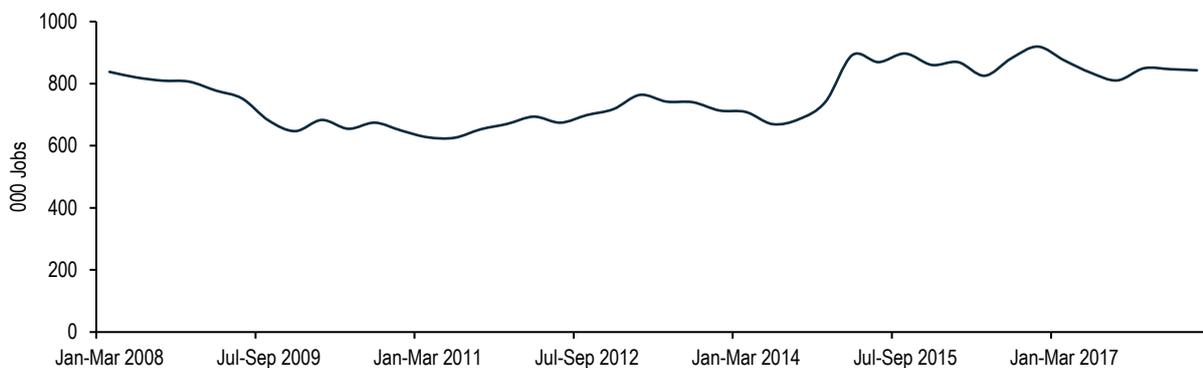


## SA agricultural employment up by 1% y/y in Q2, 2018

The Quarterly Labour Force Survey conducted by Statistics South Africa showed a percentage point annual increase in agricultural employment in the second quarter of this year to 843 000 jobs (Figure 1). This was supported by improvement in employment in the Western Cape, Eastern Cape, Limpopo and the Northern Cape. This is underpinned by increased activity in the grain and horticultural fields during the harvesting period. Although the improvement in agricultural jobs is an encouraging development, it is worth noting that South Africa is still far behind its target of creating a million agricultural jobs by 2030 as envisaged in the National Development Plan.

- The improvement in employment in the aforementioned provinces was unsurprising, particularly the Eastern Cape and Limpopo, given that the second quarter coincides with the harvest process of both grains and horticulture. While grains production has somewhat declined from levels seen last year, citrus production has slightly increased. Data from the United States Department of Agriculture shows that South Africa's 2017/18 oranges production could increase by a 2% y/y to 1.43 million tonnes due to expected large output in Limpopo and the Eastern Cape. The improvement in Western Cape jobs came as a surprise as most horticulture sub-sectors output recorded a double-digit decline in production due to drought. The province remains a leading agricultural employer, accounting for a 21% share in the national agricultural jobs.
- Agricultural employment in North West, Free State, Gauteng, KwaZulu Natal and Mpumalanga declined 19% y/y, 11% y/y, 5% y/y, 1% y/y and 1% y/y, respectively (see Figure 2).
- In terms of sub-sector performance, the uptick in employment was in field crops and horticulture, game, forestry and aquaculture, whereas other sub-sectors recorded a reduction in annual employment (see Figure 3).

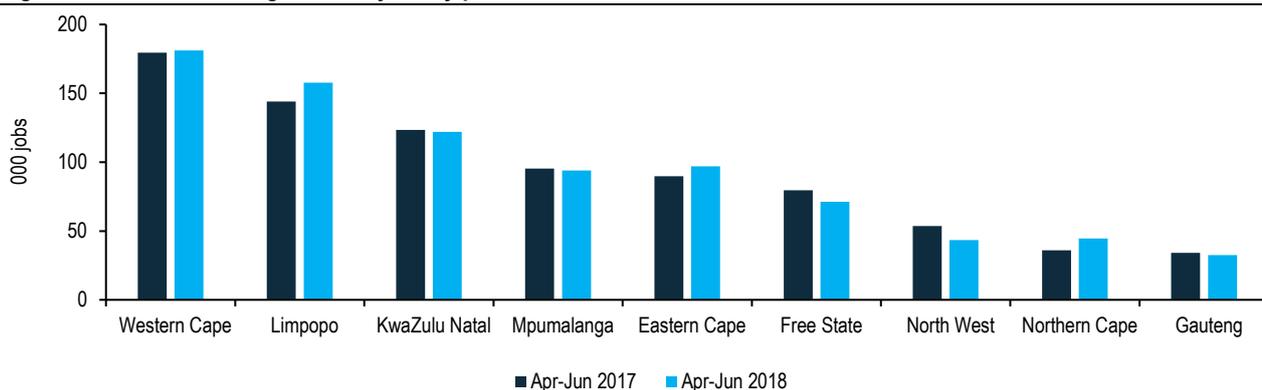
**Figure 1: South Africa's agricultural jobs**



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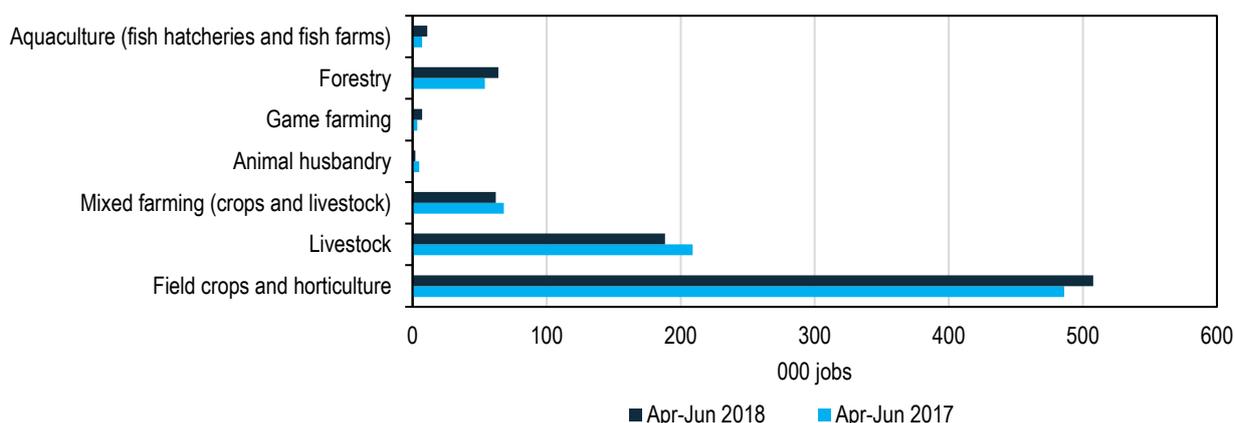
Source: Stats SA, Agbiz Research

**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 – While today's data paint a fairly positive picture compared to the corresponding period last year, we believe that the tail-end effects of the Western Cape's drought combined with the reduced area plantings in the summer crop growing region of the country could potentially weaken the performance of the agricultural labour market in the coming quarters. In terms of policy development, our view remains unchanged, which is 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.

**Wandile Sihlobo** ([wandile@agbiz.co.za](mailto:wandile@agbiz.co.za))

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