

## Solid SA agriculture jobs growth a reflection of a healthy sector

This year, South Africa's agricultural sector's exceptional performance, which is reflected in robust production volumes for the 2021 season and export volumes in the first three quarters of this year, is also evident in the jobs data. The Quarterly Labour Force Survey data released by Statistics South Africa this morning showed that in the third quarter of 2021, agricultural employment increased by 3% y/y to 829 000. This is well above the long-term agricultural employment of 780 000. Admittedly, the third quarter of each year is typically not a busy period for agriculture; hence employment is down 4% from the second quarter – a busy harvesting period for field crops, with seasonal employment opportunities.

Four provinces underpinned the improvement in agricultural jobs in the third quarter, namely, the Western Cape (up 44% y/y), Eastern Cape (up 10% y/y), Northern Cape (up 19% y/y), and Free State (up 48% y/y). Meanwhile, the rest of the five provinces registered a decline in employment in the third quarter of 2021 compared with last year's corresponding period. The 2020 surveys were done at a period of heightened uncertainty with numerous harsh lockdowns that severely affected the Western and Northern Cape, where the wine industry is amongst the dominant employers. Hence, the employment numbers for these provinces should be read with the recognition that they are from a lower base.

The game industry, forestry, livestock, and fisheries were amongst the subsectors that registered a notable decline in employment compared to the third quarter of 2020.

In sum, South Africa's agricultural sector is healthy, and its jobs market reflects the optimism. The Western and Northern Cape agricultural employment has recovered following a slump in months after the temporary ban on alcohol sales. This speaks to a rebuilding effort that producer organizations have been undertaking over the past few months.

Notably, the employment data will remain of interest following the 16,1% increase in the farm minimum wage to R21,69 per hour with effect on 1 March 2021. At the time of its publication, various commodity groups indicated that the increase in the minimum wage would cause a further squeeze on cash flow and negatively influence hiring decisions. But, the actual effects of the current minimum wage increase on jobs will only be apparent with a lag. The favourable agricultural conditions, combined with higher commodity prices, have also improved the farmers' financial conditions and, thus, temporarily eased the pressure of minimum wage increase. We will continue to monitor the data. Fundamentally, the agricultural economy is on a solid footing for a second consecutive year. In 2020, the sector's gross value added expanded by 13,4% y/y. This year will likely also be another year of good performance, with the Bureau for Food and Agricultural Policy (BFAP) forecasting a 7,6% y/y growth.

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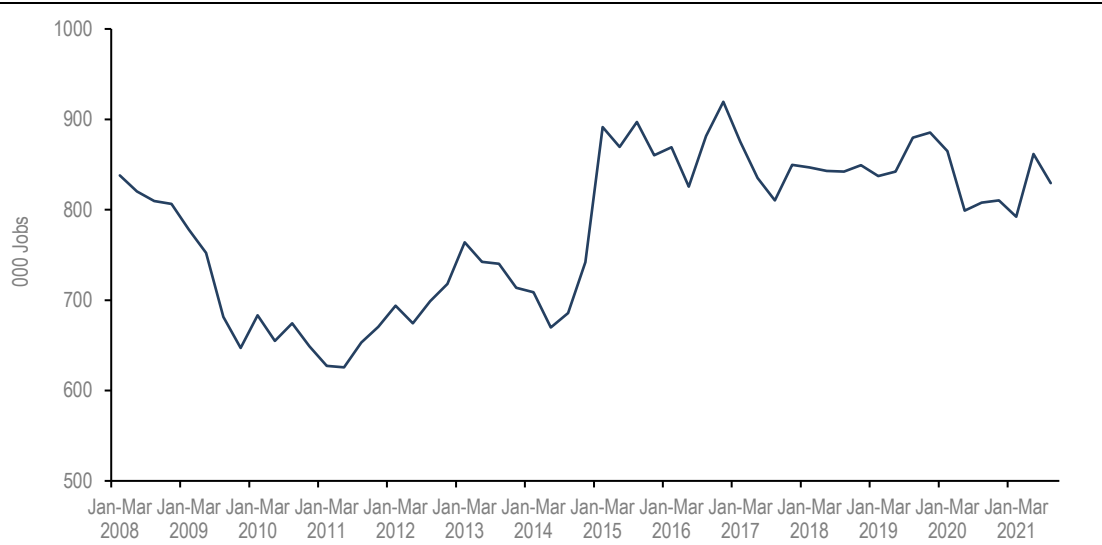
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Exhibit 1: South Africa's agriculture employment



Source: Stats SA and Agbiz Research

