would otherwise be the case (Barker, 2003:114). Every employee should be free to sell his or her services for whatever wage obtainable. A minimum wage has the potential to distort the price of labour compared to capital and would result in workers being replaced by capital equipment. In addition, productive investment would become less profitable and enterprises might close down or new enterprises might not start up. These factors would result in multiplied unemployment, and society as a whole would not benefit from the introduction of minimum wages (NMC, 1983:5). Smith (1776, in Barker, 2003:114) held the view that:

> "The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from exploiting this…..is a plain violation of this most sacred property."

Opposing the case of the market determining wages is the fundamental argument based on the idea that the market mechanism does not operate effectively (NMC, 1983:12). There are many distortions of the market as a result of, for instance, discrimination, uncompetitive conditions in product markets, inadequate information and labour that cannot easily move between regions, occupations or employers. In these situations minimum wages can help to alleviate some of the distorting factors (Barker, 2003:114).

In an attempt to ameliorate unemployment resulting from minimum wage legislation, Lipsey *et al* (1990:384) suggested the possibility of a non-comprehensive minimum wage, which would allow for a few industries in an economy not to be covered. It was found that studies revealed the adverse employment effects of minimum wages fell mainly on those who had the least training and education. These workers needed an uncovered sector to migrate to; however, this would increase the supply of labour in an already low wage industry but would provide an employment alternative. Lipsey *et al* (1990:385) however claimed empirical work to suggest that the employment and distributional effects of the minimum wage were similarly small, and it was best understood as arising from sociological and political motivations.

To ensure a positive outcome, including improved labourer earnings, living conditions and productivity from wage legislation, it was thus imperative to investigate and take into account the circumstances and institutions surrounding the labour market of a particular sector, province or country, in which the minimum wage was being implemented.

The Competitive Model

The most important question is how does minimum wage legislation affect quantity demand for labour and because of that how is employment affected? With an unemployment rate in the South African economy of 23% in 2007 and 23.1% in the Eastern Cape for the strict definition (StatsSA, 2007a) and 33.9% according to Census

'96 (in StatsSA, 2000)[3] for the expanded definition, it is important to use theory to analyze the labour market effects of the minimum wage. Agriculture was responsible for employing 20.7% of the labour force in the formal sector (registered farmers who are considered to be commercial farmers) and 29.4% in the informal sector (non-registered farmers consisting of subsistence farmers) in the Eastern Cape in 2007 (StatsSA, 2007a: xiii). Furthermore, the Eastern Cape was the province with the highest percentage of people employed in commercial agriculture and the second highest in the informal sector, with KwaZulu-Natal having the highest. This is an expected result considering that the Eastern Cape and KwaZulu-Natal have many subsistence (informal) farmers in the former homelands. The Development Bank of Southern Africa (2004) found that the unemployment rate in Makana Municipality in 2001 was 49.2% (strict definition). This further emphasizes the need to examine how employment and the demand for labour will be affected by minimum wage legislation.

As previously mentioned, competitive labour market theory predicts that an effective minimum wage will reduce employment (Hamermesh and Rees, 1993:157). The excess supply of labour would include a component of workers, drawn into the market by the prospect of earning the high minimum wage, who however were not in the labour market before. There are two ways in which the excess supply of labour is dispersed. Workers who entered the labour market in search of jobs offered at the minimum wage will seek jobs elsewhere. However, wages paid to equal-quality labour in other sectors will be no higher than the initial competitive wage, so these workers will drop out of the labour force since they only entered the labour force when the minimum wage rate was introduced and were not previously in the labour force (Hamermesh and Rees, 1993:158 and McConnell, 2008:401).

Previously, when the agricultural sector and domestic workers were not covered by minimum wage legislation in South Africa, the workers who had not dropped out of the labour force would be enticed to enter this sector. However, not all of these workers would obtain jobs in these uncovered sectors and the influx of workers seeking employment would result in driving wages even further down (Hamermesh

[3] To avoid confusion unemployment rates based on the expanded definition are no longer provided (StatsSA, 2007a).

and Rees, 1993:159). This is one possible explanation for the low wages, identified in the study commissioned by the Department of Labour (2002:52), offered to farm workers before the agricultural sector was covered by minimum wage legislation.

McConnell *et al* (2008:401) argue that two generalizations can be reached. Firstly, *certeris paribus,* the higher the minimum wage relative to the equilibrium wage the greater the negative impact on employment and allocative inefficiency will occur. Secondly, the more wage elastic both the labour supply and labour demand curves, the greater the negative impact on employment as a result of the legislation. However, if some firms fail to comply with the legislation, then the effects resulting from the minimum wage will be dampened. Also these effects will not be felt if firms offset the minimum wage by reduced fringe benefits, for example in the case of farm workers by reducing rations, grazing rights, etc. In both cases, wage rates will not increase by the full amount and therefore employment and efficiency effects would be lessened (McConnell *et al*, 2008:401).

Non-competitive markets and Monopsony

Barker (2003:113) and McConnell *et al* (2008:402) agree that market mechanisms do not always operate effectively and as previously stated the assumption that the low-wage labour market is perfectly competitive, needs to be dropped. There may be many distortions of the market as a result of, for instance, discrimination, uncompetitive conditions in product markets, labour that is not particularly mobile between regions, occupations or employers and inadequate information (Barker, 2003:113). Furthermore, if there are monopsony employers, they could exploit labour because of their strong bargaining power and their influence on the price of labour. However, with regards to the implementation of a minimum wage, theory suggests that it is possible that a well-chosen and selectively implemented wage rate, employment may increase and there could be an improvement in allocative efficiency when the employer has monopsony power (Hamermesh and Rees, 1993:180 and McConnell *et al*, 2008:403). But is this relevant to the agricultural sector and are there 'monopsony employers' in this sector? Due to a lack of labour mobility it appears that farmers do operate with some monopsony power. McConnell *et al*

(2008:403) however found that empirical studies showed little evidence of monopsony in a majority of other labour markets.

Empirical Evidence

In the international and South African literature there is substantial empirical support for the traditional view that employment declines with the introduction of minimum wages in the agricultural sector. Lianos (1972:477), Gardner (1972:473) and Gallasch (1975:490) found that through the extension of the Fair Labour Standards Act (1966), which was originally introduced in 1938 (U.S. Department of Labour, 2007), to cover agricultural workers and introduce minimum wages there was a reduction in total farm employment in the US. In a study on minimum wages in developing countries, Watanabe (1976:345) concluded that "it seems undeniable that rapid wage increases will have negative employment effects." A similar conclusion was reached in more recent studies from a variety of developed and developing countries (Castillo-Freeman and Freeman, 1992; Partridge and Partridge, 1999; Zavodny, 2000; Rama, 2001 and Gindling and Terrell, 2005).

Geodecke and Ortmann (1993), Vandeman *et al*, (1991) and Newman *et al* (1997) in their studies of the impact of South African labour legislation on employment in the agricultural industry, found that contract labour replaced permanent labour when labour legislation was introduced. Farmers perceived the shift towards contract labour as beneficial since their role as employer is concealed and the contractor now represents the employer. Through this concealment farmers are protected from sanctions imposed by society's laws and regulations (Polopolus and Emerson, 1991:66). The use of contractors by the farmers economises on enforcement and information costs (Roumasset and Uy, 1980:343), thus allowing benefits to flow to the contractor from economies of scale, which are transferred to the farmer.

Other than the possibility of the substitution of contract labour for permanent labour, Newman *et al* (1997:83) showed that the introduction of the minimum wage resulted in a substitution of machinery for labour, resulting in more capital-intensive production techniques. In contrast, Simbi and Aliber (2000:5) proposed that the

"labour-saving, capital-using" nature of the technological change, labour shedding and the casualisation of labour in South Africa is not driven primarily by increasing real wages, labour scarcity, or the falling real cost of capital. Rather, they argue that non-economic factors, such as growers' fear of losing control of their land as well as a sense that labour is more difficult to manage than "prior to 1994", was driving the process of capital deepening in the agricultural sector (Simbi and Aliber, 2000:4).

While it may be true in some industries that the existence of monopsony power by the employer makes it possible to increase employment with the introduction of a minimum wage (McConnell *et al*, 2008:402), "the sugar growing industry is too atomised and geographically dispersed for this to be a serious hypothesis" (Murray and van Walbeek, 2007:119).

Research performed after the introduction of minimum wage legislation in South Africa by Conradie (2003 and 2005), "found that grape growers in the Breede River Valley had adjusted quickly to the new legislation" and a majority of farmers paid wages above the minimum rate prescribed. With no evidence of farmers cutting back on staff, there was a deceleration in the creation of jobs. Despite the increase in the minimum wage exceeding the inflation rate, Conradie (2005) found that considerable job losses were not likely to occur, although regular labourers were less at risk than their casual counterparts. The ability of growers to remunerate the elevated real wages without significant job losses was due to the wine industry remaining profitable. With this said, it was also established that farmers counteracted the rise in wages by providing less benefits.

Labour issues including casualisation, demand and supply of labour, the impact of minimum wage legislation on the farm labour market and the efficiency wage theory will be analyzed in the survey questionnaire conducted in the Albany district.

CHAPTER 3: FARM LABOUR IN SOUTH AFRICA

Throughout South Africa farm labour has undergone a major transformation over the years. Government has had a hand in an attempt to improve the situation of farm workers, which includes poor living conditions, low cash earnings and level of skills, and poor health and educational services. Whether this has been achieved is questionable. The impact of changes in the agricultural sector also played a role. Different studies on the topic of farm labour in South Africa are investigated.

3.1 Conditions and issues facing farm workers, farmers and government

Atkinson (2007:1) identified that employment conditions on many farms were poor and farm workers were moving to towns and cities to find alternative employment. Towns and cities however, are already characterised by deep poverty and farm workers who remain on the farms are unable to make their needs known. Atkinson (2007:2) suggests that since farm workers are found in geographically remote areas they form a barely visible class in society and a 'chronic powerlessness' is experienced due to the unskilled and semi-skilled nature of their work allowing one farm worker to easily be replaced with another. Atkinson (2007:2) identified colonialism, segregation, apartheid, capitalist and post-apartheid development as forming part of the history of farm workers and their current social and economic problems and the struggles faced by South African farm workers were as a result particularly intense compared to commercial farming sectors in other economies. Farm workers' status and situation experienced a significant change over the past century due to changes in political and economic interests and fortunes. Government was faced with the difficult dilemma of simultaneously uplifting the living conditions of those farm workers who remained on the farms and those who have migrated to urban areas, and whose presence was swelling the number of urban poor (Atkinson, 2007:2). Government's main drive to improve the situation of workers on farms was by employing legislation such as the BCEA (1997), including minimum wage legislation, and ESTA (1997). Atkinson (2007:4) is of the opinion that the attempts by the post-apartheid government to improve the livelihoods of farm workers, unfortunately were based on a lack of understanding of the long-term and underlying forces shaping the pressures on farm workers and their families. "The result is that

most farm workers' circumstances have worsened" was Atkinson's conclusion based on research conducted on farms in the Southern and Eastern regions of the Free State and Northern Cape respectively. Farmers, on the other hand, were struggling with the growing price-cost squeeze and the implications, such as increasing transaction and other costs, resulting from government legislation.

Atkinson (2007:6) described the recent developments in the farm labour market as 'distressing'. They include: increasing rate of job losses in agriculture particularly since the 1990s as discussed in Chapter 1 for reasons that include government intervention; accelerating rural-urban migration and burgeoning informal settlements around towns and cities partly due to the relaxation of influx control; very slow rate of land redistribution especially to ex-farm workers; huge pressure on communal agricultural land, particularly municipal commonages; the decline of government services to farm workers (and farmers); confusion and a lack of synchronisation among government departments about policies and programmes aimed at the rural poor of which farm workers form a part; and scarcity of formal agricultural training. Atkinson (2007:6) also believed there was a "fundamental lack of capacity of most district and local municipalities to deliver any services at all to farm workers".

Simbi and Aliber (2000:3) predicted that if the decline in South African agricultural employment continued the already grave problem of rural unemployment would become graver still and thus it is important to understand the reasons behind job shedding in the agricultural sector. Superficially, it appeared that South Africa was following the same trajectory mapped out by other medium and high-income countries, practising predominantly land-extensive agriculture, whereby agricultural mechanisation and modernisation displaces labour in response to relative changes in factor costs (Simbi and Aliber, 2000:3). Two schools of thought are presented as to why the employment of farm labourers has declined in South Africa, the first being based on "non-economic" and second on "economic" considerations. Marcus (1989:24), in support of the first school of thought, argued that during the 1960s and 70s it was mainly the apartheid government who was responsible for encouraging mechanisation for reasons including to diminish white farmer reliance on African labour and rather encourage food self-sufficiency. Schroder (1979:5 in Marcus 1989:127) furthermore noted that there evidently were low wages in agriculture in

South Africa and that the 'cost of labour' was not a "factor in the shift of mechanisation". Although Marcus (1989), a self confessed Marxist, focuses on the South African commercial farming sectors exploitation of farm labour prior to 1990s, and to conclude that changes in labour were based totally on these politically motivated actions and had nothing to do with "economic" considerations is not an objective view. Since the 1990s, Simbi and Aliber (2000:3) suggested that the underlying logic driving labour shedding and casualisation in South Africa was different to the rest of the world as farmers' collective decision to shed permanent workers was in large measure driven by concerns, including: fear of losing control of their land to resident farm workers due to new and possible future legislation; and a sense that, because of democracy and a commitment by the state to defend human rights, farm workers were more difficult to manage than they were prior to 1994. Atkinson (2007:66) although in agreement with Simbi and Alber (2000:3) and in support of the first school of thought acknowledged that economic considerations also played a role.

The second school of thought suggests that changes in farm labourers' employment have been based on similar reasons to changes throughout the rest of the world and thus been driven by "economic" considerations and profit maximising behaviour. Antrobus (1984:230) in support of this school of thought suggested that the changes which occurred in the Albany district over the period 1957 – 1977 "could be largely explained by the relative profitability of farming in general and of individual enterprises in particular, within the available resources and the social, legal and political framework". According to Lewis *et al* (1996:64), South African farmers began to reduce their labour employment levels in the early 1990s as a result of the anticipated labour legislation that would be introduced and applied to farm workers for reasons including that it was expected to raise costs. It is conceivable that South African commercial farmers continued to reduce their labour employment levels through to 2002 in expectation of the increase real costs of complying with further new legislation (Creamer Media, 2006, in Sparrow *et al*, 2008:57). Therefore this school of thought opposes Marcus (1989) and Simbi and Aliber (2000) who felt farmers' decisions to be a result of the 'fear' of losing land and control of labour.

3.1.1 Government and the farm labour market

Prior to the early 1990s, labour issues in South African commercial agriculture were dealt with mainly through common law, which was based on legal precedents set on past judgements (Sparrow *et al*, 2008:56). Shobodien (2006:1) states that before South Africa's transition to democracy, there were no laws governing the relationship between farm worker and farmer and that this system bore all the "hallmarks of feudalism", with the farmer assuming the role of the ultimate patriarch, ruling all aspects of a farm workers' life. Physical movement, punishment for 'wrong-doings', access to health care, schooling of children and housing were all privileges awarded at the will of the farmer (Shobodien, 2006:1). The statements by Shobodien (2006:1) are however not true and fair as common and case law were in practise and many farmers although providing workers with services which the government neglected to provide, such as healthcare and educational facilities, did not control every aspect of a farm labourers lives and stating that "hallmarks of feudalism" were evident is an over-exaggeration. These previously unregulated farm labour markets in South Africa have been reformed significantly since 1994 (Conradie, 2007:173). Agricultural labour legislation was introduced because common law was perceived to be inadequate in regulating the working relationship between labourer and farmer (De Jager and Wild, 1993, in Newman, 1996:12) and in an attempt to bring the sector in line with the socio-political changes that were unfolding (Naidoo *et al*, 2007:28). The new legislation included: The Basic Conditions of Employment Act (BCEA) 104 of 1992, stipulating minimum terms of conditions of employment; The Agricultural Labour Act (ALA) 147 of 1993, enabling farm workers to organise in the workplace; and The Occupational Health and Safety Act 85 of 1993; Labour Relations Act 66 of 1995 (amended in 2002), that provided a new framework for working relationships between employers and employees; The Land Reform (Labour Tenants) Act 3 of 1996; The Extension of Security of Tenure Act 62 of 1997; The Basic Conditions of Employment Act 75 of 1997 (amended); The Employment Equity Act 55 of 1998; The Skills Development Levies Act 9 of 1999; and The Unemployment Insurance Act 63 of 2001 (amended) which enabled farm workers to receive unemployment benefits (Creamer Media, 2006, in Sparrow *et al*, 2008:57).

The introduction of labour legislation has most likely increased both monetary and non-monetary costs for South African commercial farmers (Sparrow *et al,* 2008:57). For example, the BCEA (1997) increases the time, money and effort spent by farmers in dealing with labour, while the Labour Relations Act increases the risk of industrial action on farms. The Land Reform (Labour Tenants) Act (1996) and Extension of Security of Tenure Act (1997) expose farmers with on-farm labour to greater risk of facing claims for land restitution. Furthermore, the Skills Development Levies Act (1999) incurred additional costs for the farmers in terms of providing training and educating farm workers (Sparrow *et al,* 2008:57). Goedeke and Ortmann (1993:81), Newman *et al* (1997:73) and Vink and Tregurtha (2003:55) suggested that the increase in labour costs, including transaction costs and risk, led to the substitution of own machinery, contract machinery or contract labour for own labour and therefore in agreement with the second school of thought mentioned earlier in the Chapter.

Vink (2001:59), following a detailed overview of the agricultural sector so that informed decisions about minimum wages and working conditions could be made, believed "that there is room for significant improvement in the adoption of existing labour legislation on farms in South Africa". Only some farm workers seemed to enjoy full labour rights and female employees benefitted from fewer than men. Of particular concern was the position of pregnant women, many of whom did not receive maternity leave and the prevalence of child labour. Vink (2001:2) concluded that it was important to create a balance between the need for State intervention and the need to manage the possible negative effects of such an intervention, a recommendation, which according to Atkinson (2007:4), apparently fell on deaf ears.

The Sectoral Determination for the Farm Worker Sector introduced in 2002 (in terms of the BCEA 75 of 1997 as amended) included the stipulation of a minimum wage for farm labour as from 1 March 2003 (Department of Labour, 2005, in Sparrow *et al*, 2008:57). The intervention was predicated on the view that farm workers are the "lowest paid and most marginalised workers in South Africa" (Kassier *et al*, 2003:7, in Murray and van Walbeek, 2007:116). Naidoo *et al* (2007:28) suggested that the absence of trade unions and collective bargaining meant that wage determination was arbitrary, individualist and almost entirely within the discretion of the farmers and thus there was a need for minimum wage legislation. Murray and van Walbeek

(2007:129) argue, however, that all legislation has costs – real or perceived – associated with them. For the Sectoral Determination it was argued that the costs are borne by farmers who now have to pay a higher wage and by farm workers, who are retrenched, because their employer cannot afford to pay the increased costs. The beneficiaries of the legislation that emerge are those workers who remain in their jobs and enjoy the benefit of the higher wage. Ortmann (2005:293) observed that although it benefitted employees who remained employed, it resulted in increased transaction and wage costs for employers in the agricultural sector, for example, by raising the cost of dismissing and/or downsizing the workforce and, secondly, increasing the cost of labour by requiring employers to pay higher rates for work performed on public holidays and Sundays. It was argued that inflexible labour laws make it difficult to retrench labour, making farmers less competitive and was one of the challenges facing South African farmers in the global market. The legislation constrains them from switching to relatively less expensive substitutes for labour or to more profitable land uses e.g. game-ranching (Ortmann, 2005:294). He concluded that "Clearly, more flexible labour laws would promote farm competitiveness" (Ortmann, 2005:294).

In anticipation of government legislation in the farm labour market, Goedeke and Ortmann (1993:81) expressed the view that no legislature or body that claimed to represent workers' interests should have the right to prevent people from working and policies should be aimed at "increasing growth in the economy such that the demand for labour increases". Furthermore, prior to the implementation of minimum wage legislation, Lewis *et al* (1996:64) found that farmers' organisations argued that a minimum wage in agriculture would be impossible to enforce and could lead to substantial job losses. They stressed the enormous differentiation in conditions between crops and regions, which would make it extremely difficult to enforce a single minimum wage on the agricultural sector. They conceded that agricultural employment was declining, even in the absence of minima, and attributed this to mechanisation, uncertainty around land reform and state assistance, along with pressures to become more internationally competitive.

Lewis *et al* (1996:64) observed that when considering minimum wages, organised industry and commerce argued that the real issue would be the level at which minimum wages should be set, although they did not recommend what the level

should be. Some stressed that the focus should be on regulating the non-wage components of minimum conditions. The South African Chamber of Business stressed that if minimum wage setting was adopted "it would need to be highly differentiated and narrowly targeted and vary between sectors and regions of the country" (Lewis *et al*: 1996:64). This may sound good in theory but would be very difficult to implement especially given the extreme diversity in the agricultural sector.

With the new legislation in place, Murray and van Walbeek (2007:116) established that farmers typically were unable to distinguish between the impact of the Sectoral Determination and other labour laws. They thus responded similarly to any change in labour legislation and not to each one individually. Conradie (2007:174) posed the question: "whether, and to what extent, labour market regulation makes farm workers worse off"? Barrientos and Kritzinger (2004, in Conradie, 2007:175) also questioned whether labour market reform brought about "greater job security and better working conditions for seasonal workers or has outsourcing become the 'norm'…as in export agriculture the world over?" The research by Murray and van Walbeek (2007:129) suggested that the cost to farm labourers includes job shedding. This does not take occur as a mass retrenchment but rather is disguised by not replacing workers (especially unskilled workers) that leave the farm. Farmers may also reduce the hours worked per week and then pay wages on an hourly, rather than a weekly basis. This strategy leaves farm workers receiving a reduced effective wage. Labourers, possibly as a result of labour market regulation, could experience fewer in-kind payments resulting from changes in legislation. Casualisation is another possible cost borne by farm workers.

Naidoo *et al* (2007:25) investigated the extent to which the Sectoral Determination for Farm Workers was implemented on selected farms in the Eastern Cape. The research extended over the period April 2003 to December 2005. Some improvement in working conditions and wages, as a result of the introduction of Sectoral Determination 8, for some farm workers was found. However, Naidoo *et al* (2007:25) suggested that the sectoral determination did not fundamentally alter the working, living and tenure conditions of farm workers, and that farmers seemed able to absorb rising wage costs through selective compliance, work intensification, increased

deductions and a strategic use of female and casual labour. While wages did increase, the legislation was not being complied with in its entirety and some farm workers interviewed claimed that they did not receive the minimum wage. The issuing of proper payslips to workers, payment for overtime and Sunday or public holiday work, and deductions from wages were some of the important provisions of the determination that farmers disregarded (Naidoo *et al*, 2007:36). The lack of complete compliance with minimum wage stipulations, however, is not unique to South Africa and the agricultural sector and is an issue that has persisted in other countries and other economic sectors (Starr, 1981:135 and Saget, 2001:12). Naidoo *et al* (2007:36) attributed this lack of full compliance to a number of interrelated factors, including: the paternalistic relationship between farmers and workers; the lack of a history of institutionalised labour relations in the agricultural sector; the dependence of unskilled farm labour on farmers for employment and other services; and the absence of consistent labour inspections and law enforcement on commercial farms.

Atkinson (2007:97) stated that the "paternalistic community bonds" on farms were coming under strain as a result of the new labour legislation. Two out of 64 farmers in her research felt that the new labour laws created a purely work relationship, which resulted in farmers feeling less empathetic towards their workers. Another farmer felt that the minimum wage laws created tensions between the farmer and labourer. For example, one farmer discontinued providing a monthly sheep for slaughter as he no longer felt morally obliged to provide additional food as a consequence of the higher monetary wage now paid. Naidoo *et al* (2007:37) also found that many farm workers felt that the introduction of the sectoral determination had caused their relationship with the farmer to deteriorate. These farm workers complained of farmers intensifying work and extending working hours, but this stemmed from pressure on the farmer due to the conjunction of increasingly deregulated product markets and increasingly regulated labour markets (Naidoo *et al*, 2007:37). Thus although the paternalistic relationship between labourer and farmer was criticised by Shobodien (2006:1), the elimination thereof included negative impacts on the farm workers circumstances.

Naidoo *et al* (2007:43) supported the findings of other authors, including Vink (2001), Shobodien (2006) and Atkinson (2007) that there is evidence that some farm workers

live under extremely poor conditions in South Africa. Almost 50% of the number of workers interviewed in the Eastern Cape had no toilets, 48% had no electricity and 33% had no access to clean and reliable sources of water. Legislation concentrating solely on the wage levels of farm workers, will however not automatically address the poor living conditions that these labourers face. Vink and Tregurtha (2003:55) were of the opinion that the poor conditions were a result of low earnings, but that the relationship between income and wages was not necessarily direct and to alleviate poverty it would be better to provide direct income transfers to poor farm workers rather than to manipulate market prices i.e. wages. The aims of the legislation therefore needed to be clearly stated so as to be beneficial to farm workers. Naidoo *et al* (2007:44) agreed that other factors aside from income contributed to poor living conditions and that the "plight of farm workers is not rooted exclusively in their employment conditions, but also stems from their want for tenure security, their position at the fringes of national priorities, and the chronic lack of adequate infrastructure and services in the rural areas". It is suggested that the consequence of the failure to develop a synergy between the minimum wage and other socio-economic rights has been that very few fundamental changes have been made to the standards of living for farm workers despite the minimum wage legislation, a view in agreement with Atkinson (2007:4).

Mac Nicol *et al* (2007:351) identified minimum wage legislation to be one of the most important sources of risk which commercial sugarcane farmers, in the province of KwaZulu-Natal, perceived to pose the greatest threat to the viability of their business. Recommendations to reduce uncertainty and resultant efficiency barriers include that government improve accessibility to information regarding future plans for land and labour policies, and that farmers become more proactive in terms of obtaining information (Mac Nicol *et al*, 2007:351). Government could promote permanent employment and job security by reviewing restrictive labour legislation, such as minimum wages, which would in turn reduce the costs associated with permanent labour, and slow the process of casualisation.

3.1.2 The demand for farm labour in South Africa and the impact of new labour legislation

Based on the marked decline of the South African labour force employed in the agricultural sector since 1970, it is justified to conclude that demand for labour in this sector has decreased. The Department of Labour (2001, in Conradie, 2005:139) reported that one in five farm workers lost their jobs between 1990 and 1996. It was suggested that the rate at which jobs are shed in the farm labour market in South Africa, may have increased as a result of the legislation introduced in the agricultural sector since 1994 (Newman *et al*, 1997:83). The increase in the price of labour (wages), which is one consequence of the legislation, is probably mainly responsible for the decline in demand. Conradie (2005:139) however suggests that in contrast, Western Cape farms shed almost no jobs between 1985 and 2002 in spite of real wages rising at 2.3% per year over that period. Conradie (2005:139) argued that legislation, such as minimum wage laws *per se,* does not create unemployment, but when binding, the extent of disemployment depends on the elasticity of labour demand, which is industry specific. Higher wages decrease employment but larger output increases employment (Conradie, 2005:138). Thus jobs are lost when the real wage grows faster than productivity or where relative factor costs favour mechanisation. Some production processes, such as fruit picking, are inherently less likely to be mechanised. Conradie (2003:1 and 2005:139) found no evidence that tractors and labour were substitutes or that grape harvesters reduced employment. This partly explains why the Western Cape lost fewer jobs than the rest of the country (Conradie, 2005:139). It also suggests that the demand for farm labour in the province is relatively wage inelastic and that a binding minimum wage may cause fewer job losses than elsewhere. Conradie (2005:138) predicted that the minimum wage planned for March 2005 could reduce employment by 3.3 per cent in the wine industry and 5.9 percent in the table grape industry, but that it was more likely that the wage increase would be offset against fewer benefits. The effective wage increase would thus be lower than the statutory increase. Seasonal workers would however be more at risk than permanent staff, since they received fewer benefits that could be offset against higher wages. Conradie (2009) in response to whether these predictions had been realised or not, stated that "The effect of the second (and third) tranche of

increases in the statutory minimum wage for agriculture is an open question. I do not have further data".

Conradie (2005:151) argued that low wage elasticities was beneficial for labourers since that meant that workers would stand to benefit from higher minimum wages without facing proportional disemployment, at least in the short-run. More labourers could thus be lifted out of poverty at a given minimum wage than would have been the case had the demand for labour been more elastic. Since the demand for labour is derived from the demand for the product and is a function of production technology greatly varied wage elasticities can thus apply to field crops, tree industries, wine and table grapes, livestock production, etc. Conradie (2005:151) thus emphasised the importance of accurate estimates of wage elasticity in the process of setting minimum wage policy and recommended that it was necessary to extend wage elasticity analysis to other key agricultural industries including beef, pineapple and mohair before making further interventions.

Sparrow *et al* (2008:70) found that the demand for regular labour had become markedly more price elastic since the implementation of labour legislation. Long-run price (wage) elasticity of demand for regular labour, 1960 – 1990, ranged from –0.25 to -0.23 using Ordinary Least Squares (OLS) and using Two-stage Least Squares (2SLS) regression respectively , but rose to –1.32 and –1.34 using OLS and 2SLS, for the period 1991 – 2002. The increases contributed to the marked decline in the aggregate demand for regular farm labour over the period 1960 – 2002, and implied that, other things being equal, further increases in the real cost of farm labour may result in substantial job losses for regular farm workers in South Africa. This however would be dependant on the extent to which South African commercial farmers had already discounted expected future real cost increases, e.g. those associated with the introduction of minimum wages since March 2003.

Given the increase in price elasticity, Sparrow *et al* (2008:71) suggested that more flexible labour market legislation, relating to the hiring and dismissal of farm workers, could decrease the transaction costs and time spent by commercial farmers in dealing with issues surrounding employment. Ortmann (2005:311) believed that less

restrictive labour policies would improve the competitiveness of farmers and increase employment. This was particularly important in view of the high unemployment rate and the HIV/Aids epidemic, which increased production costs due to lower labour productivity, higher turnover rates and greater investment in recruiting and training replacement workers.

The marked structural fall in demand for regular farm labour since 1991 in South Africa led Sparrow *et al* (2008:71) to question the appropriateness of labour laws and minimum wage legislation that had raised the cost of regular labour. Government policy rather could improve farm wages through higher productivity and increased competition, with more skill-intensive sectors of the economy, by focusing more on encouraging investment in skills development (Sparrow *et al*, 2008:71).

3.1.3 Casualisation of farm labour

Since the early 1990s the legislation, applied to the South African commercial farm sector, encouraged farmers to substitute casual for regular workers because they command lower wages, incur lower transaction costs and expose farmers to less risk of industrial action and/or claims for land restitution (Sparrow *et al*, 2008:71).

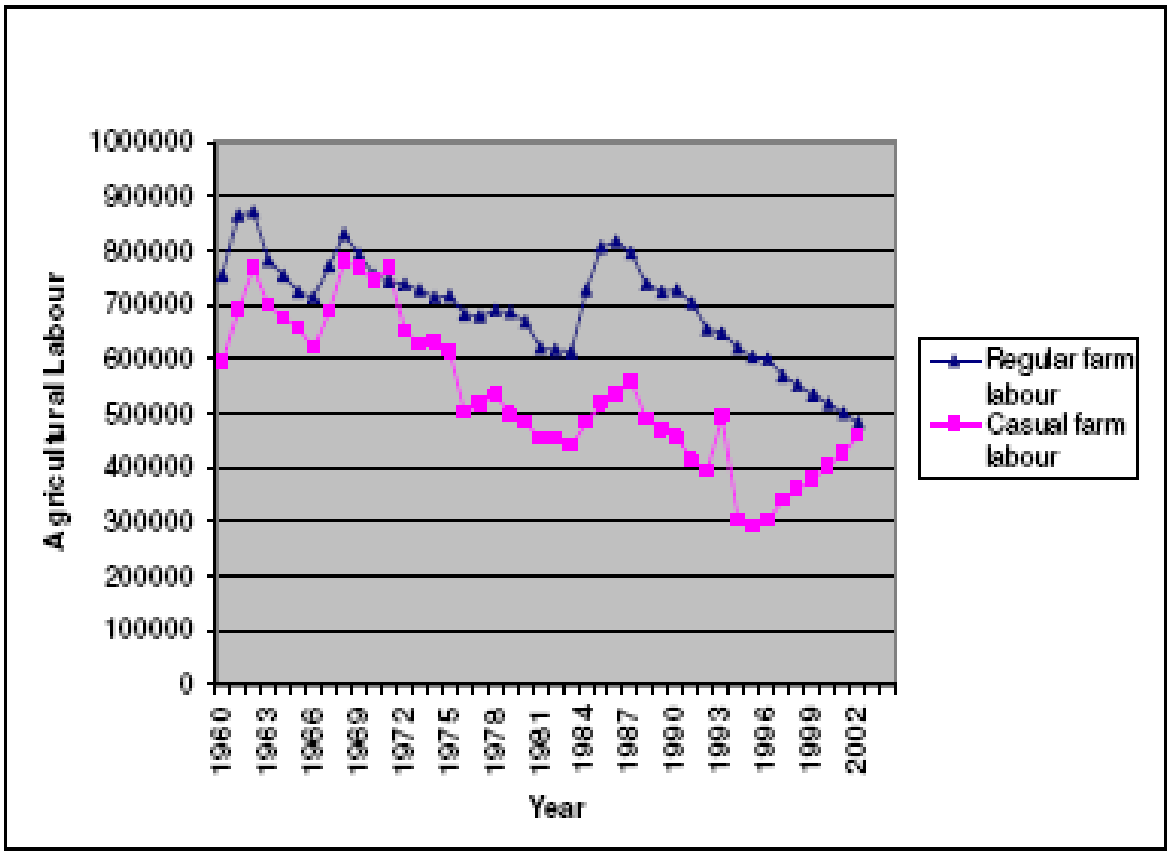

Figure 3.1: Trends in employment of regular and casual farm labour in South Africa, 1960 – 2002

Source: Agricultural Census Reports and Labour Force Surveys (StatsSA, 2005b, in Sparrow *et al*, 2008:54)

Regular (casual) farm labour employment fell from 756 397 (591 882) in 1960 to 481 375 (459 445) in 2002 (StatsSA, 2005b, in Sparrow *et al*, 2008:54) as seen in Figure 3.1 and furthermore to 431 664 (365 142) in 2007 (StatsSA, 2009:5). While both regular and casual farm labour employment levels have fallen, the proportion of casual labour (i.e. seasonal and domestic workers employed on farms) rose from 36% of total farm labour in 1991 to 49% in 2002 and dropped slightly to 45% in 2007 (StatsSA, 2004, in Sparrow *et al*, 2008:54). Thus nearly half of the employees in 2002 and 2007 in the formal agricultural sector were casual and seasonal workers in the agricultural sector (StatsSA, 2005a:2). This increased particularly over the period 1996 to 2002 as the percentage of casual, seasonal labour in 1996 was 38% of total farm employment in South Africa (Vink, 2001:15).

Du Toit and Ally's (2003, in Conradie, 2007:174) study on the casualisation of farm work in the Western Cape "confirmed the worst fears of sociologists: Globalisation and/or labour laws increased casualisation in agriculture". Conradie (2007:173) interrogated the hypothesis in an examination of casualisation and job shedding, by comparing data from 1976 to 2005 for the table grape industry of the Hex River valley. Conradie (2007:173) firstly resolved imprecise definitions of regular versus permanent status, and of casual versus seasonal status, which caused confusion when assessing casualisation and found a decrease in the share of seasonal work and no change in the casual component of seasonal work. The job status of farm women in the Valley improved as a result of legislative changes implemented since 1994, while outsourcing was found to be present but insignificant. On the whole the data for the table grape industry of the Hex River Valley did not support the hypothesis suggested by Du Toit and Ally (2003, in Conradie, 2007:174). Du Toit and Ewert (2002:77) explored the "Myths of Globalisation" and found that in response to new opportunities and pressures, the South African wine industry needed to be modernised and more focused on lucrative overseas markets, concerned with quality, businesslike and enlightened. Du Toit and Ewert (2002:77) also held the view that it was imperative that repressive and reactionary forms of labour management, inherited from the past, were transformed.

When looking at the South African export fruit sector Kritzinger *et al* (2004:17) found that new forms of integration into global markets were accompanied by increasing precariousness and vulnerability, one such example being the growing tendency of externalisation of farm labour. Factors contributing to 'externalisation' included the introduction of labour legislation and 'modernisation' of employment relations in agriculture (Kritzinger *et al*, 2004:18). An increase in globalisation and internal competition had been experienced, and this along with all the combined pressures operating through global markets and government channels, had in turn affected the employment strategies of producers. Although their responses to these pressures varied, a dominant trend was a movement away from permanent (and seasonally) employed on-farm labour towards an increase in the employment of various categories of flexible, off-farm labour, especially the use of contract labour (Kritzinger *et al*, 2004:18). The advantages experienced by producers in using

contract labour in export processing include: reducing labour costs, avoiding the effects of more stringent labour legislation, and essentially allowing labour requirements to be varied at short notice to meet the flexible but tight production schedules set by global buyers. However, there are also disadvantages resulting from the employment of contract labour as producers are less able to control skills, commitment and employment conditions of workers in order to meet quality standards demanded by supermarkets. "Global integration coupled with market deregulation and state legislation appears to underlie the move by South African producers to downsizing their permanent workforce to a core, whilst increasing their use of off-farm flexible labour – especially contract labour" (Kritzinger *et al*, 2004:18). They were of the opinion however that the trend was not unique to South Africa or to export processing.

Looking forward on the issue of casualisation, Murray and van Walbeek (2007:116) found that half of the 103 sugarcane farmers on the KwaZulu-Natal coast, who were surveyed in 2005 to analyse the impact of the Sectoral Determination for Farm Workers (2002) on South African agriculture, indicated that they were likely to increase their use of seasonal and contract labour in future. Whether this materialised or not is still unknown. It appears that with the inclusion of all casual workers in minimum wage legislation from 2006 onwards (Department of Labour, 2005, in Sparrow *et al*, 2008:70), it is likely to slow the rate of casualisation of the farm sector labour force as farmers may rather turn to labour contractors, chemicals and machinery as the next best substitute for regular labour.

3.1.4 Remuneration issues

Labour in commercial agriculture, over 10 years ago and before minimum wage legislation, typically received a cash wage plus payment in-kind (Newman *et al*, 1997:76). Additional income that farm workers received, aside from cash wages, consisted of both contributions to pension and medical funds and in-kind payments, which fell under "other remuneration" (Vink, 2001:37). In-kind payments traditionally included: the value of rations such as maize flour, slaughter animals, meat, fish, milk, wine, bread, coffee, sugar, tobacco, clothing, shoes, transport,

housing, medicine provided to farm workers and medical expenses paid on their behalf (Vink, 2001:37). There appears to be a lack of clarity among employers and employees as to the distinction between payment in-kind, benefits and deductions that form part of the conditions of employment. This is particularly prevalent when it comes to housing.

Wilson and Ramphele (1989:59) believed that because the official statistics of employment and earnings fluctuated markedly from year to year in such a manner, they might not be altogether reliable. The general picture that emerged was that cash incomes had, as in manufacturing, risen considerably in real terms from 1975 to 1981, however in absolute terms they were well below earnings in town. This was the case even when due allowance was made for in-kind payments provided on farms and the absence of transport costs which eat into urban budgets.

While cash wages paid vary widely, not only between individual farms but also across provinces, the 'other remuneration' paid to farm workers is fairly constant in absolute terms and averaged to about 20% of total remuneration (Wilson and Ramphele, 1989:59 and Vink, 2001:37). Vink and Tregurtha (2003:56) however noted that the agricultural sector is diverse, and existing wage differentials can often be explained by differences in the number of hours worked rather than the different wage rates. It was concluded that, where the empirical evidence from South Africa shows a wide range of wages paid in the same area, there is an expectation this is a result of the wide variety of employment contracts.

Marcus (1989:128) found that historically payments-in-kind was the base and most prevalent form of wages for agricultural workers. A greater proportion of remuneration on farms has been paid directly in cash over the years, although housing, rations and, in some parts of the country, arable and grazing rights remained an important part of remuneration (Wilson and Ramphele, 1989:59). Results of annual commercial agricultural surveys indicated payments in-kind constitute a larger part of the remuneration paid to Africans at 25% in 1996 than any other population group (StatsSA, 2000:x). The remuneration received by employed people in agriculture, whether as cash wages and salaries or 'other remuneration', was found to relate to their age, level of education and occupation status (StatsSA, 2000:51).

Among Africans employed in the agricultural and hunting sub-sector, according to Census '96[4], the vast majority (79%) earned monthly incomes of R500 or less, falling to 67% among Coloureds and 18% and 10% among Indians and Whites respectively. By comparison, whereas 46% of Whites monthly incomes were in the highest income bracket (R3501 and more), only 1% of Africans and 18% of Indians had incomes in this range.

Lewis *et al* (1996:70), who favoured a relationship based solely on monetary remuneration, strongly supported phasing out payments in-kind. Naidoo *et al* (2007:36) opposed this view arguing that payments in-kind are frequently a precious resource for workers. For example, a guaranteed bag of maize provides an inflation-proof form of income and on-premises accommodation is valuable, given the country's housing shortage. On the other hand, payment in-kind tends to perpetuate paternalistic relations and binds the employee to the employer. The loss of a job, for example, could thus most probably mean the loss of accommodation as well (Naidoo *et al*, 2007:36). Murray and Van Walbeek (2007:129) suggested that new labour legislation, particularly the requirement of minimum wages, resulted in fewer in-kind payments being paid. While there was already a trend to decrease payments in-kind, an important direct incentive was provided as a consequence of the Sectoral Determination, which stipulated that employers may deduct a maximum of ten percent of the employee's wage for both housing and food supplied to the farm workers (Department of Labour, 2002:8). Furthermore, housing had to have a durable and waterproof roof, electricity, a toilet and windows and be at least $30m^2$ in order to qualify as a deduction. With regards to the provision of rations, food has to be provided on a regular basis and worth the amount deducted or more. Deductions for protective clothing, equipment and tools were prohibited (Naidoo *et al*, 2007:30). This was in hope by the proponents that the legislation would bring the cash earnings of farm workers in-line with those earned in towns by restricting the portion of remuneration that was paid in-kind.

Murray and Van Walbeek (2007:125) in 2005 found approximately half of the 103 sugarcane farmers on the KwaZulu-Natal coast indicated no change in in-kind

[4] 1996 Population Census, which covered households throughout South Africa

benefits, a small portion indicated an increased in payments in-kind (usually in an attempt to increase productivity or out of a sense of social responsibility), while 40% indicated a reduction in the in-kind benefits. This does not mean that these results hold true for the rest of South Africa and further research needs to be conducted to establish the impact experienced in the remainder of the agricultural sector. The most common benefit that the sugarcane farmers removed was the provision of rations. This could be seen as counterproductive, since respondents pointed out that providing labourers with rations had many benefits, including: the employer protects the employee from food inflation; it ensures that employees do not have to travel to purchase food; it generally ensures a better and more balanced diet; and it maintains the health and strength of the workforce. Workers' productivity was reported to have decreased once growers had stopped providing rations. Another disadvantage, which was found by Murray and Van Walbeek (2007:126), was that the higher cash wage increased the incidence of discipline issues when the employees' increased spending power was spent on alcohol.

Considering the above noted conditions and concerns surrounding farm labour in South Africa the survey questionnaire, conducted in the Albany district, assessed issues including the government's impact on farm workers wage and living conditions, changes in supply and demand of casual and regular labour, remuneration of workers and labourer productivity. The following chapter is concerned with the research method used to solicit information regarding the Albany district in 2008.

CHAPTER 4: RESEARCH METHOD

A survey was conducted on 40 farmers out of approximately 105 farmers in the Albany district in 2008, and it was hoped to include past survey interviewees and to draw a 20% random sample stratified according to geographical area, which was used by Antrobus in 1984. The latter, however, proved very complicated as many farms had been bought by PGRs over the past 15 years making it difficult to establish exactly who all the full-time farmers were remaining in the district and which properties they owned. Thus the final sample consisted of firstly, four farmers or their sons identified to have been interviewed in the surveys conducted in the district in 1957 and 1977; secondly, five farms that were visited in the previous surveys although ownership had changed; and finally, an approach used by Roberts (1958), which she called a 'common sense approach'. For this purpose a list of farmers was compiled with the help of a two knowledgeable individuals, Mrs Emslie and Mr Penny. From the list compiled, farmers were selected so as to have an equal representation (in smaller sub-regions less farmers were selected and in the larger sub-regions more) from each of the five sub-regions and the different farming types, with the final sample consisting of 26 farmers in Lower Albany and 14 in Upper. When categorising according to farming type, 23 extensive and 17 intensive farmers were interviewed. As discussed later, farms in Lower Albany are smaller and consequently more farms are found in this region which explains the distribution of farmers interviewed. To supplement the list, while interviewing each farmer, other interviewees were suggested and considered on the basis of gaining a sample that was representative of the various enterprises and district.

Consideration was given to the possibility of interviewing farm workers to gain insight into their perspectives on wages and working conditions. However this was advised against as it would have negatively impacted the accessibility of gaining willing farmers to be interviewed and thus significantly reduce the sample size. When contacting potential interviewees only a few were open to the idea, while most clearly stated that they would refuse being a part of the research if labourers were also interviewed. Another reason from the researcher's perspective was that it would have required the employment of a translator most of the labourers were isiXhosa speaking. From the farmers perspective, reasons to refuse interviews based on the

incorporation of farm workers included firstly, that it appeared that the researcher's aim was to 'check up on' farmers and their compliance with labour laws, which was not the case; and secondly, that it would have been an extremely time consuming process and keep labourers out of their work. The purpose was, however, to establish 2008 farm labour working conditions and wages in the Albany district and to compare the results with the 1957 and 1977 surveys, neither of which interviewed farm workers. However, it is important to recognise that questions where the farmer was talking on behalf of the labourer should be treated with due caution.

One farmer who had been on the farm for 70 years with 60 years of farming experience was interviewed in both the previous labour surveys and provided a wealth of knowledge pertaining to farm labour in the area. This was the case with most of the interviewees with the average number of years farmers had been on their farm being 33 and an average of 25.6 years of farming experience by 2008. Many grew up on the farm and in some cases their family had been on the farm for several generations. One Sidbury farmer was the 6th generation on the family farm. He was offered a high price to sell by the owner of a neighbouring luxury PGR but refused as the farm had sentimental value and he wanted it to stay in the family and give his son an opportunity to carry on farming. He explained: "The farm has been good to our family and provided for us over the years". The same staff and staff families had given him and his family good service over many years. Another farmer mentioned that he was the 4th generation on the farm.

The Albany district and more information about the sample farmers

Antrobus (1984:66) identified five sub-regions, three of which fell in Lower Albany and two in Upper Albany. Using his classification as a guide Lower Albany is seen to consist of Manley Flats – Southwell - Coombs (sub-region 1), Salem (sub-region 2) and Seven Fountains - Sidbury (sub-region 3). In Upper Albany Alicedale - Riebeeck East - Carlisle Bridge (sub-region 4) and Fort Brown - Commitees Drift (sub-region 5) are found. The Albany district was chosen as the target area for two main reasons. Firstly, due to the 1957 and 1977 labour surveys and secondly, logistically it was practical for the researcher to access the farmers in the district as Grahamstown is situated almost in the middle of the area.

Table 4.1: Albany farms, by size, region and sub-region, 2008.

Area (ha)	Lower Albany				Upper Albany			ALBANY
Sub-region	1	2	3	Total	4	5	Total	
250-1000	2	3	2	7	1	2	3	10
1001-2000	8	1	7	16	2		2	18
2001-3000	2			2	4		4	6
3001-4000			1	1		3	3	4
4001-5000					1		1	1
Over 5000					1		1	1
TOTAL	12	4	10	26	9	5	14	40
Average	1 559	923	1 492	1 436	3 309	2 145	2 893	1 946

Source: Sample survey.

Analysing the sample farms, Table 4.1 reveals that farms in Upper Albany were larger than those in Lower, in 2008. Two-thirds of the farms in Lower Albany were between 1 001 and 2 000ha, the largest being 3 693ha while the average size was 1 436ha. However, in Upper Albany the largest farm was 10 400ha and the average size 2 893ha, a little over double the average in Lower.

Farm sizes have increased and farm numbers decreased over the years. All those interviewed had observed the decrease in the number of farmers. On finding out that 40 were included in the 2008 sample survey, a Sidbury interviewee commented "I am sure that must be most of the farmers left in the district! Many farms have been bought up by PGRs who offer very high prices for land." Roberts (1958:8) quoted the Agricultural Census of 1953 – 1954 as having 455 farms in Albany, with half being between 214ha (250 morgen) and 857ha (1 000 morgen) and over one third consisting of more than 857ha. Antrobus (1984:66) used the Agricultural Census of 1976 to show that Albany had 358 farm holdings, 27% less than 1954, with an average size of 1 275ha. From his sample, it was found that Lower Albany farms' average size was 880ha in contrast to Upper Albany with an average exceeding 2 000ha. It is therefore evident that the average size had increased in Albany as a whole as well as in both regions since 1976. The 2008 sample farms also showed that only 23% were found to be less than 857ha (1 000 morgen). This furthermore indicates a significant increase in farm sizes from 1954 to 2008.

Another difference between Lower and Upper Albany farms was the amount of annual rain received; Table 4.2 shows that Lower Albany was a higher rainfall area than Upper. Hence it can be deduced that farm sizes are inversely related to average rainfall.

Table 4.2: Average annual rainfall in the Albany district.

Region	**Lower Albany**				**Upper Albany**			**ALBANY**
Sub-region	**1**	**2**	**3**	**Total**	**4**	**5**	**Total**	
Average rain (mm)	580	600	526	**561**	433	368	**410**	**508**

Source: Sample survey.

The types of farming identified in the Albany district were 'stock', 'game-tourism', 'game-ranching', 'dairy' and 'crop'. 'Stock' farmers denoted those for whom more than 50% of income was derived in 2008 from running domesticated livestock. 'Game-tourism' signified income of more than 50% from game viewing and tourism. The three farmers interviewed in this category formed part of a share based Private Game Reserve (PGR), consisting of a number of adjoining farmers' land. Each retained ownership of their land, which in most cases housed a private lodge, with jointly owned infrastructure and game roaming throughout. They also ran stock and although two utilized 60 – 70% of their land for that purpose, 80% of income was obtained from the remaining 30 – 40% incorporated into the PGR. The other farmer in this category allocated 55% of land to stock, but obtained 90% of income from the 45% included in the PGR. It can therefore be concluded that game-tourism was more lucrative than stock farming per hectare. 'Game-ranching' indicates income of more than 50% from running game for the purpose of hunting and/or breeding and also included those from both game and stock with neither category being predominant. This category had two farmers that derived more than 50% of income from hunting and/or breeding and two from both stock and game. The three above mentioned categories fell under the broader heading of extensive farming.

'Dairy' and 'Crop' farming were classified as intensive. 'Dairy' denoted those who derived more than 50% of their income in 2008 from dairy products. They were not included under the category of 'Stock' as their labour requirement was more

intensive. ‘Crop’ represented income of more than 50% from the production of fruit, vegetables or other agricultural crops.

It is important to note the weakness of a classification with farm owners being involved in a number of different ventures. Five farm owners in the Sidbury region in previous years used to be involved solely in traditional farming enterprises, specifically dairy and stock. These same farmers, in 2008, were engaged in Real Estate, Veterinary training, PGRs and livestock farming. An Alicedale farmer did consultancy work and spoke about his property as a “hobby farm”; a Seven Fountains farmer owned a Pump business; and many had accommodation for tourists, which in three cases was particularly aimed at hunters. Others were looking into diversifying their source of income tending towards hospitality. The specific cases and their impact on the demand for labour are discussed later. Although, the classifications chosen were done in a manner that was most accurate for making comparisons between the different regions, intensity of farming and particularly labour issues, categorising farms as stock, game, dairy or crop can be misleading. The growing diversification of farming enterprises since the 1950s and 1970s has made classifications more difficult and less useful than before.

By categorising according to the intensity of production it is evident from Table 4.3 that extensive farms were on average considerably larger (2 494 ha) than intensive farms (1 204 ha). It was an expected result as stock and game farms, with the exception of game-tourism, produced less income per hectare than dairy and crop farms and required more land to be profitable. Although game-tourism farmers are generally as or more profitable than the latter, large areas of land are needed, added to which more than 50% of income was earned from tourism, although a majority of their land was used for stock farming.

Table 4.3: Albany farms, by size and type, 2008.

Area (ha)	Extensive				Intensive			ALBANY
	Stock	Game		TOTAL	Dairy	Crops	TOTAL	
		Tourism	Ranching					
250-1000	4	-	-	**4**	1	5	**6**	**10**
1001-2000	4	3	1	**8**	4	5	**9**	**17**
2001-3000	5	-	-	**5**	-	2	**2**	**7**
3001-4000	3	-	1	**4**	-	-	**-**	**4**
4001-5000	-	-	1	**1**	-	-	**-**	**1**
Over 5000	-	-	1	**1**	-	-	**-**	**1**
TOTAL	**16**	**3**	**4**	**23**	**5**	**12**	**17**	**40**
Average (ha)	**2 023**	**1 630**	**5 025**	**2 494**	**1 260**	**1 180**	**1 204**	**1 946**

Source: Sample survey.

Table 4.4 shows the percentage land use per sub-region: in Lower Albany there were no game-ranching farmers in the sample, while in Upper Albany there were no dairy and only two irrigation crop farmers, both in the Committees Drift area. Also, all the farms in sub-region 4 (Alicedale - Riebeeck East - Carlisle Bridge) engaged in extensive farming. It is therefore concluded that Lower Albany farmers employed a more intensive type of farming as opposed to those in Upper, with a total of 86% of these farms being extensive. Upper Albany farms were also larger, as seen in Table 4.1, which confirms that more extensive nature of farming which took place in the region.

Table 4.4: Albany farms, by percentage land use, 2008.

Land Use %	Lower Albany			TOTAL	Upper Albany		TOTAL	ALBANY
Sub-region	1	2	3		4	5		
EXTENSIVE								
Stock	33	50	20	**31**	67	40	**57**	**40**
Game:								
Tourism	-	-	30	**11**	-	-	**-**	**7.5**
Ranching	-	-	-	**-**	33	20	**29**	**10**
Sub-total	**33**	**50**	**50**	**42**	**100**	**60**	**86**	**57.5**
INTENSIVE								
Dairy	8	25	30	**19**	-	-	-	**12.5**
Crops	59	25	20	**39**	-	40	14	**30**
Sub-total	**67**	**50**	**50**	**58**	**0**	**40**	**14**	**42.5**
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Sample survey.

For the purposes of analysis it was more viable to compare 'extensive' versus 'intensive' farms as opposed to the regional categorisation of Upper and Lower Albany. In essence, when contrasting the sample farmers as extensive and intensive it was similar to comparing Upper versus Lower Albany as it has been shown that 86% of the land use in Upper was for extensive farming and 58% in Lower was intensive. It was observed, however, that 88% (15/17) of intensive farms visited were found in Lower Albany, confirming this region to be more characteristic of intensive farming than Upper. The annual rainfall in Lower Albany was still quite marginal at 561mm on average, restricting crop farming, so although it leaned more towards intensive farming than Upper it would not have been described as a completely 'intensive farming area'. The sample was also slightly unevenly balanced when comparing Lower to Upper Albany as 26 and 14 respectively were found in each region. The main benefit from evaluating Upper versus Lower Albany was for the purpose of comparing the results in 2008 to those of the findings by Antrobus (1984) in the survey of farm labour in 1977. Thus when making comparisons to the 1977 results, the regional categorization was used.

The interviews and questionnaire

In view of the type of information sought, structured face-to-face interviews were conducted to yield the most accurate results, using the 1957 and 1977 survey questionnaires as a base, but remoulded to ensure that it was more relevant to what was happening in the farm labour market in 2008. Previously, classifications according to race were included, but these were not utilised in 2008. Also the legislation around farm labour had changed significantly since the research was conducted by Antrobus (1984) and Roberts (1958) when farm labour was governed by common law. An example was the introduction of minimum wage legislation for farm workers in March 2003, and the questionnaire had to be adjusted to take into account such changes. The questions were constructed in a manner that attempted to gain the interviewees trust so as to ensure the most accurate data were gathered and therefore overall results obtained. The focus was placed on the physical information concerning the farming operation, mechanisation, farm population and employment, cash wages and payment in-kind, conditions of service, housing, education, training, recreation and health as well as attitudes. The questions aimed to establish an overall picture and did not focus only on one aspect of farm labour and as a result suffer from being narrow and inaccurate.

Once the questionnaire was completed five farmers were interviewed and the questionnaire reviewed. Minor changes were made. Farmers were contacted telephonically to arrange an interview. A majority of farmers' interviews were conducted on the farm while a few arranged a meeting place in town. Two farmers initially declined being interviewed although eventually one did agree to an interview; the other was leaving for a holiday abroad the next day only returning later in the year so it was logistically not viable. This potential interviewee was replaced by another farmer from the same area. Many of the farmers were hesitant at first when hearing that the research concerned farm labour as they had experienced many inspectors from the Department of Labour visiting their farms since the introduction of the legislation and were annoyed by this as they felt they were being unduly 'checked up on'. One interviewee added that farmers were often incorrectly viewed as the 'baddies' in that they unfairly thought to exploit labour and hence preferred not to discuss the subject. However, once it was explained that the research was for the

purpose of a Masters thesis, the researcher had grown up on a farm and interviews were confidential the respondents were very accommodating. No farmer refused to answer any of the questions. The attitudes section was strategically included at the end of the questionnaire to obtain valuable information and utilized where time permitted. It was possible to include the section in 32 of the 40 interviews. Farmers were furthermore allowed the opportunity throughout the interview to air their views on issues raised.

It should be noted that in requesting information about past events, generally of more than five years ago, quantitative answers were often given as approximations. The figures given were however regarded as adequate to demonstrate general trends. With regards to farm population, the number of children was also given as an approximation where there were a large number of residents as the farmers were mostly not entirely sure of how many there were at any one time. With children boarding in town to attend school this value also varied significantly throughout the year. Also, in the case of wages and payments in-kind, which differed from worker to worker, information was given for the labour force as a whole or as an average per labourer. When farmers were asked for the cash wage rates that were paid in March 2003, when minimum wage legislation first came into being, interviewees gave very rough estimates and seemed unsure. Therefore the information was not included in the analysis as it could be misleading and although interesting not of utmost importance to the study.

Once all the interviews were completed the data were coded and captured where appropriate on an Excel spreadsheet. This was used to make comparisons, obtain percentages, totals and averages and the qualitative information was used in assisting to explain the findings.

Having painted a picture of the Albany farming district and the method used to gather information regarding farm labour the next chapter presents the results from the 2008 sample survey.

CHAPTER 5: RESULTS FROM THE 2008 SAMPLE SURVEY

Interviews with the 40 farmers in the Albany district in 2008 provided in-depth information of the situation facing farm workers including the number of farm residents, number of employees, changes in employment as well as labour requirement and productivity, total remuneration and its various components, impact of legislation, living circumstances and conditions of employment. The results are presented and discussed below.

5.1 Farm Population

According to interviewees, for many years it was a generally accepted practise that the farmer provided housing for labourers and their family, because they were reliant on regular labour and due to the distances from urban settlements. All employed regular labour while only one farmer did not house staff because they chose rather to live in Bathurst, approximately 15km away. These workers had applied for and secured RDP housing, according to the farmer their main reason being that "the farm school had closed and the staff moved to be closer to schools". He added that the staff wanted to own their own houses although "I would like one or two families to live on the farm, but they do not want to stay alone. My staff houses are all standing empty". The reason for wanting staff to live on the farm was in the event of an emergency where the help of some staff may be required at short notice. He however added that "it is also a relief that they opt to live in town as I now do not have to worry about workers claiming life rights on the farm as a consequence of the Extension of Security of Tenure Act".

Table 5.1: Albany farms: average population, by number of families, males and females, 2008.

Average per farm	Extensive	Intensive	Albany
Population	**30.7**	**49.1**	**38.5**
Number of families	**7.8**	**12.5**	**9.8**
Number of males	***15.2***	***25.4***	***19.6***
Less than 15 years	5.6	9.3	7.2
15 – 65 years	8.4	14.4	11.0
Over 65 years	1.2	1.7	1.4
Number of females	***15.5***	***23.7***	***19.0***
Less than 15 years	5.3	8.6	6.8
15 – 65 years	8.7	12.8	10.4
Over 65 years	1.5	2.3	1.8

Source: Sample survey.

In 1977 the average population per farm in Albany, excluding that of the owner-operator and white manager if any, was 63.2 persons (Antrobus, 1984:72). In 2008, as seen in Table 5.1 the average population of all farm residents, including the owner and his family was 38.5, indicating a marked decline over the past 31 years. Extensive farms had on average 4 less families per farm, being 7.8 and 12.5 per farm respectively. Taking the last 5 – 10 years into account only one farmer said that the number of farm residents had increased. Just over a quarter (11/40) said that it had remained constant over the past 10 years and 70% had a decline. The farmer who saw an increase lives 10km from town. He was previously transporting the staff from town and back on a daily basis, but with an increase in the diesel price he offered the staff housing and electricity free of charge, which the staff preferred and moved onto the farm. He did say however that in the next few years he expected it to decrease again as two of the regular labourers had been dismissed for alcohol abuse and as they were still living on the farm he employed them on a casual basis but was sure that they would move back to town as their jobs were no longer secure.

The reasons that farmers gave for the decline in the number of residents were many and included: a decrease in schooling facilities and thus families moved to town leaving just the worker on the farm; workers wanted to own and live in their own

house in town, again because of schooling, recreational, shopping and medical facilities as well as other social reasons; farmers have tended to decrease their labour numbers as they found they were struggling financially and thus it was an attempt to decrease costs; they also retrenched workers as a result of moving towards more extensive farming to combat increases in input costs, e.g. labour, fuel, machinery, fertilizer etc.; the introduction of unions in 1999 also encouraged farmers to decrease staff numbers; three had lost staff to AIDS; the size of staff families had decreased due to education about family planning; and children were no longer interested in staying on the farm and wanted rather to find work in town. A Southwell farmer claimed that the unions caused major disruptions on his farm and this had negatively impacted the relationship between farmer and staff. He explained that previously he was prepared to help workers with schooling, transport, medical, etc., where needed but no longer was. In addition, it had contributed to him moving away from pineapple to beef farming in an attempt to decrease his labour requirement. Ultimately he was looking for another form of income other than farming and in future would only use the farm as a place of residence. Half the farmers who had seen a decrease in the number of farm residents stated that it was as a result of working towards decreasing labour requirements or labour numbers to cut back on labour costs and input costs as a whole, which they needed to do to remain competitive and survive financially.

The 11 farmers that found the number of residents had stayed the same mainly explained that there had been no changes in their farming enterprises and labour requirements over the past 10 years. They had not noticed changes in family sizes. Two farmers had changed farming practices, for example from dairy to game-tourism, but labour retrenched from the dairy had been absorbed into the game lodge and thus the labour requirement as well as resident numbers had remained constant. One farmer stated that there had been an increase in his labour requirement, but he had managed to fill the positions with residents who were already on the farm. A farmer in the Seven Fountains area and another in Carlisle Bridge found that, although the number of residents had remained constant a general decline in the rural population had been noticed. One reason given for this was that PGRs had bought up farms decreasing the number of farmers and workers in the area. This had a negative impact on the social life of both farmer and worker and a number of sports clubs in the area had closed.

Not surprisingly, Table 5.1 shows that the average number of farm residents on intensive farms (49.1) is much greater than extensive (30.7), which follows from the employment of more labour. Another reason was that extensive farms are much larger and more isolated encouraging labourers' families to live in town. Also, intensive farmers employ more casual labour and thus the members of the family that are not employed on a regular basis have the opportunity of seasonal/casual work, making it beneficial for them to reside on the farm.

Antrobus (1984:74) established that the number of labourers' children (less than 15 years) as residents on the farms far exceeded the number of adult residents (15 – 65 years). In 2008 the number of children living on the farms, were significantly fewer than the number of adults in both the male and the female categories. This meant that the number of learners at farm schools declined and encouraged the shutting down of many by government. The majority of the farm workers' children had to attend in the closest town (Grahamstown, Paterson, Alicedale, Port Alfred) and consequently left the farm to live in town with family or friends. Another alternative was for the children and wife to reside in town while the male worker stayed on the farm during the week and visited his family over weekends. This resulted in a number of social problems. One farmer explained how a child of one of his workers who was exceptionally bright boarded in Grahamstown with family so she could attend school there, but unfortunately as she was an outsider she was abused and suffered emotionally and her performance at school declined.

When considering the worker population, Antrobus' (1984:73) research revealed that in 1977 the average number of females on farms in both the less than 15 years age group and the 15 to 64 years group far exceeded that of males. In contrast, the 2008 survey illustrated (Table 5.1) that when considering the farm population as a whole, the number of males exceeded that of females in both age categories. Although the difference was negligible it demonstrates the shift of wives and mothers off the farms. The 1977 (Antrobus, 1984:73) and 2008 surveys both found that the number of female pensioners as residents exceeded that of males. This shows that the older generation were inclined to continue with the ways of the past, and preferred to live

on the farm when elderly. It may however change in future as the younger generation who prefer to live in town, grow old.

Farmers reported that they disliked housing staff that work elsewhere, because extra residents caused problems which they would rather avoid and a house was occupied that could accommodate a staff member of the farm owner. Furthermore, extra residents could be disruptive, acquire life rights on the farm as a result of Extension of Security of Tenure Act (1997), use resources that could rather be used by the farmer's own staff, etc. A Seven Fountains farmer, who was housing staff of a neighbouring PGR, explained that these residents worked different hours to his own labourers and thus when they were off they disturbed his staff while busy working.

Twenty of twenty-two farmers had residents employed elsewhere who were relatives of their own staff. The average number of people living on the farm, but employed elsewhere in Albany was 2.7, but two farmers had a much higher number. One, from Manley Flats, had 40 such residents as a result of a mass retrenchment which occurred when moving from pineapple to stock, the main reason for which included the need to reduce costs. The total number of adult residents was 69 of whom only 29 were connected to his staff. The farmer and the Department of Labour were working towards finding alternative accommodation. A Seven Fountains farmer had 14 residents who were employed on neighbouring PGRs, which he expressed as being a new problem resulting from the increasing number of reserves. To make matters worse, he was also planning on moving from dairy to stock as his labour costs had become too high and farming unit too small to be competitive. This would result in retrenchments and more labour living on the farm possibly looking for work elsewhere.

Farmers complained that PGRs tend to discourage labour living on the premises, resulting in a significant number of their staff living on surrounding farmers' property. A majority of residents working off-farm were on PGRs, while only a few were working either in town or for themselves. Approximately a quarter were employed by neighbours. The expectation expressed by farmers is that each houses their own staff, but in the cases where those employed elsewhere were by neighbours, they were family (usually children or wives) of the staff employed on the farm where resident.

Farmers who were very isolated were not prone to the problem since dismissed workers or family of staff needing work were too far from alternative employment opportunities and had to relocate.

Looking ahead over the next ten years, half the farmers expected worker resident numbers to remain constant. A majority explained that they worked with a minimum number of staff and expected no foreseeable changes that would constitute an increase or decrease. A Salem farmer said that "because of labour legislation and the administrative issues that surround it, I work with a minimal number of workers and if extra hands are needed I get stuck in myself or employ a casual." Five however said that if forced by increasing costs, possibly through the government setting an unaffordable minimum wage, changes would be made to ensure a decrease in labour requirement, which would lead to declining resident numbers. Nevertheless, farmers were optimistic that this would not occur. One game farmer, accommodating hunters, wished to expand therefore increasing labour requirement/residents numbers, but due to the depressed global economy was pessimistic saying that "increasing client numbers will most likely not become a reality, leaving staff and residents numbers constant". It was evident that farmers related resident numbers to the number of regular workers required and did not mention other possible factors which could cause a change.

Forty percent of farmers predicted that resident numbers would diminish over the next 10 years, while three of the forty were unsure of the direction of changes. Five, who predicted a decline, believed that it would be because of a reduction in labour requirements resulting from a change towards more extensive farming; or a rise in mechanisation which would be an attempt to decrease labour costs and to overcome low worker productivity. Some farmers preferred non-resident casuals and would substitute resident workers for others (usually younger) who lived in town. Residents working elsewhere would have to relocate. One farmer mentioned that some labourers no longer wanted to work on farms and would rather live off social grants. The three farmers unsure of changes were uncertain of their future in farming. One Carlisle Bridge farmer wanted to sell because of vermin 'eating' into his profits, his family were already living in town to be closer to educational facilities, added to which the social life had declined in the area with the increase in PGRs diminishing

the number of farmers and rural population. An Alicedale game farmer expected an increase based on the idea that income may be supplemented by building accommodation for visitors/tourists. He anticipated having at least one extra regular labourer living on the farm, but would prefer to hire non-resident casuals.

5.2 Farm Employment

Prior to the 1950's there was fairly limited information on farm labour included in the Agricultural Censuses and in numerous cases merely provided Provincial totals by sex and race group. During the 1950's more information pertaining to labour began to be included and distinguished between regular, casual and domestics workers (Antrobus, 1984:20). These classifications continue to be used and each will be discussed in turn.

5.2.1 Regular Labour

Regular labour consists of both full-time and part-time workers. Part-time employees, although paid on a regular (generally monthly) basis, work only for a portion of the day or every other day. Farmers in the Albany district, however, employed very few part-time workers. Only one game-tourism farmer employed a part-time male and two employed part-time females, while a crop farm employed 10 part-time females. Thus in the sample of 40 farms a total of 14 part-time workers were employed by only three farmers; for a majority it was more convenient to employ a casual worker rather than a part-time regular labourer.

Table 5.2: Albany farms, by farm type and number of full-time permanent male workers – including non-farm staff, 2008.

Number of permanent full-time male workers	**Extensive**				**Intensive**			**ALBANY**
	Stock	Game		**Total**	Dairy	Crops	**Total**	
		Tourism*	Ranching					
Average/farm	4.7	3.7	4.8	**4.6**	11.0	14.0	**13.0**	**8.3**
Average/1000ha	2.3	2.2	0.9	**1.8**	8.7	12.0	**11.0**	**4.3**

Source: Sample survey.
Note: * Including non-farm staff employed by three game-tourism farmers on a share based PGR.

In Table 5.2 it is observed that extensive farms employed 1.8 full-time males per 1 000ha whereas intensive farmers employed 11.0, which is over six times more. The non-farm staff have been included in the table to show the difference between game-tourism labour requirements and game-ranching. Game-tourism farmers employed more than double the number of employees per 1 000ha (2.2) than game-ranching (0.9). The ratio of game-tourism employees to ranching could possibly be higher because, as previously mentioned, the former obtained over 80% of their income from tourism, even though less than half the area of their farms was used for this purpose, while the rest was used for stock. Thus when farmers start to accommodate tourists their labour requirement increases as well as the skills requirement.

Turning to full-time regular staff, it was found that 57% of extensive farmers employed between one and four workers, whereas no intensive farmer employed less than five. The movement amongst Albany farmers towards extensive farming as a result of a price-cost squeeze was a driving force behind the declining labour requirement and number of employees/1 000ha in the district. As seen in Table 5.2 the average number of full-time male workers was 4.3/1 000ha, female regulars 1.28/1 000ha so a total of both being 5.58 full-time workers per 1 000ha. Antrobus (1984:77) found the average number of all workers in the Albany district to be 10.5 per farm (including youths) using a sample survey in 1977 with an average farm size of 1 275ha (Antrobus, 1984:230) in 1976 resulting in the number of regular employees to be 8.24/1 000ha (10.5/1 275), on the assumption that farm sizes did not vary greatly between the two years. This shows a total decline on average of 2.66/1 000ha over the period 1977 to 2008.

Labour Requirement

Over the past 5-10 years, 12.5% of farmers initiated an increase in regular labour requirement, 40% a decline, while 45% remained constant. Two of the five who experienced an incline however stated that they could not employ more due to rising costs. Two game farmers noted that by accommodating tourists their requirement for skilled regulars had increased. A crop farmer said that his enterprise had to grow so that he could remain competitive and consequently saw the need for a rise in labour.

Of those who experienced a decline in labour requirement all, barring one, said it was ultimately an attempt to decrease costs, including those of labour. The exception anticipated that an increase in skills would lead to a decline in labour required. Ways in which regular labour was decreased included using more machinery, improving management, changing towards more extensive farming and employing casuals instead of regulars. Two farmers noted that they had had to decrease the size of their farming enterprises to decrease costs, including those of labour, and planned on ultimately stopping farming as they found it was becoming less profitable.

A majority of those whose labour requirement had stayed the same had made no changes to their farming enterprise over the past 10 years. Three expressed a decline prior to 1998 for reasons including the imminent introduction of labour laws, and a crop farmer stated that he wanted to use less staff after 1994, which was achieved 12 years ago through mechanisation and an improved management style. A stock farmer explained that a large decrease in requirements took place 11 years ago when he bought and changed to beef whereas the previous owner was a dairy farmer. Those retrenched had to be relocated. A Sidbury stock farmer noted a decline over the past 20 years with less labourers and consequently less work done on the farm than previously. He said that "I simply make do with less staff now than back then". A Salem farmer previously tried to increase his requirement due to the high level of unemployment, in the area. He achieved this by decreasing the use of machinery, but explained that "workers however abused this by decreasing productivity so I reintroduced the use of machinery lowering my labour requirement and over the past 10 years this has been constant". Two intensive farmers, one dairy and another crop, found that although their businesses had grown, requirements had stayed constant by employing machinery instead of extra workers. Two stock farmers found that although their labour requirement had stayed the same, they currently employed less labour than they did 10 years prior. A stock farmer, who moved from milk production to breeding dairy cows for sale, had a varying labour requirement throughout the year. He said: "I employ enough staff to cover the busy times and then in the quieter times I have to look for extra work and have more staff than I require". He was not prepared to replace regular staff that left until such time that he had just enough to cover the quieter times and would rather employ casuals when extra workers were needed.

Looking ahead, 40% of farmers predicted changes in their regular labour requirement, 45% believed it would remain unchanged and 15% were unsure. Of those who predicted a change, 80% believed it would result in a decline in labour requirements while the remaining 20% foresaw an increase. Reasons given for a possible decrease were: an increase in mechanisation to improve productivity; the employment of more casuals/contractors to avoid the legal issues involving regular labourers; and a movement towards more extensive farming to decrease costs and because small stock farmers (goats, sheep, etc.) were experiencing a rise in losses from vermin and stock theft. A Manley Flats farmer commented "I want as few regulars as possible because of the tedious labour laws and would rather employ contractors". One stock farmer explained that the problem with the rise in costs was that prices of farm produce were not rising at the same level as costs and thus the only way to earn a profit was to make changes that decreased costs. Those who anticipated an increase in the need for labour expected to expand and diversify their farming enterprises.

Those expecting future labour requirements to remain constant foresaw no transformations to their farming enterprises, half of which having made no changes over the previous 10 years, or if growth was experienced then mechanisation would combat the rising need for workers. Some were fully extensive and had simplified farming practises so no further changes could be made to decrease labour. A Carlisle Bridge stock farmer who had indigenous cattle and sheep, which were hardy and needed little attention was a case in point. Two farmers, one game-tourism and one crop, said they would not replace staff that left, for financial reasons, but their requirement would not change and although being left understaffed, costs would have decreased. Another game-tourism farmer believed that although his need for workers would be unchanged it was difficult to find, keep and house staff. His involvement in a PGR meant he needed professional staff with specific skills, but many possessing these skills preferred to work in town.

The farmers admitting to be unsure of future changes gave the following reasons: a possible expansion of the farming enterprise (two said that they may go into hospitality and tourism requiring more labour); one was unsure of how much staff he would require for future development; another was waiting to see what changes his

son would make as his successor; and a crop farmer was uncertain about changes government would make to wages and other input costs, e.g. diesel and fertilizer. If costs became too high it would encourage a change to the type of farming and consequently labour requirement.

Nearly three out of four farmers (72.5%) said that they had a sufficient number of workers. The remaining 15% and 12.5% believed that they had too few and too many respectively. Some farmers mentioned that they employed fewer workers than were required as they could not afford more workers. Where there were too many, farmers stated that they had difficulty dismissing excess workers whose jobs had become redundant due to a change in labour requirement.

A majority of farmers (22/40) commented that they had no difficulty in obtaining labour. A Fort Brown stock farmer remarked that he had found that some farm labourers were desperate for work. He had recently experienced two prospective workers begging for employment and he claimed that "they said they would work for R200 per month cash as long as they got a place to stay and some extra in-kind payment". Seven farmers noted that if they needed skilled labour they would battle to find suitable employees, as they would probably find better paying work in town. Another 11 farmers believed that added to the problem of obtaining skilled labour were the issues faced by farm residents of isolation or inadequate schooling. A Coombs stock farmer said: "I no longer have labourers coming around looking for work but if I need someone new, the word will get around and then there will be a few coming around and asking". There were thus mixed opinions with regards to the shortage of farm workers.

Approximately three quarters (72.5%) of the interviewees designated labourers to particular jobs, to some degree. Any worker could however be called upon to undertake group tasks. Fencers, builders, shepherds, stockmen, tractor and truck drivers, guides and cooks were some of the job categories given and each required a different skill. The only categories in 2008 which were not mentioned in the previous research by Antrobus (1984:79) in 1977 were given by game farmers who ran lodges, where employees were designated to deal with maintenance, cooking and domestic chores or to guide tourists. A majority of the livestock farmers employed only

stockmen so all workers were designated to take responsibility for farm animals. Ten of the twelve crop farmers had employees accountable for different tasks. An expected result of this would be that crop farmers differentiated wages more so than stock farmers.

Farmers were asked to classify their regular labour between three groups: skilled, semi-skilled and unskilled. The former group, defined as being in possession of a specialized skill, included shearer and wool classer, builder, fencer, mechanic, inseminator and heavy-duty driver. On average 22% of full-time workers made up this category. The largest category (64%) was those of semi-skilled workers and included handmilker, stockmen in position of responsibility, stationary machine operator, tractor driver and welder. Unskilled workers were those with no particular skills and made up on average 14% of labourers. Farmers commented that many of their labourers had obtained skills through on-the-job training. One Carlisle Bridge farmer stated: "Although my labourers are not highly educated they are skilled in what is required from them on the farm. If I had to employ someone new I would have to train them from scratch so they can perform the specific tasks that I need them to do." On average it was also noted that approximately 70% of workers could read and write.

Farmers were asked to comment on their experiences of how farm labourer's skills had changed over the past 10 years (since 1999). On average 60% believed they had improved, 37.5% noted a decline and one farmer commented that they had stayed the same. It was observed that improvements in skills were a result of: an improvement in literacy and the level of education amongst farm workers; on-the-job training over the years; empowerment of labourers who, by being given more responsibility were afforded the opportunity of proving they were capable of undertaking it; training courses developed specialised skills (first aid, fire fighting, chainsaw operator, etc.); and the need to employ more skilled labour because of the minimum wage and due to specific industries, e.g. hospitality and tourism. With the minimum wage legislation increasing labour costs and where this resulted in a decline in the number of labourers employed, those who remained had to complete the same work which previously was done by more labourers. Hence more skilled and productive labour had to be employed. The stock farmer who had noted skills remaining unaffected based the

observation on no changes taking place on the farm so no change in skills was required or evident either. The improvement in skills was thus a result of employing more skilled labour and through training.

Labour Productivity

Over the recent past labour productivity was seen by 33% of farmers to have increased, 25% to have decreased and 42% stated that it had remained constant.

Farmers noticing an increase gave the following explanations: a higher level of education amongst workers and hence higher expectations; the introduction of incentives; no longer employing unskilled labour as wages had increased so more productive workers were employed; less labour was employed to decrease costs but with the same amount of work, productivity increased through better management; machinery facilitated an increase; more responsibility had been given to staff; and farm work had become more professional. Two game farmers said that they had to employ more skilled and productive workers with the introduction of a lodge; the workers were paid the higher tourism minimum wage. A crop farmer explained that workers had a better understanding of goals, expectations and were better educated. He gave staff more responsibility which instilled a sense of empowerment so they worked harder. He said that "the workers work well and realise that we are all in it together. If I suffer financially then it will also affect the staff so we all work together to make a success of the farm". He added that farm workers were a marginalised section of society and needed the government to intervene in a way that resulted in upliftment and empowerment.

The 25% of farmers noticing a decline in productivity suspected it was because: farm workers were not motivated and without supervision were unproductive; social grants from the government meant that jobs were no longer valued; more skilled workers moved to better paid jobs in town because farmers could not afford to pay more, added to which the social life on the farm had deteriorated due to a decline in the rural population and education facilities; and discipline had become a problem with the new laws. Another observation, by thirteen of the sample farmers, was that prior to minimum wage legislation they had differentiated workers wage rates according to

experience and productivity. However with the set legal wage these farmers could no longer afford to and paid all workers close to the same minimum rate, which negatively impacted productivity as the incentive to work hard, was withdrawn.

A Sidbury farmer was of the belief that the attitude of workers had changed for the worse with government intervention pertaining to the conditions of employment and payment of farm labour. He said that "Workers now want to get paid for doing nothing and discipline has suffered. Government has encouraged the attitude that the farmer owes workers something". A Southwell farmer expressed the same opinion saying that "Labourers do not value their jobs anymore so they don't work hard. They are living on the promises from government that they will be given handouts with rising pensions and child grants and thus they don't need jobs". A Carlisle Bridge farmer also commented on the role that both government and unions played in the attitude of workers. He believed that false information was given, therefore labourers felt exploited and a bad attitude had developed which decreased motivation and consequently willingness to work had declined. He said that "The older generation had more pride but the new generation just live from weekend to weekend and drink a lot." Another issue raised was that because children were not allowed by law to help on the farm they did not develop a drive and passion for farm work and lacked basic skills as adults. A second Carlisle Bridge farmer was of the opinion that state social grants had caused a decline in productivity. He added that with higher cash wages staff began to abuse substances and this amplified the problem of low productivity. Another reason given was what he referred to as the "mentality of workers". He had noticed that some labourers tended to work at the pace of the worst worker with no incentive to work faster. The mentality was therefore that workers did not want to look bad so they rather all worked at the same slow pace. As he farmed stock it was difficult to give piecemeal work and incentives in an attempt to increase productivity. A Salem farmer had a slightly different view: "Farmers complain about high wages, but when you see what workers get out it is sad and not very much. The problem lies in that what you get out of farm labour is low work productivity, and so even the little (that is) paid is not worth it."

The 42% of farmers who observed that productivity was unchanged believed it was because there had been no change in their farming enterprises therefore any need for a

change in productivity. Half explained that they experienced the same problems with productivity as they did before, namely, that without supervision workers productivity was low. A crop farmer stated that "Staff have to be driven to work, but this is nothing new." Another crop farmer said "I still have to chase workers, did before and still do, thus there has been no change". A stock farmer commented "Workers are as useless now as they were before". A crop and stock farmer were both of the opinion that their staff worked well. The stock farmer carried on to say that the work of casuals had however deteriorated as previously they were from the farm but because now mainly recruited from town, farming skills and 'know how' were lacking. One stock farmer said that he had two brilliant workers. Previously for the benefit of society he employed workers he believed were unemployable, which he no longer did due to minimum wages and the Basic Conditions of Employment Act (BCEA) (1997). He said "I have noticed that generally productivity of farm labour has declined, but this is not the case on my farm and I am fortunate to have exceptional workers".

Table 5.3: Albany farms, by sub-region and number of permanent full-time male workers – including non-farm staff, 2008.

Number of permanent full-time male workers	**Lower Albany**				**Upper Albany**			**ALBANY**
Sub-region	1	2	3*	**Total**	4	5	**Total**	
Average/farm	12.8	7.0	8.1	**10.1**	4.2	6.2	**4.9**	**8.3**
Average/1 000ha	8.2	7.6	5.4	**7.0**	1.3	2.9	**1.7**	**4.3**

Source: Sample survey.
Note: * Including non-farm staff.

As seen in Table 5.3, on average Lower Albany farmers employed 10.1 labourers and Upper Albany only 4.9, which was less than half per farm. Lower Albany also employed on average over four times the number of workers per 1 000ha, 7.0 and 1.7/1 000ha respectively, which distinctly shows the intensive nature of Lower and extensive Upper Albany farming. As previously mentioned, many farmers in the latter area explained that they were encouraged in future to move towards large stock as opposed to sheep and goats, and possibly game farming. An Alicedale farmer stated that 'if you can't beat them join them' when discussing PGRs and the increased problem of vermin and how it had encouraged the movement from sheep to cattle and that now he was considering game farming. This movement would decrease the

labour requirement per farm and hectare. The exception would be if the farmer turned to game-tourism which in turn would increase the workers required. However, Upper Albany farmers could be said to be moving from extensive to more extensive farming. Although Lower Albany is intensive, there also appears to be a movement towards more extensive farming. A farmer who previously obtained 100% income from pineapples was now 100% stock. Many pineapple farmers expressed the view that they had suffered financially over the last eight to ten years due to increases in production costs and the decrease in demand in different parts of the world. The demand decreased drastically due to reports of high levels of cadmium (Cd) in the pines exported in late 2006 to the European market, which did not meet the required standards (Lang, 2008). It came to light that it was due to a Chinese zinc-sulphate fertiliser used by farmers that year that contaminated soil and plants as well as plants still growing or fruit waiting to be harvested (Burgess, 2007). Producers had to find alternate markets such as Australia, which accepted the 'high' levels of Cd, however at a reduced price. Those still to be harvested were downgraded to juice production where the blending process removed some of the Cd.

During the last century a majority of pineapples grown in the Eastern Cape was in the Bathurst, Port Alfred and Grahamstown (Albany) districts. Transport costs were of major concern to the Albany pineapple farmers with Summerpride Food Ltd, the premium pineapple processor in the Southern Hemisphere (Burgess, 2007), situated in East London approximately 150 - 200km away (Elliot, 2006:1). Once processed, the juice or canned fruit was transported approximately 260km to Port Elizabeth for export, further contributing to the cost. As a result it was difficult for the farmers to remain economically sustainable so in an attempt to cut labour and other costs, production was changed to become more extensive. Increasing income from stock was one way this had been achieved, a trend expected by a great majority of farmers that would continue in future. A Salem farmers was however optimistic that the fate of pineapple producers would improve over the next couple of years with a possible relocation of the processing plant to the Bathurst area which would reduce transport costs both to producers and processor; and also due to an improvement in profits due to a movement from canning to juicing, which decreased processing and export costs. A positive local spin-off of the new plant would be greater employment opportunities for farm workers and other unemployed Bathurst residents.

Table 5.3 and 5.4 reveal the average number of men and women employed per farm in Albany to be 8.3 and 2.5 respectively, confirming that regular farm workers consisted mainly of men.

Table 5.4: Albany farms, by farm type and number of permanent full-time female workers – including non-farm staff, 2008.

Number of Permanent full-time female workers	**Extensive**				**Intensive**			**ALBANY**
	Stock	Game		**TOTAL**	Dairy	Crops	**TOTAL**	
		Tourism*	Ranching					
Average/ Farm	0.4	2.0	0.3	**0.6**	3.2	6.0	**5.2**	**2.5**

Source: Sample survey.
Note: * Including non-farm staff.

Tourism, dairy and crop farmers were most likely to employ female workers with an average of 2, 3.2 and 6 females per farm, respectively, as seen in Table 5.4. Crop farmers employed women to plant and harvest fruit and vegetables, while dairies also played an important role. Women employed in lodges earned the higher tourism minimum wage and were responsible for food preparation, preparing for guests and cleaning up once they had left. A Sidbury farmer pointed out that since a change had been made from dairy to game-tourism the labour requirement had increased, and especially that of female and skilled workers. The work that women were involved in was less manual work so physical strength was not a requirement, but attention to detail was more important. Two Lower Albany crop farmers expressed that they preferred female workers because they were more conscientious and submissive and respectful of the farmer and their co-workers, with one farmer stating: "Without a doubt women are the harder workers and they are not troublemakers like some of the men can be". The only problem encountered was that men did not like to take orders from a woman so they struggled in positions of management on the farm. On the other hand, a stock farmer stated that males were paid more than female workers as the men did more manual labour and thus worked harder.

Labour Turnover

To assess labour turnover in Albany, farmers were asked to provide information on the number of staff dismissed, those who left of their own accord and staff hired over three five year periods between 1993 and 2008, the results of which are presented in Table 5.5.

Table 5.5: Labour turnover on Albany farms, by average number of regular (male and female) employees, 1993 to 2008.

1 Mar –	Dismissal	Own Accord	D+O*	Hired	(D+O) – H**
1993 – 1998	0.49	1.80	2.29	0.91	1.38
1998 – 2003	0.76	S1.90	2.66	1.10	1.56
2003 – 2008	5.33	2.88	8.21	2.40	5.81
Total	**6.58**	**6.58**	**13.16**	**4.41**	**8.76**
Average/year	**0.44**	**0.44**	**0.88**	**0.29**	**0.58**

Source: Sample survey.

Note: *D+O shows the total decrease in the number of employees by adding those dismissed to those who have left of their own accord

** (D+O) – H shows the difference between the sum of the average dismissals and number of employees who had left of their own accord, less those hired over the same 5 year time period. Thus it is the net decrease in average number of employees per Albany farm.

Table 5.5 shows that the number of staff, per Albany farm, leaving employment due to a dismissal or on their own accord was 13.16, over the 15 years 1993 - 2002, with an average of 0.88 per year. On an annual basis the labour turnover amounted to 8.2% of the labour force, based on the average number of workers of 10.7 per Albany farm in 2008. It is however noted that this is an overestimate as the average number of workers per year for the 15 year period would have been higher. The total net decrease was 5.4% per year (using the 2008 average number of employees of 10.7) and 342 regular employees over the 15 years with 432 employed in 2008, thus the workforce decreased by 44%. The main time period contributing to this decrease was 1 March 2003 to 28 February 2008. This was however skewed by a Fort Brown farmer who had to retrench 160 labourers in 2004, retaining only six of the original employees. He had farmed with ostriches for his entire career and tragically avian flu contaminated the Albany district. All his ostriches and eggs were destroyed by the government to prevent the spread of the disease. Hence, he continued farming on a very small scale with game and was in the process of rezoning the farm so that it

could become a PGR which would accommodate tourists. If his dismissals are ignored the average number of dismissals over the five year time period 2003 – 2008, converts from 5.33 to 1.36, and the net decline of the average number of employees per Albany farm over that five year period amends from 5.81 to 1.91. This would reduce the labour turnover average per year from 8.2% to 5.7% for the period and total decline in employees from 342 to 182 over the 15 years, which is a fairer representation of the typical. For the remaining 39 farmers the total number of employees was 426 in 2008 and thus a percentage net decline of 30% over the 15years and 2% decline in labour force per year was experienced. This is more realistic than the 44% decline calculated for the 40 farmers.

The number of employees who had left of their own accord is higher than those dismissed for each time period (if the 160 labourer retrenchment is ignored). The time period 2003 – 2008 remains the period which contributed primarily to the decline in number of workers. Reasons given for dismissals included: absenteeism and alcohol abuse; retrenchment due to high labour costs or a change in farming type; theft, violence and other criminal behaviour; discipline issues; insubordination; irresponsible behaviour; poor standard of work; and disrespect. 80% of farmers believed that staff members who had left their employ had gone to town over the same 15 year period. An average estimate of 9.46 employees per farm had done so. Due to the average of those leaving the employment of farmers being 13.16 over the 15 years, those going to town was estimated at 70%. Motives given as to why labourers left of their own accord or/and moved to find work in town were: personal and domestic issues; clashes with other staff; better paying jobs in town, on PGRs or in the construction industry; theft; 'easier' work in town; moving to be closer to family; better schooling and health facilities in town; isolation on the farm and a better social life in town; and they could secure privately owned RDP housing in town.

Problems with farm labour

Farmers were asked to provide their chief and second most important problems that are labour related. Seven of the interviewees said that their staff worked well and they had no problems, thus 33 stated their troubles. Sixteen gave alcoholism and related issues such as absenteeism, decreased productivity and violence as their main

complaint and two mentioned alcoholism to be the second most important. Other key complaints included: lack of commitment to task and motivation; low productivity especially when not supervised; bad attitudes; personal squabbles; lack of education and skills; labour legislation resulting in 'red-tape' with regards to discipline and dismissals making these processes time consuming; AIDS affecting productivity of the workforce; lack of recreational, educational and medical facilities available to farm workers; labourers spending their cash wage unwisely exacerbated by alcoholism; staff were isolated on farms and hence it was difficult to get skilled and unskilled workers to work and live on the farm; and some residents and workers tried to use the new laws to work against the farmer creating negative employer – employee relations. Half the farmers noted less central issues, with reliability and work performance being the most prevalent. One farmer was of the opinion that staff were ignorant with regards to accumulating debt and stated "It is such a shame that workers open up accounts with high interest rates to buy furniture and appliances in town and end up in debt which they cannot get out of. I have had a number of thefts as a result".

5.2.2 Casual/Seasonal Labour

The situation with casual labour differed from that of regular with many women and comparably fewer men being employed to work causally. A number of these women were wives or daughters of the male farm worker, but with a decreasing number of farm residents many farmers transported their casuals from town or recruited from neighbouring farms. Of the sample farmers 80% (32/40) employed casual labour at some stage during the year. Of those who employed casuals, a majority (59%) recruited from elsewhere. Shearers were mostly sub-contracted through BKB Limited from Lesotho, while two farmers recruited shearers from Brits and Somerset East. Shearers stayed for approximately a week to three weeks depending on size of the 'gang' and the number of sheep or goats to be shorn. Goats were usually shorn biannually and sheep annually. Three farmers contracted fencers from Bedford, Middleburg and Alexandria. The two Committees Drift farmers obtained their casual labour from the Glenmore village in the former Ciskei which was only a few kilometres away. The remaining farmers who could not employ sufficient casuals from their own or their neighbour's farms recruited them from the Grahamstown, Port

Elizabeth, Port Alfred, Bathurst, Riebeek East, Alicedale and Seven Fountains townships depending on which was closest or most convenient. Antrobus (1984:84) on the other hand found that in 1977, 67% of farmers used farm residents as the chief source of casual labour. In 2008, 25% (8 of the 32 who employed casuals) used the farm as the main supplier of casuals demonstrating that farm residents were becoming a less significant source of casual labour. On average, in 2008, male casuals worked a total of 485 days and females 1 012 per sample farm per annum, the equivalent of 2.2 and 4.6 full-time workers respectively, based on a 220 day year.

Table 5.6: Casual labour days worked in - average per farm type, 2008.

Average number of days worked by casual labour	Extensive				Intensive			Albany
	Stock	Game		Total	Dairy	Crops	Total	
		Tourism	Ranching					
Male	133	80	216	**141**	317	1 216	**951**	**485**
Female	120	0	25	**88**	76	3 175	**2 263**	**1 012**

Source: Sample survey.

On average, crop farmers employed casual females for seasonal work, including harvesting and planting, for 3 175 days in 2008, as seen in Table 5.6. This is a significantly high number, which working on a 220 or 231 day working year, equals an average of 14.4 or 13.7 full-time equivalent workers respectively, who potentially could have replaced these casuals. However, since female casual workers on crop farms were employed seasonally, it was expected that an even greater number of regulars would be required on an annual basis.

Stock farmers utilized casual females for only 120 days per annum and were the second highest employers of this category of worker. Most casual males either worked as fencers, shearers, harvesters or planters and again crop farmers employed them for more days than the other types of farming, i.e. 1 216 compared to 317 days on dairy farms. In some cases farmers who would have employed a male worker as a 'regular' (before minimum wage legislation) now utilized a few males as casuals throughout the year for day-to-day as opposed to seasonal work. This allowed the farmer to pay only for the number of hours worked, and in the process decreased total labour costs. The practice of employing a labourer as 'casual' also made it easier for

the farmer to dismiss the worker when no longer needed. For the labourer the negative impact was that it increased the precarious nature of employment and could easily lead to a situation of being without work, pay or housing.

Six of the sample farmers stated they could not find sufficient casual labour. One Southwell and a Fort Brown farmer complained that social grants discouraged casuals from seeking employment. The Southwell farmer was of the opinion that "girls living on the farm will rather fall pregnant and qualify for a child grant than find casual/seasonal work". He also believed that this contributed negatively to the problem of HIV/AIDS. The Fort Brown farmer stated that he had started a vegetable enterprise but due to a lack of commitment from casuals the project was stopped. A Committees Drift farmer stated that he had stopped farming with cotton due to the inefficiency of the casual labour employed.

An increase in the need for casual labour over the past five to ten years was perceived by 38% of the sample. Reasons given included: an increase in crop production by seven farmers (pepperdews, pineapples, potatoes) which required seasonal labour; substituting regulars with casuals due to the government intervention which made the latter more attractive as there were less restrictive legislative issues surrounding them; the decreasing productivity of casual/seasonal workers meant that more were required to do the same work; and more casuals were required for the development and maintenance (building etc.) of game lodges. The 30% who noted that their casual labour requirement had decreased all said it was a result of a decrease in planting of crops. The remaining 32% did not observe any adjustments in casual/seasonal labour requirements as no related changes on their individual farms had taken place.

For the next five to ten years, 30 farmers predicted that there would not be any amendments in their casual labour requirements. Six predicted an incline and four predicted a decline. One Committees Drift crop farmer stated that he would endeavour to change his worker's employment status from permanent to casual. The reasoning behind this was that there had been a number of murders in the area and he was thus worried about his family's safety so he did not want his son to continue farming in the area. This meant he would eventually have to sell the farm. Legislation made it easier to sell a farm if there are no or few regular labourers

employed or living on the farm as the new owner would have to take on these employees if they could not find alternative employment. Other motives given by farmers for a probable increase in casual labour requirements were possible housing developments, a decrease in regulars and one stated that he may increase pepperdew production. Those predicting a decline confirmed what the farmers who had noted a past decline in casual labour requirements stated, that it was due to a decrease in planting of crops or the result of an attempt to cut labour costs.

Farmers were asked whether they preferred regular or casual labour with 50% stating that they preferred the former. However, only three crop farmers fell into this category, as cropping relies heavily on casual/seasonal labour during times of harvesting and planting. Comments made in favour of regular labour were that: they were more committed, reliable and loyal (this was a general consensus); were generally more skilled, with casuals tending to be less skilled and possibly the reason that they did not have permanent jobs; they had on-the-job training and farmers could invest in regulars in terms of training; and transport for casuals could be costly and time consuming.

Only 17.5% (7/40) of the farmers said they favoured casuals. Reasons given were that casuals: did not have to be accommodated on the farm and could be brought onto the farm on a daily basis; were only employed when needed and as work arose; were only paid for hours worked; and one farmer was of the opinion that they worked harder as their jobs were not secure and if their status changed to regular then they would be inclined to become lazy and were harder to fire due to the labour laws surrounding regulars. The remaining 14 farmers were indifferent and were in agreement that regulars and casuals both had their problems and purpose on the farm. The purpose of regulars was for everyday work and casuals for when there was extra work or for a specific purpose or skill, e.g. fencers, shearers, etc. All the farmers also claimed that government intervention had added much “red-tape” or administrative costs to regular labour as opposed to casuals so although they preferred regulars it was more attractive to employ casuals.

5.2.3 Domestic Workers

All domestic workers were female and on average 1.6 and 2.1 were employed on extensive and intensive farms respectively, with an Albany average of 1.8 domestics per farm. Only four farmers did not employ domestic labour. Not all were employed on a full-time basis but instead worked in shifts and in these cases they were paid an hourly rate. However, even those employed as casual domestics worked either continuously throughout the year or as their services were needed. The reasoning behind the casual status was that it diminished the legal issues that would be encountered by farmers with regards to dismissals and other legalities that accompanied full-time employees.

5.3 Cash Wages and Payment In-kind

Roberts (1958) and Antrobus (1984) both noted that farm workers' total remuneration was classically made up of payments in cash, rations, and various other payments in-kind and that there were wide variations between the quantities and values given by different farmers. In both cases all the sample farmers rationed their staff in one form or another. However, in 2008, this had changed with only 17 of the 40 (42.5%) sample farmers including regular rations as a part of remuneration and 4 of the 40 (10%) giving a once off annual ration. Cash payments have become a more significant part of remuneration in comparison to the 1950s and 70s. All farmers, who no longer gave rations, mentioned it as a result of a high cash wage required by minimum wage legislation, which allowed a maximum of only 10% of remuneration to be made up of in-kind payments. There were mixed feelings on whether this was positive or not, but the farmers who discontinued rations were grateful for the change and believed that it was positive as the process was tiresome. A general comment was that "it makes life easier paying cash only". However, a few perceived it as negative for labourers and their families as rations resulted in a regular supply of food stuffs, it was a protection against the ever rising food prices and in some cases labourers spent the cash wage on non-essentials. Most believed that whether it was spent on non-essentials or not, it was up to the worker to decide on how to spend their earnings and having cash as a high or full proportion on the remuneration was imperative. Irregular payments, other earnings and other costs debited to labourers are also discussed.

Cash Wages

Farmers paid cash wages to permanent labour on a regular monthly basis with only one exception that paid bimonthly. Casual labour was paid weekly according to the number of days worked or the contract agreement (when contracted to complete a specific task). Regular labourers were paid according to their length of service, quality of work and skills. During the 2008 sample survey, information was collected on the following categories, namely:

1) Men: Lowest; Top Paid; Average and Drivers
2) Women: Full-time; Part-time
3) Domestics
4) Casuals

The wage levels for each of the four categories, by type of farming are reported in Table 5.7.

Table 5.7: Albany farms, by average cash wage rate, 2008.

Average cash wage rate (R)	Extensive				Intensive			ALBANY
	Stock	Game		TOTAL	Dairy	Crops	TOTAL	
		Tourism	Ranching					
Men:								
Lowest	1 185	1 137	1 168	**1 277**	1 422	1 151	**1 231**	**1 214**
Top Paid	1 368	1 673	1 963	**1 511**	2 196	1 886	**1 977**	**1 710**
Average	1 277	1 505	1 565	**1 357**	1 809	1 519	**1 604**	**1 462**
Drivers* **	1 346	**	1 570	**1 410**	2 099	1 424	**1 608**	**1 531**
Women:								
Full-time	1 230	1 530	1 090	**1 307**	1 444	1 175	**1 265**	**1 279**
Part-time	**	800	470	**690**	475	800	**638**	**660**
Domestics*	51.7	68.8	51.8	**54.2**	63.7	58.2	**60.0**	**56.6**
Casual*	53.1	51.1	52.8	**52.7**	49.6	51.3	**50.8**	**51.9**

Source: Sample survey.

Note: * Where the daily rate was not given a daily equivalent rate was calculated according to the hourly rate given and number of hours worked (an 8.68 hour day was assumed if the daily hours worked were not given) or if a monthly rate was given then this was divided by 21days to calculate the daily rate. 8.68hours a day is calculated presuming that workers work 5 days a week and using the average hours per week in the Albany district of 43.4hours.

** There were no observations in these categories.

*** Eighteen farmers provided driver cash rates, 36 domestics, 32 casuals, 18 full-time females and 7 part-time females. Those who did not provide either did not employ these types of workers or did not differentiate their wage from the other labourers. In some cases farmers who did not employ anyone of the particular categories of worker at the time still provided the cash rate that would have been paid in 2008.

Except for the 'Lowest' wage rate intensive farm workers received on average a higher cash rate than their extensive counterparts, as shown in Table 5.7. The difference between female, domestic and casual cash rates on the various farm types was not marked. Male workers earned higher wages than women with the 'Average' male wage rate being higher than that of 'Full-time' women, which was more similar to that of the average 'Lowest' male wage rate on an Albany farm.

An interesting observation was made on the three game-tourism farms which employed workers responsible for livestock only, and others who were involved with tourists and hospitality. The farm labourers were governed by the agricultural minimum wage (R1 090), which was lower than that in the tourism industry, quoted in Fedhasa Cape News (2008) as being R1 660. A Sidbury farmer employed two full-time male labourers, one mainly on the farm and the other on the PGR portion of the

property, both of whom were paid above the tourism minimum wage, in the interests of equity. It is seen in Table 5.7 that although the 'Top Paid' wage level on tourism farms was R1 673 and not as high as that on ranching farms (R1 963), the 'Average' wage was R1 505 and only slightly less than the latter, being R1 565.

In accessing the extent to which farmers differentiate wages the average, range and median wage levels for each of the four categories in the Albany district is reported in Table 5.8.

Table 5.8: Albany farms, by average, range and median monthly and daily cash wage rate, 2008.

Cash wage rate (R)	Average	Median	Lowest	L+1*	H-1**	Highest	(H-1)-(L+1)
Men:* **							
Lowest	1 214	1 100	716	783	1 746	1 800	963
Top Paid	1 709	1 625	716	783	4000	4000	3 217
Average	1 462	1 375	716	783	2 006	2 546	1 223
Drivers	1 531	1327	1090	1090	2198	2 300	1108
Women:							
Full-time	1 279	1 200	1 090	1 090	1 600	1 688	510
Part-time	660	800	470	470	800	800	330
Domestics** **	56.6	52.4	28.0	35.8	81.0	86.2	45.2
Casual** **	51.9	50.0	37.0	40.0	64.0	70.0	24.0

Source: Sample survey.

Note: * L+1 = second lowest wage

** H-1 = Highest but one

*** The men who received less than the minimum wage rate of R1090 was as a result of 3 farmers who employed staff for less than 40hours a week and paid but the required minimum hourly rate of R5.59 per hour.

**** Where the daily rate was not given a daily equivalent rate was calculated according to the hourly rate given and number of hours worked (an 8.68 hour day was assumed if the daily hours worked were not given) or if a monthly rate was given then this was divided by 21days to calculate the daily rate. 8.68hours a day is calculated presuming that workers work 5 days a week and using the average hours per week in the Albany district of 43.4hours.

Table 5.8 shows that Albany farmers pay varying wage rates and the difference between L+1 (second lowest wage) and H-1 (highest but one) for 'Top Paid' workers was R3 217 in the district. This is a statistically significant difference but a majority of farmers commented that on their farms they did not differentiate wages as much as they did prior to minimum wage legislation. A Manley Flats farmer explained that he

had a certain amount available for labour costs so in order to employ sufficient labourers he could not afford to differentiate wages and said “it is unfair to the good workers as they are been paid the same amount as the less productive workers. When minimum wage legislation came in I had to raise the wages of those workers who were been paid less and kept those earning higher wages at a constant level. All those workers who left of their own accord were not replaced and at the moment I am working with a minimum amount of labour.” His motivation for a decrease in labour numbers was thus financial and due to the introduction of the labour laws which he viewed as a threat. Almost half (18/40) of the farmers differentiated their wages by less than R200 per month, while the average range between ‘Lowest’ and ‘Top Paid’ per farm was R495. It may be concluded that whereas wages varied greatly between farmers it was less on individual farms, with intensive farms on average paying men higher rates.

The minimum hourly rate for the year ending 28 February 2009 was set by the Department of Labour at R5.59. Assuming a 45 hour week the monthly minimum was set at R1 090 (5.59*45*52/12). Figure 5.1 showed that 16 of the 23 (70%) extensive farms paid an average lowest wage, of less than R1 201, while eleven of the 17 intensive farms (65%) fell into the category. This shows that a majority paid approximately the minimum wage as their lowest wage.

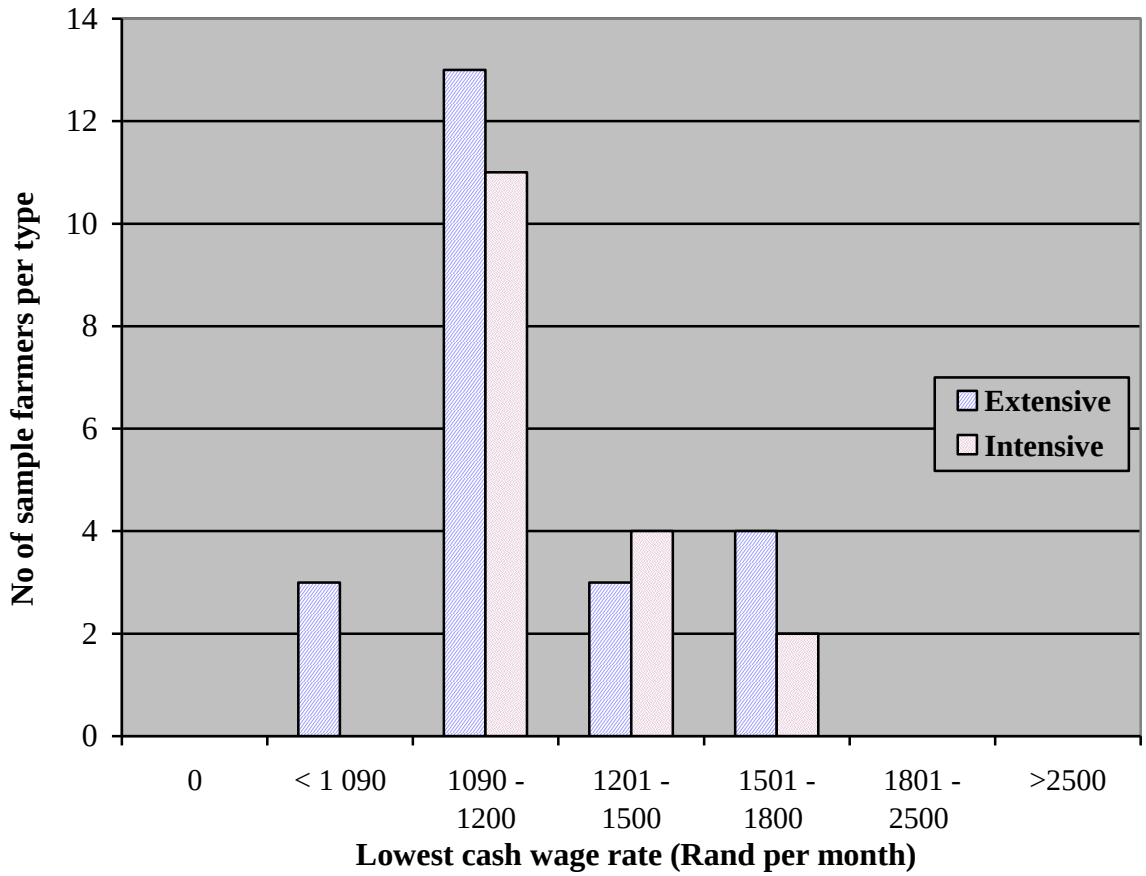

Figure 5.1: Albany farms, lowest cash wage rate paid to men, 2008.

Source: Sample survey.

Note: As indicated previously, the < R1090 category constituted farmers paying the minimum hourly wage rate but employing workers for less than 40 hrs/month.

From Figure 5.2 it is however evident that 10 of the extensive farms continued to pay less than R1 201 as their highest wage rate whereas only one intensive farm remained in this category. Figure 5.2 also reveals that 71% (12 of 17) of intensive farms paid a highest wage above R1 501, as opposed to 39% (9 of 23) of extensive. Possible reasons for the higher wages on intensive farms are that more skilled labour is required for crop production and dairy than game and stock farming, for example more sophisticated machinery is used on intensive farms. Also it is easier to differentiate wage rates according to productivity on an intensive than an extensive farm due to the nature of the work. Table 5.8 shows that there was a large difference between the lowest and highest daily rates paid particularly to domestics but also to casuals. When considering domestics, a possible reason is that some only worked a few hours a day and this decreased the daily rate. The hourly rate of payment for

domestics given by all farmers was equal to or above the legal minimum hourly rate. On examination of the rates paid to casuals it was evident that the lowest rate was R37 per day. This was as a result of piecemeal work. Presuming these labourers worked the full 8.68hrs (the Albany average working day), earnings were R4.26 an hour. This fell below the minimum wage rate, but it was explained that these casuals were only productive for about 6.5 hours a day, bringing the payment rate into legal status. With increased productivity, the piecemeal payment system meant that it was possible that these workers could earn a higher rate than the minimum.

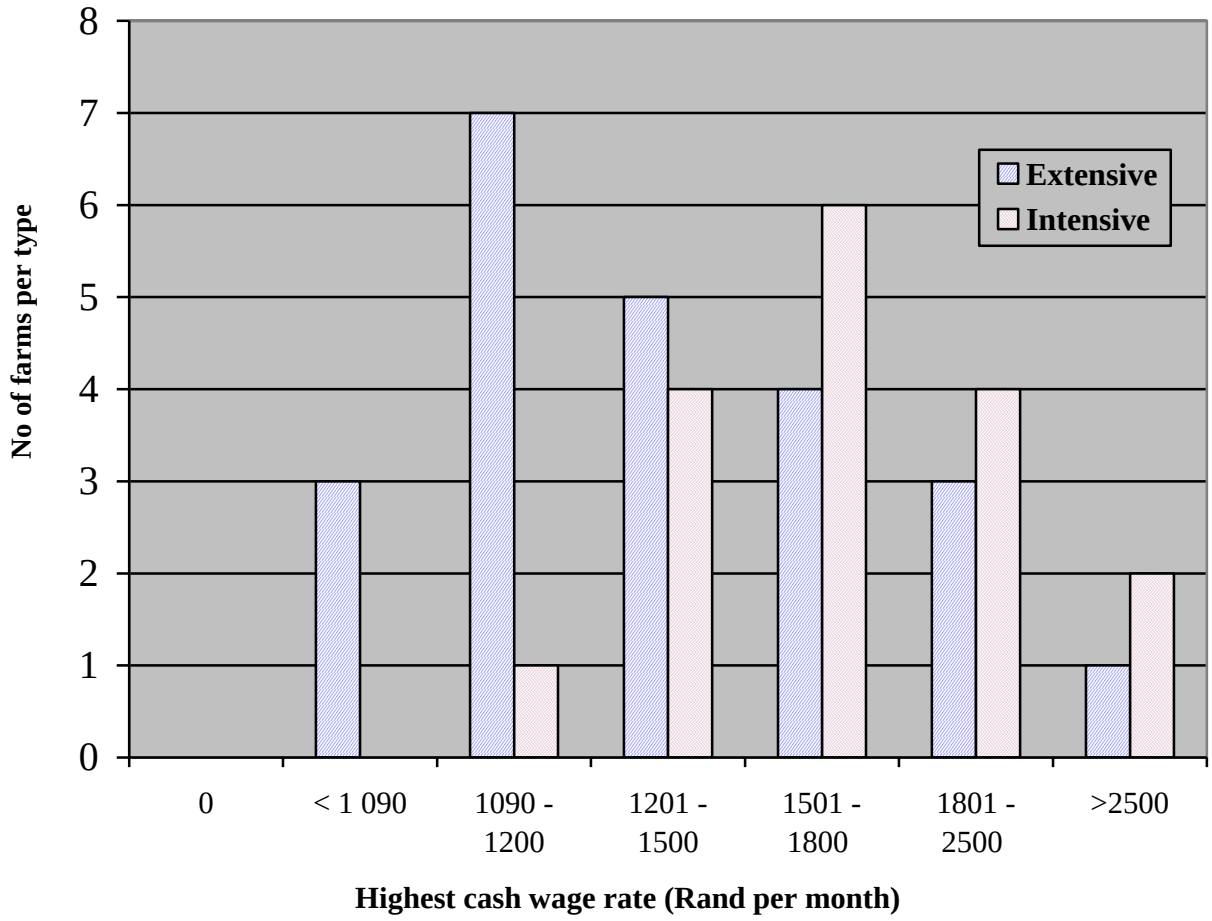

Figure 5.2: Albany farms, highest cash wage rate paid to men, 2008.

Source: Sample survey.

A majority (63%) of farmers claimed that over the past 10 years the proportion of cash wage had increased relative to total remuneration. This was either a result of minimum wage legislation requiring farmers to pay a higher cash wage since 2003 or simply because the payment in-kind portion of pay had decreased and was substituted with cash. No farmers noted a decline in the cash proportion, but three did add that

although employees were receiving relatively more cash their total remuneration had declined with the decrease of payments in-kind.

Rationing

As mentioned previously, rations were given to workers as payment in-kind by 52.5% of the Albany farmers on a regular basis or as a once-off payment, normally at Christmas time. Domestic workers received payments in-kind from the house but the values varied from those received by the permanent farm labourers. Generally farmers rationed on a per regular labourer basis, with four farmers rationing per family. A proportion of rations tended to be own produce, for example, a stock or fruit farmer would include meat or fruit as part of the ration. The increase in the cash portion of the workers earnings has decreased the paternalistic relationship between farmer and worker and empowered labourers to make their own decisions regarding their spending patterns. Since the decline of rationing, many farmers introduced a system whereby basic food orders were taken, goods bought and transported to the farm and then the worker refunded the farmer through a deduction on wages, which overcame the practical problem that labourers faced with regards to transporting goods.

Those giving rations were made up mostly by extensive farmers (71%), with a majority of intensive farmers not supplying rations. It was thus apparent that the latter preferred to pay higher cash wages as opposed to paying in-kind. The types of rations given were meat, milk, cabbages, fruit and maize meal either on a daily, weekly, fortnightly, monthly, quarterly or annual basis. All the dairy farmers rationed milk, however two dairy farmers did not ration at all and their staff received no milk. Meat was the most commonly rationed product. Sixteen of the 21 (40%) farmers rationed meat in the form of either a goat, sheep or cow. In 1977 milk was rationed by 89% of the sample farmers and hence was the highest valued and most important ration supplied. Meat was rationed the least, by only 42%, but was valued as the second most important item (Antrobus, 1984). Thus there has been a decrease in the supply of milk since 1977, from 89% to 17.5% of farmers rationing in 2008, whereas a relative increase in the proportion of meat, although not necessarily in absolute amount. A possible reason could be that a lower percentage of farmers rationed in

2008 and overall rations have declined, but farmers recognise that meat is the most expensive product for labourers to purchase so where rations are still being supplied this product has been kept as a payment in-kind. Another possible reason was that meat was rationed on a very irregular basis in 2008, mostly monthly, but only once or twice a year in some cases. To administer this ration was easy for farmers while milk, where supplied, was provided on a daily basis, the least supplied being 1litre and most 2.5 litres per day per regular labourer. A few farmers did not perceive meat as a ration and would say that they no longer rationed, but then would add that they still give meat a few times a year. With regards to the milk ration one farmer said "I have some cows available for the workers to milk for their own supply, but they are not interested". These labourers were thus allowed as much milk as the available cows could provide but opted not to take advantage of this offer because the milking activity was in their 'own time'. Antrobus (1984:116) noted that Lower Albany farmers rationed less meat than those in Upper and this continues to be the case with all those farmers in Upper who supplied rations in 2008, including meat, not unexpectedly given the nature of the farming enterprises.

Milk was calculated at the rate of R3 per litre, goats at R300[5] each, cattle at R5 000 each and sheep were valued between R600 and R800 each. Sample farmers provided the total amount estimated as the total value of rations, which on average for all employees was calculated as R8 252 per annum and R1 279 per labourer per annum. The average value calculated, using only those 21 farmers who did supply, was R15 718 (R2 436 per labourer per annum) and ranged in total from R800 to R40 660. Figure 5.3 below represents the distribution of the value of rations given.

[5] This is the assumed value of the meat ration from an Angora goat.

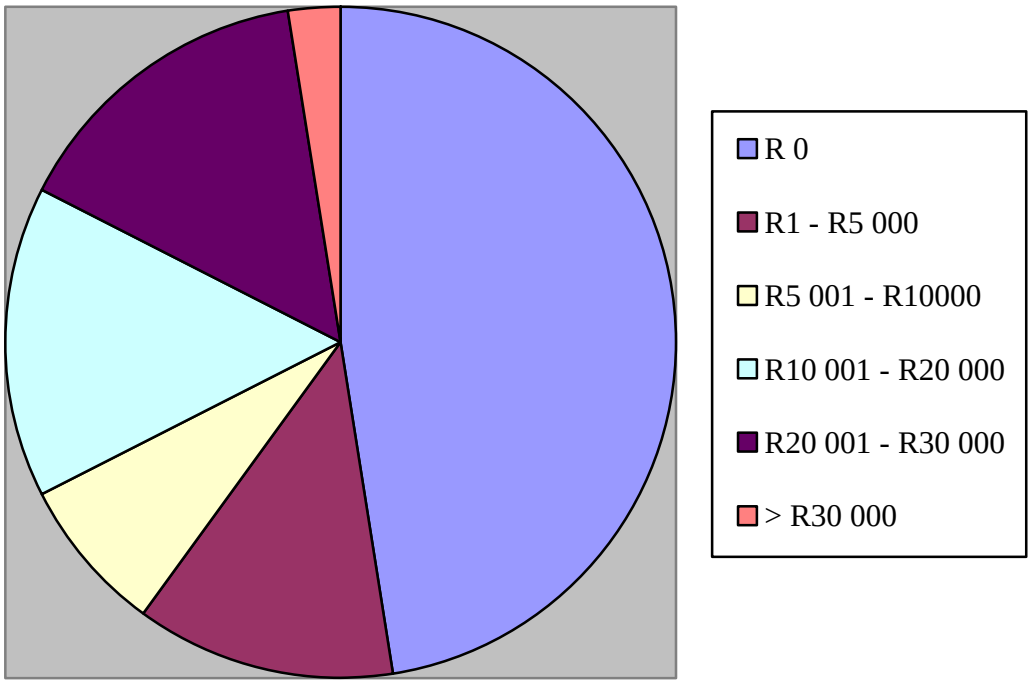

Figure 5.3: Albany farms, value of rations to all employees per annum, 2008 (R).

Source: Sample survey.

Irregular payments made to staff

Irregular payments are the amounts paid annually to each regular labourer on various occasions other than the monthly wage, in 2008. Twenty six (60%) paid cash bonuses once a year, 17 (42.5%) made extra irregular payments (tips, overtime, incentives at shearing and calving time, harvesting, planting etc.), four (10%) subsidized medical bills, 36 (90%) provided clothing, six made pension payments and eight (20%) made other payments (this included money paid for electricity). For the remainder, that minimum wage legislation did not require cash bonuses being paid, was used as a means of keeping down costs. A few farmers also mentioned that if bonuses were paid one year then they would be expected the next regardless of the level of productivity throughout the year. Table 5.9 shows that the average value that each employee in the Albany district earned on irregular occasions was R2 717.90 per annum. This was over double the value of the minimum monthly wage rate of R1 090. It was however skewed due to not every farmer making such payments. So

it was expected that some workers earned a great deal more than the average and others may have earned nothing extra. Annual bonuses were seen to range from nothing on some farms to R3 730 being the highest paid.

The average throughout the district of extra irregular payments was R996 per regular (farm) worker p.a. Labourers who worked for game farmers that accommodated tourists or hunters made on average tips which amounted to a substantial sum. The average value of tips was R2 375 and R2 200 for game and game-tourism farm workers respectively per annum. The highest amount received by employees was R6 600 per annum on a game-tourism farm. This contributed to extensive farmers making higher irregular payments than intensive in this category as seen in Table 5.9 below.

Medical costs constituted a small portion of the total average as many farmers said the workers used public health services and ambulances were available to transport the sick from the farm to the closest hospital/clinic. If staff were injured at work then the farmer would pay the full medical bill. One farmer explained that one of his staff had on numerous occasions been to the clinic for medical help but that his health had not improved so the farmer paid for the worker to see his family doctor in Grahamstown to ensure he got superior medical help. Another Carlisle Bridge farmer mentioned that he would pay all medical bills for his staff, but that he had only had to spend R200 in 2008.

Pension payments were also a small amount. One Salem farmer commented that he was willing to make equal contributions to a pension scheme on behalf of the workers "but they were not interested in such schemes". Thus it would appear that farm workers did not recognise the value of pension schemes and would rather receive this money in cash. A Sidbury farmer however noted that he had an unusual situation of a labourer who had taken out an Old Mutual pension fund many years ago, which he had encouraged. This labourer now had over R120 000 in this fund and it was continuing to grow. Another payment made by farmers was for electricity and this was paid by a small portion (8/40) of farmers. A Seven Fountains farmer paid R1 440 per employee per year for electricity. Farmers also contributed 1% of employee earnings to the Unemployment Fund (UIF) on behalf of employees (who pay an equal

amount) but this was not included anywhere as it was required by law as stated in the BCEA (1997). On average extensive farmers paid in total slightly more than intensive which was R2 880 and R2 328 respectively.

Table 5.9: Albany farms, average payments made on various occasions other than the monthly wage to regular labourers, 2008.

Types of Irregular payments	**Each regular employee per annum (R)**		
	Extensive	Intensive	Albany
Annual Bonus	815	1 119	965
Extra irregular payments	1 292	518	996
Medical costs	17	44	29
Clothing and footwear for general use (excluding special protective	619	432	555
Pension payments	27	99	58
Other n.e.s.	110	116	116
Total	**2 880**	**2 328**	**2 719**

Source: Sample survey.

Only four farmers made bonus payments to casual labour. A Seven Fountains fruit farmer explained that he paid casuals a week's pay for every two weeks worked and three weeks pay for every six months worked. He estimated that R10 000 was paid in bonuses to casual labour during 2008. It is concluded that regular labourers earn much more than casuals in terms of payments made over and above their monthly salary.

Other labour earnings

In the past labourers earned additional amounts both from running livestock and growing vegetables or crops. In 2008 these earnings were only from the sale of cattle, pigs, fowls and goats. None of the farmers knew about any of their staff producing fruit or vegetables for sale. Nine farmers noted that none of the workers generated any extra income. The average value of other earnings (for all employees) was R13 895 per Albany farm, per year. Using the average number of 8.3 male and 2.4 female employees per farm these extra earnings per employee is calculated at R1 299 (13 895/10.7) per annum, being higher than the monthly minimum wage for 2008.

Again, not all farm workers benefitted so some earned over R10 000 during the year whereas others may have earned nothing extra. These earning were also generally made only by men; women were not known to run cattle on the farm. Allowing staff to graze cattle on the farm is another form of payment in-kind. The number of stock was restricted however, and tended to run with the farmers as well as being dosed and dipped. Some farmers charged a minimal fee for the grazing, e.g. a Salem farmer charged R5/month/weaned beast. Three was the most common number mentioned by farmers of large stock units (e.g. weaned beast) allowed to run on the farm. This would mean that one or two would be sold in the year. Calves were allowed to run with the cows free of charge until they were weaned. A Sidbury farmer however allowed his staff to run many cattle, which these labourers viewed as a 'pension fund'. Two staff had 30 cattle each and another had 18. He said "Although I don't pay very high wages I give my staff many perqs and allowing them to graze cattle is one of them". These three staff members earned a total of R60 000 in 2008 from the sale of animals, due to limited expenses incurred in running the cattle, which was more than the labourers' minimum wages, which totalled R39 240 (1090*12*3).

Other labour costs

Farmers also incurred other labour costs, which include paying for staff cattle to be dipped and dosed, transport, repairs to housing, etc. Transport is usually provided where special trips are needed to the clinic/hospital, church/schooling/recreation/ and for shopping (a trip undertaken typically once a month or once a year at Christmas). Transport was calculated at R1.20/km, assuming fuel cost R1/km, tyres 10c/km and servicing 10c/km. The value spent on dips and doses was assumed to be R88/head using the information provided by four farmers. Transport is thus seen in Table 5.10 as the highest 'other cost' per farmer that was debited to labour.

Table 5.10: Albany farms, average other costs per farmer incurred that specifically could be allocated to labour, 2008.

Average other labour costs	**Per annum (R)**
Dips[6], doses, etc. for livestock	1 024
Transport for special trips etc.	5 712
Other	556
Total	**7 292**

Source: Sample survey.

Only five of the interviewees did not prefer to pay cash only. Eight farmers (20%) held that their staff preferred receiving some remuneration in-kind, two were unsure and four were of the opinion that the older workers favoured receiving in-kind payments as opposed to the younger labourers' whose ideal was to be paid cash only. These farmers believed that that the older workers recognised the value of rations whereas the younger staff were more interested in freedom of choice and wanted to spend their money as they saw fit. The remainder all believed that their staff found being paid cash only was the best option. Farmers thus argued both for and against cash only as a form of remuneration. Arguments for were: by giving cash only the worker was afforded the choice to buy what they wanted and this allowed specific needs and wants to be fulfilled; it was easier to administer, standardised and time saving; workers without families benefitted more from rations which was unfair; it made the staff responsible for their own spending; and also could be used to improve their quality of life. Arguments for rations were: it was cheaper for the farmer to give the staff meat and milk than for it to be bought in a shop (both benefitted); food supplies were secured and workers protected against increasing food prices; logistical difficulties for labourers to get to town and buy all their necessities; and less money was spent on alcohol and other non-essentials with less disposable income in cash. Overall though farmers agreed that workers needed to be responsible for their finances and be allowed the choice to buy what they want. One Sidbury farmer said "It was an insult to give high rations and a low cash wage" as he was of the opinion that it decreased the human right to decide on how earnings should be spent.

[6] Four farmers gave the value per head for the cost of dips and doses, etc. as R18, R120, R128 and R70/head for 30, 5, 50 and 3 cattle respectively. This worked out to a total of R7750 for 88 head. Hence an average of R88/head was used to calculate the total value of 'Dips, doses, etc. for livestock'.

Total remuneration – cash and payments in-kind

Table 5.11 below illustrates the total value of cash wages and payments in-kind received by an average Albany male farm labourer, excluding a value for accommodation.

Table 5.11: Albany farms, total earnings and costs per Albany male labourer per month and year, 2008.

Components of remuneration (R)	Per labourer per year (R)	Per labourer per month (R)
Wage	17 544	1 462
Rations	1 279	107
Irregular earnings:		
Bonus	965	80
Incentives, tips etc.	996	83
Clothing	555	46
Other	203	17
Other labour earnings	1 936	161
Other labour costs:		
Dips	174	15
Transport	532	44
Other	271	23
TOTAL	24 455	2 038

Source: Sample survey.

Note: Information supplied by farmers for total rations, and other labour costs was for all employees. This was divided by the number of employees to calculate the value per labourer. In the case of other earnings (from the sale of stock) and dips it was divided by the number of male employees on the farm as they received these payments in-kind. The wage value was taken as the average per full-time male. Thus the calculations are focused on calculating the average value per full-time male worker.

A majority of Albany workers, specifically those who receive payments in-kind in the district, were male and thus it was used as the most accurate way of representing the information. Cash wages made up a total of 72% of total remuneration. For some labourers the remuneration received in the form of payments in-kind was much higher than others as some farmers made much greater in-kind payments or some workers made large earnings from the sale of stock, etc. The averages however bring to light that the cash wage received underestimated the true earnings which could have been much larger as a result of payments in-kind and 'other earnings' (e.g. through grazing

provided by the farmer). Industry workers or those on PGRs would not be given the opportunity of grazing and hence the ability to earn additional income.

Wages increases

All the farmers stated that they increased cash wages each year guided by minimum wage legislation and inflation. One Riebeek East farmer added "in-kind farm rations do not change from year to year except, for example, if the availability of milk is less one year due to a drought". A Fort Brown farmer stated that for 2009 labourers obtaining the minimum wage would receive an increase in wages, but those earning higher would not. His reasoning was that with converting his farm to a PGR he would not be actively farming until such time and some of the workers were already receiving high wages. A Salem dairy farmer said he increased wages by 20% in 2008 as he was of the opinion that staff had worked well and it had been a profitable year.

Opinions with regards to Minimum wage legislation and the Extension of the Security of Tenure Act of 1997 (ESTA)

On the question as to how government intervention in the form of the minimum wage legislation contained in the BCEA of 1997 and ESTA of 1997 had impacted farmers and their workers and the reasons behind this, Table 5.12 below represents the results. Generally it was noted that farmers had mixed opinions about the impact of the two Acts. With regards to the ESTA of 1997 though, a majority of farmers believed it was negative towards the farmer and positive for the farm worker.

Table 5.12: Albany farms, opinion of impact of minimum wage legislation (MWL) and the Extension of Security Act of 1997 (ESTA) on both farmer and farm worker.

Legislation	**MWL**		**ESTA**	
Impact %	Farmer	Worker	Farmer	Worker
Positive	15	40	0	51
Negative	32.5	15	56	5
Mixed	52.5	45	44	44
Total	**100**	**100**	**100**	**100**

Source: Sample survey.

Positive feedback from farmers about minimum wage legislation was based on the notion that it set a standardised 'decent' wage (able to support a minimum standard of living) and limited discrepancies with regards to what to pay. Whether the rate was 'decent' or not is however debatable. It would appear that if a farmer was paying what was prescribed by law then he/she believed they were paying a sufficient wage. A Seven Fountains farmer made the observation that minimum wage legislation had resulted in farmers paying higher cash wages which allowed workers the opportunity to make their own decisions as how to spend their money which had improved the lives of employees: "Staff now own fridges, cars, televisions, all things that they could not afford when they were receiving lower wages and more in-kind payments". An issue raised by a game-tourism farmer from Sidbury was that due to the minimum wage for the tourism industry being higher than agriculture "A less skilled worker at the lodge receives a higher wage than a relatively more skilled worker on the farm, but the lodge can afford to pay this higher wage and the farm not".

Criticisms of the legislation were that it had negative impacts on employment (as expected from the theory reviewed in Chapter 2) made incentives difficult to apply as it became increasingly difficult to differentiate wages between good and poor workers and farmers could not afford sufficient workers. A Carlisle Bridge farmer said "I now employ fewer workers and odd jobs are left undone or I have to do them myself as I can't afford to pay someone to do them". A Manley Flats farmer made the following complaint with regards to the impact on productivity: "Workers are lazy now as they know that regardless of how poorly they work they are still entitled to the minimum wage and it is such a hassle to dismiss a slack worker with all the new laws".

Many farmers made both positive and negative comments regarding the legislation, ranging from issues about unemployment of farm workers, to the financial squeeze farmers were facing, to the need for workers to receive higher wages so as to sustain living costs. A common comment made was confirmed by a Salem farmer, who said "The workers who have retained their jobs are benefiting from the higher wage but many have lost their jobs as a result and are thus much worse off than before". A Manley Flats farmer complained that the rate at which the wage was set was too high, saying "Farmers should have been consulted about the rate at which the minimum wage rate was set". On the contrary, a Salem pineapple farmer stated: "Many

farmers complain that the minimum wage is set too high but it is actually very low and difficult to survive off. The problem is the quality of work you get for it is not worth the little paid". A number of farmers said that it had had no impact as they already paid above the minimum wage and a Salem farmer stated "I try to pay wages that are similar to those in town and on PGRs otherwise I will lose staff and they work well so I can't afford to". Most farmers agreed that although the wage rate was not unfairly high it increased their costs each year and they were financially battling with income not increasing, so they were forced to employ fewer workers and to differentiate wages less, which had negative spin-offs on productivity.

The general opinion of the impact of minimum wage legislation on workers was that some farm workers benefitted by receiving higher cash wages (if it was spent responsibly), but fewer regular labourers were now employed as a result and issues with regards to low productivity had arisen as supported by the theory in Chapter 2. A positive impact mentioned was that it cleared the air as to what should be paid as everyone now knew where they stood and it decreased exploitation and protected workers rights to earn a 'decent' living. However, on the negative side farmers believed the relationship between farmer and worker and the Department of Labour had deteriorated as the legislation dictated how much to pay.

Farmers believed that although beneficial to workers, they were generally earning a higher cash wage for working less added to which previously not all staff were receiving overtime pay but now it was required by law, further contributing to higher earnings. This had however come at the expense of many workers losing their jobs, especially a problem for unskilled labour. Added to this, workers who were already receiving high wages were now disadvantaged as the wages of poorer workers had to rise thus the farmer could not afford to increase the wages of the top workers. These better workers were thus encouraged to leave and find work in another industry which could afford higher pay, but as a result would lose the 'farming lifestyle'. On the other hand, a Salem farmer mentioned that although it increased his labour costs he had to pay his workers wages equivalent to those earned in town so as to retain his good workers. He said "I can't afford to lose these workers". It was thus apparent that farmers who paid higher wages had better workers and higher labour productivity as they were also allowed to be more selective as to whom they employed. This

resulted from attracting a sufficient supply of more skilled workers as opposed to a farmer who paid lower wages but consequently attracted less skilled workers.

Another consequence of the law was that it decreased the paternalistic relationship between worker and farmer and rations were being substituted for cash. A result of this was that labourers had learnt to be more responsible for their earnings and they were afforded the opportunity to eat a wider variety of food as previously their choice was restricted. Most employers however complained that employees were irresponsible with their money and spent it on non-essentials which had a negative impact on worker health and productivity. Farmers believed this to be a major issue concerning labour.

No interviewees believed the ESTA of 1997 to be positive for the farmer as it could result in an unwanted resident obtaining life right on the farm and occupying a house that could be occupied by an employee instead, consequently encouraging farmers to restrict farm resident numbers. Such unwanted residents consisted of workers who had resigned to work elsewhere particularly on PGRs, a disgruntled ex-employee and distant family members of workers employed elsewhere. A Carlisle Bridge farmer pointed out he had had such a worker and said "I fired a worker because he stole and then he refused to leave the farm and made lots of trouble for myself and for the other residents on the farm, making a real nuisance of himself". Eventually the ex-worker left as he obtained employment elsewhere. A Coombs farmer was of the opinion that the Act was abused by a few employees: "Some workers threaten farmers saying that they will not leave the farm if they are fired and that they will cause trouble for the farmer". Most farmers did not have ill feelings towards workers who had been in the farmer's employ for years and then continued living on the farm once retired. A Salem farmer said "Workers who retire have always been allowed to remain resident".

Another complication of the ESTA of 1997, which farmers feared was in the case of wanting to sell the farm. A Seven Fountains farmer commented "A potential owner may not want to buy a farm if there are a number of residents who have obtained life right and in this case it is unfair that the farmer would have to secure housing for these residents elsewhere at his own cost". Farmers thus preferred non-resident labourers as a result but this increased transport costs and some farmers were too isolated to

employ staff that lived in town. A Southwell farmer mentioned "I unfortunately do not make improvements to my staff housing anymore so as to encourage workers to live elsewhere. I will also destroy any empty staff houses in case someone starts squatting in it". A Manley Flats farmer found the ESTA of 1997 very unfair, asking the question "Why does it only apply to farmers and not to city dwellers that have staff living on their property?" Interviewees also stated that they would rather employ single workers or those who had family in town so they would be encouraged to relocate if they were dismissed. The high costs of fighting cases where people were illegally squatting were also raised as an issue of concern. A Southwell farmer added: "The Security of Tenure Act has not made much of a difference but has created a legal issue about tenure". In a majority of cases the worries expressed by farmers regarding the ESTA of 1997 were not actual problems encountered, but potential problems that could be created.

Antrobus and Antrobus (2008:20) noted, however, that the ESTA (1997) "was not being implemented and its provisions were not adequately protective of farm dwellers". It was also noted that the majority of evictions were a result of labour disputes, pertaining mainly to the payment of minimum wages and deductions, including water and firewood, and housing. Unlawful dismissals and evictions resulted when farmers were challenged, often without monies due to the workers concerned for UIF, reimbursement for annual leave, etc. Antrobus and Antrobus (2008) quoted the Eastern Cape Agricultural Research Project and the Southern Cape Land Committee (ECARP/SCLC) as noting that other unlawful evictions occurred from land being converted from agriculture to game/tourism. Also, evictions resulted from disputes over tenure and housing conditions and the loss of rights including grazing and cropping rights. Another reason was due to change in ownership, resulting in farm workers being evicted without alternative accommodation, and farmers only providing those labourers who had been integral to the enterprise with another residence. The remaining workers were in some instances left with little option but to establish shacks in squatter settlements which resulted in dire living conditions.

The impact the ESTA of 1997 had on farm workers was in essence that it provided workers with security although when workers were dismissed they would require new

employment and thus would most probably have to relocate. A Coombs farmer stated that "because my farm is far away from alternative employment a dismissed worker will have to relocate to find work. If they remain on the farm they will have nothing to live off." Pensioners benefitted but had, in most cases, previously been allowed residency on the farm once they retired, so this was nothing new. One Seven Fountains farmer stated: "There is a verbal agreement with staff that once dismissed, labourers have to leave the farm after a month". This was not the case for pensioners who retired on the farm and he believed dismissed staff had to find alternative employment to survive and a month was long enough for them to obtain another job and thus another place to stay. He claimed to have no objections from staff with regards to the rule; however this was contrary to the stipulation set out in the ESTA of 1997 and was unlikely to hold up in the labour court.

5.4 Conditions of Employment

As previously stated, the Basic Conditions of Employment Act (1997) replaced common law in dealings on farm labour working conditions and was amended in 2002 to include minimum wage legislation. The employment and living situation of Albany farm workers in 2008 from the sample survey including working hours, leave, housing and education, recreation and health is explored in the following section.

5.4.1 Working hours

With extended sunlight hours in summer, farmers tend to work longer hours than in winter. The monthly minimum wage is calculated on a 45hour week hence any time worked over and above is seen as overtime. The average number of hours worked per week by Albany farm workers in summer was 44hrs and winter 42hrs, with a yearly average of 43hours. On 16 farms work was not required over weekends and 13 farmers rotated their staff, i.e. they worked either every second or third weekend for a few hours which made up the weekly hours worked. Nine farmers either had certain staff that did specific chores over the weekend, generally they did not work weekends but if staff were asked to work then they were paid overtime, or staff only worked weekends at a particular time of the year when it was required, e.g. hunting and

lambing season. Only two farmers worked weekends and thus required staff for this purpose on a regular basis.

All farmers allowed their staff the standard leave set out by the BCEA (1997). Farmers found that a majority of their staff stayed on the farm over holidays, with the rest visiting friends or family elsewhere.

5.4.2 Housing

The average number of houses per farm, as per the 2008 sample survey, was calculated at 10, with three which had been built by the labourers and seven by the farmer. The largest number on one farm was 63, where each labourer had a number of houses which consisted of one or two rooms each, and the least was zero where all the labourers lived in the closest township. A majority of the houses consisted of brick walls, iron/zinc roofs and mud/dung floors, as seen in Table 5.13 below. Other popular walling was mud and poles, with roofing of asbestos/corrugated concrete and concrete flooring. The average total value of staff houses was R325 500/farm with the highest value being R 1 000 000 and least R20 000, excluding the farmer who had no labourers houses. Half the farms had staff houses with more than three rooms and the rest had three or less. Only one farmer had houses with one room and two had houses with over five rooms. A vast majority of the houses were over $30m^2$ in size and only three from the sample had staff houses which were smaller. All had windows, only nine farmer's staff houses had no chimney and 62% of the farmers had outside pit toilets for their staff. Of the remaining 38% (15/39) only one farmer provided a toilet in all staff houses, two had some houses with toilets inside, four had no toilets and another eight farmers provided 'other' staff toilet facilities e.g. shared ablutions outside. Of the farm residents, 31% had an inside tap and the remaining had an outside tap in the form of a rain tank or communal tap/s around the houses. The furthest tap was 125metres away from staff quarters with an average distance of 16metres. Fifty one percent of the sample had electricity in the staff houses; three farmers (8%) were in the process of installing and 41% had none.

Table 5.13: Albany farms, construction of labour housing (%), 2008.

Construction	Lower Albany (%)				Upper Albany (%)			ALBANY (%)
Sub-region	**1**	**2**	**3**	**Total**	**4**	**5**	**Total**	
Walls: Mud & poles	32	25	35	**34**	17	20	**18**	**28**
Brick	50	75	55	**54**	83	80	**82**	**64**
Other	18	0	10	**12**	0	0	**0**	**8**
Roof: Thatch	0	0	10	**4**	0	0	**0**	**3**
Iron	82	75	75	**78**	67	80	**71**	**76**
Asbestos	18	25	15	**18**	33	20	**29**	**21**
Floors: Mud/Dung	59	75	60	**62**	56	40	**50**	**58**
Concrete	41	25	40	**38**	33	60	**43**	**40**
Other	0	0	0	**0**	11	0	**7**	**2**
% Staff built houses	41	37	32	**37**	8	11	**9**	**31**

Source: Sample survey

5.4.3 Labourer's quality of life

Among factors influencing the farm labourer's quality of life are the availability and proximity of educational, recreational (sporting, religious and cultural), healthcare facilities, etc.

Distances from closest shop, bank, school and church

Lower Albany farmers were situated much closer to shops, banks and schools on average than Upper, as seen in Table 5.14 below.

Table 5.14: Albany farms, average distance of shop, bank, school and church from the farm, 2008.

Average distance	Lower Albany (km)				Upper Albany (km)			ALBANY (km)
Sub-region	**1**	**2**	**3**	**Total**	**4**	**5**	**Total**	
Shop	8.8	13.3	17.1	**12.8**	21.2	27.8	**23.6**	**16.7**
Bank	21.7	22.8	33.7	**26.7**	46.8	43.2	**45.5**	**33.4**
School	3.2	6.5	9.8	**6.4**	17.0	11.0	**14.9**	**9.4**
Church	2.1	4.3	3.0	**2.8**	2.0	0.0	**1.3**	**2.3**

Source: Sample survey

As mentioned earlier, extensive farmers rationed more than intensive and considering that on average; Upper Albany farmers (who are mainly extensive) were 23.6km away from shops, which explains the reason for the higher rations. The average distance of Upper Albany farmers from a bank was 45.5km which illustrates again how isolated these farmers and workers are. Upper Albany farm residents appeared to be much closer to churches, however, this was due to their isolated proximity thus they tended to have religious gatherings in their own homes, as churches were far away. For example, in sub-region 5 (Fort Brown/Committees Drift) churches or rather places of worship were indicated as 0km away.

Education

From the sample, 72% had educational facilities for children living on the farm either in the form of farm schools or schools in a nearby town. Two of these schools were however 10km away, while the average distance for farm schools was 4.1km. This meant that on average learners would have to walk the return journey of 8.2km a day in the absence of other modes of transport, which was mostly the case. Taxi services and bicycles were other means by which children made their way to school but these were not always available. Of the schools available, the highest grade ranged from three to seven, with grade 5 being the most typical. The remaining 28% of the sample had to send their children to boarding school from a young age because insufficient educational facilities where available as a result of proximity with the average distance being 23km to the closest school thus a return journey of 46km. The furthest distance from any form of educational facility was a Carlisle Bridge farm being 67km. The poor quality of education offered by some accessible schools was also a point of

concern. Thirty eight of the sample found that once the staff's children left the farm school the majority (62%) continued their education in Grahamstown. The rest sent their children either to Alicedale, Bathurst, Port Alfred, Paterson or Port Elizabeth, depending on where they had boarding available in the form of family or friends, distance and educational needs of the child. One Seven Fountains farmer said that those children who did not continue schooling in some instances worked for PGRs, while a Manley Flats farmer said that "they hang around and cause trouble".

From the sample, 42.5% of farmers were in favour of farm schools, 37.5% were not and 17.5% were indifferent. Farmers in favour, agreed that educational facilities were needed in rural areas as children had a right to education; farm schools fulfilled this and it was not fair or ideal to require young children to board. Two farmers confirmed that social problems occurred due to young farm children being sent away to board in town.

All of the sample farmers said that the quality and management of surrounding farms schools and teachers was poor, they lacked in terms of extra mural activities, and with a declining number of children in the area there were not enough learners to support the schools. A Southwell farmer said: "The teachers are unmotivated and schools are mismanaged". One farmer suggested "Inspectors needed to check on teachers and the management on a regular basis to ensure a high standard of education is achieved". Two Salem farmers stated that there was no electricity available for the school and this proved problematic in terms of what it could provide. A Fort Brown farmer was of the opinion "Government is not supportive of farm schools as they believe they are too influenced by the farmer". Nine farmers said that they had had farm schools which the government had unfortunately closed in the last five to ten years due to a lack of learners.

Grade 9 or higher was attained by labourers on 65% of the farms visited. Of the remaining farmers, 32.5% had labourers who had achieved between grade 5 and 8 and only one farmer's employees had grade 4 or less.

Recreation

All the farmers agreed that it was necessary to have recreational facilities available because without these the abuse of alcohol and other substances would increase with many other negative spin-offs and illegal 'shebeens' and taverns would thrive. Most of the Carlisle Bridge farmers, however, mentioned that with the decreasing rural population sports clubs and teams had declined and the social life of the farm residents deteriorated, a problem experienced by both the labourer and farmer. Recreational facilities consisted mainly of a soccer field which 24 farmers stated were available and only four of these said that it was not used by labourers. Other recreational activities undertaken included socialising, drinking, watching television, cricket, church and the choir. One farmer commented that his staff appeared to be attending funerals every weekend and this was taking the place of other recreational activities. It was suggested to be occurring on many other farms as well with the increasing number of AIDS related deaths. A Southwell farmer believed that farm residents were an untapped source of much sporting talent and stated that "sporting federations should be scouting for soccer and cricket players in rural areas". He furthermore explained that The Eastern Province cricket Union had laid a pitch in the area to develop the sport but that those in charge had lost interest, negatively impacting the enthusiasm of workers to partake. A Manley Flats farmer added that his staff took their sport very seriously and were part of sporting teams and clubs in Grahamstown. A Sidbury farmer found that farm staff were more mobile than 15 years ago due to more owning vehicles and improved taxi services and as a result noticed workers were more open to socialising in town and partaking in social and sporting events off the farm.

Health

Twenty-six (65%) of the farmers claimed that their labourers were in good health, they ate healthily (non-processed foods) and lived a wholesome outdoor lifestyle with limited stress which added to their good health. This was however not always the case. Seven were of the opinion that their workers had poor health with Tuberculosis (TB) and AIDS being the most prevalent reasons for mortality. Poor diet in terms of a lack of fresh fruit and vegetables and too many staples furthermore contributed to ill

health. A Sidbury farmer noted that the younger workers took better care of their health (ate healthily and did not abuse alcohol), whereas many of the older women had high blood pressure and were overweight from poor diet choices. The remaining seven farmers were of the opinion that the health of workers was 'average' with some having very good health and others suffering from an illness, e.g. cancer, AIDS, TB, and stomach ulcers.

On the whole farmers found the mobile clinic service visited their farms although often did not have the necessary supplies to perform its duty and in some cases was erratic. From the sample only one Alicedale farmer stated that a mobile clinic did not come to attend to the workers health needs. Thirty four of the farmers did not pay any portion of medical bills and encouraged staff to use public health services, with another two farmers paying a small portion (less than 40%) of bills. Only four farmers paid 100% of their labourers' medical costs. The low number of farmers paying for staff medical bills was most probably contributed to by minimum wage legislation requiring more payment in cash and less in-kind. The attitude adopted by some farmers was that if the government was going to dictate wages then they would pay the value prescribed but would not provide any further benefits to workers, e.g. medical. Most farmers however mentioned that they kept a limited supply of plasters and painkillers for staff in case of a minor injury or illness[7].

On average three farm residents per farm had died of AIDS or were infected with HIV over the past 10 – 20 years. Twelve farmers, however, stated that they had had no known cases of HIV/AIDS on their farm. A Manley Flats farmer lost 18 workers due to AIDS. He had previously employed 69 workers but none of those lost to the disease had been replaced, decreasing the number of employees to 51 in 2008. The farmer was also the only one from the sample survey having all labourers resident in town and it could thus be suggested that the movement from living on the farm to town had increased the incidence of AIDS amongst his workers. A Southwell farmer also noted that AIDS was becoming a growing problem amongst his labourers with 14

[7] This was in contradiction with the Occupational Health and Safety Act 85 of 1993 which states that there needs to be a First Aid box for every five workers and 2% of workers must have a valid certificate in First Aid (NFAA, 2009). Farmers were however not asked directly whether they complied with the Act.

suffering from it or who had died as a result. He believed that child grants, alcohol and ignorance with regards to the disease were contributing factors.

5.5 Attitudes of farmers to farm labour issues

In order to gauge the 'attitudes' of farmers to specific labour issues, mainly concerning government intervention, where time allowed in the interview, 32 were posed six statements previously made by other farmers and asked whether they held the same opinion or not and to add any comments. These are discussed below.

On the whole (90%) farmers disagreed with the statement that *"Farm workers would be better off if there was no government intervention".* Sixteen agreed completely and 12 farmers, although mentioning that government intervention was positive, also made comments about its shortfalls. Comments made included that it protected labourers, as previously workers were exploited on some farms, and it standardised wages and procedures for discipline. Farmers were of a general opinion that limited intervention in the form of the Basic Conditions of Employment Act of 1997 was necessary, but when laws were very strict or unions became involved then the working relationship between labourer and farmer was upset. Only four agreed outright with the statement, commenting that government legislation in the form of labour laws had negatively impacted the relationship between worker and farmer and contributed to unemployment. This was surprising given that initially farmers opposed the intervention, but with time it would appear that farmers have come to accept the laws and see the role that the government can play in protecting workers. A Manley Flats farmer was of the opinion that government should rather focus on improving educational and health services available to farm workers and rural areas instead of stipulating wages and setting out the tiresome procedures for how to discipline and fire a worker.

Most sample farmers (84%) agreed with the statement *"I want as few labourers as possible as residents in case they demand the right to stay, in the event of wanting to sell or to reduce my staff numbers"* and were concerned with the ESTA of 1997. Evidence of this was that farmers worked hard to restrict the number of farm residents. It was a major concern for farmers considering selling their properties in

the future as they were afraid that a large number of farm residents would discourage prospective buyers or that they would be required to find alternative housing for staff at the farmers expense. Three farmers disagreed and were not concerned with the ESTA. A Southwell farmer stated that he was planning on continuing farming so it had no impact with regards to him and it was easier to have staff living on the farm than to transport labour. A Salem farmer remarked that his workers had been on the farm for many years and he would not expect them to relocate and said "I couldn't kick them off as it would not be fair". One farmer had no staff on his farm so this was not an issue.

A majority (56%) agreed that with the statement that "*Changes in legislation have encouraged me to employ more casual as opposed to regular labour".* This was due to strict laws on when and how regular workers could be discharged, as opposed to casuals who were employed per hour and only paid for specific hours worked. In addition in many cases casuals did not live on the farm and therefore had no connection to the ESTA of 1997. Those indifferent or who disagreed said that they required regular labour for the work they had available as it was essential that workers obtained on-the-job training and were reliable; therefore legislation had no impact on their demand for casuals. Farmers also added that casuals and regulars both fulfilled a function on the farm and thus in some cases it was not possible to substitute. Consequently it was evident that where casuals and regulars were substitutable, due to legislation farmers were interested in employing more casuals, but this was not always ideal with regards to their farming type and the supply of casuals in the area.

Seventy eight percent of the farmers disagreed with the statement that *"Farm workers would be better off receiving a lower cash wage and more in-kind payment as a result of increasing food prices"* emphasising the importance of workers being responsible for their own spending. Farmers also commented that it was easier for the farmer not to supply regular rations as the process was tiresome. Four farmers agreed with the statement and were of the opinion that workers did benefit from receiving higher rations as it was a regular supply of basic foods which were becoming expensive and thus workers would have benefitted, along with the belief that workers wasted their earnings on drugs and alcohol.

Most respondents agreed with the statement that *"I am more concerned about changes in the Security of Tenure Act than the minimum wage legislation".* They were particularly concerned about dismissed workers not relocating and causing trouble (e.g. stealing) on the farm for the farmer and the other farm residents. Those farmers not concerned with ESTA (1997) believed that minimum wage legislation was more of a problem as it changed from year to year and could reduce their profits if it was raised too high. It could also further contribute to the price-cost squeeze they were experiencing. They believed that the ESTA was now stable and not an issue given their particular circumstances.

Only one farmer disagreed with the statement *"Minimum wage legislation has resulted in a fairer payment system, as previously some farmers exploited their staff by paying them very low wages"* but those that did concur believed that exploitation had occurred, but not on their farms. They also claimed that although it had happened on some farms these were by far the minority. However, considering the number of farmers who agreed it would appear that exploitation of labour in some form was previously more of a problem than farmers would let on.

CHAPTER 6: A COMPARATIVE STUDY OF SOCIOECONOMIC CHANGES IN THE ALBANY FARMING DISTRICT: 1957, 1977 and 2008

An investigation of the changes which took place using the 1957, 1977 and 2008 surveys and Agricultural Censuses over the years is now considered. These comparisons include changes in the farming district studied and its economic structure, production choices (crops vs livestock vs game), capital investment, labour legislation, composition of the labour force, farm wages and conditions of service of labourers. This overall examination of the districts transformation aims to identify reasons behind the farm labour market's adjustments.

6.1 The Albany farming district

Both the samples of the 1957 and 1977 surveys were larger than that in 2008 with 73, 81 and 40 respectively. Roberts (1958), however, included both the Bathurst and the Albany magisterial districts, while the 1977 and 2008 surveys concentrated on the Albany district. As mentioned in Chapter 4, sampling in 2008 was done on a similar basis as that by Roberts (1958), a 'common sense approach', whereas Antrobus's sample consisted of three groups: a 20% random sample stratified according to geographical area of full-time farmers; farmers or their sons who were interviewed in the 1957 survey (known as 'survivors'); and members of a local farmers' study group. Antrobus (1984) identified and interviewed 27 Roberts (1958) 'survivors' and in 2008 four 'survivors' from the previous studies formed part of the sample of 40. Three of the four were stock farmers in Upper Albany and thus seeming to confirm the finding by Antrobus (1984:229) that "The 'survival rate' was thus proportionately higher in the extensive, mainly stock farming area of Upper Albany". The rate would also appear to have been better between the first two than the 1977 and 2008 surveys with only four 'survivors' available for interviews in 2008. This was however expected as the first two surveys were 20 years apart compared to the 1977 and 2008 being 31 years apart.

Most of the farmers interviewed in 1957, 1977 and 2008 illustrated that the district was and still is mainly a livestock farming area. This is consistent with the findings of Antrobus and Antrobus (2008:41) showing that the Albany district generated 44% and 34% of gross income from animals (cattle, sheep, goats, ostriches and game) and animal products respectively in 2002. This was a situation similar to that of the Eastern Cape province as a whole and South Africa which also generated a majority of agricultural gross income from livestock and such products in 2007 (StatsSA, 2009:3). There has been a movement, however, in Albany towards game farming, hunting outfits and an increase in PGRs with 32% of the land in the district used for this purpose (Bekker, 2009). The 2008 survey only took into account commercial farmers, defined as those producing agricultural products intended for markets, with no reserves included, but seven 'game' farmers were (StatsSA, 2007a:18). No fully operational 'game' farmers existed in the 1950s and 1970s with a few livestock farmers having game as a sideline.

Antrobus (1984:229) noted that the 1957 questionnaire had severe limitations soliciting information with regards to wages and payments in-kind. This was evident in that Roberts found it necessary to, after the completion of the individual interviews, conduct a supplementary postal questionnaire, which was used mostly for the calculation of payments in-kind, although in some cases the values given showed quite distinct discrepancies from those obtained in the interviews. Antrobus (1984:229) also found that the information for 1957 was not as comprehensive as that for 1977, however, on fundamental issues proved comparable and thus comparisons to the 2008 findings were also viable. Comparisons made between the three surveys were concerned with similar issues that the 1957 and 1977 were, and thus consisted of: the structure of farming in Albany, the farm labour force and their conditions of service.

6.2 Economic structure of farming in Albany

As with the changes that took place over the 20 year period of 1957 – 1977, the changes over the more recent period were similarly explicable in terms of the profit maximising behaviour predictable from the micro-economic theory of the firm. This was explained by Antrobus (1984:230) as follows: "profits (net income) will determine the product mix (enterprise combinations) and output (production) levels of rational decision-makers (farmers)". This will be explored in further detail in the rest of the chapter.

The principal sources available in the examination of changes which occurred are the three surveys conducted in the Albany district, Agricultural Censuses and a report compiled by Antrobus and Antrobus (2008).

The main divisions of gross farming income in the Albany district and Eastern Cape in 2002 are seen in Table 6.1 below. It is evident that horticulture and field crops contribute a total of 21% in Albany which is less than the Eastern Cape being 32%. This is a result of horticulture contributing almost half the value (14%) in Albany than it does in the province (26%). The table below shows the importance of the income from animals and animal products in Albany, but especially the former. Besides the contribution of horticulture being less in Albany than the Eastern Cape and the sale of animals being higher in the former, the other divisions contributed almost equal percentages to gross income.

Table 6.1: Gross farming income by main division, Albany and Eastern Cape, 2002.

Main divisions	Albany		Eastern Cape	
	(R '000)	%	(R '000)	%
Field crops	6 005	7	184 361	6
Horticulture	12 645	14	833 403	26
Animals	38 001	44	1 040 892	32
Animal Products	29 599	34	1 119 457	35
Other Products	816	1	35 870	1
Total	87 066	100	3 213 983	100

Source: StatsSA, 2007c quoted in Antrobus and Antrobus, 2008.

6.2.1 Changes in farm size and number of farms

From the Agricultural Censuses over the years 1956 – 2002, it was observed that the number of farmers in the Albany district decreased and increased, as seen in Table 6.2. A change in land use occurred as early as the 1976 to 1988 period, with a decline in commercial farming area from 456 000ha to 388 000ha respectively, as a result of the establishment of the Great Fish River Reserve in the late 1970s. This further contributed to a decrease in farm numbers. In 2007, only 286 850ha were used for commercial agriculture from the 437 600ha demarcated to Makana municipality, the remaining area was accounted for by state and private game parks (140 765ha) and towns (9 986ha). As seen in Table 6.2 below the number of farms decreased from 475 in 1956 to 358 in 1976 and 165 in 2002 (Antrobus and Antrobus, 2008:41), which is a 65% and 54% decline since 1956 and 1976 respectively. It was thus evident that economies of scale were at work with smaller farms becoming no longer viable so either larger farmers bought them out and increased their farming enterprises to remain profitable or the smaller farms were bought by PGRs. Hence an on-going decline in farm numbers and increase in farm sizes has become apparent.

Table 6.2: Number of farms and average farm size in Albany according to Agricultural Censuses and surveys, 1955 to 2002.

Year	Holdings	Total area (000 ha)	Censuses avg size (ha)	Survey avg size
1956	475	416	876	-
1976-77	358	456	1 275	1 315
1988	287	388	1 351	-
1993	281	397	1 413	-
2002	165	287	1 738*	1 946**

Source: Agricultural Censuses over the years, Antrobus (1984), 2008 sample survey and Bekker, 2009.
Note: * Calculated based on 286 850ha of land in Makana used for agriculture in 2007.
** This is from the 2008 Albany survey

The labour surveys of 1977 and 2008 confirmed the trend of increasing farm sizes with an incline in the average farm size from 1 315ha to 1 946ha respectively, as illustrated in Table 6.2.

6.2.2 Changes in the relative importance of crop versus livestock farming

The importance of certain crops and types of livestock farming, have varied through the years for many reasons, most of which were linked to profit-making. In essence there has been an increase in the relative importance of livestock farming, flowing from a decrease in crop production.

Changes in crop farming

Crop farming, which consists of both field and horticulture crops, experienced a decrease in total area planted from 12 711ha in 1957 to 8 518ha in 1976 and 2 603ha in 2002, as shown in Table 6.3. Thus a 33% decrease is evident between 1957 and 1976 and a substantial decline of 69% between 1976 and 2002. In particular field crops suffered a marked decline since 1976. The most recent statistics available for the Albany district from StatsSA was for 2002 so although this would have changed by 2008 it confirms the continued trend of a significant decline in cropping over the years. However, certain crops which were dominant in the area continued to be the

most important crops, although on a much smaller scale. A Salem farmer stated that: "Hardly anyone ploughs and plants anymore due to the high costs involved, whereas in the past almost everyone used to produce crops, even if on a small scale. It is just no longer profitable".

Table 6.3: Area devoted to crops in Albany: 1957, 1976 and 2002 (in hectares).

Crop	1957	1976	2002**
Field crops	**7 992**	**7 097**	**1 114**
Maize	3 349	1 899	100
Other cereals	1 597	3 050	30
Other field crops	3 046*	2 148	984
Horticulture	**4 719**	**1 421**	**1 489**
Pineapples	4 254	847	937
Citrus	***	147	55
Potatoes	243	354	10
Deciduous fruit	..	73	..
Other horticulture	222	…	487
Total	**12 711**	**8 518**	**2 603**

Source: Agricultural census, various years

Notes: * Includes area of 763ha planted to chicory in 1955 as 1957 was not available.
** These values were taken from the Census of Agricultural Provincial statistics 2002 – Eastern Cape, which was calculated from those farmers who responded.
*** No value was available for 1957 but 634ha were produced in 1960 and 483ha in 1965.

Antrobus (1984:231) noted a decline in 'pineapple farms' between 1957 and 1977. The area devoted to pineapples increased from 847ha in 1976 to 937ha in 2002, but remained significantly lower than it was in 1956 at 4 254ha. As mentioned in Chapter 5, since 2002 production could be assumed to have declined further, which was highlighted by a Salem farmer who stated that there were 17 pine producers in 2000/01 in the Salem/Alexandria area, while only four remained in 2008. Three of the five Albany pineapple producers interviewed confirmed a decline in their own production and the number of growers in the district, due to a price-cost squeeze. They believed that if the pineapple industry became economically unviable, they would be required to substitute with livestock farming.

Looking back to the early 1990s, an analysis of the pineapple industry over the period July 1991 to 1995 shows how farmers were enjoying increasing profits from R2 036/ha in 1991 to R15 612/ha in 1994 and then a decline was experienced to R7 868/ha in 1995, as seen in Table 6.4, for the production of 4 500 tonne of pineapples (Queen) in the Hluhluwe area (COMBUD - Natal Region, 1991 - 1995). In the year that a land of pineapples is planted, known as the establishment year, no income is received, but costs include fuel, machinery, plant material, labour, fertilizers and chemicals. In the second year the first harvest is enjoyed and income generated from the sale of the fruit. Costs in the second year include those from transport, labour, spraying and packaging, which contributed significantly to costs in the harvest year. In the third and fourth year the crop also produces a harvest known as the first and second ratoon respectively but the crop yields much less than the initial harvest year and was not included in the COMBUD Enterprise Budgets.

Table 6.4: Incomes and costs per hectare for the production of 4500 tonne of pineapples (Queen) in loam soils in the Hluhluwe area.

	1991	1992	1993	1994	1995
Establishment Year					
Costs (R)	(5 728)	(5 712)	(6 287)	(7 083)	(7561)
Harvest Year					
Income (R)	17 303	30 191	28 841	36 041	32 400
Costs (R)	(9 539)	(18 318)	(10 135)	(13 346)	(16 971)
Total	**R2 036**	**R6 161**	**R12 419**	**R15 612**	**R7 868**

Source: COMBUD – Natal Region, 1991 - 1995.

It is evident from Table 6.4 that after the boom from 1991 to 1994, profits from pineapples diminished in 1995. Figure 6.1 illustrates how the nominal price received by pineapple farmers per tonne of fruit over an 11-year period as well as the nominal costs of diesel and ammonium sulphate (fertilizers) increased from 1998 to 2008. Nominal labour costs are also shown, using the minimum wage per month per labourer for the period 2003 to 2008.

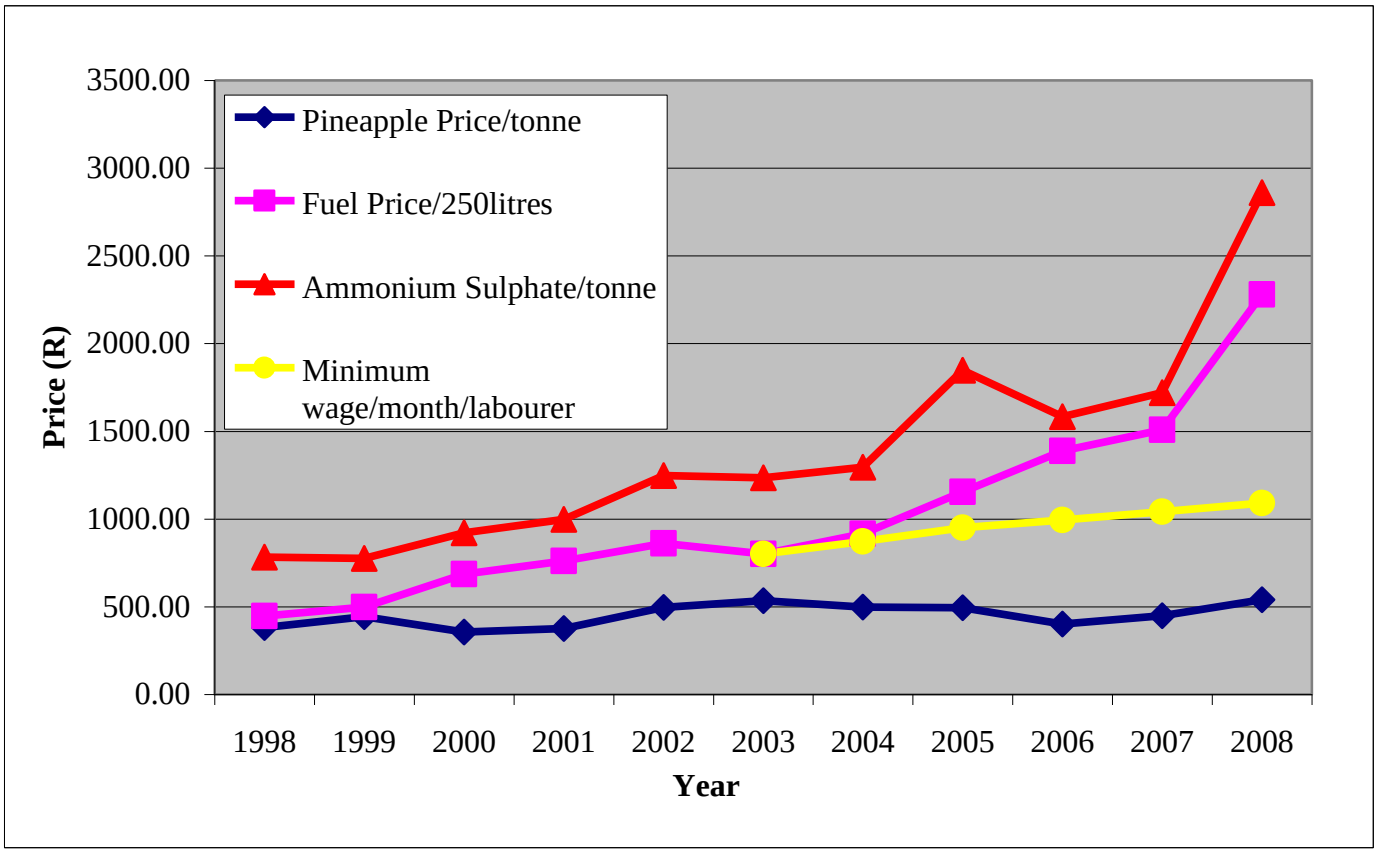

Figure 6.1: Changes in farmer nominal production costs (including diesel, ammonium sulphate and wage) and nominal income per tonne of pineapples, 1998 - 2008.

Source: Venters (2009) and Department of Labour, various years.

The farmers' nominal income from pineapples was only approximately 1% (R5) higher in 2008 than it was in 2003, however, wages and particularly fertilizer and diesel increased significantly in price. The costs included in the graph are incurred by most crop farmers and thus a problem not restricted to pineapple growers only. Additional costs, which have not been included in the analysis, include depreciation of machinery and other chemicals, other than fertilizers.

Table 6.5: Number of tonnes of pineapples needed to cover various costs, 1998 – 2008.

Costs	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Diesel (250litres)*	1.17	1.12	1.92	2.03	1.73	1.50	1.84	2.34	3.45	3.36	4.23
Fertilizer (1 tonne)**	2.05	1.75	2.59	2.66	2.51	2.31	2.60	3.74	3.94	3.84	5.30
Sub-total	**3.22**	**2.87**	**4.51**	**4.69**	**4.24**	**3.81**	**4.44**	**6.08**	**7.39**	**7.20**	**9.53**
Monthly minimum wage***						1.50	1.75	1.92	2.47	2.32	2.02
TOTAL****						**5.31**	**6.19**	**8.00**	**9.86**	**9.52**	**11.55**

Source: Venters (2009) and Department of Labour, various years.

Note: * Calculated using wholesale average diesel price per year.

** Calculated using Pineapple Growers Association price for March of each year.

*** Calculated per labourer using minimum wage since March 2003, according to legislation.

**** Not calculated for 1998 to 2002 as minimum wages were not available for these years.

Table 6.5 shows the tonnes of fruit needed to pay for the individual costs over the various years; it is noted that an increasing amount of produce is needed to cover costs. For example, in 1998, two tonnes of produce could pay for a tonne of fertilizer, but in 2008 just over five tonnes were needed, which is more than double. With regards to diesel, approximately one tonne of pines could pay for 250 litres of diesel whereas slightly over four tonnes were needed in 2008. Wages have risen from one and a half tonnes of pineapples paying for one labourer per month in 2003 to two tonnes needed in 2008. Thus, using the 2008 sample survey, which calculated that an average crop farmer employed 20 full-time farm workers (14 males and 6 females), an increase of half a tonne per labourer per month from 2003 to 2008, presuming minimum wages were paid, indicates that such a farmer would have had to produce an additional 120 tonnes in 2008, just to cover labour costs. Also evident from Table 6.5 is that from 1998 to 2008 almost three times the amount of produce was needed to cover diesel (250*l*) and fertilizer (1tonne). The pressure on farmers from increasing costs is thus significant and the declining area planted to pineapples and crops in general is explicable.

Despite declining profits, pineapples remained one of the most important crops cultivated in the Albany district with five of the 12 crop farmers interviewed obtaining 50% or more of their total income from pineapple production. This observation was confirmed by Antrobus and Antrobus (2008:42) who noted that pineapples, which

were part of the classification of subtropical fruit, contributed the most to gross income in the Albany district from horticulture products in 2002, being 39%. Subtropical fruit contributed R4 884 000 which was also higher than that earned from any field crop. Although the industry had suffered a decline over the 10 year period prior to 2008, prospects look to improve for Albany pineapple producers with the only pineapple processor in the Eastern Cape planning to move its plant from East London to Bathurst in the near future, as mentioned in Chapter 5, which would focus on juicing the fruit and making use of fibrous by-products to make clothing, cloth, as well as insulation board and chipboard, thus opening up a new market for the pine by-products (Lang, 2008). The Ndlambe municipal manager, however, believed that severe water shortages were however proving a "very big problem" in the relocating of the plant (de Kock, 2009).

With a significant decline in citrus farming from 1960 to 1977 from 634ha to 147ha the production was even lower in the district at 55ha in 2002, while only one of the 2008 sample farmers was classified as a citrus farmer using the Roberts' definition (i.e. obtaining 75% or more of total income from the production of citrus). In 1957 eight of the 45 and in 1977 two of the 81 Albany sample were categorised as citrus farmers. Antrobus and Antrobus (2008:42) showed citrus as contributing R2 732 000 to gross income in 2002, which was relatively low compared to livestock farming, but it was the second highest in terms of horticulture and field crops.

A crop which appeared to be increasing in production which did not form part of the prior surveys was that of pepperdews. A Manley Flats farmer obtained 60% of his income in 2008 from the crop and another three were involved on a smaller scale. The 'pepperdew' farmer explained that a processing factory had opened in Grahamstown and an overseas market had been established which encouraged farmers to grow the crop.

Chicory and maize were only planted on a small scale by farmers sampled in 2008, with vegetables and fruit (horticulture products) making up a majority (10/12) of the

'crop' farmers. The area under chicory production more than doubled from 1955 to 1977 from 763ha to 1 751ha, when it was one of the more important crops produced, second only to maize, but in 2008 this was no longer the case, with only two farmers from the Southwell district mentioning that they produced chicory, although on a small scale. As previously seen in Table 6.1 above, field crops (including maize and chicory) contributed 7% to gross income in the Albany district in 2002, which was half the value of horticulture products (14%). Antrobus and Antrobus (2008:41) indicated that maize contributed 30% of gross income of field crops in 2002, so although significant it made a small contribution to the overall gross income of the district. As seen in Table 6.3, only 100ha were planted to maize in 2002, which was only 3% of the area devoted to maize in 1957 and 5% of that in 1976. Other than pineapples, pepperdews and citrus, the sample survey of 2008 also included those involved in the planting of potatoes, nectarines and peaches, and cabbages.

Changes in livestock farming

Antrobus (1984:234) noted an increase in dairy cattle and angora goats and boergoats at the expense of beef cattle and mutton and woolled sheep, from 1957 to 1976, as seen in Table 6.6.

Table 6.6: The importance of livestock types in Albany, 1957 and 1976, by percentage of stock units and contribution to gross income in 2002.

Livestock	**% of stock units**		**% to gross income**
Year	**1957**	**1976**	**2002**
Cattle*	**46**	**46**	**47**
Dairy	24	32	33
Beef	22	14	14
Smallstock	**50**	**52**	**26**
Mutton & Woolled sheep	44	36	17**
Angoras & Boergoats	6	16	9***
Other animals	**4**	**2**	**27**

Source: StatsSA (2007c) and Antrobus (1984:234).

Note: * Converted to small stock equivalents.
** Sheep and wool percentage contribution to gross income.
*** Goats and mohair percentage contribution to gross income.

Since, using the percentage contribution to gross income in 2002, it appears that cattle have remained constant, with dairy predominant. From Table 6.6 it is evident that 'other animals' including ostriches, game, chickens, pigs and horses increased in importance at the expense of small stock from 1957 and 1976 to 2002. This would be attributed mainly to the increase in PGRs and 'game' farmers. The comparison between the percentages of stock units to percentage contribution to gross income however needs to be made with caution but it does illustrate the importance of the different livestock types. In the 2008 survey ten of the 16 stock farmers were beef producers, five sheep and one goat (i.e. they obtained 50% or more of income from cattle/sheep/goats respectively). It was thus calculated that 62.5% of stock farmers were farming with beef cattle and 37.5% with small stock. Including dairy into this equation would increase the cattle percentage to 71%. Although dairy contributed double the amount to gross income than beef there were more of the latter which accords with the findings of the 2008 sample. Dairy generates more income than beef but also involves higher expenses. The farmers interviewed commented on the recent attractiveness of farming with beef cattle as it was less labour intensive compared to sheep, goats, crops, dairy or tourism. Game-ranching was the only kind of farming in Albany that was more extensive than beef. Besides the lower labour costs and management intensity involved in producing beef it also cut on other costs including fuel, seeds, machinery and fertilizer. The increase of PGRs, resulting in an increase in

predators to which small stock were susceptible and high incidence of stock theft in the district made sheep and goats less attractive and contributed to their decline in importance. A Manley Flats farmer commented: "I only want to farm with cattle now as the costs are too high to plant crops and sheep and goats are prey to jackal and easy to steal". One farmer laughed as he explained: "Sheep and goats are now known as 'takeaways' as they are so easy to steal and provide a nice meal". Predators contributed R878 000 to losses during 2002 and stock theft R1 184 000 (Antrobus and Antrobus, 2008:43).

As mentioned previously in the chapter there was a movement in land use towards PGRs and 'game' farms (involved in hunting, breeding and tourism) in the Albany district since the 1950s and 70s. Antrobus and Antrobus (2008:30) noted that the strengthening of the Rand and its effects on commodity prices had a significant impact on the Albany area. It had resulted in a declining Dairy industry which until 2006 was thrown into a depression requiring larger and larger milking herds to remain profitable (Antrobus and Antrobus, 2008:7). Also, although there had been a real incline in the prices of mohair, wool and beef over the 5 years prior to 2006, a number of other factors, such as the elimination of quantitative import restrictions, reduced farming subsidies and rising input costs were working against the profitability of farming. Added to this, relatively low returns from field crops encouraged farmers to move towards game farming, described by one farmer in Antrobus and Antrobus (2008:30) as "farming tourists". Foreigners frequenting game farms paid directly with their stronger currencies. The reason for the movement from commercial agriculture to that which incorporated eco-tourism and game can thus be fully explained as being financially motivated.

A study on the financial value of thicket vegetation illustrated that, using a tourism venture west of Port Elizabeth as a case study, a change in land use from commercial livestock to eco-tourism quadrupled income from R100/ha to R400/ha and that 16 additional jobs were created in total by the new tourism venture, four being skilled and 12 unskilled (Sims-Castley, 2003). Furthermore, the study claimed that PGRs (based on an upmarket reserve in the Eastern Cape) employed 10 workers per 1 000

hectares. The Albany commercial farming sector from the 2008 survey found that on average 5.58 workers were employed per 1 000 hectares, 44% less than on PGRs. A study of seven PGRs in the Eastern Cape by Sims-Castley *et al* (2004, in TB Network, 2005) found that reserves generated an income of R2 000/hectare as opposed to R100/hectare by livestock farms; created 3.5 times more jobs than the previous livestock operations; paid 5.7 times higher wages on average than livestock farmers; and staff received additional employment benefits not typically available to farm labourers, including extensive skills training. Eco-tourism and game farming are hence an attractive land use alternative to commercial livestock farming and that from a rural employment aspect PGRs have had a positive impact (TB Network, 2005). The increase in labour requirement that game farmers experience was a direct result of accommodating tourists, while farmers that only breed game had a very low labour requirement compared to commercial livestock farms or PGRs with accommodation.

6.2.3 Changes in capital investment

Antrobus (1984:236) used the increasing number of trucks and tractors from 1966 to 1976 per Albany farm to demonstrate the change in capital investment. It was evident that from 1957 to 1977 there was an increase in machinery and equipment as well as fixed improvements (such a fences and buildings). It was not possible from the 2008 survey to compare accurately the change in capital investment with the previous studies, but 85% of farmers said that their labour requirement had declined or remained constant over the previous 10 years and mechanisation, new farming innovations (e.g. sprays) and farm developments (e.g. smaller and more grazing camps) were ways in which this was achieved, despite expanding enterprises. The majority of crop farmers also stated that they had increased their labour productivity through mechanisation. As noted in Chapter 3, Atkinson (2007:2) found that South Africa was following the same trend throughout the world of mechanisation and modernisation displacing labour in response to relative changes in factor costs. It would appear that this trend was also taking place in the Albany district.

Game-tourism farmers had the average highest capital investment in 2008, which was a result of providing tourist accommodation. The three farmers with fully operational lodges had an average capital investment of R18,3 million (R11 329/ha). The Albany district average was R15,2 million (R8 678/ha) including all forty sample farmers. Thus although accommodating tourists may be lucrative and had the ability to create employment it required a much larger input into capital per hectare which many were unable to raise and/or were unwilling to take the risks involved. One Salem farmer stated that "Accommodating tourists is the way to go if you want to make money, but I cannot afford the infrastructure necessary".

6.2.4 Changes in labour legislation

Specific legislation with regards to farm labour in 1957 and 1977 was non-existent. The abolishment of apartheid in 1994 resulting in the subsequent introduction of the various Acts pertaining to farm labour, which have all been previously mentioned, resulted in a general increase in labour and transaction costs. Farmers found minimum wage legislation increased labour costs, the BCEA of 1997 increased transaction costs, i.e. the time and effort taken to go through the different procedures prescribed therein, and the ESTA of 1997 increased the risk of unwanted farm residents securing land tenure on the farm. Farmers found ways and means of working around these prescribed laws which included: decreasing payments in-kind to decrease labour costs; employing casual as opposed to regular labour to decrease transaction costs; and limiting the number of farm residents by employing workers who were resident elsewhere. These laws were viewed as having both positive and negative impacts which have been discussed previously in Chapter 5.

6.3 The farm labour force: 1957, 1977 and 2008

The number of farm employees since 1957 have decreased in the Albany district and significant changes in composition have also occurred. A number of factors are responsible.

6.3.1 Changes in the size of the farm labour force

The main changes that occurred from 1957 through to 2008 may be attributed to:

a) A decrease in the number of farming enterprises and an increase in farm sizes;

b) A movement towards more labour extensive low-cost (beef) farming;

c) More developed farms through an increase in capital investment and farming innovations;

d) The introduction of legislation pertaining to farm labour as opposed to common law; and

e) An increase in tourism ventures.

There was a substantial decline in the total labour force (regulars including managers and foremen, plus casuals) over the period 1955 to 1976 to 2002 from 8 404[8] to 5 143 to 3 482 respectively, using the Censuses of Agricultural and Pastoral Production of various years. The number of regulars declined from 5 459 in 1955 to 2 898 in 1976 and 1 308 in 2002. Thus there was a 53% decline from 1955 to 1976 and 45% decline from 1976 to 2002 in regular farm labourers. Furthermore, it is evident that the number of regulars employed in 1955 was 4.2 times more than in 2002. According to the 1977 and 2008 surveys, the average number of permanent workers (including males, females and youths), as mentioned in Chapter 5, was 8.24/1 000ha in 1977 and declined to 5.58/1 000ha in 2008. Casual and seasonal labour employed declined from 2 942 in 1958 to 2 245 in 1976 and to 2 174 in 2002. Table 6.7 shows that although a

[8] Includes casual labour beginning June 1958.

decrease in casual numbers was noted it was much smaller than the decline in the number of regulars employed.

Table 6.7: Labour force in the Albany district: 1955, 1976 and 2002.

Labour force	**1955**	**1976**	**2002**
Regulars	5 459	2 898	1 308
Casuals	2 945*	2 245	2 174
Regulars plus Casuals	8 404	5 143	3 482
Domestics	989	588	297**
Total	8 510	5 731	3 779

Source: Antrobus (1984:238) and Agricultural Census over the years

Note: * Casual labour for June 1958

** No figure was available from the Agricultural Census. The sample survey of 2008 calculated an average of 1.8 domestics per farm and with 165 holdings in 2002 an amount of 297 was estimated.

Domestic workers declined by 59% from a total number of 989 in 1955 to 588 in 1976 in the district (Antrobus, 1984:238). The 1977 survey found only two of the 81 interviewee households (2.5%) that did not make use of the services of domestic workers, with an average of 2.6 domestic workers and gardeners per farm. Four of the forty 2008 farmers (10%) did not employ such workers with an average of 1.8 per farm. Farmers did not differentiate between domestics and gardeners in the 2008 survey, because of the way in which the questions were asked, with domestic workers referring to both those working in the house and the garden. Typically, one of the farm workers would be assigned to the garden when extra help was needed and at times when there was less work on the farm.

A majority of the changes that took place over the 51 years would have contributed to the decline in the number of farm employees, a phenomenon not restricted to the Albany district but has been seen as a worldwide trend. However what was the driving force behind these changes and the decrease in labour? For the Albany district, the 2008 survey would explain it as an increase in costs contributed by government legislation combined with a price-cost squeeze which encouraged extensive low cost farming. The other alternative for farmers, in cases where there

was an opportunity for large capital investments would be to move towards eco-tourism, which would increase the labour requirement, but was however not possible in most cases. A movement to employ casual instead of permanent labour due to the former entailing lower transaction costs was also a contributing factor. The decline in farm residents contributed to a social decline on farms, while a lack of educational and health facilities available to rural residents also limited the supply of farm labour. However, with a decrease in demand this has not been a problem for the majority of the farmers. Another factor affecting supply would be higher paid jobs in other industries including, construction and hospitality. A major result of fewer farm labourers being employed would be that of urbanisation and poverty. A Seven Fountains farmer said that "Labourers do not want to work on farms anymore. It is hard work and they have become soft and the young people rather want to live in the cities where they have a social life". This was confirmed by a majority of farmers. Three Southwell farmers believed that in their area social grants were a major factor contributing to a decline in the supply of workers, especially casuals, which was a common problem among farmers. One farmer stated: "For two weeks of the month the causal labourers are not interested in working as they live off their social or child grants. When that money runs out then they want to work again".

6.3.2 Changes in the composition of the labour force

Regular labourers enjoy benefits not afforded to casual workers including financial and housing security. For the farmer, casual workers incur lower costs, although not preferred in all cases specifically when on-the-job training is required. By assessing the proportions of the two labour categories (regular and casual) it will be evident whether farmers are choosing to make every effort to decrease labour costs, however at the expense of workers' security. The composition of the labour force in terms of females and males is also examined to see whether women are starting to play a greater role in farm employment.

Table 6.8: Proportion of regular and casual labour as a proportion of the total labour force in Albany, 1957, 1976 and 2002.

Categories	**1957**	**1976**	**2002**
Regular	61	56	38
Casual	39*	44	62
Total	100	100	100

Source: Antrobus (1984:238) and Agricultural Census, 2002.

Note: *Number of casuals is based on figures from June 1958.

** Agricultural Census information on casual/seasonal labour was calculated using different methods over the years thus comparing these values should be done with caution.

From Table 6.8 it is noted that the ratio of regular to casual labour has declined over the 51 year period. From 1957 to 2002 it inverted as previously where regular labour made up 61% of the total farm labour force (regular and casuals), in 2002 casual labour made up 62%. The decline in the proportion of regular from 1957 to 1976 was very slight, but a significant drop occurred from 1976 to 2002, which confirms that casualisation has taken place in Albany, particularly over the latter period. The main reason given by Albany farmers, as previously mentioned in Chapter 5, was that the Basic Conditions of Employment Act of 1997 and minimum wage legislation had resulted in lower transaction and other costs incurred by employing casual labour compared to regulars. This resulted from casuals only been paid for hours worked and there were no legalities surrounding termination of employment. Employing regulars also had its benefits, but the costs involved began to outweigh these.

Between 1958 and 1976/77 there was growth in the importance of male workers in the regular category and a significant decline with regards to casuals, as illustrated in Table 6.9. Domestics were predominately female throughout the years and, although the 2002 Agricultural Census did not provide information on the number, all the 2008 sample farmers employing domestics, stated they were female.

Table 6.9: Proportion of males in the regular, casual and domestic labour force in Albany, 1958, 1965, 1976/77 survey and 2002.

Category	**1958**	**1965**	**1976/77 survey**	**2002**
Regular	86.3	86.4	92.4	80.5
Casual	53.6	33.8	5.6	56.3
Domestics	1.9	2.8	12.5	-
Total	63.4	61.9	58.4	65.4

Source: Antrobus (1984) and Agricultural Census (2002).

There was a significant rise in the proportion of male casual workers between 1976/1977 and 2002, however, comparisons between survey and census information must be made with caution. Although many farmers said they preferred female seasonal workers this rise could be due to casualisation and men who were previously employed on a regular basis were now working as casuals throughout the year. Also the supply of female casual workers could have declined with the introduction of child grants, which farmers mentioned to be a problem. More females were now employed on a regular basis than previously. A reason for this could be that with minimum wage legislation enforcing equal wages paid to both females and males, the supply of female regular workers may have increased as previously they received much lower wages and fewer benefits than men. Regular men however remained predominant.

6.4 Farm wages: 1957, 1977 and 2002

Antrobus (1984) calculated cash wages and rations as a total of current expenditure over the years, 1957 – 1976, while Antrobus and Antrobus (2008:246) quoted the 2002 Agricultural Census to show that remuneration and labour expenses made up 17.6% of total current expenditure, as seen in Table 6.10.

Table 6.10: Labour as a percentage of current expenditure, 1957, 1965, 1971, 1976 and 2002.

Current expenditure	1957	1965	1971	1976	2002
Labour as a % total	43	37	34	36	17.6

Source: Antrobus (1984:246) and Antrobus and Antrobus (2008:23)

Over the 45 years there has been a notable decline in labour costs as a percentage of current expenditure. Antrobus and Antrobus (2008:24) further noted that net income, before tax, amounted to "a return of 5% as a proportion of gross income and thus not a picture of vast profits". In the 2008 survey farmers complained bitterly about rising costs, including labour. However, when considering labour costs as a percentage of current expenditure over the years labour costs have decreased. A possible reason for this would be that farmers markedly reduced their labour requirement in an attempt to decrease total costs. Other costs such as feed, veterinary services, fuel and repairs to machinery were more difficult to control.

As mentioned in Chapter 5 cash payments increased as a proportion of total remuneration and rations declined, which changes may be attributed to minimum wage legislation, introduced in March 2003. Positive and negative impacts which farmers noted were discussed in Chapter 5.

6.5 Conditions of service: 1957, 1977 and 2008

Besides the changes which took place with regards to cash and in-kind remuneration, various characteristics of the farm workers' working and living day also need to be studied for changes, specifically the working hours, vacation and other leave, and other facilities.

6.5.1 Working hours

A distinct decrease in the length of the working week over the past 51 years occurred. Roberts (1958) did not determine the length of the working day, but Antrobus (1984) calculated the 1957 working week based on Roberts' data that a summer day was 12 hours and winter 9 hours long.

Table 6.11: Weekly working hours of Albany farm labourers, 1957, 1977 and 2008.

Working hours*	**1957**	**1977**	**2008**
Summer	71.9	56.2	44
Winter	54.5	45.9	42
Average	63.2	51.1	43

Source: Antrobus (1984:255) and 2008 sample survey.

Note: *Antrobus calculated these figures based on the assumption that weekend hours were estimated on the basis that 25% of labourers worked a 6-day week while the remainder worked until 1p.m. on Saturdays with 1 hour of evening duties. All staff were assumed to have 2 hours of Sunday duties. Also meal breaks were calculated as 2 hours in summer and 1.5 hours in winter.

As previously mentioned, the BCEA of 1997 worked on a 45hour week and time worked over and above this was seen as overtime and needed to be remunerated accordingly. Besides the numbers of hours worked declining from 1957 to 2008 the difference between the hours worked in summer and winter has also declined, as seen in Table 6.11, from 17.4hrs per week in 1957, 10.3hrs in 1977 to only 2hrs per week in 2008. Thus labourers were benefitting in 2008 from shorter working weeks as opposed to those experienced in the earlier years. It could be said that farm labourers hours worked were brought in-line with other industries as a result of legislation.

6.5.2 Length of the working year

According to all farmers, labourers received annual leave in accordance with the BCEA of 1997 requirement in 2008, which was 3 weeks per year or one day per 17 days worked. Antrobus (1984:256) noted that only 58% of farmers gave annual leave in 1957, with 91% giving leave in 1977 with the average for the sample increasing from 3.9 days to 6.4 days leave per year over the 20 year period, and 6.7 days to 7.1 days average respectively for those who were giving leave. Thus it is observed that the length of the working year also decreased significantly over the study period. Added to annual leave, the BCEA of 1997 also required that farm workers receive sick leave, maternity leave and family responsibility leave. This positively impacted labourers as previously these kinds of leave were solely at the discretion of each farmer.

CHAPTER 7: CONCLUSION

As stated in Chapter 2, Hunter and Robertson (1969:27) noted that it is "almost inevitable that each country has to develop its own Labour Economics in which the social and institutional environment can be taken into account". By studying the changes that have occurred in farm wages and working conditions in the Albany district over a 51 year period the institutions and social aspects of the districts' farm labour market have been explored. At a micro-level, Hunter and Robertson (1969:27) also listed the items that Labour Economics takes into account, including:

i) the manner in which firms (farmers) obtain their workers;
ii) the form in which the firm (farmer) pays;
iii) the adjustments firms (farmers) undergo in their demand for labour;
iv) the individual's decision to supply his/her work; and
v) how wages are agreed upon.

So what were the findings in the Albany district concerning these micro-level issues? Firstly, farmers obtained workers through word of mouth and from the families of the staff already resident on the farm. It was not uncommon that a grandfather, father and son may all have been employed on one particular farm. Recruiting labour in this manner has not changed a great deal, however, farmers have been in search of more casual labourers, with the casual portion of the total labour force moving from 39% in 1957 to 62% in 2002, and thus a growing proportion of workers have been obtained from town rather than from existing farm residents. The increasing transaction and other costs as a result of government intervention (labour legislation) accompanying the employment of regular labour has been the main reason for the change. Another change that has occurred is that staff families are leaving the farm to live in towns/cities, a movement encouraged by landowners; one farmer, in the 2008 survey, had no labourers resident on his farm as a result. This movement has been predicated on the view that town offers a better social life as a decline in the rural population has occurred, better educational and health services are available and there are opportunities of higher paying jobs. From the farmer's perspective, fewer farm residents lowers the risk of unwelcome ex-workers or their families obtaining life

rights to the property. So although the grandfather and father may have worked and lived on the farm, many sons were moving to town.

Secondly, the way in which farmers pay has significantly changed over the years with an increase in the cash proportion of remuneration and a decline in in-kind payments, as noted in Chapter 5. This was again encouraged by government intervention which limited the percentage of remuneration which could be paid in-kind and increased cash payments. Farmers however were moving in this direction, prior to the legislation, as it was an administrative nuisance for farmers to supply rations and justified the change by noting that workers needed to decide how to spend their own earnings. Since many workers, however, were without transport in the past and farms were far from shops, rations were a popular means of payment, but transport had become more accessible and some farmers assisted with transport of groceries so this was no longer as big an issue. Negative and positive impacts resulted from this change in remuneration; on the negative side it was found that some workers were spending more of their monies on non-essentials, such as alcohol and drugs, which caused a decline in productivity. Also, rapidly rising grocery prices meant that workers could not afford the same quantity of food stuffs as previously. However, positive impacts of an increase in cash wages included that workers could now take responsibility for their own "destiny" and could choose to improve their quality of life through purchasing a television set or refrigerator and in a very few cases, even a car.

Thirdly, is the issue of demand for labour, which declined significantly, particularly that of unskilled labour. According to the Agricultural Censuses over the years, an approximate 50% fall in Albany regular labourers was noted from 1955 to 2002 and, according to the 1977 and 2008 surveys, the average number of permanent workers (including males, females and youths) was 8.24/1 000ha in 1977 and declined by 36% to 5.58/1 000ha in 2008. Increasing prices of other resources, improved productivity and a decline in the number of employers (farmers) were evident in the Albany district, all of which were highlighted by McConnell *et al* (2008:175), as factors contributing to a decline in labour demand. Furthermore product demand was also highlighted as a determining factor (Barker, 2003:17 and McConnell *et al*, 2008:175); in Albany it was found that due to product prices not increasing at the same rate as costs and since labour was one cost that could be controlled, farmers worked towards

decreasing labour requirements. This was achieved by means of making use of farming innovations, changing to labour extensive farming (e.g. stock farming), employing more productive skilled labour and improved supervision of labour and farm management. Another theory exemplified in the Albany district was that of efficiency wages which suggests that an increase in wage rates may well increase productivity of workers (Hamermesh and Rees, 1993; Barker, 2003; Borjas, 2005 and McConnell *et al*, 2008). Although apparent in the Albany case, the main driver for increased productivity was the price-cost squeeze, which resulted in fewer and fewer workers being employed but who were required to perform the same tasks previously done by a larger labour force. Therefore it is noted that it was the demand for unskilled labour which particularly declined. However, opposing the idea that worker productivity had inclined due to higher wages, it was noted by some farmers that as a result of farmers not being able to afford to sufficiently differentiate wages, productivity had suffered. This supported Borjas' (2005:284) contention that greater variations in productivity meant larger wage differentials, but with similar wages paid to all, there was a disincentive for workers to be more productive than the rest of the workers on the farm. Incentive pay, although identified by Borjas (2005:459) as a useful tool to assist management in improving worker productivity, was however difficult to oversee on a majority of Albany stock farms which required team work. A change in farming practises which incorporate incentive pay could therefore be an option for farmers in the Albany district, so as to benefit from higher worker productivity.

Furthermore, government intervention in the form of the BCEA (1997) and minimum wage legislation, which increased transaction and other costs, and the ESTA (1997), which raised the risk of unwanted farm residents, decreased demand. Here, casual labour became favoured with a majority of casual labourers living in town and therefore not subject to the ESTA (1997) and, through limiting the number of hours worked and being allowed to use these labourers only when needed, casuals were a more attractive option than their regular counterparts. There were however disadvantages to employing casuals, particularly since they did not possess on-the-job training, but the advantage of decreased costs seemed to outweigh this in a majority of cases.

Next is the issue of supply of farm labour and the reasons behind workers decisions to supply their services. The non-wage aspects of the job, which had changed greatly for Albany farm workers, were prominent as a determining factor for labour supply as well as the potential of earning higher wage rates in town and on game-tourism farms. McConnell *et al* (2008:175) supported these two determining factors and furthermore found non-wage income and preferences for work versus leisure to impact supply, which were however not significant in the district. Although non-wage income had changed over the years, with a noteworthy decline in payments in-kind, this had not particularly affected supply as cash wages had replaced the decline in in-kind payments. It was found that the supply of farm workers had decreased, but that the supply of particularly unskilled workers exceeded their demand by farmers. One reason for the decline was that the social life (a non-wage aspect of the job) on farms had deteriorated due to fewer workers in the area and the land use change to PGRs. PGRs occupied large areas of land and had limited labour resident on the properties. Extensive farming, which was growing in proportion compared to crop and dairy farming, required less labour and more land, thus farm resident numbers declined as well as the rural population as a whole. In 1977, the average Albany population per farm, excluding that of the owner-operator, was 63.2 persons (Antrobus, 1984:72). In 2008, however, the average population of all farm residents, including the owner and his family was 38.5, indicating a marked decline over the 31 year period. Another contributing factor was that of poor educational facilities available to learners living on farms, which meant that children had to board in town and in some cases only the male farm worker lived on the farm with the rest of his family in town, which encouraged workers to find work in town. Thus, because children were now growing up in town, once they finished schooling they had little desire to return to work on the farm and had little farming know-how. Skilled workers could find higher cash earning work in town, which drew skilled labour out of the farm market and contributed to urban migration, despite higher living costs.

Health facilities in the rural areas were also poor and the loss of workers to AIDS also decreased supply. It is nothing new that rural areas, such as the Albany farming district, offer poor educational and health facilities, but demand for the facilities had increased due to education becoming a priority of farm workers and the increased incidence of AIDS necessitating better healthcare services.

The supply of regular work by females, however, had increased and women who had previously made up 7.6% of the total regular labour force, according to the 1977 survey, had increased to 19.5% in 2002, according to the Agricultural Census. Women farm workers' cash wages had increased with the minimum wage legislation which brought them in-line with their male counterparts. The non-wage aspects of farm work had also improved for women who were required to receive maternity leave as a result of the BCEA (1997), which previously was left to the discretion of the farmer, and with a shorter working week in 2008 than in the past, women could work on the farm and still perform their household duties.

The average number of hours worked per week by an Albany labourer declined from an annual average of 63.2 in 1957 to 43 hours per week in 2008. Farmers also mentioned that where the work did not require the strength of a man, women worked well and they presented fewer problems than men. So even though government intervention brought the working conditions and wages of farm labourers in-line with those of other workers, the supply of these workers had in general declined. Social and child grants were another reason mentioned by Albany farmers for the decline in supply of farm labour. This was considered to be a problem, particularly with resident casual labourers, who in the past would have worked when needed on the farm, but in 2008 was no longer interested in the extra earnings. Poverty and high unemployment levels however meant that supply still exceeded demand and farmers could always find enough labourers, but that now labourers preferred to live in town, were trying to find higher paying jobs and were substituting their income from casual farm work with social grants received.

From the five micro-level issues, which Hunter and Robertson (1969:27) raised, the final matter taken into account is the way in which wages are agreed upon. Minimum wage legislation, one of the four ways categorised by Barker (2003:103) as possibly determining wages in a market economy, and competition from other jobs, in town or on eco-tourism farms, was exemplified as mainly how wages were established in the Albany farm labour market. Although Barker (2003:103) also identified that wages could be determined by means of a contract between an individual employee and an individual employer, collective bargaining and through employee representation at the decision making level of the company, neither of these methods were significant in

the Albany district. A majority of farmers paid a small amount above the minimum wage, but this had become the guideline for wages. The BCEA (1997) had become the law for working conditions and both farmer and worker had to accept this. It was evident that not all farmers adhered to the stipulations set out in the BCEA (1997), but this was unlawful and not generally the case. Labour unions or collective bargaining were fairly insignificant in the Albany district. Two cases were found where unions had tried to get involved on farms in 1999, however the intervention had no impact on wages and instead had caused the relationship between worker and farmer to deteriorate.

The debate concerning the impacts of minimum wage legislation is extensive (as discussed in Chapter 2). Field's (2000:3) argument in opposition to government intervention raising wage rates, based on the premise that it adversely affects employment, appears to explain what occurred in Albany, which is however overshadowed by the effects of ESTA (1997) and the price-cost squeeze which in addition contributed to a decrease in employment. Minimum wage legislation increased the cash wage portion of remuneration, but did not have much effect on total remuneration of a semi-skilled worker. However, it had a greater impact on raising wages of unskilled labourers, who previously could work in the farm labour market for low wages. Resultantly, unskilled workers have been the hardest hit by the introduction of minimum wages as demand for this category of labour in particular has declined significantly. Thus, to provide employment for unskilled labour in South Africa, the suggestion by Lipsey *et al* (1990:384) to utilize a non-comprehensive minimum wage in the economy is worth considering, although an explicit recognition by the state would be politically very unpalatable.

Finally, the changes that have occurred in the farm labour market have been many and the reasons complex. Maximising behaviour has however been noted by both labourer and farmer. Legislation has thus not been responsible for all the changes and the degree to which the farm labour market has transformed. Government intervention has however accelerated adjustments that were inevitable due to the changing economic and political environment in which farmers operate.

Other topics for research that have been identified by this study include: The real changes in farm wages in South Africa as a result of minimum wage legislation: The impact of deregulation of the agricultural sector on farm workers wages and working conditions; The impact of HIV/AIDS amongst rural dwellers on labour productivity; The impact of contaminated fertilizer on the pineapple industry; Rising costs and the impact on the agricultural sector; and The possible impact of incentive pay on farm workers productivity.

APPENDIX 1: FARM LABOUR QUESTIONNAIRE, 2008

QUESTIONNAIRE: Farm wages and working conditions in the Albany District, 1957 – 2007

Farmer and Farm Name:……

NB: Farmers wishing to remain anonymous should leave the above blank

Supervisor: Prof: G.G. Antrobus
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1. Physical Information

1.1 Number of years on this farm?……Number of years farming experience?……

1.2 Farm size and ownership

	Size (Ha)
Area Owned	
Area hired	
Area on share basis	
Less: Area let	
TOTAL FARMING UNIT	

1.3 Type of farming

Please specify the type of farming undertaken and percentage of income each contributes?

Type of farming	**% of Total Income**
Stock	
Beef	
Dairy	
Crop	
Pineapples	
Maize	
Game	
Ranching	
Tourism	
Hunting	
TOTAL	

1.4 What is the average rainfall (mm) of your farm?

	Inches	Mm
Long term average		

2. CAPITAL INVESTMENT

Year Ending: …… (Month) 2008

	Subtotals
Value of land and fixed improvements (incl. Farm house)	
Farm vehicles and Machinery	
Personal vehicles	
Value of livestock	
Total Capital Investment	

3. FARM POPULATION – (year ending) ……(date)

3.1 How many families live on the farm unit?

Farmer, immediate family	
Employees	
Non-farm accommodation (paying guests)	
TOTAL	

3.2 How many people of the following age groups live on the farm?

	Males				**Females**			
	- 15	15 – 65	**65+**	**Total**	-15	15 - 65	65+	**Total**
Farmer, immediate family								
Employees								
Non-farm accommodation (paying guests)								
TOTAL								

3.3 How many persons living on the farm are employed elsewhere?

……
……
……
……

3.4 Are these family of your employees?

0 – N/A; 1 – Yes; 2 – No; 3 – Other(specify)……..……

3.5 For whom do they work?

0 – N/A; 1 – Neighbour; 2 – Grahamstown; 3-Other(Specify)……...……

3.6 How has the number of farm residents (employees and other) changed over the past 5 to 10 years?

……
……
……
……

3.7 Possible reasons for the change?

……
……
……
……
……

3.8 In what way do you expect the number of farm residents to change over the next 5 – 10 years?
0 – N/A; 1 – Same; 2 – Increase; 3 – Decrease; 4 – Don't know; 5 – Other (Specify)……...

3.9 Please state the reason:……
……
……
……

4 FARM EMPLOYMENT – (year ending) …….(date)

REGULAR (permanent) LABOUR

4.1 Number of regular full-time farm employees?

	Males	**Females**
Managerial staff		
Other employees		
TOTAL		

4.2 Number of part-time employees?

	Males	**Females**
Managerial Staff		
Other Employees		
TOTAL		

4.3 Number of domestic workers (including gardeners)?

Males	Females	**TOTAL**

4.4 Has your regular labour requirement changed over the past 5 - 10 years? (possibly because of changed farming type, changed farming 'systems', labour productivity changed, farm now fully developed, succession, mechanisation, etc.)
0 – N/A; 1 – Increase; 2 – Decrease; 3 – Same;
4 - Other (specify)……

4.5 Please explain?

……
……
……
……
……

4.6 What changes in labour productivity have you experienced?
0 – N/A; 1 – Increase; 2 – Decrease; 3 – Same;
Other (specify)……

4.7 Please explain (How and Why)?.....
……
……
……

4.8 Do you have plans to adjust your regular labour requirements in future?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (specify)……

4.9 Please explain:……
……
……
……
……

4.10 Do you have sufficient full-time farm workers at the present time?
0 – N/A; 1 – Just right; 2 – Too few; 3 – Too many; 4 – Other (Specify)……

4.11 How many too few?……..

OR

4.12 How many too many?…….

4.13 Do you have difficulty in obtaining labour?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (Specify)…….

4.14 Do you have labourers who are normally designated to particular jobs?
0 – N/A; 1 – Yes, all; 2 – Yes, some; 3 - No; 4 – Other (Specify)…….

4.15 Please explain:……
……
……
……

4.16 How many labourers would you classify as being semi-skilled and skilled? (i.e. excluding the general unskilled labourer)
Semi-skilled: e.g. handmilker, stockmen in position of responsibility, stationary machine operator, tractor driver, truck driver, welder etc.
Skilled: e.g Shearer & wool classer, builder, fencer, mechanic, inseminator, heavy-duty driver

	Male	**Female**
Semi-skilled		
Skilled		
TOTAL		

4.17 How many of your regular labourers can read and write?
……

4.18 Have the skills or your labourers generally changed over the past 10 years?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (specify)…….

4.19 Please explain……
……
……
……

CASUAL/SEASONAL LABOUR

4.20 Did you employ casual/seasonal labour during last year?
0 – N/A; 1 – Yes; 2 – No

4.21 How many casual farm labourers did you employ in each month during the past year? How many labour days were worked each month?

Month	**Male**	**Female**	**TOTAL**	**Total days worked**
Aug 07				
Sept				
Oct				
Nov				
Dec				
Jan 08				
Feb				
Mar				
Apr				
May				
Jun				
Jul				
Total Year				

4.22 Where do you draw seasonal/casual labour?
0 – N/a; 1 – Own farm; 2 – Neighbouring farms; 3 – Elsewhere (Specify)…….

4.23 Are you able to employ sufficient casual labour to meet your requirements?
0 – N/a; 1 – Yes; 2 – No; 3 – Other (Specify)……..

4.24 Would your type of farming alter if you had an unlimited supply of casual or seasonal labour?
0 – N/a; 1 – Yes; 2 – No; 3 – Other (Specify)……

4.25 Please explain…….
……
……
……
4.26 Has your casual labour requirement changed over the past 5 – 10 years? (possibly because changed type of farming, changed farming 'systems', labour more efficient, farm now fully developed, succession, mechanisation, etc.)
0 – N/A; 1 – Yes; 2 – No; 3 – Other (specify)……

4.27 Please explain:
……
……
……
……
4.28 Do you have plans to adjust your casual labour requirements in future?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (specify)……

4.29 Please explain:……
……
……
……

4.30 What are your feelings with regards to Casual versus regular labour?
……
……
……
……
……

5.0 LABOUR TURNOVER

5.1 How many regular labourers have you discharged over the following 5 year time periods?

1Mar – 28Feb	1993 to 1998	1998 to 2003	2003 to 2008	Total
Male				
Female				
Total				

5.2 What were the main reasons for discharge?……...…
……
……
……

5.3 How many regular labourers left of their own accord over the following 5 year time periods?

1Mar – 28Feb	1993 to 1998	1998 to 2003	2003 to 2008	Total
Male				
Female				
Total				

5.4 How many regular labourers have you taken on over the following 5 year time periods?

1Mar – 28Feb	1993 to 1998	1998 to 2003	2003 to 2008	Total
Male				
Female				
Total				

5.5 Have you had any known instances of labour taking up employment in, or moving to town over the past 5(2002) years?
0 – N/a; 1 – Yes; 2 – No; 3 – Other (specify)…….……

5.6 If so, how many?…….

5.7 For what reason did they leave your employ and moved to town?…….……
……
……
……

5.8 Outline any problem, specific or general, you may have with your farm labour.
Chief problem:

……
……
……
……
……

2nd most important problem:

……
……
……
……
……

6 CASH WAGES AND PAYMENTS IN-KIND

6.1 At what interval do you pay your regular labour?
0 – N/a; 1 – Daily; 2 – Weekly; 3 – Monthly; 4 – Other (Specify)……

6.2 At what average cash rates do you pay the following:

	Daily	**Weekly**	**Monthly**	**Annual**
Lowest Paid				
Top Paid				
Average labourer				
Tractor/truck drivers				
Women – regular part-time				
- regular full-time				
- domestic help				
Casual labour – men				
- women				

6.3 How do average cash wage rates now compare to those paid 5 (01/03/ 2003) years ago?

	Daily	**Weekly**	**Monthly**	**Annual**
	2003	**2003**	**2003**	**2003**
Lowest Paid				
Top Paid				
Average Labourer				
Tractor/truck drivers				
Women – regular				
- domestic help				
Casual labour – men				
- women				

6.4 How have the cash wages of employees generally changed over the past 10 (01/03/98) years?……
……
……
……
……

6.5 Do you give regular rations to your permanent farm labour?
0 – N/a; 1 – Yes; 2 – No; 3 – Other (specify)……

6.6 On what basis are rationing units determined?
0 – N/A; 1 – No to question 8.5 above; 2 – per regular labour; 3 – per family; 4 – Other (specify)……

6.7 Please indicate the amount given in rations to full-time permanent farm labour on a regular basis (i.e. daily/weekly/monthly etc. but not annually). Include both purchased rations and farm produced rations.

Item	**Kind and quantity**	**Rationing**		**Value/month**
		Interval	Unit	
Milk				
Meat (rations)				
Grain				
Meal				
Other food				
1.				
2.				
3.				
Other goods				
1. tob&match				
2.				
3.				
4.				
Other				
TOTAL				

6.8 Please indicate the total amounts paid on various occasions other than the daily/weekly/monthly wage to REGULAR labourers.

	Total amount	**Monthly equivalent**
Annual bonus		
Extra irregular payments (e.g. shearing, calving time etc. including incentives)		
Medical costs		
Clothing &footwear for general use (excluding special protective clothing)		
Pension payments		
Other n.e.s.		
TOTAL		

6.9 Please indicate the total amounts paid on various occasions other than the daily/weekly/ etc wage to CASUAL LABOUR.

	Total amount	**Daily equivalent**
Annual bonus		
Other n.e.s.		
TOTAL		

6.10 Other labour earnings

Total amount earned by all labourers during the year ending 28 Feb 2008 from non-wage items:

	Type &No	**Value/Unit**	**Total Value**
Livestock			
Animals sold			
Produce sold (incl. Skins and hides)			
Slaughtered for own consumption			
Crops			
Home consumed			
Sales & other use			
Other			
Pension			
Workmen's compensation			
Etc.			
TOTAL			

6.11 Labour Costs

Are there other costs, which are incurred by you, which can be specifically allocated/debited to labour?

	Units	**Total amount p.a.**
Cost of dips, doses etc for livestock		
Cost of seed, fertilizer, etc. for cropland		
Cultivation costs (specify no. of tractor hours)		
Transport: special trips to clinic/hospital town Special trips for church/schooling/recreation Special trips for shopping (if necessary specify total dist. travelled)		
Repairs to labourers housing, etc.		
Workmen's Compensation payments		
Other costs not elsewhere specified		
TOTAL		

6.12 Would you prefer a cash only system of payment to regular labour?

0 – N/A; 1 – Already pay cash only; 2 – Yes; 3 – No; 4– Other (specify)……

6.13 Would your labourers prefer a cash only system?

0 – N/A; 1 – Yes; 2 – No; 3 – Other (specify)……

6.14 If yes, what hindrances are there to changing to a cash only system?
If no, what do you feel are the benefits of a payment system incorporating payments in-kind?
……
……
……
……

6.15 How has minimum wage legislation impacted you (positive/negative and reason)?……..
……
……
……
……
……..

6.16 How has minimum wage legislation impacted your workers (positive/negative and reason)?
……
……
……
……
……

6.17 How has Security of Tenure Act impacted you (positive/negative and reason)?……..
……
……
……
……..…….
……

6.18 How has Security of Tenure Act impacted your workers (positive/negative and reason)?
……
……
……
……
……

6.19 Do you give an automatic increase in cash wages each year (keep in mind that State is regulating increases through minimum wages)?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (Specify)……

6.20 If yes, please indicate amount by which increased each year.
If no, please indicate when wages were last increased and the amount of the increase.
……
……
……

7 CONDITIONS OF EMPLOYMENT

7.1 How long is the working week?

	Summer (Feb)			Winter (Aug)			Hours/Week
Working hours	Mon-Fri	Sat	Sun	Mon-Fri	Sat	Sun	
Begin							Summer
End							Winter
Rest period a.							
b.							
Total hrs/day							

7.2 What arrangements do you make for weekend farm duties?

……
……
……
……..

7.3 Please state the Total leave days actually given (working days) for the year ending 28 Feb 2008.

	Total days	Time of year	Paid/Unpaid
Christmas/New Year			
Sick leave			
Vacation leave			
Compassionate leave			
Other			
TOTAL			

7.4 Where do the staff go to on their vacation leave?
0 – N/A; 1 – Stay on the farm; 2 – Elsewhere

7.5 Total length of the working year in days (calculated)……

8 HOUSING

8.1 How many houses do your farm staff occupy?

	No. occupied
Houses built by labourer	
Houses built by farmer	
TOTAL	

8.2 What is their construction?

WALLS	ROOF	FLOOR
0 N/A	0 N/A	0 N/A
1 Mud and poles	1 Thatch	1 Mud/Dung
2 Brick	2 Iron/zinc	2 Wood
3 Iron	3 Asbestos/corrugated concrete	3 Concrete
4 Other (specify)	4 Other	4 Other

8.3 What is the total value of all occupied staff houses? R……..

8.4 What is the average number of rooms per house?
0 - N/A; 1) One; 2) One – Two; 3) Two – Three; 4) Three – four; 5) Four plus

8.5 What is the approximate size of an average house?
Specify outside measurements
0) N/A; 1) Less than $10m^2$;2) 10 – $20m^2$; 3) 20 – $30m^2$; 4) $30m^2$ plus

8.6 Which of the following facilities are provided in the houses?

Windows	0 N/A	1 All houses	2 Some	3 None
Chimneys	0 N/A	1 All houses	2 Some	3 None
Toilets	0 N/A	1 All houses	2 Some	3 None

8.7 What is the position with regards to:
Water source……
distance from house (m)……..
Firewood……..
Access to electricity:……

	Where?	**Distance (km)**
Shop		
Clinic		
Bank		
School		
Church		

9 EDUCATION

9.1 Are schooling facilities available?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (specify)……

9.2 Up to what standard does the available school go?
0) N/A; 1) <= Grade 3; 2) Grade 4; 3) Grade 5; 4) Grade 6; 5) Grade 7; 6) Grade 8; 7) Grade 8 +

9.3 Where do children continue their schooling?
0 – N/A; 1 – Grahamstown; 2 – Elsewhere (specify)……

9.4 What happens to children who leave the farm school and do not continue their schooling elsewhere?
0 – N/A; 1 – Stay on the farm; 2 – Work on the farm; 3 – Work elsewhere;
4 – Other (specify)……..……

9.5 What is the total number (%) of employees children on your farm who attend school?……

9.6 If you already have a school on the farm, what are your views concerning the school?
0 – N/A; 1 – Favourable; 2 – Indifferent; 3 – Unfavourable

9.7 If there is no school on your farm, would you be prepared to make facilities available for school?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (specify)……

9.8 What is the highest school grade attained by a farm labourer in your present employ?
0 – N/A; 1 – None; 2 - Grade 4 or less; 3 – Grade 5 to 8; 4 – Grade 9 +

10.0 RECREATION AND CHURCH

10.1 What recreation facilities are available?
……
……
……
……

10.2 Are these facilities used?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (Specify)……

10.3 Comment:……
……
……
……

10.4 Do you provide transport for attendance at church?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (Specify)……

11.0 MISCELLANEOUS

11.1 Comment on the health of your employees.
0 – N/A; 1 – Good; 2 – Indifferent; 3 – Poor; 4 – Other (Specify)……

11.2 Are there mobile clinic facilities available?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (Specify)……

11.3 If 'yes' to 11.2 then are they made use of?
0 – N/A; 1 – Yes; 2 – No; 3 – Other (Specify)……

11.4 What proportion, if any of labourers medical costs do you pay?
0] N/A; 1] 0; 2] 1 – 20; 3] 21-40; 4] 41-60; 5] 61-80; 6] 81-99; 7] 100

11.5 Do you know of any of your labourers who have HIV or who have died from AIDS in the past 10 – 20 years?
……
……
……
……

12.0 ATTITUDES

In addition to the above questions we would welcome your views upon the following statements, which have been made by farmers in the past:

12.1 "Farm workers would be better off if there was no government intervention."

……
……
……
……
……
……..

12.2 "I want as few labourers as possible as residents in case they demand the right to stay in the event of wanting to sell or to reduce my staff numbers"

……
……
……
……
……
…….

12.3 "Changes in legislation have encouraged me to employ more casual as opposed to regular labour"

……
……
……
……
……
……

12.4 "Farm workers would be better off receiving a lower cash wage and more in-kind payment as a result of increasing food prices"

……
……
……
……
……..

12.5 I am more concerned about changes in the Security of Tenure Act than the minimum wage legislation"

……
……
……
……
……
……..

12.6 "Minimum wage legislation has resulted in a fairer payment system, as previously some farmers exploited their staff by paying them very low wages"

……
……
……
……
……
…….