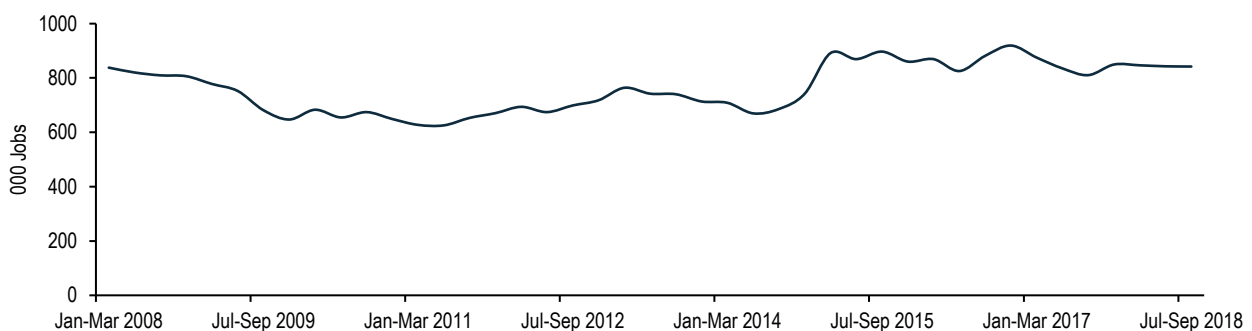


SA agricultural employment up in Q3, but far from government target

The benefits of improvements in the Western Cape's weather conditions are evident in the third quarter agricultural jobs data, which boosted the overall sectoral employment by 3% y/y to 842 000 jobs. The other provinces that made a notable contribution were Eastern Cape, Northern Cape, North West and Limpopo, through the increased activity in the field crops and livestock subsectors. While this is encouraging in a climate where South Africa is exploring strategies that could unlock job creation in the agricultural sector, the country is still far behind its target of creating a million agricultural jobs by 2030 as envisaged in the National Development Plan. What's more, if the underutilised land in the former homelands and other parts of the country are not brought into full production with a key focus on labour intensive crops, notable job creation in agriculture will remain a pipedream.

- Figures released this morning by Stats SA showed that the South African agricultural sector created an extra 32 000 (+4%) jobs in the third quarter of this year when compared to the corresponding period last year. The improvement in agricultural activity in the Western Cape, which is evident on crop production forecasts, was the key driver of this improvement. Trailing the Western Cape was the Northern Cape and Limpopo. The activity in these provinces was spread across field crops, horticulture and livestock. We should also mention that when viewed on a quarterly basis, South African agricultural jobs were down by 1 000 (-1%) from Q2, which is unsurprising due to seasonality activity of the agricultural sector.
- The picture was not rosy across all provinces; the Free State, KwaZulu Natal, Gauteng and Mpumalanga recorded a 1% y/y, 1% y/y, 22% y/y and 8% y/y decline in employment (see Figure 2).
- In terms of sub-sector performance, contraction in employment over the observed period was recorded only on game farming, forestry and aquaculture, which accounts for a relatively small percentage of total agricultural employment, whereas other subsectors saw a marginal uptick (see Figure 3).

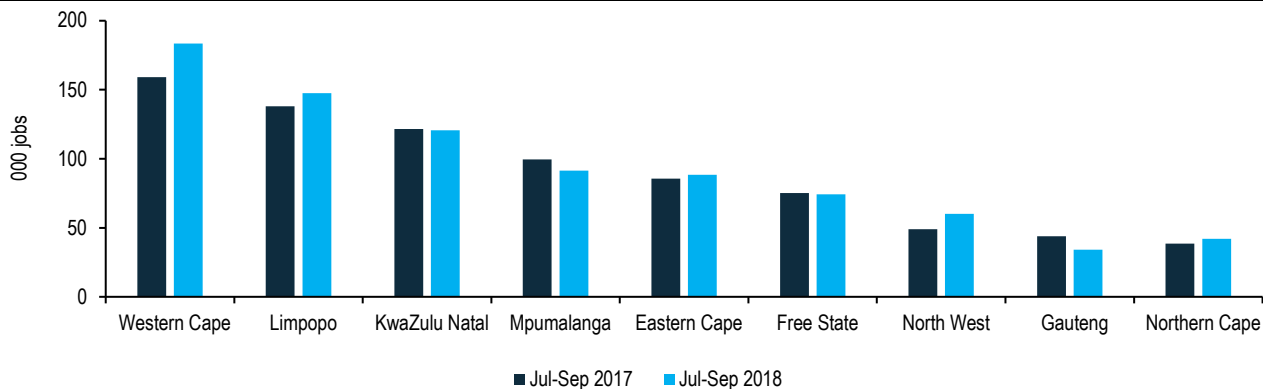
Figure 1: South Africa's agricultural jobs



Source: Stats SA, Agbiz Research

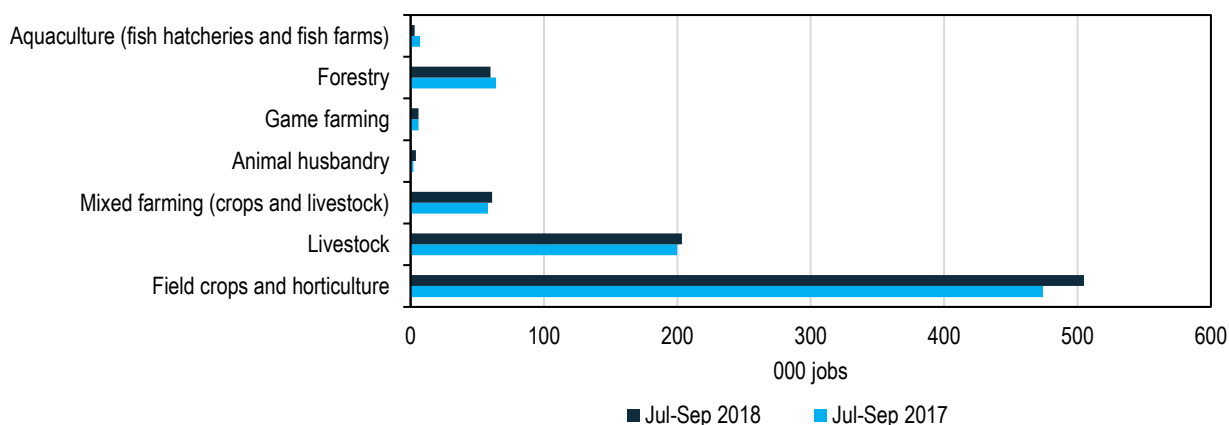
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Figure 2: South Africa’s agricultural jobs by province



Source: Stats SA, Agbiz Research

Figure 3: Year-on-year employment by sub-sector



Source: Stats SA, Agbiz Research

- Looking ahead – Whilst today’s data painted a fairly positive picture compared to the corresponding period last year, we view this as just a normalisation after a drought period in the Western Cape, not robustness in job creation in agriculture. To create jobs in agriculture, we need a shift in terms of policy development. The business sector has generally accepted the impending introduction of the National Minimum Wage, but it will affect some sub-sectors within the agricultural sector more than others depending on the labour intensity and average labour skill required. For example, the horticultural sector is one of the likely sub-sectors to be impacted by the introduction of the National Minimum Wage as it is labour intensive relative to other sub-sectors, and jobs could come under pressure due to a rise in costs. To offset this effect and expand employment, policy shifts may be needed to bring the underutilised land either under the state or communal control into full production, with a direct focus on incentives for labour-intensive subsectors such as horticulture.

Wandile Sihlobo (wandile@agbiz.co.za)

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