

Growth and **Jobs** in South Africa's Agricultural Sector

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Agbiz Info Day

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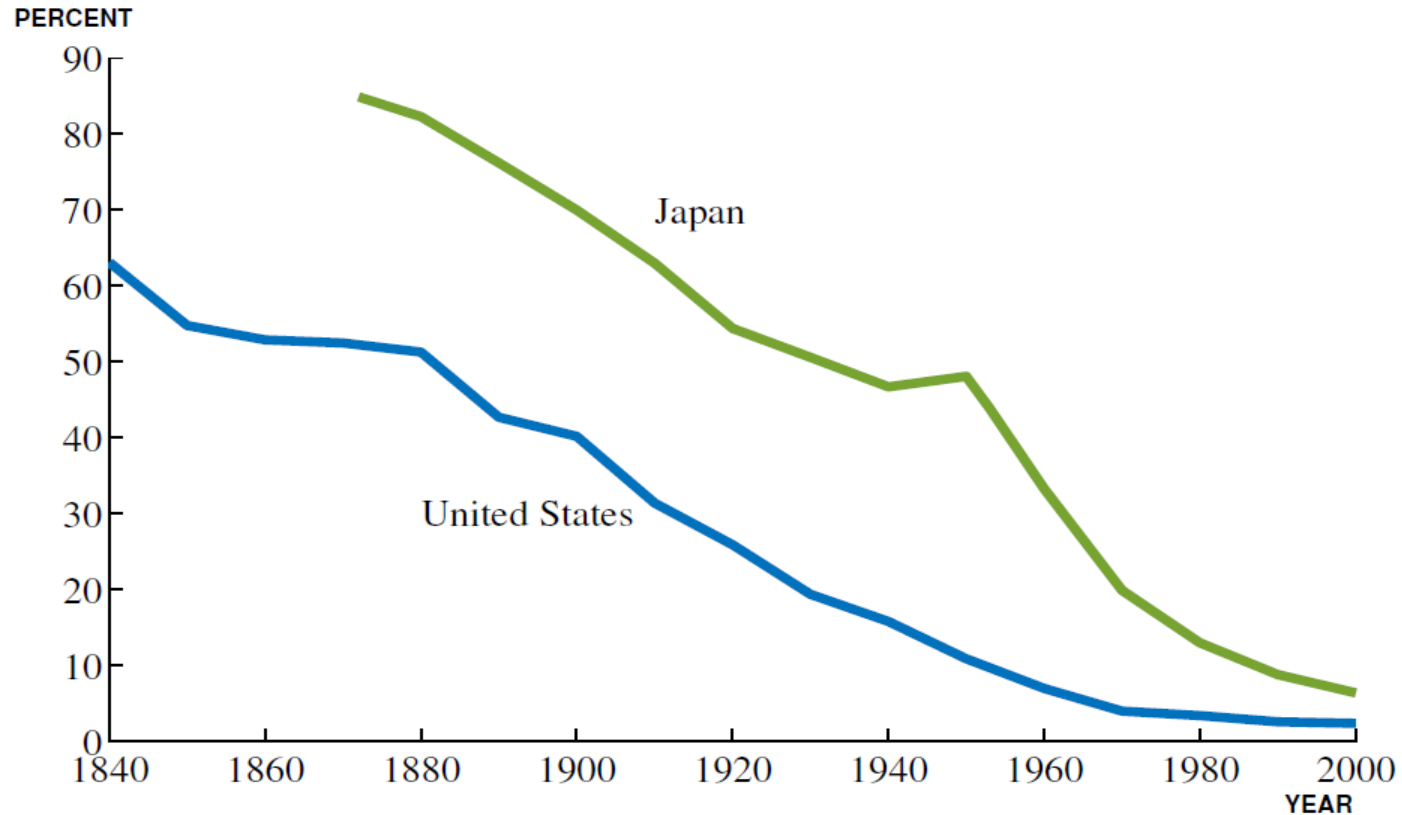


Overview of the presentation

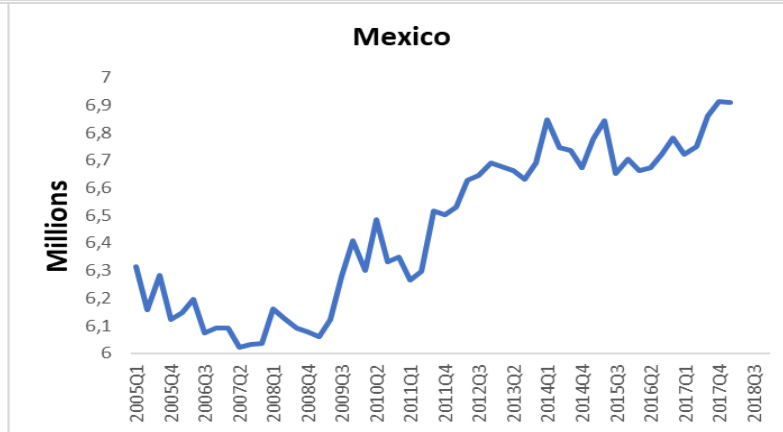
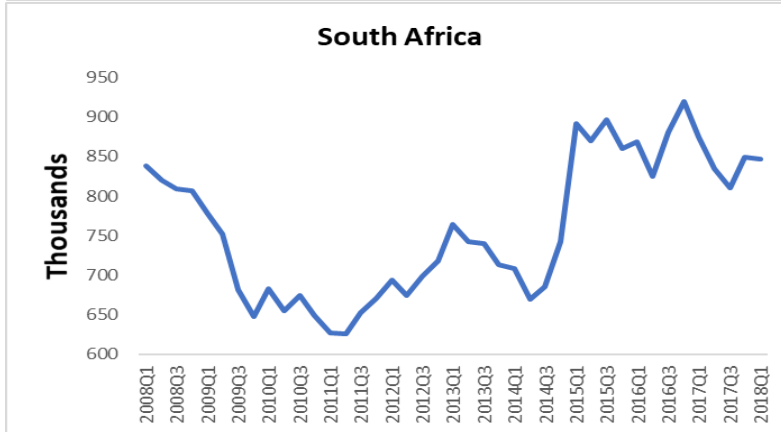
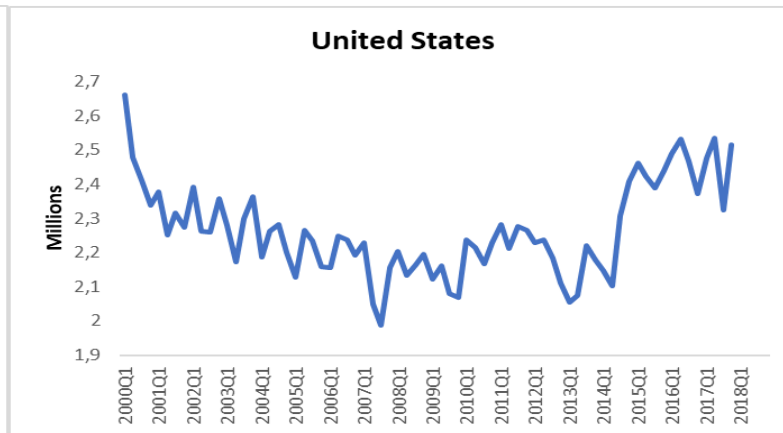
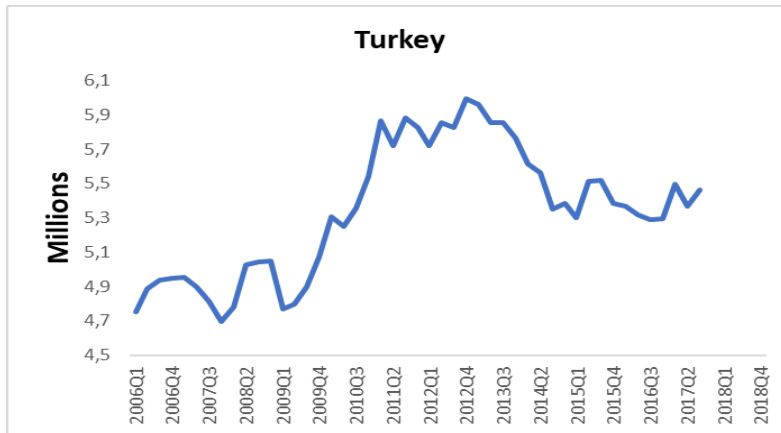
- **International experience**
- **Domestic picture**
- **Issues that could constrain growth and job creation in SA agricultural sector**
- **Looking ahead, which subsectors have a potential to create jobs and growth in SA agriculture?**
- **Where should expansion happen?**
- **Concluding remarks**

International experience...

Falling employment in agriculture...

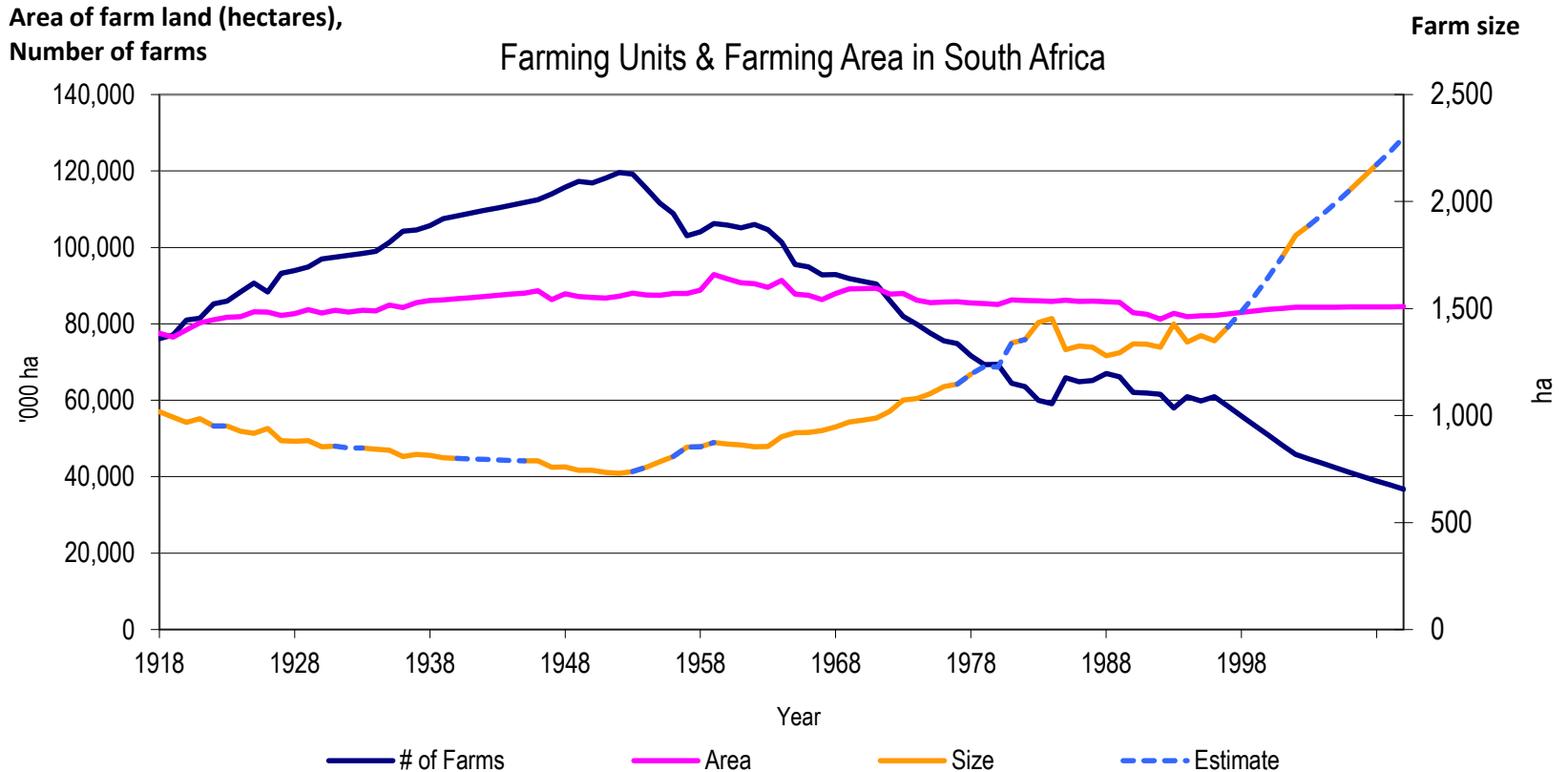


Agricultural employment in various countries

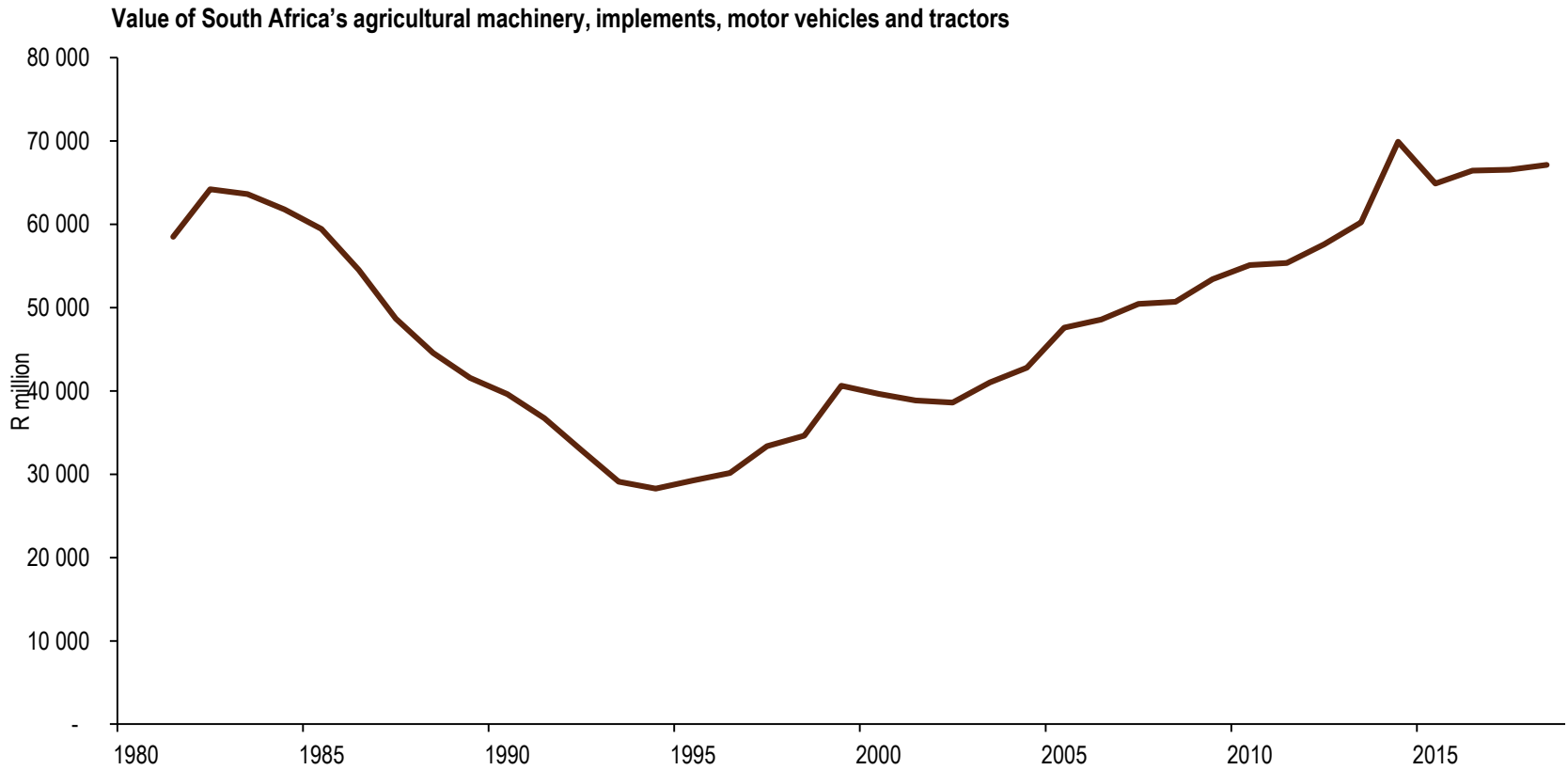


Domestic picture...

Evolution of farm sizes in South Africa



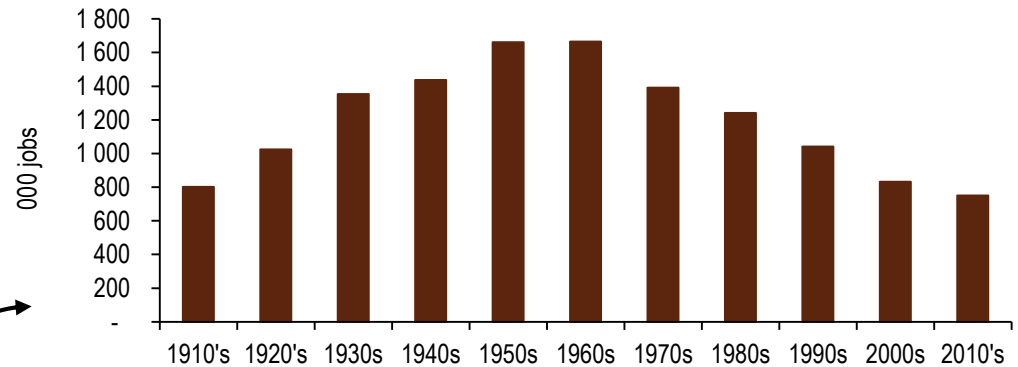
The SA agricultural sector is mechanising ...



... which somewhat led to a decline in employment

- The total number of people employed on South African farms increased from levels around 780 000 in 1910 to a peak of 1.8 million in 1961. Thereafter, it decreased to about 800 000 in 2010s.
- It is also worth noting that the mix of regular and seasonal labour in agriculture has also shown marked changes over the years – from levels around 35% share in 1910 to about 53% in the 2000s, according to data from Liebenberg (2013).
- The aforementioned changes in the labour market were partially caused by changes in regulations – particularly the introduction of the Basic Conditions of Employment Act of 1993, as well as the Extension of Security of Tenure Act of 1997. Literature shows that these legislative changes led to farmers favouring seasonal labour, instead of permanent (Liebenberg, 2013).

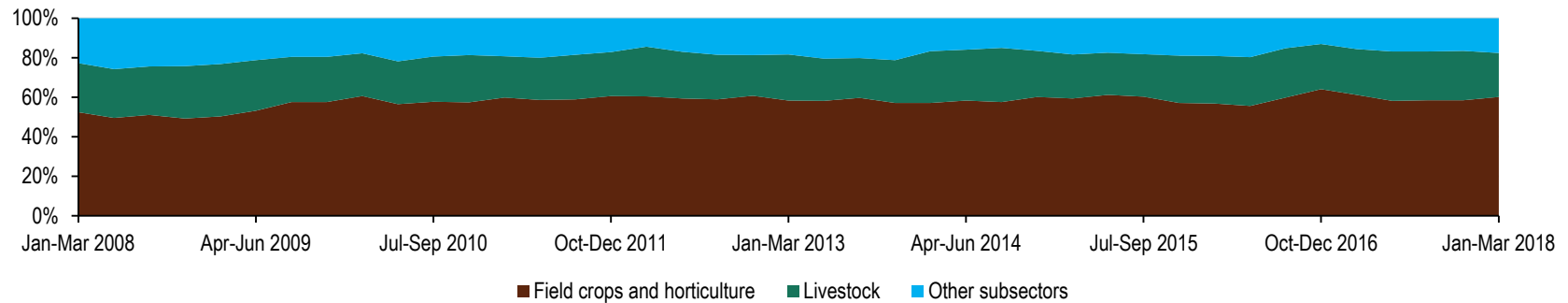
Jobs in the South African agricultural sector



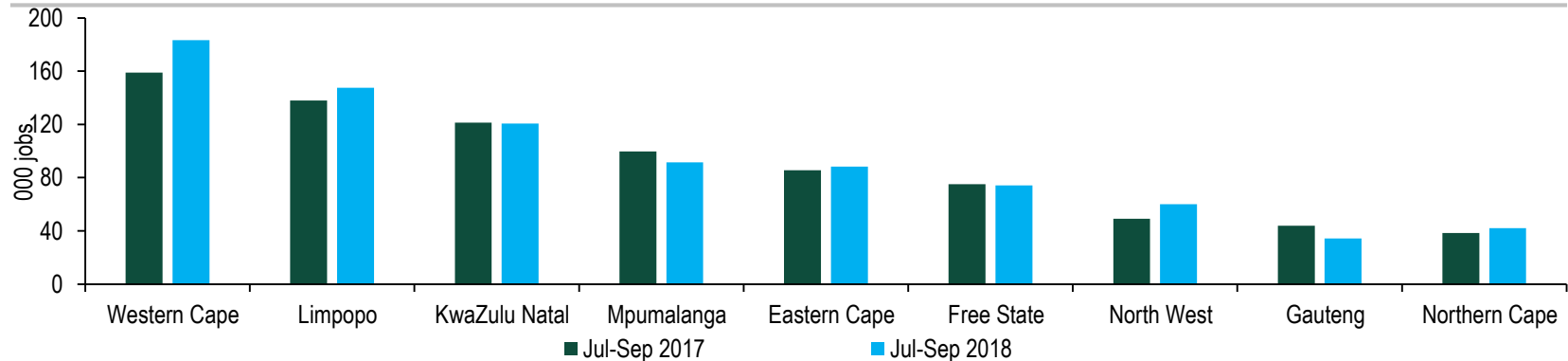
	1910s	1920s	1930s	1940s	1950s	1960s	1970s	1980s	1990s	2000s
	<i>Decade Averages (thousands)</i>									
Family	78	83	80	61	56	57	40	24	17	11
Regular	411	523	730	699	773	806	704	677	603	411
Casual	265	354	467	583	738	716	584	485	349	417
Domestic Owners	8	0	0	28	137	123	94	61	20	0
Total (excl. Domestic)	802	1,025	1,354	1,438	1,661	1,665	1,392	1,241	1,014	896

SA agricultural employment trends by subsector and province

The field crop and horticultural industries are the leading employers in South African agriculture...

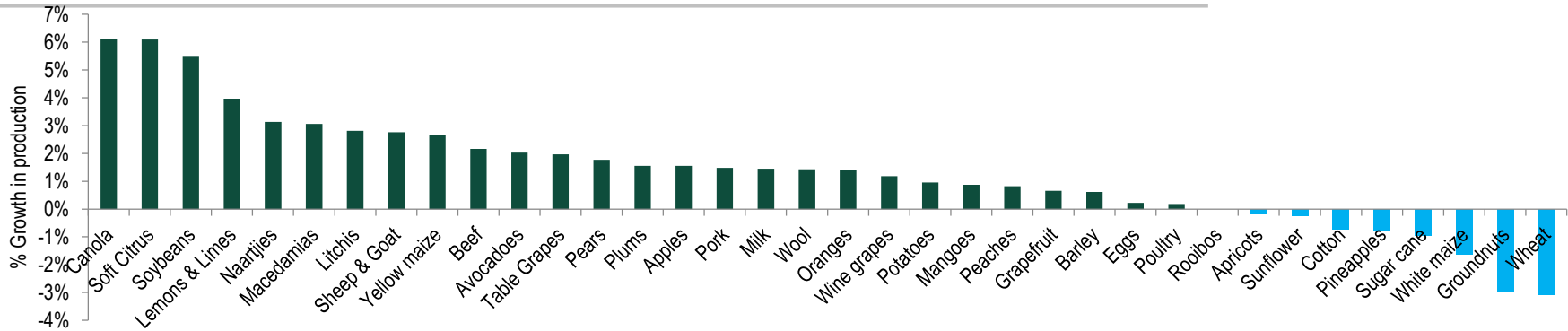


...the provincial (agriculture) employment trends also supports this view. The WC, LP and KZN are amongst the leading horticulture producing provinces



South Africa's agricultural production and trade performance

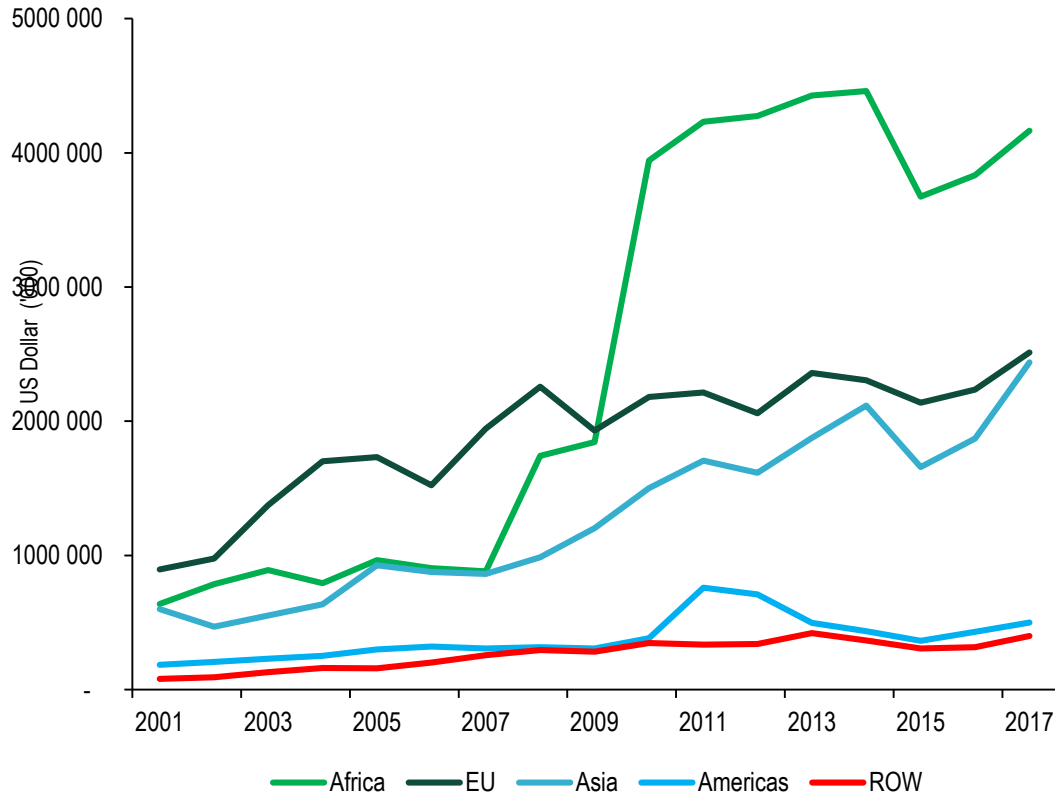
Perspective: SA agricultural production performance (2011-2015)...



SA is a net exporter of agricultural products...



South Africa's agricultural exports by region



ROW represents Rest of the

Top export products

- Edible fruits
- Beverages and spirits
- Processed vegetable and fruit
- Grains
- Wool
- Sugar
- Meat
- Animal and vegetable fats
- Dairy produce
- Tobacco

Key takeaway

In 2017, South Africa's agricultural exports grew past US\$10.0 billion for the first time. This is a 15 percent increase from 2016 – a year that was characterised by El Niño induced drought.



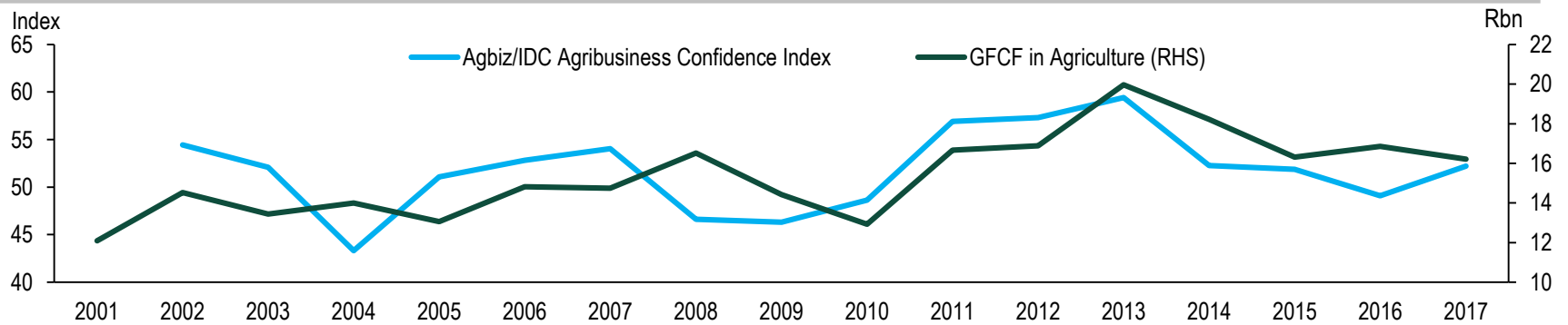
Issues that could constrain growth and job
creation in SA agricultural sector...

Issues that could constrain growth and job creation in SA agricultural sector

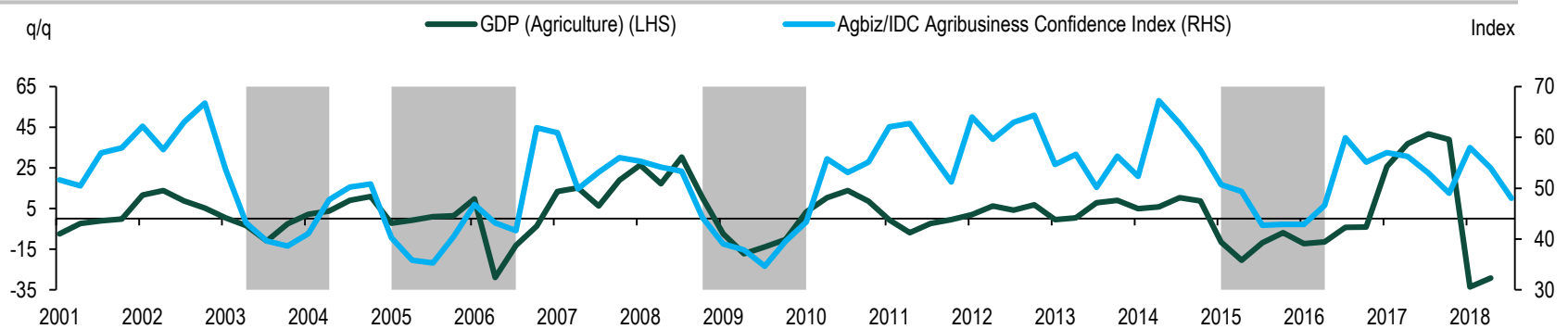
- The uncertainty regarding SA's land reform policy is a key risk in the near term
- Climate change (the sector's ability to adapt)
- Water rights regulations
- Lack of biosecurity measures for domestically produced and consumed products
- Infrastructure constraints in some farming areas, particularly former homelands

Sentiment in SA agricultural sector at the moment and the potential impact on investment?

Agbiz/IDC agribusinesses confidence and Investment....

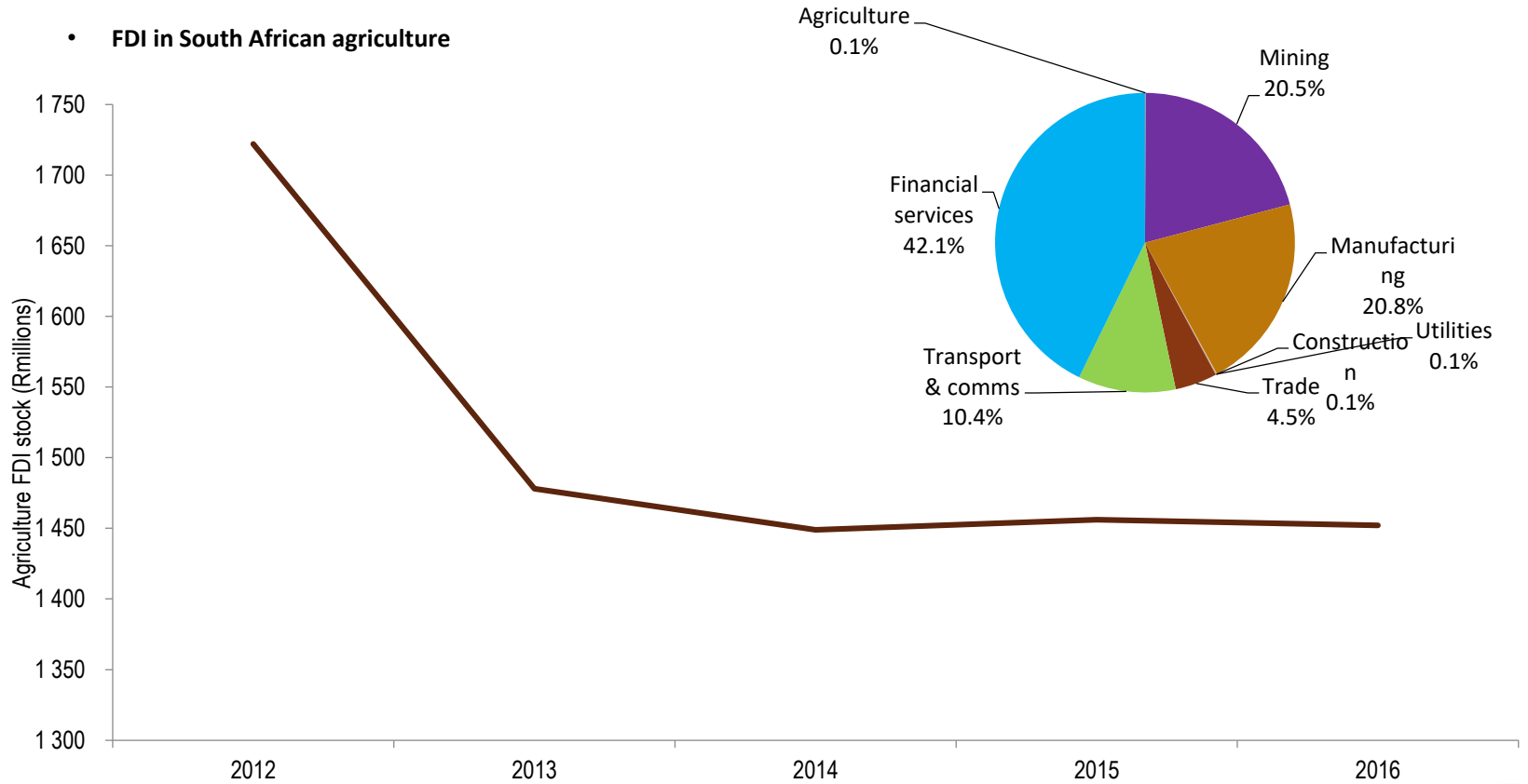


...confidence drives agricultural production (in addition to weather dynamics)



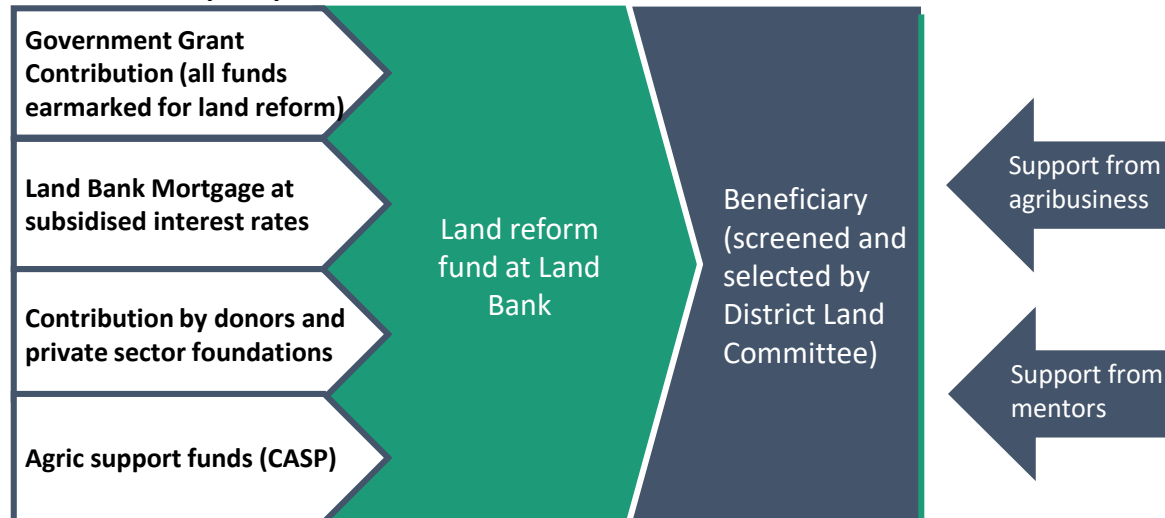
FDI's declining in SA agriculture. Is the sentiment encouraging to change this trend?

- FDI in South African agriculture



LAND REFORM: we should be thinking more about PPP models for fast-tracking the transfer pace

Here is an example that we proposed a few months back:



There are many models to be studied and explored such as:

- Agbiz/BASA model
- NDP approach (which was never fully implemented), etc

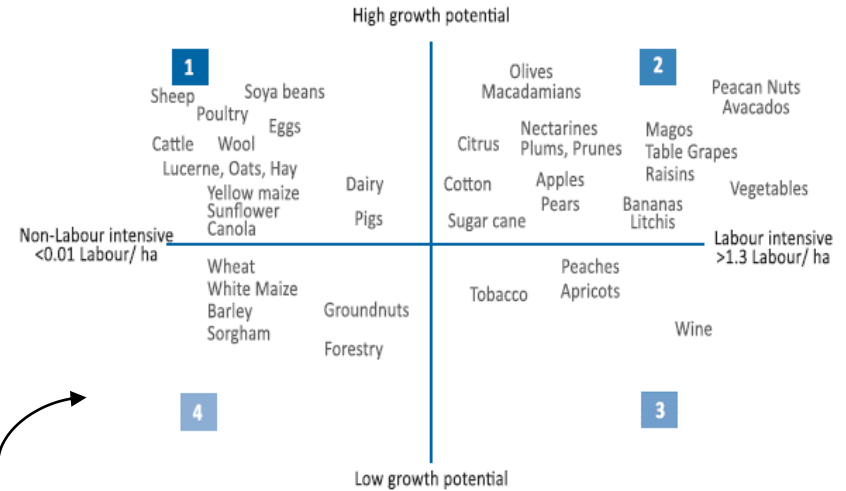
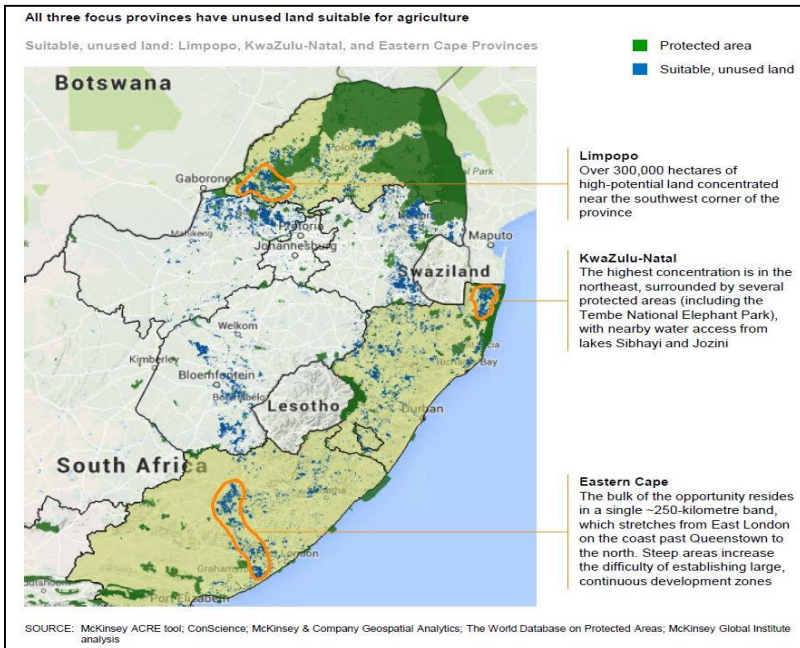
Closing points:

Which subsectors have a potential to create jobs and growth in SA agriculture?

Where should expansion happen?

Here are the industries areas that we should focus on in the near term

- The focus should be on labour-intensive commodities, such as horticulture and sugar cane. This could have a positive spill over to job creation.
- This expansion can potentially happen in the Eastern Cape, KwaZulu-Natal and Limpopo, where there is over a million hectares of underutilised arable land (currently under traditional authorities).



Concluding remarks...

Can SA agriculture create additional jobs?

- Yes (to some extent). International experience shows that the agricultural sector can play an important role in absorbing labour and increasing labour participation.
- This is especially the case when taking into account the fact there is vast untapped potential in KwaZulu-Natal, Eastern Cape and Limpopo.
- The key subsector to focus on is horticulture (it is labour-intensive), and there is also a growing demand for horticultural products both locally and in the global market.
- Most importantly, the upskilling of current agricultural labour force to align with changing technological environment, increasing investment, research and development, and financial support (to developing farmers) are key to improving the sector.

Thank you for your attention...

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