

## What's needed for SA agriculture to boost jobs?

The latest Quarterly Labour Force Survey data (Q2: 2019) show that South Africa's primary agricultural employment fell by 0.2% from the corresponding period last year to 842 000 (Figure 1). The subsectors that faced a notable reduction were mainly field crops, the game industry and forestry. In the case of field crops, the reduction in employment was unsurprising following a reduction in activity in the fields on the back of a poor harvest in the 2018/19 season, all of which is underpinned by unfavourable weather conditions earlier in the season. From a regional perspective, a notable decline in employment was recorded in the Northern Cape, Free State and Limpopo, whilst other provinces saw a marginal uptick (Figure 2).

### Will there be a change in the current jobs' trajectory?

The near-term agricultural jobs trajectory will be influenced by, amongst other factors, weather conditions, and levels of investment in the agricultural sector. As best as we can tell, there are prospects for good weather conditions in the coming months which could support agricultural activity and subsequent employment. But this might not assure levels of employment which far outpace the trends we have witnessed over the past few years, as illustrated in Figure 1. On an investment front, the outlook hinges on the broader policy direction of the agricultural sector, notably land reform and water rights. There are a number of developments on the land reform front at the moment, but the final policy direction will be an important determinant of the direction that South Africa's agricultural sector will be taking. The same is true for water policy, and infrastructure thereafter.

Even if we assume positive outcomes from the aforementioned factors in the coming months, the effects on jobs may be marginal. Fundamental change is needed to break away from the current trend, and to reach the targets of the agricultural job that are envisaged in the National Development Plan.<sup>1</sup> By using the word – fundamental change – we are referring to (1) a need for a boost in agricultural productivity, (2) an improvement in rural investment climate, (3) expansion of export markets, (4) promotion of labour-intensive agriculture, and (5) expansion of area farmed where possible.

At a practical level, if the underutilised land in the former homelands, underperforming land reform farms, and other parts of the country are not brought into full production with a key focus on labour-intensive subsectors, notable job creation in South Africa's agriculture sector might not materialise. Labour-intensive subsectors specifically refer to the horticulture and field crop subsectors which currently employ two-thirds of the primary agriculture labour force of 842 000. The other subsector – livestock – can also be prioritised, specifically in areas where environmental factors do not permit horticulture and field crops. This would all happen at a time where there is a growing demand for horticultural, and protein-rich diets in the global market which is underpinned by the changing consumer patterns towards healthier diets. Moreover, global beef demand is also gathering steam, particularly driven by China. All this presents an opportunity for South Africa to partially address its twin challenges of rural unemployment and low economic growth.

<sup>1</sup> South Africa is still lagging behind in its effort of meeting a target of creating a million agricultural jobs by 2030 as envisaged in the National Development Plan (see Chapter six of the plan for details).

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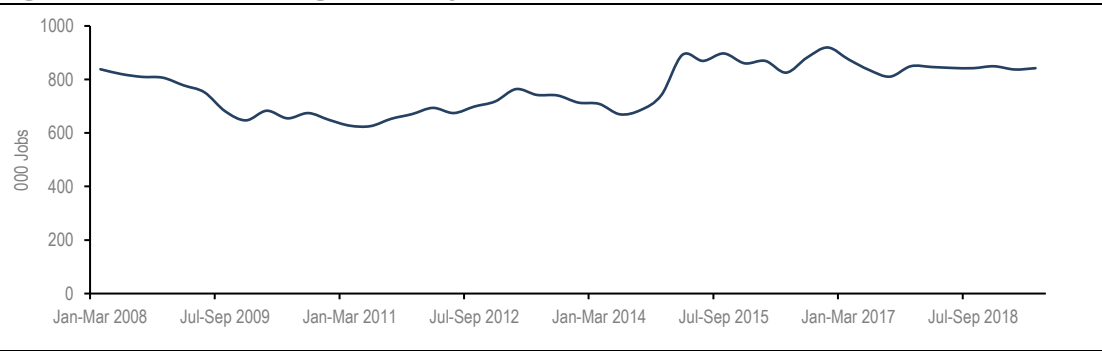
The provinces containing former homelands that still have tracts of underutilised, arable land that can be prioritised for agricultural expansion are KwaZulu-Natal, the Eastern Cape and Limpopo. These provinces collectively have between 1.6 million to 1.8 million hectares of underutilised land, according to a 2015 study by McKinsey Global Institute.

Also, worth noting is that these particular provinces are characterised by higher levels of unemployment and poverty, which in our view, would make sense for the government to prioritise them for agricultural development in the near term. As noted above, the starting point for this process would be to articulate a clear policy framework on land reform and water rights, which will encourage investment in the agricultural sector. Concerted investments would be required for land preparations and provision of irrigation infrastructure, amongst other aspects, to unlocking growth and employment, and associated positive welfare effects.

The focus for provinces that already have extensive farming could be on ensuring that there are export markets for products being produced. Further, the ports infrastructure for delivering the agricultural produce to export markets should be part of the “fundamental change” to boost South Africa’s agricultural fortunes and jobs. This is specifically the case to, but not limited, the Western Cape. The province is a leading agricultural jobs creator, but for that to be sustained, there must be market access for the produce of the province. Animal and plant health as key pillars of trade need consistent attention. The effects of animal health were felt earlier this year in the livestock sector, specifically in the wool and beef industries, where a lapse in biosecurity controls severely compromised the industries’ export potential. Overall, the quest for boosting employment in South Africa’s agricultural sector will need various interventions. Fortunately, many of these are within the policymakers’ reach.

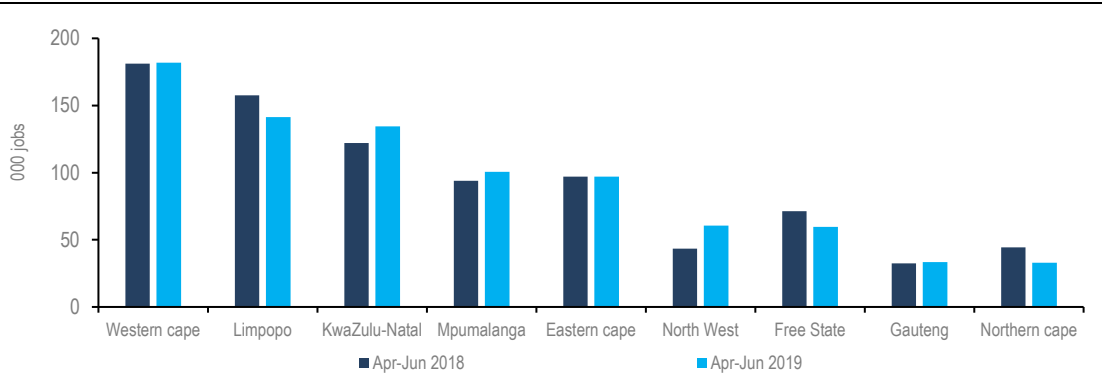
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Figure 1: South Africa’s agricultural jobs



Source: Stats SA, Agbiz Research

Figure 2: South Africa’s agricultural jobs by province



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