



Employment Trends in Western Cape Agriculture

March 2016

This short brief looks at the recent employment trend in the Western Cape Agricultural Sector using the Quarterly Labour Force Surveys (QLFS) administered by Statistics South Africa (Stats SA, 2016). The analysis indicates a significant recovery following the decline in employment immediately after the global recession of 2008 and 2009, as well as significant progress towards important national development goals.

South Africa's National Development Plan (NDP), released in 2011, lays out the country's vision for where it wants to be by 2030. In the plan, South Africa in 2030 is more equitable and a country where the lives of everyone have been improved. A key component of this vision is the creation of 11 million new jobs in the economy, 1 million of which are targeted to come from the country's agricultural sector (NPC, 2011).

The government of the Western Cape has endorsed the direction of the NDP, setting creating opportunities for growth and jobs as the first of five "Provincial Strategic Goals". Of particular mention is "Project Khulisa", an interdepartmental initiative which looks for big gains in economic growth and employment through expansion of three key sectors: tourism, agri processing and rig repair (WCG, 2014). The Western Cape Department of Agriculture has been given the lead in terms of reaching the province's potential around agri processing, thus taking a central role in achieving provincial, and by extension national, employment targets.

Agricultural production, and as a result employment, is subject to seasonal variations as weather conditions change throughout the year (Hall, 1986; Alderman & Sahn, 1989). In order to account for the seasonal variation in quarterly employment data, four-period moving averages are calculated and used as the basis of the analysis. From here on out "seasonally-adjusted employment" refers to the four-period moving average of that particular employment series and will be used as the main measure of employment.

The QLFS began in 2008, hence the period analysed is from the first quarter of 2008 to the fourth quarter of 2015, a period covering eight full years. Due to the nature of moving averages, they can't be calculated for the beginning of 2008. Therefore the analysis focuses on changes which have occurred over the seven year period from the first quarter of 2009 to the fourth quarter of 2015.

Employment in this analysis is calculated as the weighted sum of all working age¹ individuals who are classified as employed and are in the agricultural sector according to Stats SA's industry codes. Employment in the QLFS relates only to market production activities, thus employment trends will not pick up livelihood improvements through subsistence activities (Stats SA, 2008).

Figure 1 shows the seasonally-adjusted employment in the South African agricultural sector as well as the share of employment relating to individuals who reside in the Western Cape (measured on the right hand axis). There was a clear drop in national agricultural employment following the global recession of 2008 and 2009. However since this drop there has been a significant recovery of agricultural employment, with employment at the end of 2015 approximately 9% higher than the beginning of 2009 as a result of an increase of 35% since the beginning of 2011.

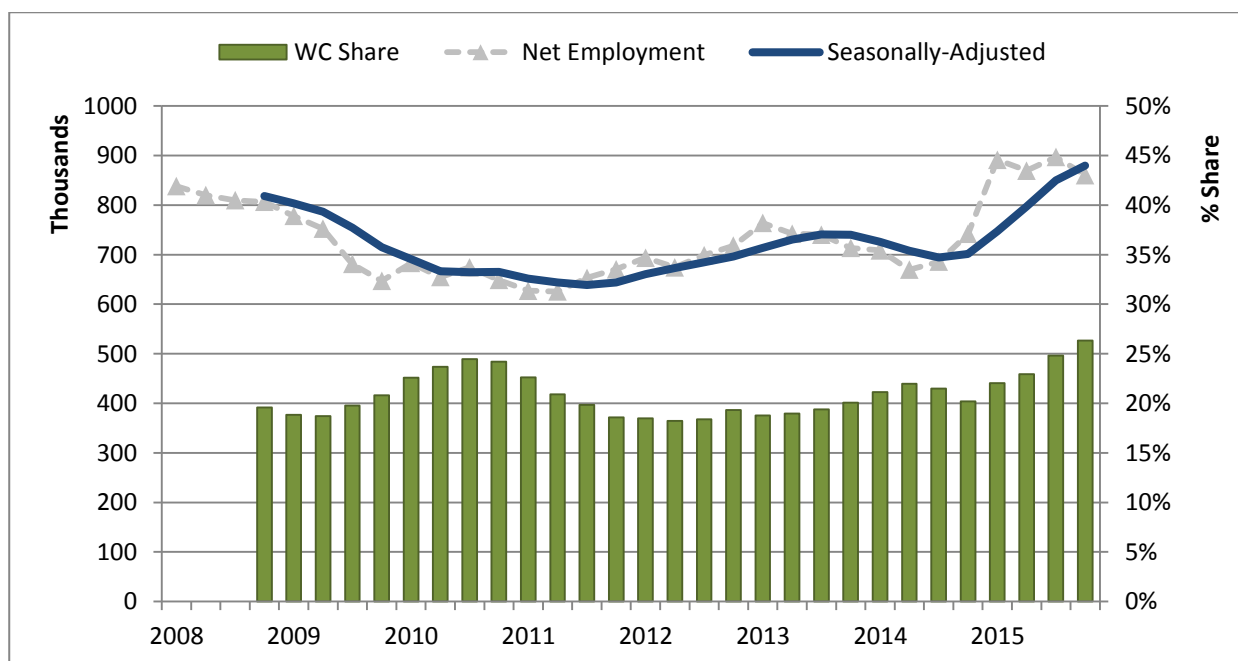


Figure 1: Seasonally-Adjusted Quarterly Employment in South African Agriculture and Western Cape Share, 2008-2015

Source: Compiled Using Data from Stats SA (2016)

The Western Cape's share in national agricultural employment, shown by the bars in Figure 1 as measured on the right-hand axis, has been up and down for the period under review. The share rises to a peak in 2010 before declining and then increasing again since 2013 to reach the highest share for the period in the last quarter of 2015 where it was in excess of 26%.

The recent strong employment performance of Western Cape agriculture can be further illustrated by looking at the seasonally-adjusted employment trend in Western Cape agricultural employment. This is done in Figure 2 which shows a declining trend after the

¹ Working age: 15-64 years old

global recession, which began in 2008, to 2012 despite a slight recovery at the beginning of 2010. Since 2012, employment in the Western Cape Agricultural Sector has been rising and particularly so for the past year where it has grown substantially. Between the beginning of 2009 and the end of 2015, employment grew from 151 thousand to 231 thousand. This is an increase of approximately 53%, equating on average to over 11 thousand jobs being added each year.

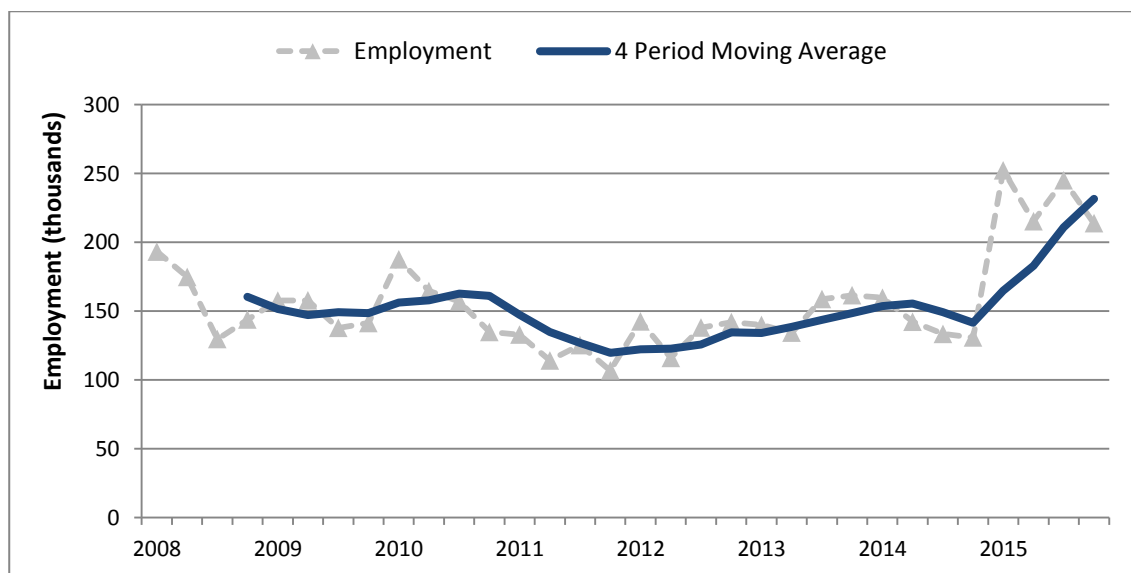


Figure 2: Seasonally-Adjusted Quarterly Employment in Western Cape Agriculture, 2008-2015

Source: Compiled Using Data from Stats SA (2016)

The sharp jump from the last quarter of 2014 to the first quarter of 2015 was also evident in Figure 1 for national employment, but is more pronounced for the Western Cape. The phenomenon is partly attributed to the introduction of a new master sample in line with the 2011 census information and is expected to stabilise going forward (Stats SA, 2015). It is only partly attributable as if this was the only reason it would be a widespread national phenomenon. Whilst it is observable at the national level this is driven primarily by the Western Cape where it has been shown that approximately a quarter of the country's agricultural employees reside. Between the fourth quarter of 2014 and the first quarter of 2015, seasonally-adjusted agricultural employment outside of the Western Cape increases from 611 thousand to 639 thousand, an increase of only 5%. This increase is reasonably standard, especially seeing as the previous two quarter-on-quarter changes were 5% and 11% (Stats SA, 2016). This suggests that whilst part of the jump can be attributed to the changing of the master sample, the Western Cape has still made significant gains in agricultural employment and at least part of the jump should be attributed to positive progress in the province.

When looking at employment performance, employment growth needs to be considered in tandem with the changes in the structure of employment. In addition to setting employment targets for the country, South Africa's NDP highlights the need to improve economic access for marginalised groups, specifically black individuals, women and the

youth. The plan also recognizes the lack of economic access for rural communities and the high incidence and intensity of poverty in these areas (NDP, 2030).

The QLFS gives evidence of significant progress in terms of improving economic access to marginalised groups. This is illustrated in Table 1 which shows the percentage shares in provincial seasonally-adjusted agricultural employment for the first quarter of 2009 and the fourth quarter of 2015. All targeted groups exhibited an increase in their share of employment, and as already illustrated employment has increased significantly over that period, so the increases in Table 1 show an increasing share of an increasing total.

Table 1: Shares in Seasonally Adjusted Agricultural Employment in the Western Cape

Group:	Employment Shares	
	2009 Quarter 1	2015 Quarter 4
Rural	57%	66%
Female	33%	36%
Black ²	89%	94%
Youth ³	14%	19%

Source: Compiled Using Data from Stats SA (2016)

In conclusion, the QLFS data points to a very positive performance of the Western Cape's agricultural sector in recent years. The province should take confidence from significantly increasing agricultural employment in the recovery period following the global recession. In addition to this, there have been significant gains in terms of integrating black individuals, women, the youth and rural communities into the labour force, showing the commitment of agriculture in the province to achieving national development goals.

Going forward it is important to continue striving for growth in the agricultural sector which will continue the good employment performance. This will not be easy, the implications of the 2015/2016 drought are really starting to become evident in the country's agricultural sector and going forward it is expected that the strain on production will lead to job losses in the sector (BFAP, 2016). However, despite the hardships expected in the sector, through targeting expansion in sectors with high job potential with initiatives such as "Project Khulisa" in the Western Cape, the country can prevent large job losses in the sector and continue moving on towards the vision set out in the NDP.

² Here "black individuals" are defined according to the Broad-Based Black Economic Empowerment (B-BBEE) Act of 2003 which states that "'black people' is a generic term which means Africans, Coloureds and Indians" (RSA Presidency, 2003, p. 4; RSA Presidency). The definition was amended in 2013 to include the qualification of being a South African citizen (RSA Presidency, 2014). The QLFS does not capture individuals citizenship status so this analysis had to take the pre-amendment definition without the citizenship qualification

³ Youth = 15 – 24 years old

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