

Labour Productivity Survey: 2009/10 season

The Labour Productivity Survey is undertaken on an annual basis, and a sample of Large Scale Growers (LSG) is surveyed for this purpose. The respondents to the survey receive a benchmark report of comparative statistics showing their farm relative to the mill average as well as relative to other farms of similar size. A total of 36 suitable responses were received for the 2009/10 Survey, representing less than 3% of the population of LSGs. The sample represented 3.7% of the LSG population Area Under Cane (AUC) and 3.9% of the population tonnage.

Estimated total employment declined from 84 870 in 2008/09 to 68 888 workers in 2009/10. Estimated employment on Large Scale sugarcane farms since the 1988/89 season is presented in Figure 3. It is apparent that the trend of declining employment during the 1990s has ceased and employment has stabilised at approximately 70 000 workers.

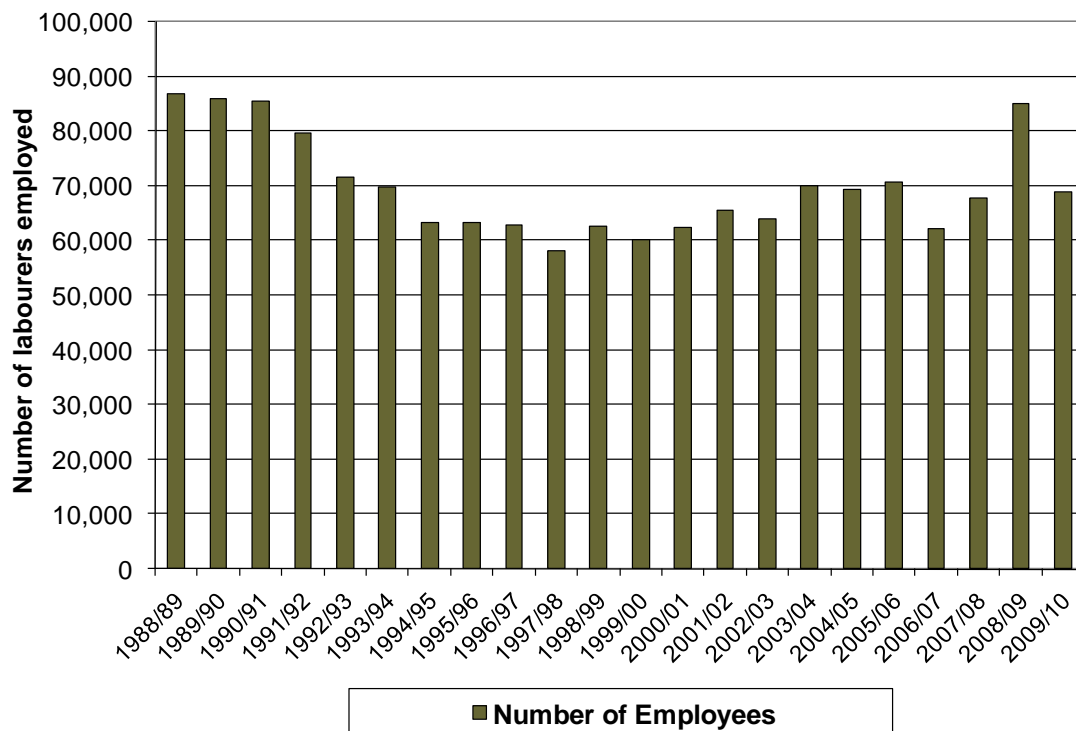


Figure 3: Estimated total employment on large scale sugarcane farms, 1988/89 – 2009/10.

Figure 4 shows the trend in labour productivity from 2000/01 to 2009/10. It is evident that although the number of workers per 1 000 tons of cane yield has fluctuated during the ten-year period, there is no statistically significant trend in labour productivity over time.

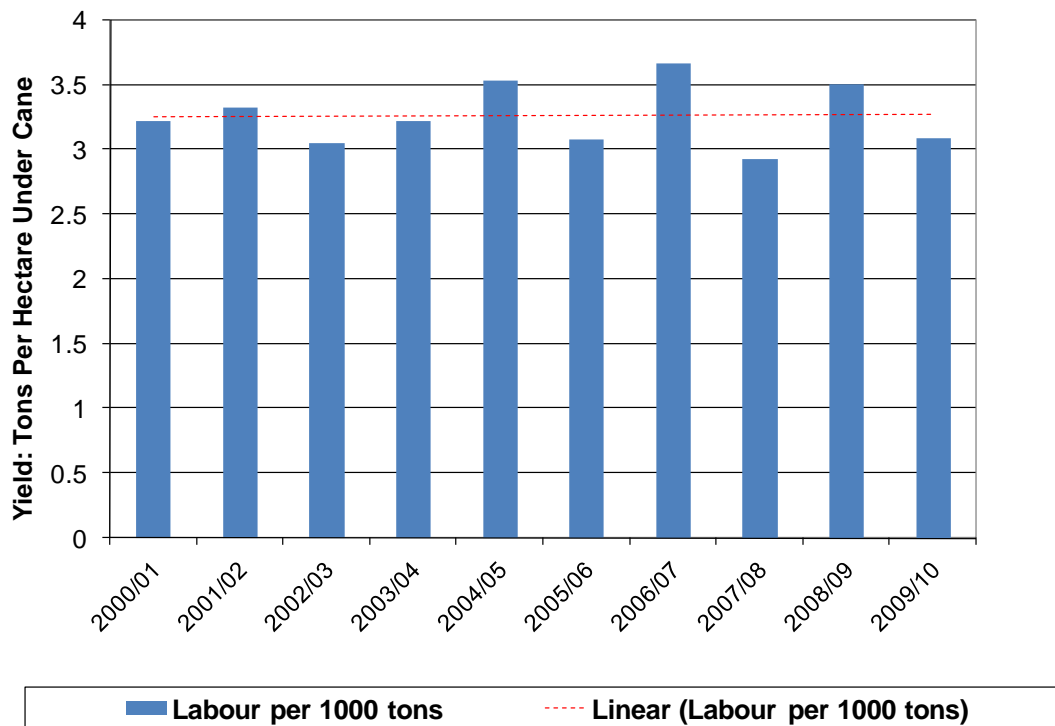


Figure 4: Labour productivity measures, 2000/01 to 2009/10

Figure 5 shows an index of average real cash wages earned by farm workers. As the index is adjusted for the effects of inflation on the purchasing power of money, the slope of the index indicates the rate of change in average cash wages relative to the inflation rate. A positive slope indicates that the purchasing power of the average cash wage increased, zero slope indicates that the purchasing power of the average cash wage remained constant, and a negative slope indicates that the purchasing power of the average cash wage declined. The general positive slope of the index reflects that from 1994 to 2009 real average farm wages increased by 76%. Similarly, the positive slope of the real minimum wage index shows that the purchasing power of the minimum wage has increased each year from 2003/04. Although the graph does not provide for a direct comparison of the absolute magnitudes of real average cash wages and the real minimum wage, it is evident that real average cash wages have tended to increase at a similar rate to the real minimum wage from 2003/04 to 2009/10.

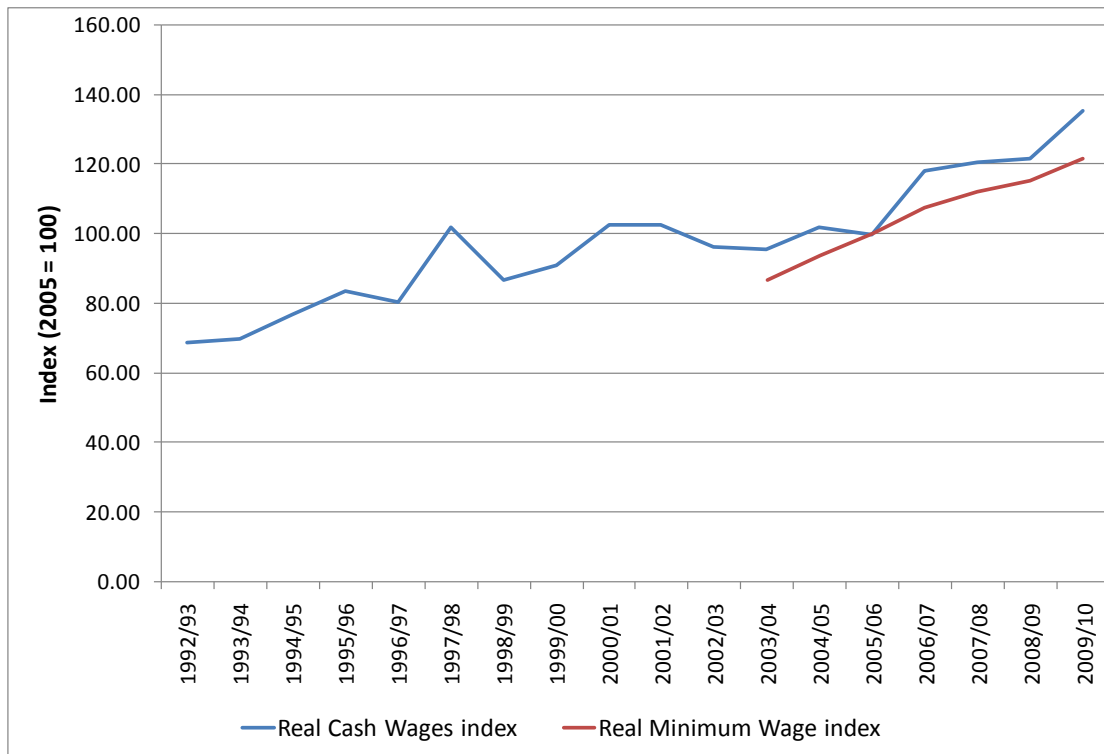


Figure 5: Trends in real average cash wage earnings and the minimum wage 1992/93 – 2009/10

The proportion of the monthly wage spent on each labour category is shown in Figure 6. Harvesting staff account for 27.2% of the wage bill, followed by permanent field workers (22.4%), drivers (13.8%) and general staff (12.5%). General staff include mechanical maintenance, clerks, indunas and section managers. Seasonal field workers and other staff make up the remaining 24% of expenditure on wages. Other staff includes cooks, domestics, security and builders.

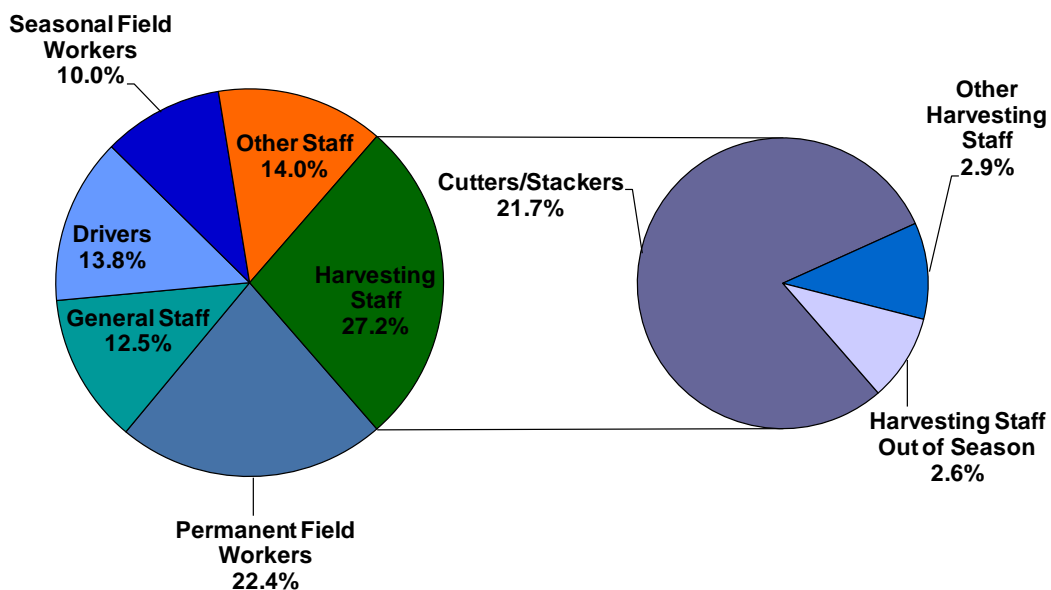


Figure 6: Proportion of wage spent per staff type, 2009/10 season

Increasing and maintaining high levels of labour productivity is an important objective for commercial farm businesses. A change in the efficiency and productivity of farm labour can significantly impact on a farm's profitability.