

40 000 job cuts recorded in SA agriculture in Q2, 2017

After cutting 44 000 jobs in the first quarter of 2017, South Africa's agricultural sector saw a further 40 000 jobs lost in the second quarter – putting the total labour force at 835 000 jobs (see Chart 1). However, it is worth noting that this is in line with the season's trend due to reduced horticultural activity in the second quarter. Taking a closer look at the provincial decomposition, it is clear that most job losses occurred in the Northern Cape, Western Cape, Kwa Zulu Natal and Gauteng provinces where the bulk of labour intensive crops are grown. Meanwhile, other provinces saw slight job gains.

- The decline in employment is in line with the seasonal trend, as the second quarter of each year is typically characterised by reduced activity in labour intensive sectors such as horticulture and some field crops. In fact, in the second quarter of 2016, the agricultural sector experienced a similar shock of 44 000 reduction in employment, which was then reversed in the third quarter of that year (see Chart 1).
- A close observation reveals that the Northern Cape, Western Cape, Kwa-Zulu Natal and Gauteng provinces saw a notable reduction in employment of 23% quarter-on-quarter (q/q), 16% q/q and 13% q/q and 4% q/q, respectively. Meanwhile, the Free State, North West, Mpumalanga, Eastern Cape and Limpopo provinces saw growth in employment of 13% q/q, 7% q/q, 7% q/q, 3% q/q and 3% q/q, respectively (see Chart 2).
- In terms of sub-sector performance - The reduction in employment were in field crops and horticulture, forestry and aquaculture. Meanwhile, the other sub-sectors, such as the livestock, game farming, as well as mixed farming showed job gains (see Chart 3). Overall, agriculture's share of total employment remained at 5% in the second quarter of this year due to a reduction in total employment. The sector's share is still above sectors such as the mining, and almost at par with the transport industry.

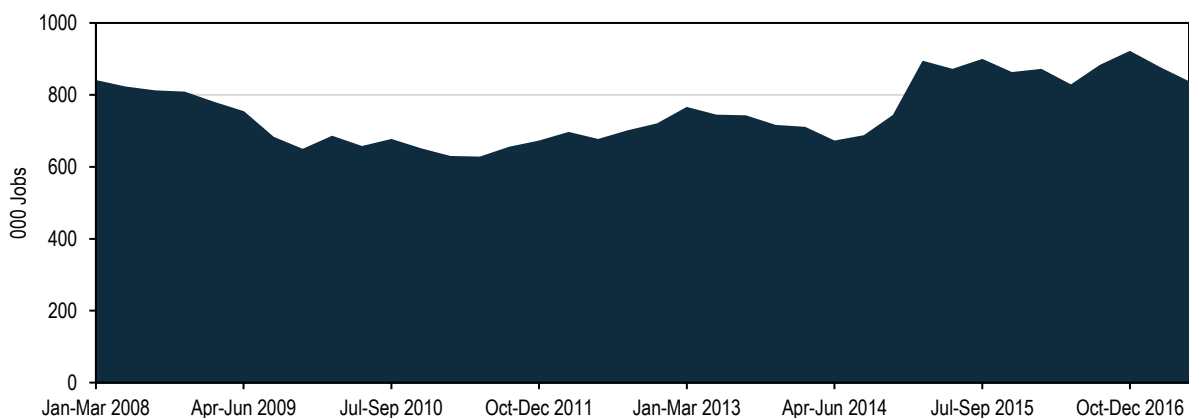


Chart 1: South Africa's agricultural jobs

Source: Stats SA, Agbiz Research

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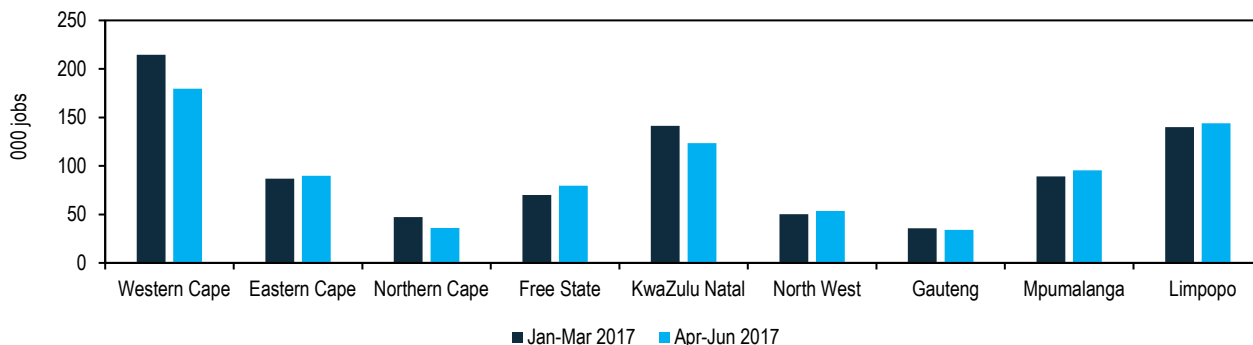


Chart 2: South Africa’s agricultural jobs by province

Source: Stats SA, Agbiz Research

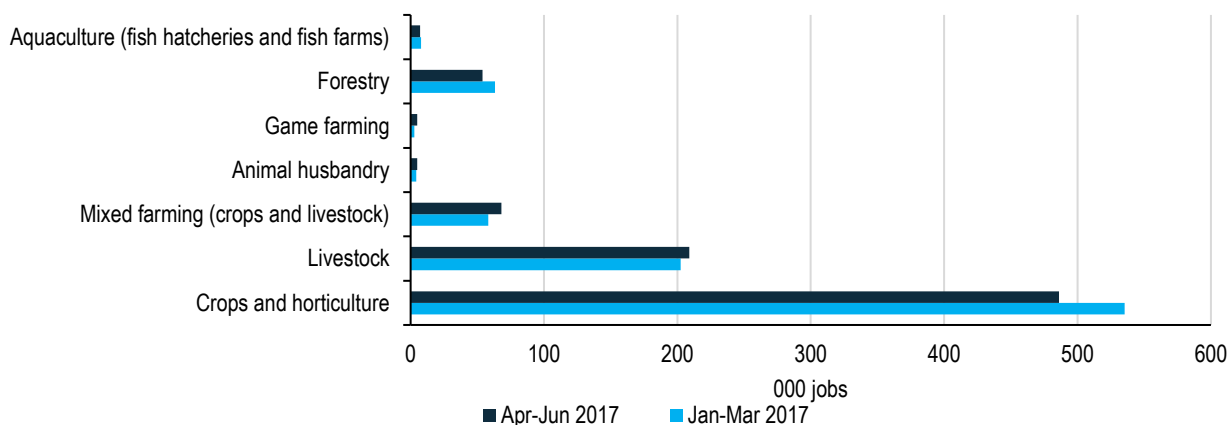


Chart 3: Quarter-on-quarter employment by sub-sector

Source: Stats SA, Agbiz Research

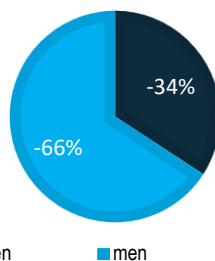


Chart 4: Job cuts in Q2, 2017 by gender

Source: Stats SA, Agbiz Research

- Looking ahead – We believe that the third quarter of this year could show a rebound, in line with seasonal trends (see Chart 1). The boost will most likely come from the horticulture industry, particularly seasonal labour participation. Moreover, the incoming data from the South African Weather Service indicates that the south-western parts of South Africa could receive above normal rainfall between August and October this year. This could bring much-needed relief in the Western Cape, and in turn, lead to increased agricultural activity.

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