

OPINION PIECE:

Areas of agriculture hold job-creation opportunity for new administration

By Wandile Sihlobo, [Business Day](#), 08 May 2019

South Africans are heading to the voting stations to elect a political party or parties to government. The Ipsos poll suggests that the governing ANC is likely to win a majority vote and therefore President Cyril Ramaphosa will remain as president. So, what should he do to boost SA's agricultural economy in the near term?

The starting point will be to articulate a clear policy framework on land reform and water rights, which will encourage investment in the agricultural sector while ensuring restorative justice, and that underutilised tracts of land are brought into full production to boost growth and employment. This must then be complemented by trade agreements that open up new markets to sell these products.

We have the challenge of high unemployment in this country — 27% in terms of the narrow definition and more than 50% for youth. The unemployed are typically low skilled and some reside in provinces that have underutilised arable land — think of KwaZulu-Natal, the Eastern Cape and parts of Limpopo, where there are more than one-million hectares of such land. The immediate focus should be on a policy environment that boosts SA's agricultural economy, and hence provide job opportunities through agriculture in these provinces.

I have been punting the issue of potential agricultural employment for a while, with some pushback from a couple of analysts who view this sector as a nonstarter when it comes to job creation. In their arguments, they typically raise the issue of the Fourth Industrial Revolution, and the basic development theory view, which states that as nations develop, the relative role of agriculture, at least from a jobs perspective, diminishes as people move to manufacturing and services sectors.

A general observation on the data supports the view, as employment in agriculture has declined over time, from levels of 1.6-million in the 1960s to the aforementioned 849,000 people. This decline in employment was due to a combination of factors, including farm consolidation, in conjunction with the adoption of advanced technology in mechanical and biological inputs. A combination of these factors has ensured that the country produces more output with relatively less labour.

But what is also clear from the data is that the decline in agricultural employment over the past couple of decades has not been evenly spread across all agricultural subsectors, and this is important. For example, the field crop and horticultural subsectors have actually seen an uptick in employment due to an expansion in the area planted, which was partly driven by the growing global demand for food and fibre.

About two-thirds of SA's agricultural jobs are now in the field crop and horticultural sub-sectors. This alone tells us that if we are to see an increase in agricultural employment, these subsectors will have to be a priority — a key area of focus for our next president.

This process will require investment (infrastructure and human capital) and strong and efficient institutions at a regional level to carry out the task. This will also need private-sector participation for both impacting skills, and making investment through joint

venture approaches into farming and blended finance methods, among other programmes. Therefore, I believe that the agricultural economy continues to have significant potential in SA and the new administration would do well to make it a critical aspect of its strategy for sustainable economic growth and much needed employment creation.

- *Sihlobo is chief economist of the Agricultural Business Chamber of SA (Agbiz).*