



AGRICULTURAL EMPLOYMENT BRIEF

BFAP's Agricultural Employment Brief interprets and contextualises the latest quarterly labour force survey from StatsSA and provides insights on the major factors driving agricultural employment.

14 April 2022

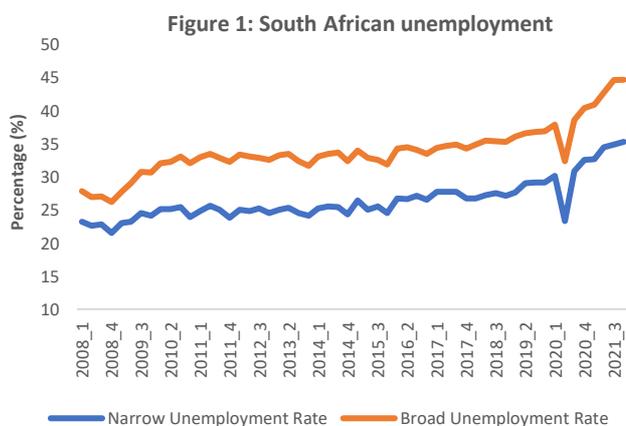


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THE AGRICULTURAL SECTOR REMAINS ONE OF THE MOST RESILIENT SECTORS IN TERMS OF JOB CREATION, COMING AT A TIME WHEN UNEMPLOYMENT LEVELS ARE WORSENING IN SOUTH AFRICA. EVIDENCE SUGGESTS THAT FARMS AND AGRO-PROCESSORS CREATED EMPLOYMENT DURING 2020 AND 2021.

Statistics South Africa (StatsSA) published the delayed Quarterly Labour Force Survey results on 29 March 2022 for the final quarter of 2021. In this Agricultural Employment Brief we analyse the quarterly and annual changes in the agriculture sector and provide some insights into the main drivers of these changes.

South Africa’s unemployment situation continues to deteriorate with the official unemployment rate in the fourth quarter of 2021 increasing to 35.3%. Unfortunately, the number of unemployed keep on growing at a rate faster than the economy can create jobs and worryingly, the number of discouraged work-seekers remains at elevated levels – more than 3.8 million South Africans of working age. Thus, 44.6% of the county’s total labour force cannot find, or have stopped looking for, jobs.

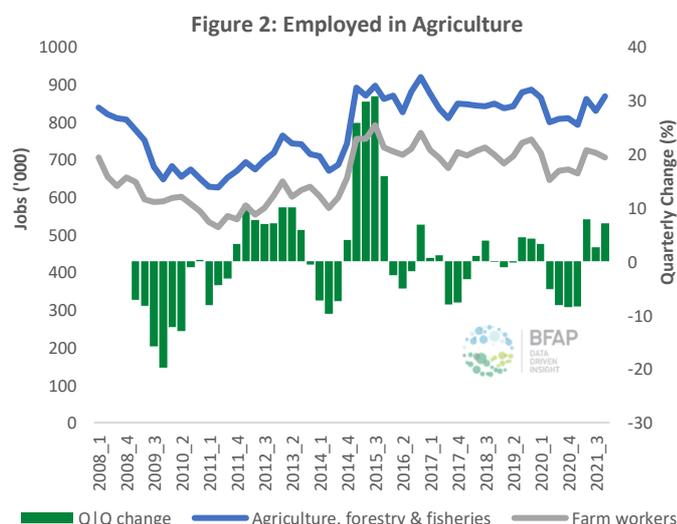


The encouraging news is that a few industries have actually managed to grow their employment base, with the agricultural sector amongst them. In the past quarter around 38 000 jobs were added to end 2021’s aggregated total at 2% higher than

2020 for the full year. The only other industries that had a net positive employment creation impact in the past year were transport, finance and private households (mainly domestic workers).

We noted in our Brief in quarter 2 and 3 of 2020 that there was anecdotal evidence that the surveying methodology changes applied during COVID-19 lockdown negatively affected farm employment coverage. Annual comparisons between Q2 & Q3 of 2020 compared to 2019 in the QLFS suggested that around 70 thousand farm worker jobs were lost, which we explained does not align with the strong economic growth in the agricultural sector at that point in time.

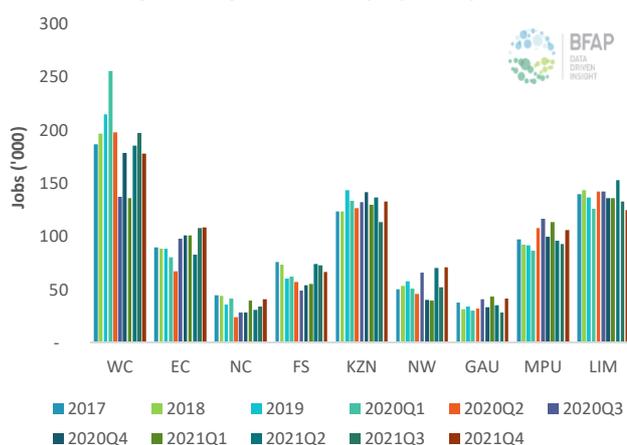
Additional data that was recently released by StatsSA in the form of the Agricultural Survey for 2020 confirms our suspicion. Up until the end of June 2020 and compared to 2019, farm employment increased from 765 269 to 777 879, according to this newly available source, thus adding jobs to the sector. The implication is that care should be taken to interpret the labour force survey trends from 2020 quarter 2 onwards. **Figure 2** below shows these agricultural labour market trends for both the broader Agriculture, Forestry and Fisheries sector, as well as for farm workers in particular. In the final quarter of 2021, agricultural employment increased 7% compared to 2020. The average level of agricultural employment for 2021 was 838 000, marginally higher than the 829 000 in 2020. The total number of farm workers increased by 3.8% during 2021.



It is therefore our view that the agricultural sector created jobs in both 2020 and 2021, despite the QLFS statistics suggesting negative growth in 2020. This is in line with the findings from the Agricultural Survey (2020) as well as the most recent release of GDP numbers showing continued real agricultural GDP growth in the sector of 8.3% in 2021.

Noting the challenges with the QLFS statistics, **Figure 3** proceeds with a breakdown of agricultural employment within provinces for the past few quarters. The biggest positive contributions to employment between Q4 in 2021 and 2020 were seen in North West (76%), followed by Northern Cape (45%) and the Free State (24%). This performance reflects strong output growth in the grain and oilseed industries in the past year. Slight negative employment growth was recorded in Limpopo and Kwa-Zulu Natal.

Figure 3: Agricultural employment per Province

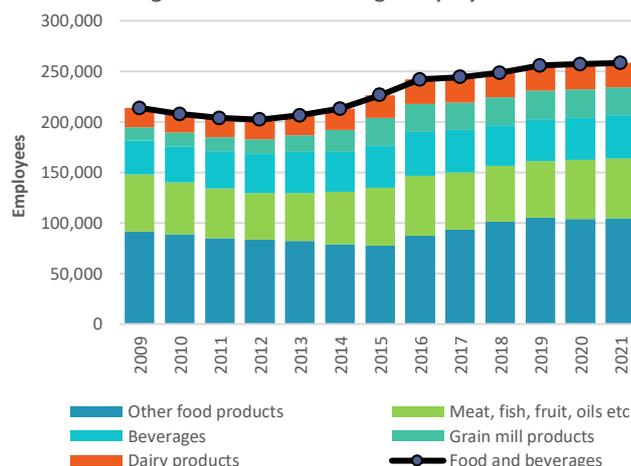


For the final section in this Quarterly Brief we assess an additional measure of employment in the wider agricultural value chain by including trends from another StatsSA publication tracking employment with the Quarterly Employment Statistics. The benefit of using this survey is that it captures agro-processing employment using another survey methodology over the same period as the QLFS.

One would expect that if there were large-scale job losses in the primary agricultural sector as suggested by the QLFS in 2020 that this would also translate into fewer jobs in agro-processing industries. **Figure 4** includes the aggregated

employment numbers for all the major food and beverage subsectors. The trend suggests a definite increasing trend in employment after the impact of the 2009 financial crises and when the South African economy was growing at decent levels. Unfortunately, employment growth in food and beverages have somewhat slowed in recent years, but there was no significant decline in employment in the agro-processing industries as a result of COVID-19.

Figure 4: Food & Beverage employment



This job performance in the agro-processing sector stands in stark contrast to rest of the manufacturing sector, which employed 931 000 people in 2019 but only 861 000 in 2020. In 2021 there was a slight recovery back to 891 000 jobs, but the net loss was still close to 40 000 as a result of COVID-19. Again, this points to the resilience of both the farming and agro-processing sectors to maintain the level of employment in the past two years.

IN CONCLUSION...

We maintain our view that agricultural employment statistics from the Quarterly Labour Force Survey need to be revisited, especially for the period after the pandemic started. Evidence is emerging that, due to agriculture’s strong growth performance in the past two years, employment has been increasing. This again highlights the important contribution the agricultural value chain is making towards employment, particularly when most other sectors are shedding jobs.