



Western Cape Agricultural Employment Trends

Andrew Partridge
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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, 2017). 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 oil and gas 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 playing a key role in achieving provincial, and subsequently 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, "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.

Employment in this analysis is calculated as the weighted sum of all working age individuals (15-64 years of age) 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 seasonally-adjusted employment for the South African agricultural sector, as well as the share being made up of by those residing in the Western Cape. There was a clear drop in national agricultural employment in the years following the global recession of 2008 and 2009. However, since this drop there has been a definite recovery of agricultural employment. Between the beginning of 2012 and the end of 2016 seasonally-adjusted agricultural employment in South Africa increased by 32%, from 660 758 to 873 879. Progress was halted in 2015 with the onset of a nationwide drought which negatively impacted on agricultural activity in the country and beyond the South African borders, including neighbouring countries on the African continent (BFAP, 2016).

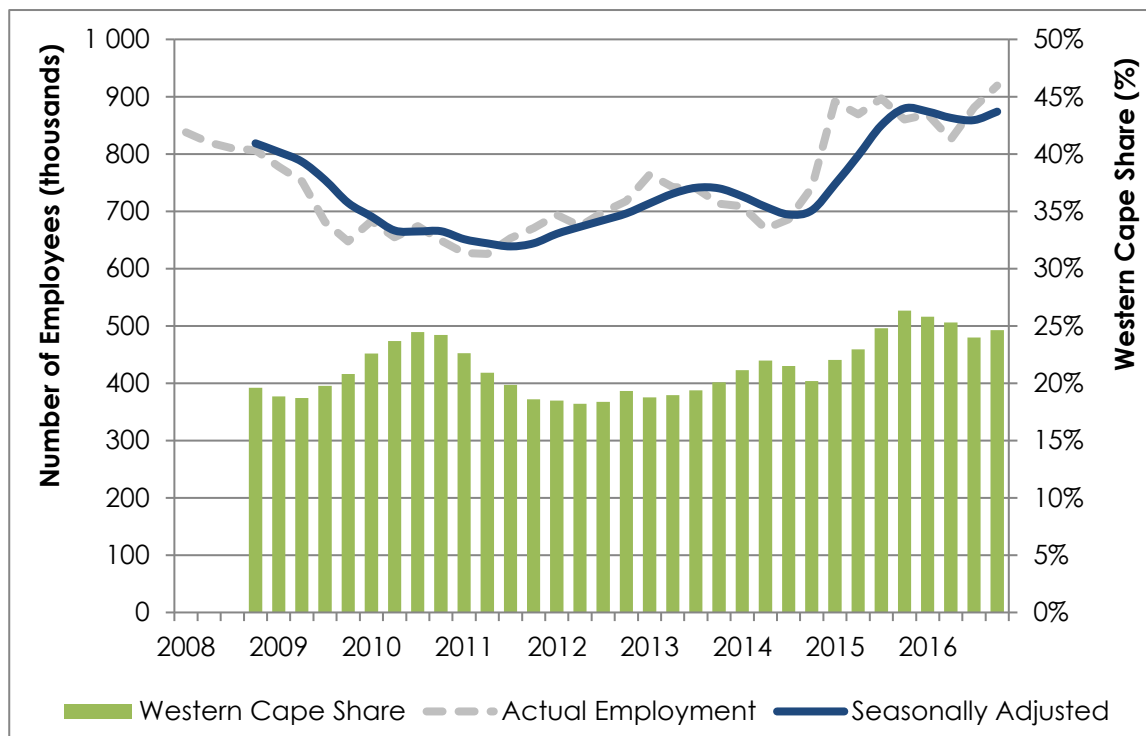


Figure 1: Seasonally-Adjusted Quarterly Employment in South African Agriculture, First Quarter 2008 to Fourth Quarter 2016

Source: Compiled Using Data from Stats SA (2017)

The Western Cape is the biggest agricultural employer of all the provinces in South Africa. The share of agricultural employment contributed by employees residing in the Western Cape is shown in Figure 1 by the vertical bars and measured on the right-hand axis. This share is calculated based on the seasonally-adjusted employment series for South Africa and for the Western Cape. The recovery in agricultural employment over the past five years has been even more pronounced in the Western Cape than the rest of South Africa. This is marked by the province's share in national agricultural employment increasing from 18% in the first quarter of 2012 to 25% in the fourth quarter of 2016. Figure 2 shows actual and seasonally-adjusted employment in the Western Cape agricultural sector. Between the first quarter of 2012 and the fourth quarter of 2016, seasonally-adjusted agricultural employment increased from 122 150 to 215 173, an increase of 76% resulting in the creation of 93 023 jobs.

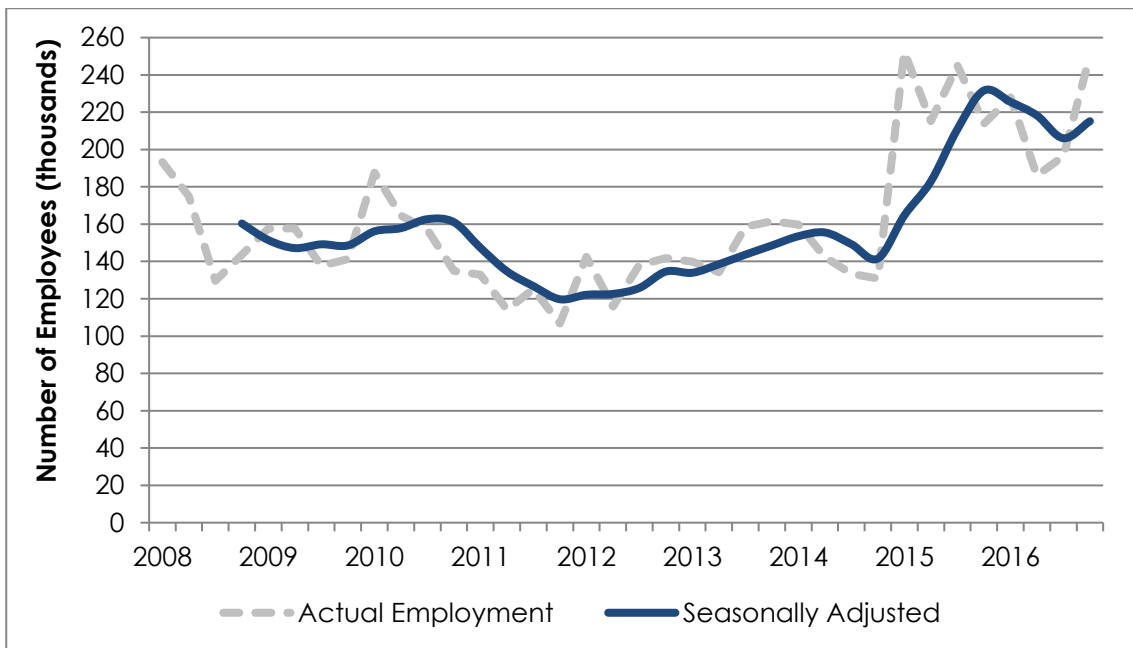


Figure 2: Seasonally-Adjusted Quarterly Employment in the Western Cape Agriculture, First Quarter 2008 to Fourth Quarter 2016

Source: Compiled Using Data from Stats SA (2017)

The largest quarter-on-quarter jump came in the first quarter of 2015 at both the national (Figure 1) and provincial (Figure 2) level. This coincides with the introduction of a new master sample by Statistics South Africa (Stats SA) to reflect the findings of the country's 2011 census. This was an update on the previous 2007 master sample which was based on the census of 2001 (Stats SA, 2015). The large jump going into 2015 has raised questions over the accuracy of the Quarterly Labour Force surveys prior to 2015, specifically a concern that pre 2015 employment levels in the sector were under accounted for and thus the huge gains made going in to 2015 were a result of the statistical adjustment (Partridge, 2016).

To counteract the above mentioned arguments, it should be noted that the demographic changes between the 2001 and 2011 censuses in South Africa were not so substantial to be able to solely cause such a jump as is evident in Figure 1 and Figure 2. For example, between 2001 and 2011 the Black African share of the population increased by only 0.2%, the Coloured and Indian/Asian shares remains constant, with the White population dropping by 0.7% and there was an introduction of an "Other" category making up 0.5%. Similarly the national sex ratio (number of males for every 100 females) only rose from 92 to 95 and the median age of the population only rose from 23 to 25 over the ten year period (Stats SA, 2012). Furthermore, the aggregate employment data which followed the resampling continued with the historic trend which had been occurring leading up to that point (Stats SA, 2015).

It should be noted also that particularly with regards to the Western Cape, there is always a sharp spike in employment leading into the first quarter, in line with the seasonal weather in the region. Therefore the spike going into 2015 is not as irregular as may be conceived at a first glance and at most it can be argued that the introduction of the new master

sample slightly exaggerated the jump going into 2015 which occurred through the effect of seasonality coupled with strong employment growth in the sector.

At the national level, agricultural employment moved more or less in line with employment in the economy, however this has not been the case at the provincial level for the Western Cape. This is illustrated in Figure 3 below which shows the shares in seasonally-adjusted employment attributable to the agricultural sector for South Africa and the Western Cape. Whilst for South Africa the share has remained relatively stable between roughly 4.5% and 5.5% over the entire period, agriculture's share in employment in the Western Cape fell dramatically going into 2011 but in recent years has increased significantly. Overall, the share in Western Cape seasonally-adjusted employment attributed to the agricultural sector has risen from 5.9% in the first quarter of 2012 to 9.2% in the fourth quarter of 2016. This shows that agriculture has become an increasingly important component of the Western Cape economy from an employment perspective and that the sector has been one of the main drivers of employment growth in the province over the past five years.

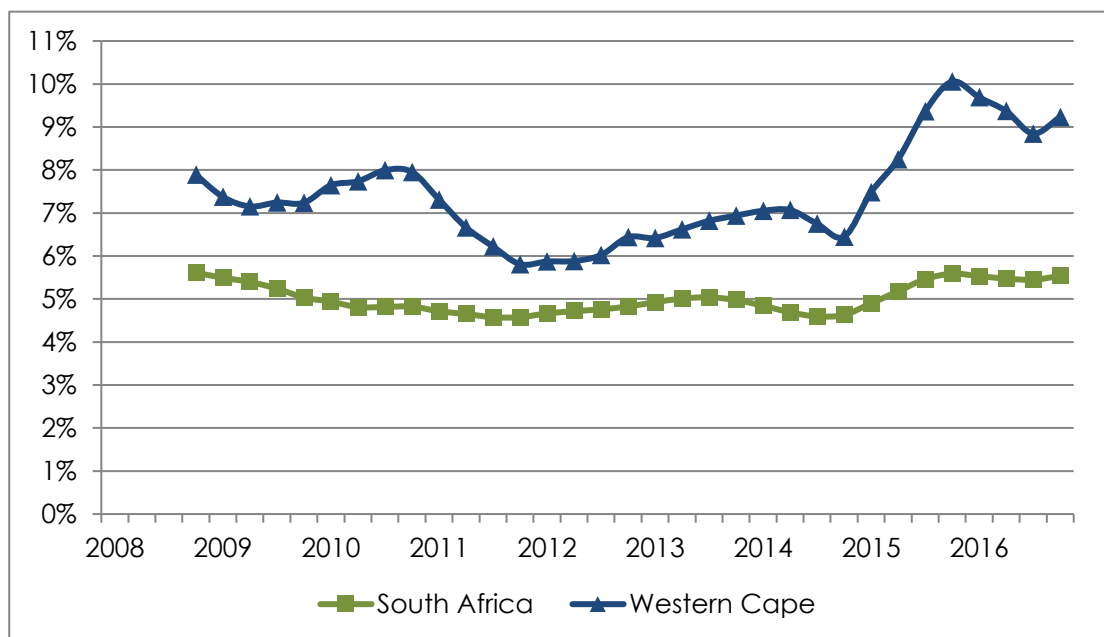


Figure 3: Seasonally-Adjusted Agricultural Share in Employment, First Quarter 2008 to Second Quarter 2016

Source: Compiled Using Data from Stats SA (2017)

When looking at employment performance, employment growth needs to be considered in tandem with the changes in the structure of employment. It is not just enough to create jobs but it is important to also look at whether the jobs being created are meaningful and sustainable going forward. South Africa's NDP also 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).

Table 1 shows some of the key changes in the structure of Western Cape agricultural employment over the past five years. Seasonally-adjusted series are used to accurately account for the seasonality present in agricultural production and employment. As the number of jobs in the Western Cape agricultural sector has increased substantially, there has also been an increasing share of jobs which are on a contractual basis, increasing from 74% to 81%. This implies a “decasualisation” of the work force as contractual employment has been increasing faster than casual employment. Additionally there has been a very slight increase in the share of jobs which are on a full-time basis.

The initial recovery following the drop in Western Cape agricultural employment as a result of the global recession was driven by increasing activities in rural areas, with the share of agricultural employees residing in rural areas increasing from 63% at the beginning of 2012 to 66% at the end of 2015. However, the impact of the recent drought has meant that job losses have been particularly high in rural areas over the past year and the rural share in employment has dropped to 61%. Whilst this means a decline in the rural share of Western Cape agricultural employment over the past five years, due to the substantial increase in employment it still means that rural employment in the Western Cape agricultural sector has increased by 52 875 jobs (68%) and rural areas remain the location of the majority of agricultural jobs in the province.

Table 1: Seasonally-Adjusted Changes in Structure of Western Cape Agricultural Employment, First Quarter 2009 to Fourth Quarter 2016

	<u>Seasonally-Adjusted (SA) Employment</u>			<u>Share in SA Employment</u>		
	Q1 2012	Q4 2016	Change	Q1 2012	Q4 2016	Change
<u>Nature of Jobs:</u>						
Contracted	90 384	174 706	84 321	74%	81%	7%
Full-Time	120 227	213 136	92 910	98%	99%	0.6%
<u>Demographics:</u>						
Rural	77 468	130 341	52 874	63%	61%	-3%
Female	42 228	73 698	31 470	35%	34%	-0.3%
Black	106 952	200 460	93 509	88%	93%	6%
Youth	13 761	40 226	26 465	11%	19%	7%

Source: Compiled Using Data from Stats SA (2017)

There have been a significant number of jobs created for females in the Western Cape agricultural sector, with employment increasing by 75% between the beginning of 2012 and the end of 2016, with the addition of 31 470 jobs over the five year period. However, this increase was more or less on par with overall employment in the sector meaning the female share in the labour force has remained stable. This share is still higher than in 2009 when the share was 33% but signifies a slight loss in the gains made in this area between the beginning of 2009 and the end of 2015 where the female share in Western Cape agricultural employment increased from 33% to 36% (Partridge, 2016).

The Western Cape agricultural sector has excelled in creating opportunities for black individuals and the youth as the sector has grown in the past five years. 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. The youth are defined as individuals between the ages of 16 and 24.

Black employment has increased substantially between the beginning of 2012 and the end of 2016. Over this period a total of 93 509 jobs were created for black individuals as employment increased from 106 952 to 200 226, an increase of 87%. As a result, the share of employment for black individuals increased from 88% to 93% over the five year period.

Youth employment in the Western Cape agricultural sector has also exhibited very impressive performance over the past five years. Over this period youth employment has increased by 26 465 jobs from 13 761 to 40 226, an increase of 192%. This has led to an increase in the youth share in employment from 11% at the beginning of 2012 to 19% at the end of 2016.

In conclusion, the QLFS data points to a very positive performance of the Western Cape’s agricultural sector in the past five years following a drop as a result of the impacts of the global recession of 2008 and 2009. This progress has been substantial, even after the impact of the recent drought which has negatively impacted on the province’s agricultural sector, particularly in rural areas. The employment benefits of the past five years have been disproportionately accrued to the youth and black individuals, two key marginalised groups as targeted by the country’s National Development Plan. There has also been a significant increase in female jobs in the Western Cape agricultural sector, although this has been at a similar pace to the sector overall and thus the female share has remained relatively stable and should be a key focus area for job creation going forward. Then finally, there are also positive signs in terms of the nature of jobs being created with signs of a decasualisation as taken over by contracting in the sector.

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