



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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INSIGHT

The latest official labour market statistics suggest agricultural jobs have seen a boom in the past quarter. This brief unpacks why this is not supported by evidence on the ground but rather points to challenges with the QLFS survey, and details why this is problematic for agricultural labour policy decisions.

This BFAP Employment Brief is aimed at providing quarterly insights on the South African agricultural labour market and associated value chains. **Figure 1** shows the major trends in the country's unemployment position given by both the narrow (using only the unemployed) and broad (adding discouraged workers) definitions. The improved moderation of these trends from the peaks witnessed in the latter part of 2021 to the current levels continue to surprise analysts. In the 3rd quarter of 2023, the narrow unemployment rate stood at 31.9%, whilst the broad rate was 39.6%.

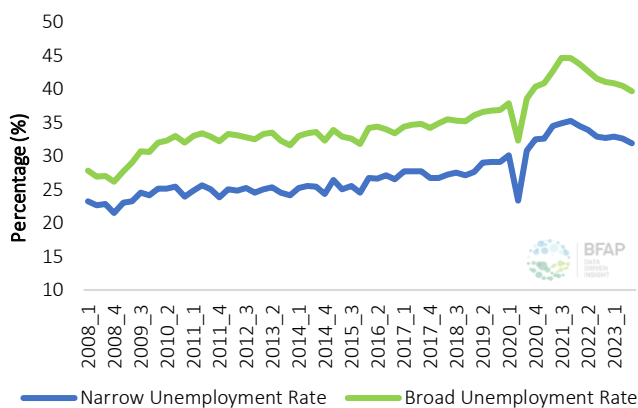


Figure 1: South African unemployment rates

Perhaps the most striking results released from the QLFS were the job numbers reported for the agricultural sector. It is now well-known and documented in our Baseline publication and others that the SA agricultural sector experienced some difficulties during the course of 2023. The most recent release of the quarterly GDP statistics adds credence to this view. The confluence of factors such as animal diseases, constrained export markets and rapidly deteriorating public service provision (ports, roads, electricity supply, water quality and infrastructure, and other services) are all weighing in on growth. Also, the agricultural sector has had strong growth in 2020 and 2021, and even with marginal growth in 2022, is still on a comparatively high base. Thus, the sector will likely contract over the whole of 2023 in real terms, and the real question is by just how much. Given this expectation, based on our value chain analytics, economic modelling tools as well as discussions with value chain participants in several forums, it is surprising that the 3rd quarter's Quarterly

Labour Force Survey (QLFS) released by StatsSA reported agricultural jobs growing by more than 60 000 jobs from quarter 2 and around 83 000 jobs compared to the 3rd quarter in 2022. **Figure 2** provides a perspective on such growth over time, suggesting that there was a 10% quarter-on-quarter growth in jobs in the agriculture, forestry and fisheries sector, with farm workers growing disproportionately, now around 16% higher than the same quarter in 2022.

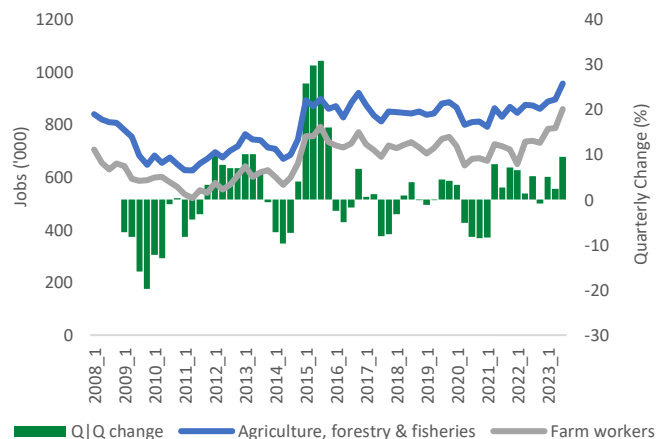


Figure 2: Employment in agriculture

The question that arises from such promising job numbers in agriculture is what could have led to such an explosion in farm employment coming at a time when the sector is contracting. Answers are especially important given that there are several labour-intensive horticultural industries that are struggling to sustain investments in planted hectares due to lower than usual returns on their farms. To put the StatsSA reported growth in agricultural jobs into perspective, South Africa's blueberry industry, whose growth in the past decade has been a success story, has created roughly 12 000 jobs over the past decade. Other large and labour-intensive horticultural industries such as table grapes and citrus farms sustain roughly 60 000 and 85 000 full-time equivalent jobs, respectively, with pome and stone fruit another 68 000 permanent equivalent jobs made possible through many decades of development. All three of these industries are, however, currently struggling to maintain investment and revenue levels.

Thus, for the sector to create 83 000 jobs in the past year would mean the equivalent of having additional blueberry production 7 times the country's current capacity or the doubling of the country's now mature citrus industry. The main point is that to create such a large number of agricultural jobs would normally require excessive investment and planning almost impossible to do in a year and impossible to hide.

Interestingly, the QLFS data can be broken down into sufficiently large sub-sectors, and also provides a provincial breakdown of the entire sector. **Figure 4** starts with the former, which suggests that the bulk of the additional growth in jobs was forthcoming from farming with animals, with around 58 000 jobs added, whilst forestry contributed 17 000 and growing of crops another 8 500. Again, considering that the farm economy, and in particular the livestock industries, are currently facing significant headwinds in the form of animal disease outbreaks such as Foot and Mouth Disease and Avian Influenza it is difficult to argue in favour of job creation, let alone the creation of 58 000 jobs in these industries with a comparatively much lower labour intensity compared to crops.

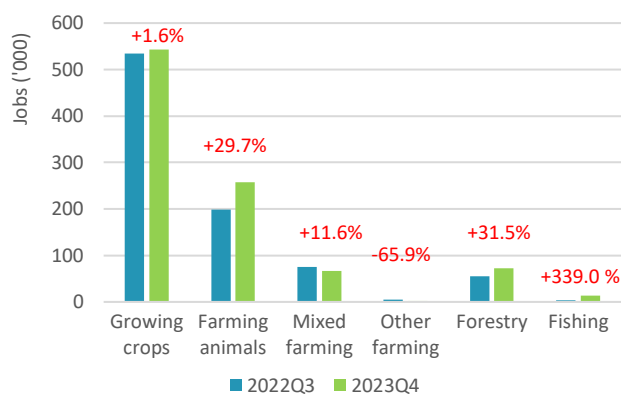


Figure 3: Agricultural jobs by subcategory

Finally, the provincial breakdown in agricultural jobs given in **Figure 5** suggests that around 42% of the additional jobs were located in the Western Cape, followed by Kwa-Zulu Natal (38%), the Eastern Cape (23%), North West (20.5%) and the Northern Cape (20%). If there was indeed a large production expansion that has spurred job creation in the country’s animal farming sector it is not reflected in the production numbers of livestock. Actual animal slaughter statistics over the same period, suggest cattle (+5%), sheep (+9.5%) and pig (-3.6%) slaughters were not nearly large enough to result in a significant expansion in animal farming to boost job creation of this magnitude.

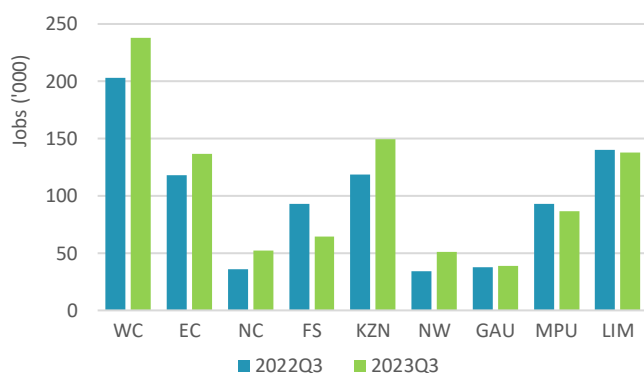


Figure 4: Agricultural jobs by province

Perhaps the only plausible explanation for excessive job creation in animal farming in the short-run, however unlikely, is that the additional (temporary) jobs would have been required to cull poultry affected by Avian Influenza. Since we are not aware of any large agricultural investments on farms or significant expansion in any agricultural industry, the recorded growth in agricultural jobs from the QLFS should be interpreted with great caution. Furthermore, readers familiar with this brief would have noticed our concerns with the QLFS data since the onset of COVID-19. To date, StatsSA has not corrected these data, nor have they published detailed explanations that could shed light on the factors or variables considered in the published statistics responsible for the emerging agricultural job trends. This is critically needed.

Why there should be cause for concern

As we have come to learn in the past two decades, these numbers are critical for policymaking affecting the agricultural labour market. Many of the current debates such as regarding the National Minimum Wage (NMW) and the concomitant labour market outcomes on farms are informed by using, in part, this specific dataset. At the end of 2023, the National Minimum Wage Commission recommended that the NMW be adjusted by inflation plus 3% in 2024, of which one of the factors considered is listed as “the impact on employment”. If agriculture and other related sectors dominated by low-skilled workers are mistakenly reported as being job creators, when they are not, it could lead to misguided policy recommendations affecting both workers and businesses negatively, especially during spells in which the agricultural sector can ill-afford it. This is especially true in the current agricultural context.

IN CONCLUSION...

- The current statistics published by StatsSA suggest large job creation in SA’s agricultural sector which does not align well with reports on the ground.
- We interrogated the numbers and found little evidence of how the sector could have created 85 000 jobs in the past year, especially considering statistics suggesting most of the growth in jobs were observed in the livestock sector.
- This has serious implications on the sector and in particular decision-making as it relates to the agricultural labour market since the QLFS is often used to provide empirical evidence to support critical decisions such as the annual National Minimum Wage adjustments.

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