

Farms shed jobs

Smallholder farmers could reverse shock trend

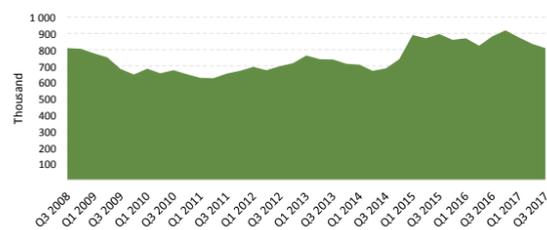
The creation of sustainable employment opportunities is critical to eliminating poverty and reducing inequality in South Africa. Year after year, millions of jobs need to be created to provide employment and income for a growing population. The South African government has identified employment creation as one of its key priorities, with key sectors such as agriculture expected to play a central role in realising equitable and inclusive growth.

As the primary economic activity in rural areas, the National Development Plan (NDP) recognises the agricultural sector as having the potential to create close to one million new jobs by 2030, placing it front and centre as the leading contributor to the overall employment target.

Agricultural jobs decline in Q3 2017— understanding the context

Unlike the last three years during which the employment figures for the third quarter showed an increase in agricultural employment, the agricultural sector continued to shed jobs in the third quarter of 2017. This was on the back of reduced activity in field crops and the horticultural sector. After shedding 44 000 and 40 000 jobs in the first and second quarters of 2017 respectively, the sector saw a further 25 000 jobs lost in the third quarter. In total, the sector registered a decline of 109 000 jobs over the first three quarters of the year. The latest decline in agricultural jobs puts the sector's total labour force at 810 000 jobs, which is equivalent to 5% of the total South African labour force, compared to 5.2% in the third quarter. This is still higher than other sectors such as the mining, but slightly below the transport industry.

Figure 1: Employment in South Africa's primary agricultural sector

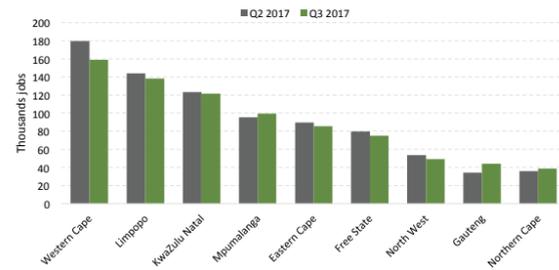


Source: Stats SA Quarterly Labour Force Survey, 2017

Agricultural job losses were recorded in all provinces, with the exception of the Northern Cape, Gauteng and Mpumalanga. Although it remains the largest agricultural employer with a share of 19.6%, the Western Cape was the most affected province in terms of agricultural job losses in the third quarter of 2017. This was due to lower production activity as a result of the continued drought, which has seen fewer seasonal workers being employed. About 21 000 jobs losses, equivalent to 82% of the third quarter agricultural job losses, were in the Western Cape.

This reflects the significant impact of the continued drought on agricultural activity in the province. Furthermore, the Eastern Cape, Free State, KwaZulu-Natal, North West and Limpopo provinces also saw a notable reduction in employment in the third quarter of 2017. This can be attributed to reduced activity in the fields during the winter season.

Figure 2: Agricultural jobs by provinces



Source: Stats SA Quarterly Labour Force Survey, 2017

A closer look at agricultural commodity levels reveals that the field crops and horticulture sub-sector is the major contributor to the decline in agricultural employment during the third quarter of 2017. This sub-sector, a leading contributor the country's total gross agricultural production, showed a massive decline of 12 000 jobs during this period. Most of these job losses were recorded in the Western Cape's fruit producing areas as a result of persistent drought.

Notable employment reductions were also recorded in other sub-sectors including livestock, mixed farming, and organic fertilizer production, while other sectors such as forestry and aquaculture recorded job gains. The increase in jobs in the forestry sub-sector most likely reflected those workers who were employed as wattle



bark strippers on a seasonal basis as a vast majority of forestry jobs are low-skilled.

Following the trend in the second quarter, the number of women employed in the agricultural sector further decreased by a further 12 000 in the third quarter of 2017, compared to a decline of 14 000 jobs during the second quarter. Similarly, the number of men employed further decreased by 13 000 during the same period, which is half the number of jobs shed in the second quarter. As a result, women's share of employment in the agricultural labour force continues to decline, albeit at a slightly lower rate of 31.1% during the third quarter of 2017, compared to 31.6% in the second quarter of the year. This clearly indicates that men still largely dominate employment in the agricultural sector. The declining women's share of agricultural jobs is of serious concern, especially given Government's imperative to build an inclusive sector.

Subdued agricultural employment prospects

It is widely expected that jobs across the entire sector will remain sluggish into the fourth quarter of this year. The persistent drought in the Western Cape Province remains a key risk that could potentially undermine the performance of the entire agricultural labour market. Although the summer crop-producing provinces could experience

an increase in activity in the fourth quarter of this year, there is limited prospects of notable improvement in employment as most summer crops are not labour intensive, particularly grains and oilseeds.

Despite the quarterly decline in employment, agriculture is still one of the most labour-intensive sectors with substantial employment linkages. Government, including the Development Finance Institutions (DFIs) such as Land Bank and the Industrial Development Corporation (IDC) are prioritising support to farmers severely affected by the drought in the Western Cape. This will hopefully help to arrest the decline in employment in the sector.

Emerging and semi-subsistence farming, with the support of government, could create additional employment opportunities in the sector. By empowering these farmers to become profitable, there is potential to create significant employment in the agricultural sector.

Today, most of these farmers produce a fraction of what their lands can yield, mainly because they are not using improved seeds or fertilizers among others. With new, improved seeds and the right support, these smallholder farmers may be developed into profitable businesses making an economic contribution and creating jobs. ■

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