

Recasting the Jobs Debate in South Africa's Agricultural Sector

Discussion Paper 02/2025

Wandile Sihlobo and Tinashe Kapuya

February 2025



Published in February 2025 by The Brenthurst Foundation (Pty) Limited

PO Box 61631, Johannesburg 2000, South Africa

Tel +27-(0)11 274-2096

Fax +27-(0)11 274-2097

www.thebrenthurstfoundation.org

Cover image: Pexels / Magda Ehlers

All rights reserved. The material in this publication may not be reproduced, stored, or transmitted without the prior permission of the publisher. Short extracts may be quoted, provided the source is fully acknowledged.

The Brenthurst Foundation

The Brenthurst Foundation is on the frontier of new ideas and innovative actions for strengthening Africa's economic performance. Our activities are focused in three areas: encouraging key decision-makers and experts to share experiences and insights at private meetings and seminars; delivering relevant, practical policy advice to governments; and generating new thinking and thought-leadership to address Africa's development challenges.

About the Authors

Wandile Sihlobo is the Chief Economist of the Agricultural Business Chamber of South Africa (Agbiz) and the author of two books, *A Country of Two Agricultures: The Disparities, The Challenges, The Solutions* and *Finding Common Ground: Land, Equity and Agriculture*. He is a Senior Lecturer Extraordinary at the Department of Agricultural Economics at Stellenbosch University.

Tinashe Kapuya is an experienced soft commodities analyst, agricultural value chain and trade specialist who has worked in this capacity both as a researcher and practitioner in the private sector over the past 10 years. His areas of expertise include agribusiness and value chain development, market and trade analysis, agro-food system analysis, research and policy advocacy.

Introduction

South Africa is currently facing an exceptionally high level of unemployment, currently estimated at 32.1%.¹ The reasons this persistently high and increasing level of joblessness are many, and in some ways, quite complex. One of the main reasons has been the pedestrian growth of the economy, which has not provided sufficient space to absorb the growing economically active population into gainful employment.² The strategic focus of government has been to promote growth in labour-absorbing industries such as agriculture. It's been envisaged that economic participation in rural areas will rise from 29% to 40% if government reformed land tenure, supported smallholder farmers, expanded social services and higher agricultural output.³

It is against this background that the agricultural industry has been one of the key sectors that could provide much needed jobs. There are some specific reasons why agriculture is perceived to be a major creator of jobs. First, the sector has grown tremendously over the past two decades, more than doubling in both output and value. Second, the sector has been seen to possess untapped growth potential that can further spur its expansion, mainly through land redistribution and utilization of marginal land. Third, the sector is largely seen as a “low-hanging fruit” given its potential capacity to absorb unskilled or semi-skilled and thereby providing opportunities for the otherwise less educated and marginalized economically active persons.

The expression of agriculture and its critical contribution to providing much-needed jobs was more evidently expressed in Chapter Six of the National Development Plan (NDP) of 2012. The NDP set out an ambitious vision of the agricultural sector providing one million jobs by 2030, underpinned by three sources growth drivers. First, some 400,000 of these jobs were going to be generated by bringing more than two million hectares into production – from both former homelands, and re-casting failed land reform projects. Second, an expansion of export-led growth through value chains that could exploit existing and new markets would lead to a further creation of 250,000 jobs. Third, an expansion of the off-farm economy, particularly the agro-processing and services sector would create an additional 350,000 jobs.

The NDP targets remained a core part of the vision for what the agricultural sector could be, and what it could achieve. The optimism that sustained this vision was anchored in the sector's resilience, as the agricultural industry continued to exhibit growth in most years, in spite of persistent droughts, market volatility, and uncertainty that was created by land reform discussions. However, over time, it became evident that the targets set in the NDP may have stretched beyond what the sector was able to attain, given the limitations set by domestic and global factors. The impacts of COVID-19, poor service delivery, persistent outbreaks of animal diseases, and crippling power shortages, among other factors, were formidable challenges that negatively impacted the sector, and limited its capacity to fully exploit its growth potential.

The sector's primary agricultural employment averaged 869,000 over the past five years, 16% below the average employment levels it held in the 1990s. Major advances in

technology – particularly in input and farm mechanization – that emerged because of the liberalization of the sector’s growth over the past 30 years occurred with major productivity and efficiency gains that translated to higher output produced per worker. The sector essentially doubled its output with less labour. The growing recognition that the agricultural sector had the ubiquitous capacity to create employment and absorb more labour needed to be revised. In that spirit, The Agriculture and Agro-processing Masterplan (AAMP), and came up with a defined set of interventions that could unlock the bottlenecks and constraints to create much-needed jobs. The AAMP envisaged the agricultural sector creating 71,500 jobs, with the industry reaching 991,500 by 2030. Ironically, the targets are no more than what the industry achieved three decades ago, and far below the targets of the NDP.

This paper presents several questions that beg introspection and strategic carefully thought-out interventions. First, in light of the worsening unemployment crisis in the country, the paper re-visits the question of the scope of the agricultural sector in general, and smallholder agriculture in particular, in more effectively contributing to much needed jobs. Second, on the basis of experience of the past decade, provide a sense of how policy has positioned the sector to address structural constraints in the industry, in order to open up more work opportunities.

The paper addresses these questions in three sections. First, the paper reviews the labour market trends and the growth in the agricultural sector. At the core is to explore if the sector has experienced jobless growth, or if the growth generated has not kept pace with the demand for work from those that are entering into the labour market. Second, the paper chronicles the levers and trends that are reshaping the employment landscape over the next decade. The last section summarizes some key takeaways.

South African Labour Market Trends

South Africa’s agricultural sector employs 935,000 people, as of the third quarter in 2024,⁴ which happens to be the one of the highest levels of employment since over the past three decades. Jobs numbers peaked in the third quarter of 2023, on the back of a wider post-COVID economic recovery and a long-term expansion that started as far back as the second quarter of 2020 (see Figure 1). The agricultural sector accounts for 5.6% of total employment, and 4.7% of total GDP.

Overall, the agricultural employment has not kept pace with the increase in the value of agricultural production over the past decade, as shown in Figure 2. In real terms, agricultural production has increased far more rapidly than it has created jobs – the country severely lagged in its progress towards its agricultural employment targets on the one hand, while experiencing substantial success in growth, on the other. For example, based on a 5-year moving average, the gross value of agricultural production increased by 44% between 2010 and 2020, while horticultural production grew by 70%, animal production growing by 43% and field crops by 22% over the same period.⁵ This scenario has led many to describe the agricultural sector as a “tale of mixed fortunes”.

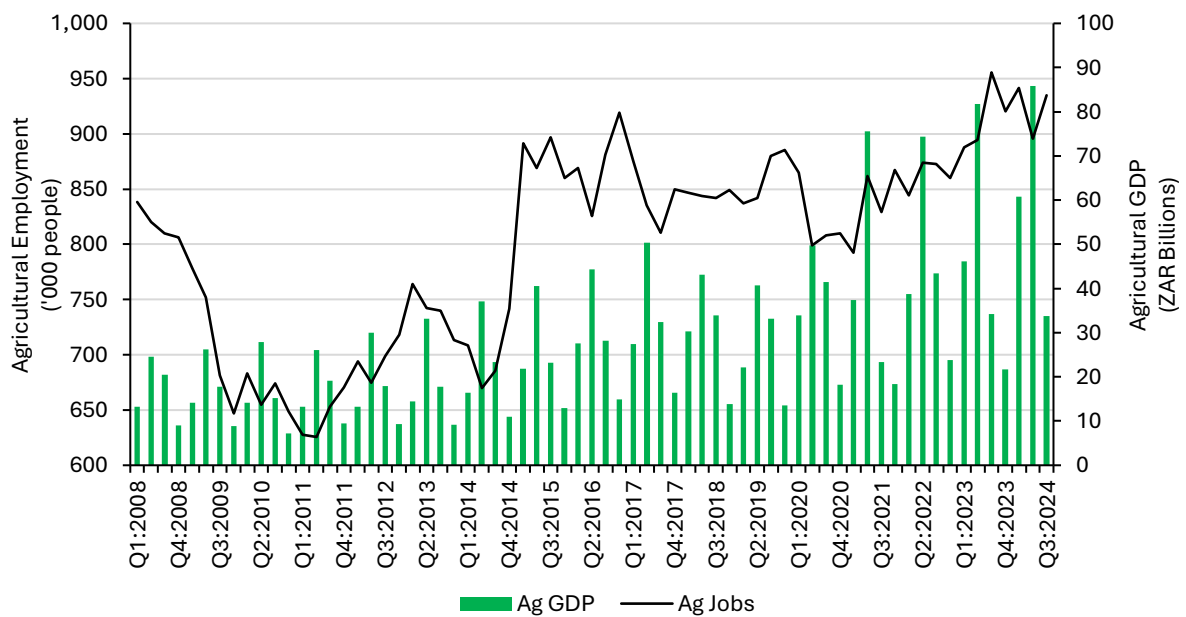


Figure 1: Quarterly Trends in agricultural sector growth and employment (2008-2024)

Source: StatsSA (2024)

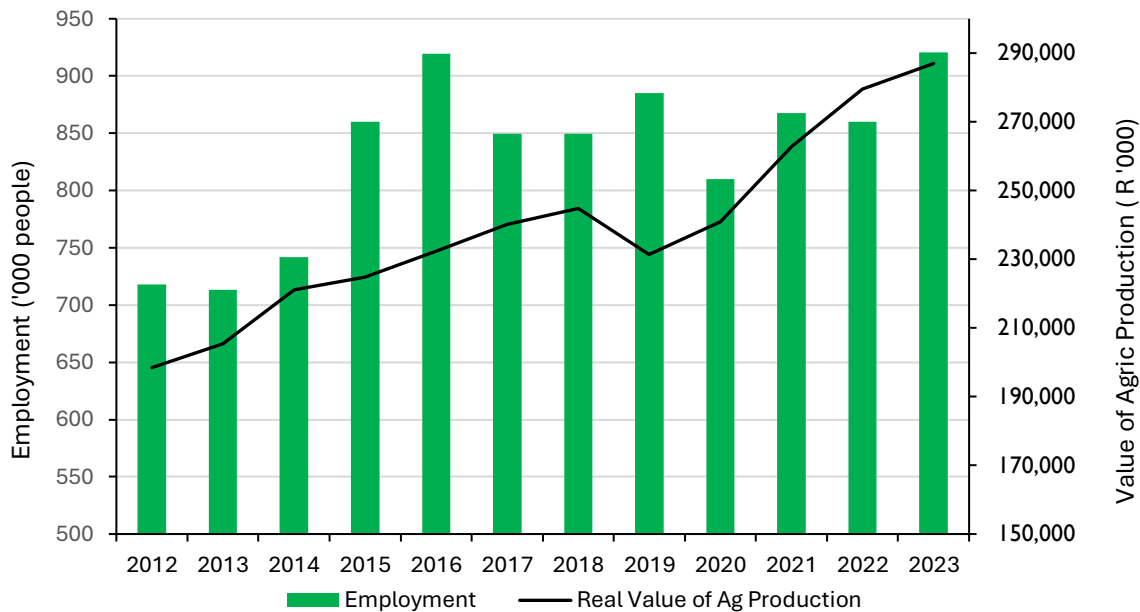


Figure 1: Annual Trends in Agricultural Employment and Value of Production (2012-2023)

Source: *Abstract of Statistics (2024), Statistics SA (2024), IMF (2025).*

Meanwhile, as the sector experienced tremendous growth in volume and value terms, South Africa lost 100,000 jobs in smallholder farming in former homeland areas between 2011 and 2020. The disparity between production targets and employment targets is largely a result of output growth not being as equitable as initially envisaged, owing largely to structural factors.⁶ One of the more prominent factors was the increasing frequency and severity of climatic shocks – notably droughts. In March 2020, the National Government of South Africa declared a National State of Disaster for drought for a second time in three years, following disaster declarations from multiple Provincial Governments. Because of the drought, farmers were unable to payback their loans and there was a rise of debt which led to an inability to get loans for the next season. Although the state-owned Land and Agricultural Development Bank has a mandate to support emerging farmers, the entity has struggled to meet this mandate due to weaker funding from the State, and financial stability challenges which ultimately resulted into liquidity challenges from the start of 2020. This was evidenced by the non-performing loan ratio of 19.5% at the end of September 2020 — substantially higher than the 9.6% of 2019.

To add, substantial currency depreciation led to a sharp increase in input costs given that 80% of fertilizer, 90% of agrochemicals are also imported, as well as agricultural machinery. Third, with limited government support and poor and aging infrastructure, farmers could not produce efficiently and productively.

Furthermore, the job creation challenge is partly exacerbated by wage pressures. Increases in the minimum wage for unskilled farm workers can further threaten the

sector's ability to absorb unskilled labour. In 2013, a minimum increase from R69 per day to R106 per day – a 52% increase – in part, contributed to job losses. This increase came against a backdrop of increasing fuel prices, water tariffs and a steep hike in electricity tariffs, which added pressure on the employers (farmers). This triggered a decline of 20% formal unskilled farm employment and an uptick in skill and capital intensification.^{7 8} While raising minimum wages is important to improve livelihoods, the 2013 narrative provides a cautionary tale of raising wages too quickly. In 2018, the minimum wage was R18 per hour.

By 2021, this increased to 21.69 per hour – a 20.5% increase. The rapid pace of growth in wage rates, against other rising inputs, has limited the capacity of the sector to create substantial gains in employment. Farmers have increasingly adopted labour-saving technologies while achieving efficiency gains that could enable them to optimize and adapt to rising inputs costs, while mitigating the risks of climate, as well as local and global economic shocks. These factors have re-enforced the trend of an expansion of the sector's growth, against a less than proportionate increase in jobs.

South Africa's Agricultural Policy

The NDP as a guiding policy, played a pivotal role in establishing a vision for the agricultural sector. From a jobs perspective, the agricultural sector employs some 935,000 people, as of the third quarter in 2024. The National Development Plan (NDP) outlined a vision for agriculture and agro-processing to create one million jobs by 2030. This target was ambitious given that the sector's employment stood at an 718,000 at the time when the NDP was launched in 2012. From that baseline, it meant that agricultural sector employment had to more than double within a span of 20 years, in order to achieve the one million jobs target.

Inevitably, for the sector to more than double its employment, it had to grow substantially. The NDP outlined not only by how much the sector had to expand but outlined the drivers of this growth. The commercialization of smallholder farms was positioned as a major contributor of work opportunities – it was expected to 393,000 jobs in under-utilised land/smallholder farming, with an additional 250,000 jobs in export-led agriculture and 326,000 in agro-processing/integrated value chains.

The growth through area expansion, particularly in export-led sectors was impressive. Including expansion of area under irrigation – which grew by a modest 9%, the total irrigated land increased from 1.3 million ha to 1.4 million ha between 2013 and 2018, most of this was in already well-developed large scale commercial farming regions.⁹ Smallholder farming areas under irrigation increase by 36,000 ha out of the targeted 142,000 ha – just 23.5% of the intended target. Therefore, there is still a need to revitalise some irrigation schemes targeting existing infrastructure – which can bring a further

111,752 ha into production fairly rapidly, under a set of strong institutional arrangements, thereby creating jobs.

A decade after the implementation of the launch of the NDP, South African agriculture sector remained dualistic, as was during apartheid. Just over 40,000 large commercial farming units produced 80% of agricultural output, and about 250,000 emerging farming units produce the remaining 20%.¹⁰ By September 2020, 100 000 jobs had been lost in underutilised land/smallholder farming, 25,000 jobs had been created in export-led agriculture and 102,000 jobs had been created in agro-processing/integrated value chains. This means that a net of just 27,000 just had been created over the first 8 years of the NDP. The commercial farmers operate in a competitive market system, are integrated with global markets, have high levels of sophistication, automation and productivity as well as access to finance and crop insurance. In addition, there are over a million subsistence farmers who produce only for consumption.

Given that the NDP was an overarching plan for the entire economy, the Agriculture and Agro-processing Masterplan (AAMP) became the sectoral framework designed to coordinate the implementation of the National Development Plan, in addition to the post-COVID-19 pandemic Economic Reconstruction and Recovery Plan (ERRP). The AAMP has projected that with a set of policy and regulatory reforms, investments and utilization of local and international market opportunities, the agricultural sector will be able to create 82,538 jobs by 2030 (AAMP, 2022). The key drivers of job creation are potatoes and goats – which collectively contribute 46% of the expected job opportunities (see Table 1)

	NDP 2030 growth target (ha or tons)	AAMP output added (ha or tons)	Commercial Employment	AAMP 2030 jobs created
Macadamia Nuts	11,970	2,528	18,130	1,239
Citrus	15,000	3,438	118,553	4,881
Avocado Pears	9,275	1,165	6,000	388
Grapes (Table)	4,705	1,931	34,020	4,217
Wine Grapes & Wine	0	6,395	44,698	3,571
Apples	2,532	2,517	30,220	3,046
Potatoes	6,417	13,928	30,102	15,715
Maize	356,980	274,342	30,809	5,267
Soybeans	376,200	83,000	9,131	2,664
Cotton	25,000	30,657	2,625	1,380
Poultry	663,500	188,680	37,246	5,660
Beef	282,600	134,357	18,541	3,200
Dairy	522,735	183,645	33,410	222
Pork	25,715	71,623	5,291	2,149
Goats	-	20,300	-	22,354

Table 1. Sector-specific targets of NDP and AAMP – opportunities and jobs created

Source: BFAP, (2020), AAMP (2022)

From Table 1 the expected AAMP outputs surpass the NDP targets in several crop and livestock sectors, which suggests that several sectors will exceed growth expectations that were envisioned in 2012 when the latter policy framework was conceived. What the AAMP has introduced in a major way is the equity dimension – where smallholder farmer integration is expected to drive some of the growth going forward.

The Factors that are Shaping Jobs in Agriculture

One of the agricultural highlights of the pandemic has been the shortage of labour owing to new barriers that keep low-cost workers out. The impact of the disruption on the supply of workers spurred some permanent shifts within the sector in the aftermath of the COVID-19 pandemic. There are three key drivers that are continually re-shaping the agricultural labour market and these include:

Technology

Immigration reform in South Africa, as well as the need for farmers to mitigate the risks stemming from dependence on foreign seasonal workers has continued to put pressure on farmers to automate their operations. Some labour-saving technologies are more easily adopted than others. For instance, farmers have been slow in automating when it comes to machinery that requires considerable up-front investment, and some jobs (such as harvesting fruits and vegetables). However, technologies like drones, autonomous tractors, seeding robots, and robotic harvesters imply considerable productivity gains at a reasonable cost, in farmers' reliance on migrant labour. While the benefits of adopting technology throughout some of the more labour-intensive sectors – such as fruit and other horticultural value chains – yield much needed productivity gains while mitigating production and market risks, the downside is that this trend may lead to job losses, especially low-skilled ones. The 2012 – 2018 period bears testament to this fact, where an expansion of 70,000 ha under irrigation under high-value crops with high labour intensity, translated an increase of only 20,000 jobs (AAMP, 2022). Other sectors were shedding jobs.

Demographic and migration trends

At least 579,000 young people entered the labour force over the past five-years, and these youth account for the largest share of unemployed persons in long-term and short-term unemployment. Meanwhile, smallholder agriculture – particularly subsistence farming – is only accounting for roughly 5.6% of those that are economically active in the sector, showing minimal involvement of youth in the sector. Young people are increasingly seeking more economic opportunities beyond the farm, underlined by more rural-urban migration, which is creating a high surplus of labour that is available to take up off-farm jobs. With primary agriculture only providing a fraction of jobs

demanded by the youth, policy focus will need to focus on skilling of young people in order to appropriately integrated them into the agro-processing industry.

Climate change

Climate change is a threat to jobs in South Africa, and the prevailing sentiment is that disruptions from extreme weather or environmental changes will impact the ability to work in agriculture and other support sectors (PwC, 2024). The negative impacts of climate change will reduce crop yields from rain-fed agriculture by up to 50%, and reduce the real GDP by 3% (Ntombela, 2023). Smallholder farmers will be disproportionately affected by extreme weather conditions (ibid), and the impaired growth and investment will impact the capacity of the sector to sustain growth and employment in the long term (Sihlobo, 2019). While the extent of the impact of climate change on labour is not yet fully established – mainly because farmers continually adapt and co-evolve to mitigate the effects – what is apparent is that the capacity of the sector to create jobs in the future will remain limited.

Conclusion

There are three key takeaway messages from this paper which underscore the contention between growth and employment. First, that the experience of the first eight years of the NDP taught us that the growth-employment potential of the agricultural sector needed to be redefined within the limits set by existing structural constraints and bottlenecks. The AAMP revised the sector's potential to create jobs and provided a more grounded and empirically based set of targets, which brought expectations more in line with the sector's real potential. The arguments set out in the AAMP point to a more modest target, which can only be achieved if government, labour and private sector collectively implement a stack of policy reforms and investments that can unlock and expand existing and new market opportunities, locally and abroad.

Second, the AAMP defines the growth trajectory of the sector as one driven by an increasing cohort of emerging commercial black smallholder farmers. While this subset of farmers underscore the equity objectives of a "balanced and inclusive" growth strategy, the extent to which this can meaningfully expand jobs is still in question. The youth, who are making a progressively large constituency of the job market, are continually seeking opportunities off-farm, and more so, outside of the agricultural sector.

Third, as the sector evolves under the influence of the regulatory policy reforms and investments that open new market opportunities, the labour market is set to progressively shift in terms of composition and skills. Adoption of new technologies, rural-urban migration, and risks of climate change all re-enforce a trend of surplus labour accumulation in the off-farm and agro-processing part of the value chain. This calls for a more intentional policy focus on high-value skilled jobs, which capture the trade and services opportunities in the food system.

Having said that, one way that policy can help create on-farm work opportunities would be to strategically repurpose Community Works Programmes (CWP) to support farmers, agri-hubs, and production schemes by improving basic service delivery, building critical infrastructure, among other critical interventions which activate farm enterprise growth.

References

¹<https://www.statssa.gov.za/publications/P0211/Presentation%20QLFS%20Q3%202024.pdf>.

²https://econpapers.repec.org/article/tafdeveza/v_3a40_3ay_3a2023_3ai_3a6_3ap_3a1343-1364.htm.

³https://www.nationalplanningcommission.org.za/assets/Documents/NDP_Chapters/ndevplan_ch6_0.pdf.

⁴ Agro processing (including wood, paper and textiles) adding another 451,000 jobs, the combined total share of these two sectors makes up more than 8% of formal employment in South Africa (AAMP, 2022).

⁵ 'Abstract of Agricultural Statistics'. (2020). *Department of Agriculture, Land Reform and Rural Development (DARLRRD)*. Available at: <https://www.dalrrd.gov.za/index.php/publication/332-statistical-abstract>

⁶ 'BFAP Baseline: Agricultural Outlook 2020-2029'. (2020). *Bureau for Food and Agricultural Policy (BFAP)*: Pretoria. Available at: https://old.bfap.co.za/wp-content/uploads/2020/08/BFAP-Baseline-2020_Final-for-web.pdf

⁷ Chris Garbers, Rulof Burger and Neil Rankin. (2015). 'The impact of the agricultural minimum wage on farmworkers employment in South Africa – A fixed effects Approach'. University of Stellenbosch.

⁸ Vimal Ranchhod and Ihsaan Bassier. (2017). 'Estimating the wage and employment effects of a large increase in South Africa's agricultural minimum wage'. Working paper 38. Research Project on Employment, Income Distribution and Inclusive Growth: University of Cape Town.

⁹ BFAP, *op. cit.*

¹⁰ 'Stats SA releases Census of Commercial Agriculture 2017 Report'. (2017). *Statistics South Africa*. Available at: <https://www.statssa.gov.za/?p=13144>.