



Can Agriculture create a million jobs?

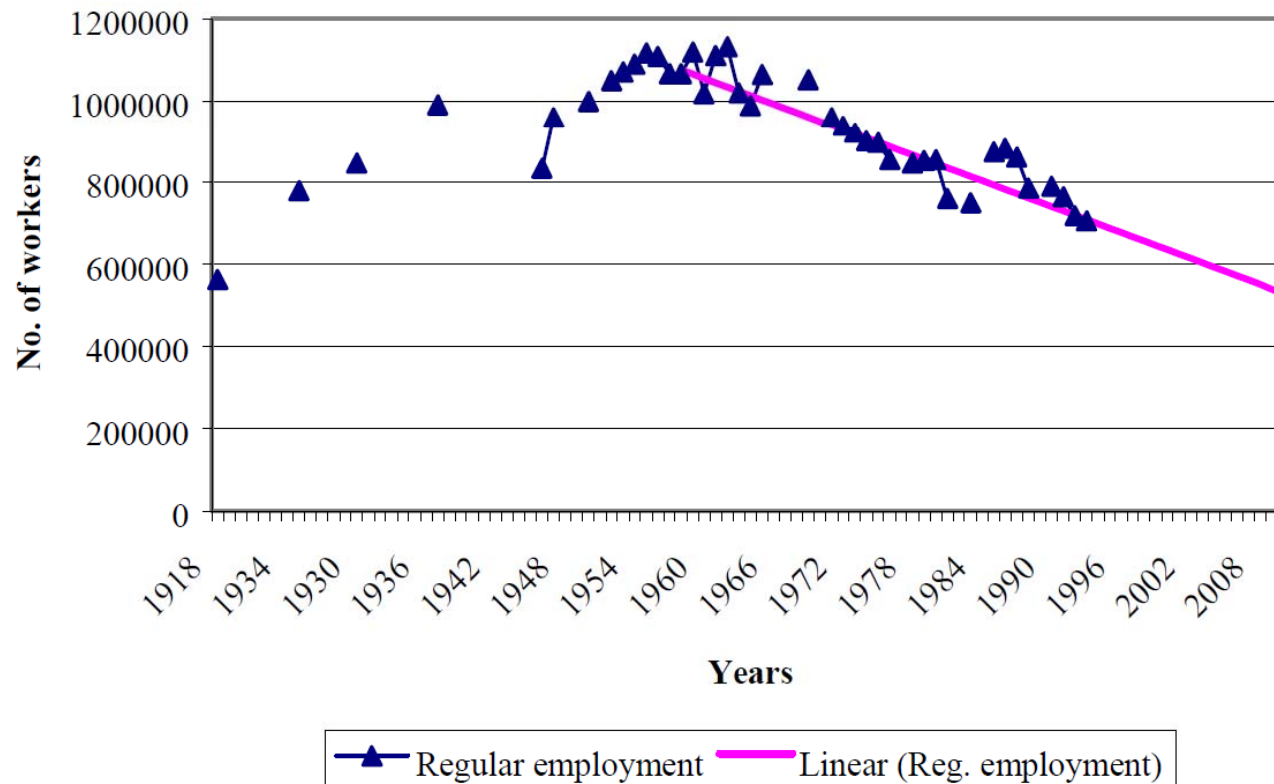
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The New Growth Path

- **300 000** households in small scale schemes
- **145 000** jobs in Agro-processing
- Upgrade 660 000 jobs in commercial farming
- Restructure land reform to support small schemes
- Stabilise food prices (esp staples)
- Support farmworker organisation
- Rural coops
- Fast track land reform

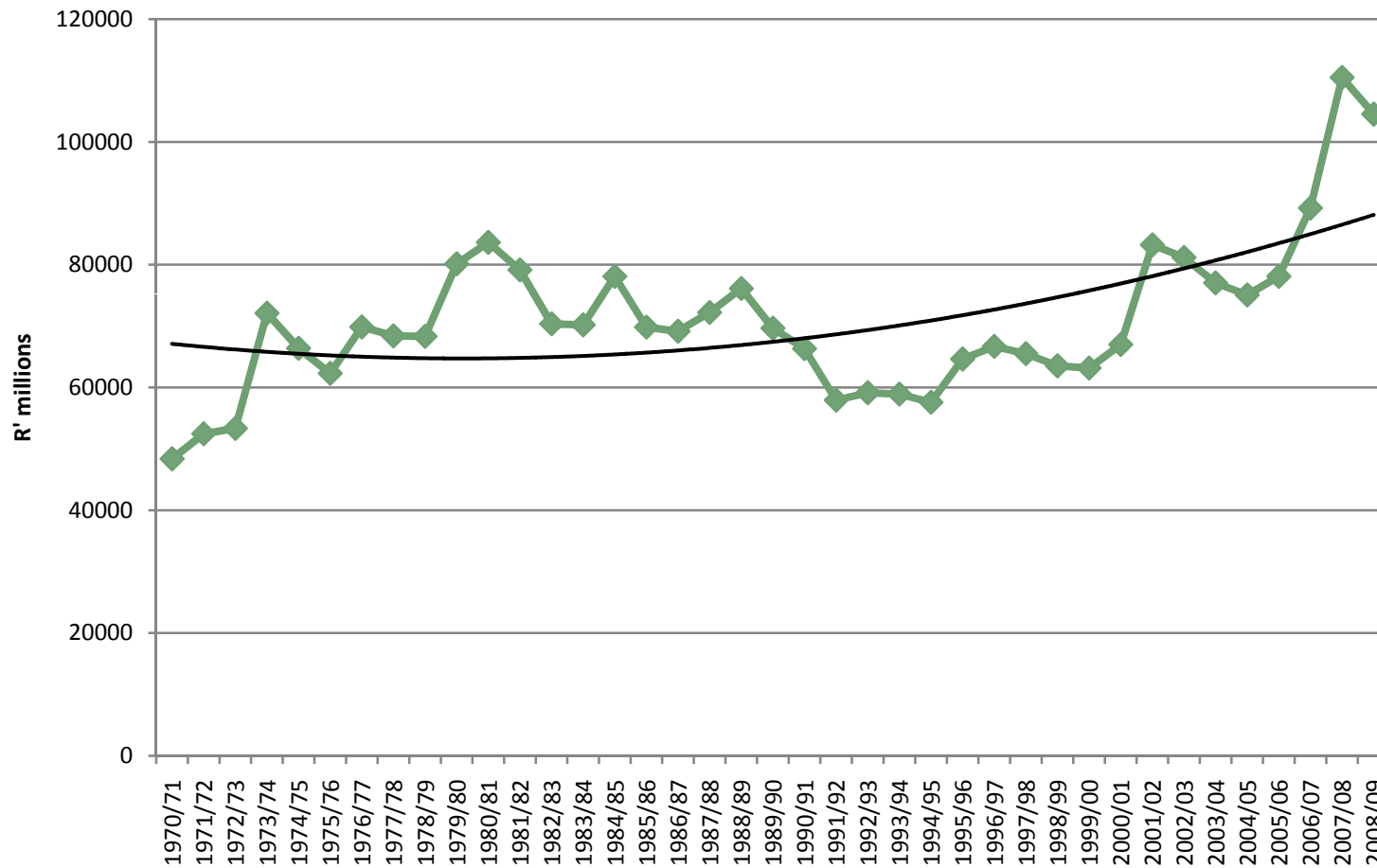
Employment: The Bad

The trend in regular employment in agriculture 1918-2008



Source: Vink and Kirsten, 2008

Gross Value of Agricultural Production

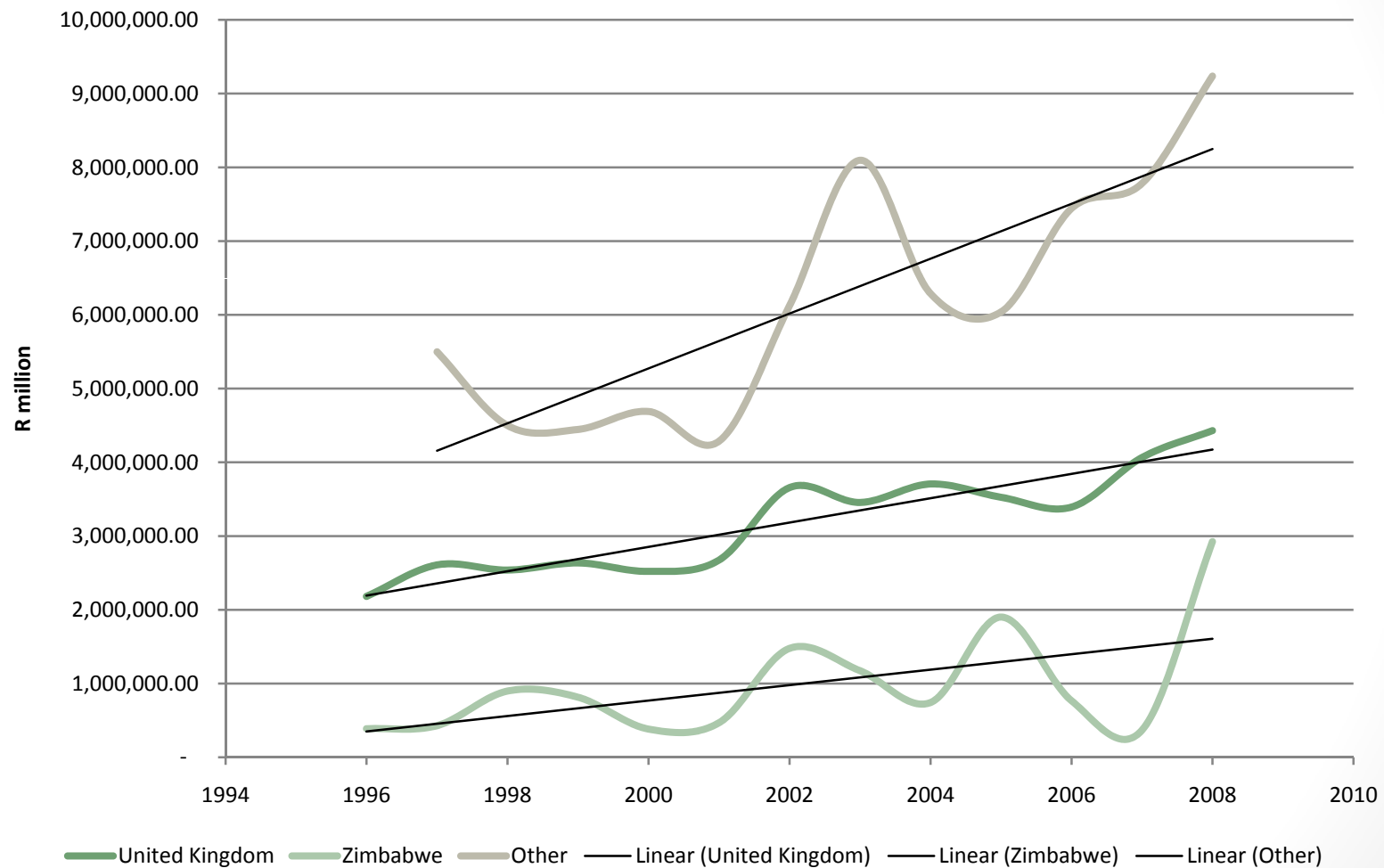


Source: Abstract of Agricultural statistics, DAFF, 2010
Base year:2005=100

Employment

- Regular employment in agriculture
 - 1966 – 2008: decrease from 1.1 million to 600 000
 - thus a 500 000 decrease
- How to turn the trend around?
 - Export expansion and Import substitution
 - Investment:
 - Value chains
 - Infrastructure
 - Small farmers

Trade: Value of SACU exports



Source: Abstract of Agricultural statistics, DAFF, 2010
Base year:2005=100

South Africa to Africa:

- 2000
 - 18.9% of global exports to SADC countries
- 2009:
 - 33% of global agricultural exports to Africa
 - Maize, sugar, food preps. and fruit juice
 - Zimbabwe, Kenya and Mozambique
 - 6% of global agricultural imports from Africa
 - Tea, raw cotton and tobacco
- African trade in value added products: Shoprite, Pick & Pay

Investment in the value chain: Pioneer Foods

- Current employment
 - 17 427
- Capital expenditure:
 - 2011 South Africa: R1.4 billion
 - Africa: R100 million
 - 2012 R470 million
- Job creation:
 - 1 job per R2 million
- Thus R1 billion = 500 jobs

Jobs through investment

	Capital Expenditure	Jobs p.a.	Jobs over 10 years
Pioneer	1 billion	500	5000
Company 2	1 billion	500	5000
Company 3	1 billion	500	5000
Company 4	1 billion	500	5000
Company 5	1 billion	500	5000
Company 6	1 billion	500	5000
			30000

NGP = 5 million jobs over 10 years

Value chain/Job chain

	Primary		Coops		Processors		
	2	:	<1	:	1		
	60 000	↔	10 000	↔	30 000	=	100 000
× 2?	120 000	↔	15 000	↔	60 000	=	195 000

Investment in Infrastructure

Employment intensity of Agriculture

Sector	Hectares under production per permanent worker
Horticulture	12.97
Field Crops	33.64
Mixed farming	98.15
Animal production	188.77

Source: Vink and Kirsten, 2008

- Infrastructure required
 - Electricity
 - Irrigation
 - Transport: Rail

Investment in Infrastructure

- Additional irrigation
 - Possible to add 500 000 ha under irrigation
 - 50% horticulture and 50% field crops
 - Thus $500\ 000 \times 23.1\text{ha per worker} = \pm 22\ 000$ jobs
 - Favorable labor policy? 44 000?
- GWK: Rail expansion and irrigation
 - Groundnuts drying facility
 - Groundnuts processing plant
 - Alfalfa compressing and drying plant
 - Vegetable processing plant
 - Potatoes processing plant
 - Potatoes tuber greenhouses
 - Expansion of fertilizer plant
 - Wheat mill
 - Malting Plant
 - Cotton Gin

Small farmers

South African households' access to agricultural land

	Number (Weighted ⁹)	Percentage
<0.5 ha	831,871	64.5
0.5ha-1ha	235,454	18.3
1ha-5ha	138,196	10.7
5 ha-10ha	38,146	3.0
10-20ha	11,940	0.9
20+ha	34,546	2.7
Unknown	17,556	-
Total	1,307,710	100%

Source: *General Household Survey 2006*

Jobs Scenario 2010

Sector	Conservative	Incentivised Acceleration
Primary commercial	25 000	50 000
Value Chain	150 000	450 000
Small scale	500 000	500 000
TOTAL	675 000	1 000 000

Prerequisites

1. Secure property rights
2. Friendly (protective) trade policies
3. Aggressive entry in new markets
4. Regional expansion in production
5. Growth SA value Chain
6. Collaboration with labour
7. Effective incentives
8. Irrigation schemes
9. Integrate state and markets
10. Education and training