



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.

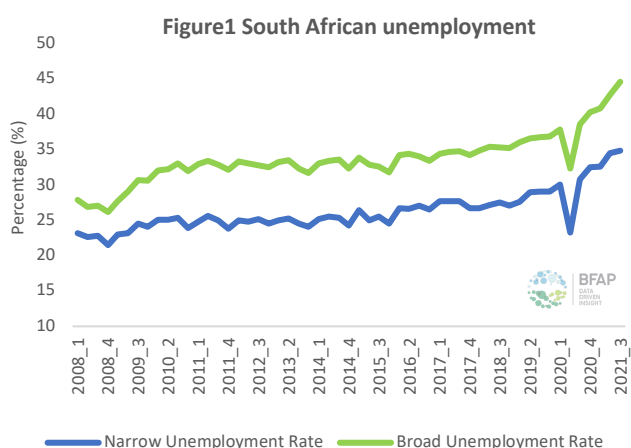
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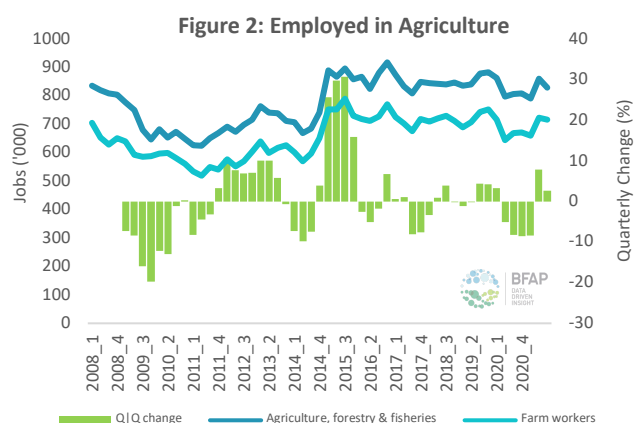
IT'S BECOMING AN UNFORTUNATE TREND THAT IN EVERY RELEASE OF STATISTICS SOUTH AFRICA'S (STATSSA) QUARTERLY LABOUR FORCE SURVEY (QLFS), THE RATE OF UNEMPLOYMENT IS INCREASING.

In the third Quarter (Q3) of 2021, the official narrow unemployment rate increased slightly from the previous quarter to 34.8%. However, of concern is the labour force movements in the expanded definition, which have grown from 42.7% to 44.6%. A larger unemployment rate can either be driven by an increase in the number of unemployed (and discouraged job seekers), by a decrease in the number of employed or both. In the past quarter both took place with around 545 000 workers who were employed in Q2 becoming discouraged job seekers, and a further 115 000 moving to the unemployed definition. Combined with this, the number of employed persons also declined, suggesting that the impact of the social unrest, re-emergence of load shedding and weak economic conditions are causing significant job shedding. Indeed, the sector with the biggest decline in employment numbers was the trade sector (which includes retail and wholesale trade). The unemployment trends are given in Figure 1.

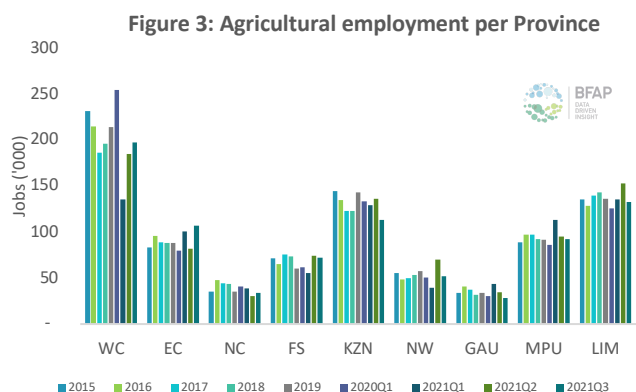


The agricultural sector has performed well in 2021, building on the strong performance in the 2020 season. Despite this, the sector also contributed to declining job numbers, with around 32 000 fewer employed than in Q2 in 2021. However, the nature

of agricultural production makes interpretation of employment trends between consecutive quarters difficult; hence we compare annual quarter-on-quarter changes. Agricultural jobs are still 2.5% higher in 2021's Q3 compared to 2020, although we have previously cautioned using the labour data during the initial lockdown period. Figure 2 shows the agricultural labour market trends for both the broader Agriculture, Forestry and Fisheries sector, as well as for farm workers in particular.



In an attempt to interpret the latest results from the StatsSA release, Figure 3 shows the provincial breakdown of agricultural jobs for the past few quarters. The only provinces with increasing employment numbers were the Western Cape, Eastern Cape and the Northern Cape. These gains were not enough to offset the aggregate losses of all the other provinces that shed agricultural jobs. Interestingly, the largest decline in agricultural jobs was in KwaZulu Natal, suggesting the social unrest also spilled over to job losses in agricultural value chains.



Aside from analysing agricultural employment numbers, the rest of this Brief is dedicated to assessing some other metrics about labour market outcomes for farm workers. As the sector is currently in the negotiation phase of the Agriculture & Agro-processing Master Plan (AAMP), discussions around the welfare of farm workers need to be placed within the correct context.

There was widespread job creation in the agricultural sector during the aftermath of World War 2, and this expansion continued into the 1960's, reaching a peak of 1.8 million workers. After this, the introduction of especially mechanical grain harvesting technologies meant that fewer workers were required on farms for the same amount of production output, which resulted in productivity growth. This resulted in a substantial decline in farm employment over the next five decades, reaching a low of 644 000 in 2011, which led many to believe that this trend would continue. However, the agricultural sector's strong growth, specifically in the more labour-intensive horticultural sector in recent years has arrested this trend, to the extent that by 2019 employment had recovered to 861 000 jobs, thus adding jobs since 2011 despite the introduction of a minimum wage in 2003.

The social and economic impact of this job creation should also be considered within the broader context, as it came at a time when South Africa's unemployment rate, in general, was consistently worsening, as suggested in Figure 1. Furthermore, there have also been significant improvements in farm worker wellbeing, both in terms of higher wages due to the minimum wage and improvements in other work conditions. Farm worker wages have, for example, risen by 11.9% per annum over the past decade, far higher than the inflation rate and amongst the highest rates of increase in the economy as a whole. While this is part of a process of "catching up", it is evident that there needs to be a fine balancing between paying decent wages to workers and ensuring agricultural businesses' long-term viability.

Table 1 provides some details about improved labour market outcomes amongst farm workers in South Africa between 2010 and 2019, using the QLFS. The proportion of farm workers paying a UIF deduction (a measure of permanent employment status) has increased from 57% to 63% in this period, whilst more than half of the workforce is receiving paid leave (where seasonal workers do not qualify, i.e. another indicator of increased permanent employment status). Although still from a small base, there has been a 76% increase in the number of workers contributing to a pension fund.

Table 1: Farm worker labour market improvements

Labour Market Outcome	2010	2019	Change %
UIF Deduction	56.8	63.4	11.63
Paid Leave	32.0	52.0	62.29
Contribution to Pension	8.8	15.6	76.08
Written Contract	49.4	68.8	39.27
Permanent Employed	40.5	46.0	13.66

The sector can be proud of driving improved labour conditions on most South African farms, although sadly, there are still some isolated cases of unfair labour practices and non-compliance in paying the minimum wage. These need to be addressed urgently.

IN CONCLUSION...

...there has been tremendous progress in both farm employment, wage increases and livelihood outcomes in the South African agricultural sector. Policy discussions should focus on how to further encourage these trends whilst at the same time recognising the complexity inherent to agricultural production and the volatility of its markets. To achieve long-term sustainable growth in agriculture, this balancing should be underpinned by economic growth with the aim to provide food at the lowest possible cost to the South African population.