



# Policy to promote job creation in agriculture

Henk Vermeulen  
Vice-Chair: Agri SA Labour and  
Social Matters Policy Committee

## OUR COMMITMENT:

- Agri SA and its affiliates are committed to job creation in the agricultural sector. Statistics speak for itself. Agriculture is one of the largest employers in the country.
- We support Government's Growth Plan in terms of job creation in SA. Not only to combat poverty but to ensure that the agriculture sector remains sustainable as the key role player within rural development in SA.
- Commercial agriculture supports the concept of decent jobs. Agri SA is signatory to the vision for labour relations in the agricultural sector and as prove of Agri SA and its affiliates committed, a declaration of intent has been developed.
- We support Government's initiative in terms of the Planning Commission to strategically approach the future through proper planning.

To manage our commitment / support for job creation within the agriculture sector, we first need to unpack the realities facing our sector on a daily basis.



# REALITIES FACING THE AGRICULTURAL SECTOR:

1) The cost of complying with an increasing number of legislation places an administrative and economic burden on farmers, the largest portion of which are small or micro businesses in terms of Dti norms.

2) According to both the 2002 and 2007 Agricultural Census of Stats SA, the number of paid employees in agriculture declined during the period since 1993 by 13,9% to 940 820 and in the period 2002 to 2007 by a further 15,3 % to 796 806. Over the period 1993 to 2007 this represents a decline of 27% in the number of farm workers. The comparative figure for farming units (which should be indicative of the number of farmers) is a decline of 31%.



## REALITIES FACING THE AGRICULTURAL SECTOR: (continues)

3) Bearing in mind that according to 2007 Statistics the number of farming units per income group with a turnover of below R500 000 was 56% of the 39 966 commercial farmers in 2007. These farmers are mainly small farmers barely surviving and it is difficult for them to employ additional labour, as labour costs are a substantial portion of their budget.

Cut-off points Income	group	Nr. of farming units	%
R5 000 000 and more	1	2 927	7%
R3 000 000 ≤ N < R5 000 000	2	2 172	5%
R500 000 ≤ N < R3 000 000	3	12 290	31%
R0 ≤ N < R500 000	4	22 577	56%
<b>Total</b>		<b>39 966</b>	<b>100%</b>

Table F: Number of farming units per income group (2006-2007 data) in SA (Stats SA 2011)



## **REALITIES FACING THE AGRICULTURAL SECTOR:** **(continues)**

4) Agriculture, and in particular irrigation agriculture, can create more jobs per R1 million invested than any other sector. The Bureau for Food and Agricultural Policy (BFAP) indicated in their recent release of the South African Agricultural Baseline, that labour intensive, high growth potential industries (mainly irrigation industries such as sugar cane, fruit and vegetables) can create approximately 190 000 additional jobs on farms, with an additional 97 000 up- and downstream job opportunities. It is mainly in the income group of farmers earning more than R5 million, who in 2007 only comprised 7% of the 39 966 commercial farmers, who have the highest potential for additional labour, and investing horizontally into the agricultural value chain in labour intensive agro-processing industries. A turnover of more than R5million is also the threshold for Agri BEE compliance thus encouraging higher level black management employment, training, internships and bursaries.



# REALITIES FACING THE AGRICULTURAL SECTOR: (continues)

5) The labour laws that are currently negotiated at Nedlac will have a direct effect on job creation. If the outcome of the negotiations is a more inflexible labour market, job creation will be jeopardised. If the current administrative burden on the employer continues or worsens, employers will be reluctant to create more jobs. The ban of labour brokers, as called for by Cosatu, will have a huge impact on labour intensive industries, especially so in the agricultural sector. This will have a negative effect on job creation.



# **THREATS / OPPORTUNITIES WITHIN THE AGRICULTURAL SECTOR:**

a) If the Government's objectives relating to job creation are to be realized, the expansion in these and other industries should be supported by an enabling policy environment including land ownership, safety and security in rural areas and better access to and development of domestic and/or international markets. In the absence of these markets, increased production will decrease prices which can be detrimental to job creation.



# **THREATS / OPPORTUNITIES WITHIN THE AGRICULTURAL SECTOR: (Continues)**

b) To achieve more employment in this sector, people must be educated and trained to be employable. South Africa's agriculture skills are produced in High Schools, Agricultural Colleges, Further Education and Training (FET) Colleges, and Higher Education institutions. In High School, a large cohort of learners takes Agricultural Science as a subject. In 2003, there were 42 Agricultural High Schools offering Agricultural Science as a subject. These students and those in High Schools taking the subject could progress to taking agriculture as a focus area for further education. In 2004, there were 10 FET colleges offering vocationally directed agricultural programmes. These FET colleges offered complete qualifications and short courses. Eleven (11) Agricultural Colleges can offer qualifications up to degree level and 19 Universities offer qualifications in Agriculture ranging from Agricultural economics, Animal and Plant Sciences, and Horticulture among others, at under- and post graduate levels. Although it seems that there is enough training institutions in the country, the quality of the education and learning must be scrutinized.



# THREATS / OPPORTUNITIES WITHIN THE AGRICULTURAL SECTOR: (Continues)

c) Another threat to the sector and also for job security is the newly released Green Paper on Land Reform. In this regard the Institute of Poverty, Land and Agrarian Studies (PLAAS) stated that:

*“The measures that are proposed – a recapitalisation programme, and partnerships with commercial farms – already exist, are implementable only in a few cases and will not resolve the systemic and deep-seated failures of the Government to provide coherent support to smallholder farming.”*

d) With decent support to the millions of smallholder farmers, these could be in a position to employ more than family labour and make a huge difference to unemployment. Particularly in the smallholder irrigation sector in the former homelands where 1000's of ha's are being unutilized where the irrigation infrastructure already exists.



# RECOMMENDATIONS

- Labour laws currently under review should take the labour dispensation in agriculture and especially the administrative burden of legislation and normal business practices like personnel turnover into account. Agri SA participates in processes through NEDLAC and in its own right to secure the best possible dispensation in this regard.
- Skilling of new entrants in the sector will be done through close consultation between the AgriSETA, Agricultural Schools and Colleges, Further Education and Training colleges and Higher Education and Training institutions. Those who are already employed in the sector could acquire skills through skills programmes and learnerships. The AgriSETA could also be instrumental in this regard.



# RECOMMENDATIONS (continues)

- The redrafted Security of Tenure bill will also be scrutinized with a view to determining the impact thereof on job creation in agriculture.
- Horizontal and vertical opportunities in agriculture for expanding production activities should be scrutinized with a view to job creation.
- A lower wages dispensation similar to the one negotiated in the textile industrie, could assist job creation and encourage youth employment.





# Thank you



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