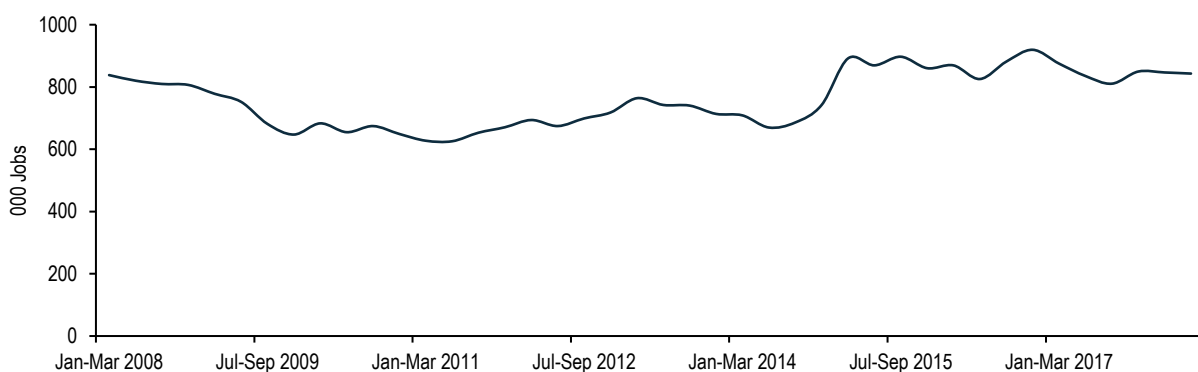


SA agricultural employment up by 1% y/y in Q2, 2018

The Quarterly Labour Force Survey conducted by Statistics South Africa showed a percentage point annual increase in agricultural employment in the second quarter of this year to 843 000 jobs (Figure 1). This was supported by an improvement in employment in the Western Cape, Eastern Cape, Limpopo and the Northern Cape provinces. This is underpinned by increased activity in the grain and horticultural fields during the harvesting period. Although the improvement in agricultural jobs is an encouraging development, it is worth noting that South Africa is still far behind its target of creating a million agricultural jobs by 2030 as envisaged in the National Development Plan.

- The improvement in employment in the aforementioned provinces was unsurprising, particularly the Eastern Cape and Limpopo, given that the second quarter coincides with the harvest process of both grains and horticulture. While grain production has somewhat declined from levels seen last year, the citrus production has slightly increased. Data from the United States Department of Agriculture shows that South Africa's 2017/18 orange production could increase by a 2% y/y to 1.43 million tonnes due to expected large outputs in the Limpopo and the Eastern Cape provinces. The improvement in the Western Cape jobs came as a surprise as most horticulture sub-sectors recorded a double-digit decline in production due to drought. The province remains a leading agricultural employer, accounting for a 21% share in the national agricultural jobs.
- Agricultural employment in North West, Free State, Gauteng, KwaZulu Natal and Mpumalanga provinces declined 19% y/y, 11% y/y, 5% y/y, 1% y/y and 1% y/y, respectively (see Figure 2).
- In terms of sub-sector performance, the uptick in employment was in field crops and horticulture, game, forestry and aquaculture, whereas other subsectors recorded a reduction in annual employment (see Figure 3).

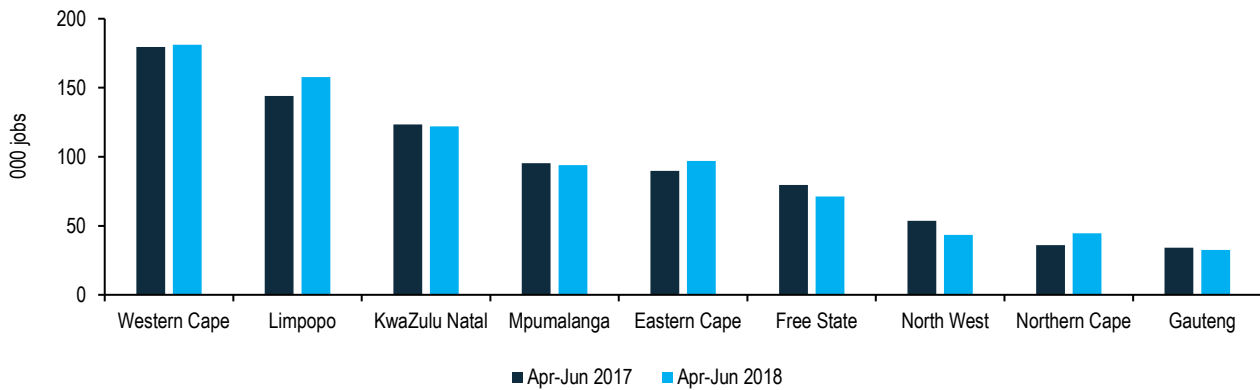
Figure 1: South Africa's agricultural jobs



Source: Stats SA, Agbiz Research

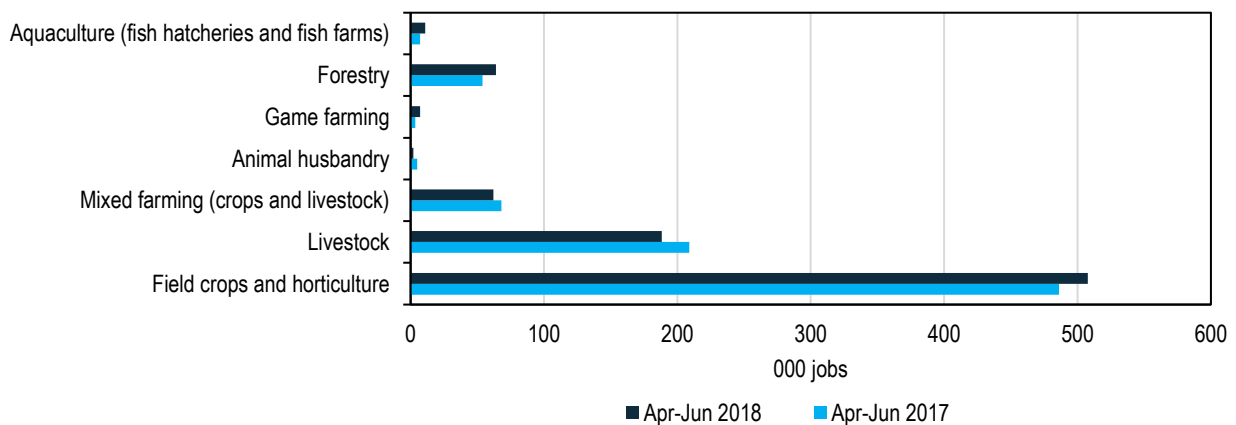
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Figure 2: South Africa’s agricultural jobs by province



Source: Stats SA, Agbiz Research

Figure 3: Year-on-year employment by sub-sector



Source: Stats SA, Agbiz Research

- Looking ahead – Whilst today’s data painted a fairly positive picture compared to the corresponding period last year, we believe that the tail-end effects of the Western Cape province’s drought combined with the reduced area plantings in the summer crop growing region of the country could potentially weaken the performance of the agricultural labour market in the coming quarters. In terms of policy development, our view remains unchanged, which is that the business sector has generally accepted the impending introduction of the National Minimum Wage, but it will affect some sub-sectors within the agricultural sector more than others depending on the labour intensity and average labour skill required. For example, the horticultural sector is one of the likely sub-sectors to be impacted by the introduction of the National Minimum Wage as it is labour intensive relative to other sub-sectors.

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