THE POTENTIAL OF AGRICULTURE AND LAND REFORM TO GENERATE JOBS

INTRODUCTION

Extremely high levels of unemployment contribute to poverty and inequality, and are one of South Africa’s most intractable problems. Can the agricultural sector help to address the problem? And how can land reform be undertaken in a manner that creates more jobs?

The farming sector, together with forestry and fisheries, currently contributes around 2% to GDP and around 5% to total employment, with a total of 840 000 workers. The contribution of agriculture to GDP is in fact somewhat greater than 2%, given the contributions of input (‘upstream’) suppliers and agro-processing (‘downstream’) industries. Around 30 000 medium- to large-scale commercial farmers supply the bulk of produce to formal markets, and employ most farm workers.

Perhaps 5 000 of such medium- to large-scale commercial farmers are black, but most black farmers operate on a much smaller scale. They are either subsistence-oriented (around 2 million) or market-oriented smallholders (around 200 000) and operate informally.1

The number of workers employed in agriculture increased by around 200 000 between 2011 and 2018. The long-term trend in commercial agriculture, however, is towards increased job shedding as a result of investments in efficiency and mechanisation, and a shift to a higher proportion of temporary, casual and seasonal labour, as well as externally contracted labour.

The potential of agriculture and land reform to generate jobs.

1 Some statistics are drawn from StatsSA data, but these are somewhat thin in relation to the agricultural sector (Cousins 2018). No reliable data exist on the number of black commercial farmers at present, and this estimate is based on the fact that the Land Bank extends loans to about 5 000 black farmers.
Skilled workers often live on farms, although an increasing number do not, and unskilled labourers generally live off-farm and work on a casual and seasonal basis in picking and packing operations. Some crops, such as fruit and vegetables, continue to require labour for sensitive operations such as picking, but mechanised harvesting is increasing. Many fruit farms operate pack houses, but the number of workers in these is decreasing.

Farm workers are generally poorly paid and insecure, especially those who are employed casually or seasonally. A statutory minimum wage of R3169 per month or R146 per day is currently in place. Conditions on farms are rarely subject to inspection, however, and there is widespread noncompliance with labour law, even in the relatively wealthy farming areas of the Western Cape (Devereux et al. 2017). Evictions of farm workers and farm dwellers still occur, both legally and illegally.

**POLICY INTERVENTIONS IN COMMERCIAL AGRICULTURE**

In relation to farm worker wages and working conditions in general, government should provide a more effective system of labour inspectors, and should create the capacity to monitor evictions and provide effective support for farm workers’ and dwellers’ land tenure rights, including through provision of alternative land for settlement and production (Visser and Ferrer 2015).

The state should seek ways to bolster the bargaining power of workers through amending legislation in appropriate ways and supporting paralegal services. Funding for both on-farm and off-farm housing for workers is required, as well as improved infrastructure and services in small rural towns.

In relation to commercial farmers, the state should be more pro-active in supporting innovation and marketing in the agricultural sector, thus bolstering their position within value chains. The condition for such support should be that farmers commit to improving wages and conditions of workers, and sharing profits more equitably.

The state should work closely with the commercial farming sector in identifying new products and markets and assist in the private sector’s marketing efforts, especially in relation to non-traditional markets such as China, Russia, Japan and India. It should negotiate trade agreements that eliminate non-tariff trade barriers, and support investment in pack houses and agro-processing.

Particular attention should be paid to labour-intensive agricultural commodities, as identified in the National Development Plan: fruit, nuts and vegetables, as well as less labour-intensive commodities with potential for growth, such as livestock products. Water for irrigation is required for labour-intensive crops, and the state and other actors must seek to improve the efficiency of water supply and use.

**LAND AND AGRARIAN REFORM: THREE SCENARIOS**

In order to contribute to poverty-reducing economic growth, land reform must align closely with a coherent set of policies designed to effect agrarian reform.

A key challenge is to define the scale and types of agricultural production by black farmers to be supported through land reform and agricultural development efforts. There are three main contenders: (a) small to medium-scale black commercial farmers; (b) market-oriented smallholder farmers who use mainly family labour; and (c) subsistence-oriented smallholders who produce additional food for their own consumption.

Three scenarios are presented here with different outcomes for the numbers of jobs and livelihood opportunities created. All assume effective state support for high value products from large-scale commercial farms that create increases in employment (see Genis 2018 for citrus and Clarke 2018 for forestry).

All three factor in continuing job losses in some branches of agriculture, due both to ongoing mechanisation but also to displacement of workers by land reform beneficiaries. The second and third scenarios include improvements in livelihood opportunities in communal area agriculture. The scale of land redistribution varies significantly across the three scenarios.

A key variable is the availability of additional land under irrigation. Assumptions here include that the current area under agriculture is 1.3 million hectares, and that an additional 200 000 hectares could be irrigated as a result of efficiency gains, rather than new dams and infrastructure (Backeberg 2013). This is a much lower estimate than the estimates set out in the NDP: 1.5 million hectares under irrigation at present, increased by an additional 500 000 hectares.
Comparing the three scenarios

Both Scenarios B and C assume that the productive core of commercial agriculture can be maintained, and combined with redistributive land reform and support for smallholder farming in communal areas.\(^2\)

The NDP estimates that form the basis of Scenario B do not make provision for new jobs or livelihoods on the additional 20% of farmland to be transferred through land reform.

Scenario C includes such estimates, and also assumes that a total of 60% of commercial farmland is transferred through land reform. The main beneficiaries are market-oriented smallholders, who cultivate 500 000 hectares under irrigation.

Scenario C also assumes that there are small gains in both the labour-intensity and the intensity of land use in smallholder field crop and livestock enterprises (which result in an additional 0.1 jobs per hectare).

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\(^2\) Relevant considerations are outlined in Aliber et al 2009, Cousins 2015 and National Planning Commission 2012.
CONCLUSION

A large-scale programme of rural land redistribution, necessary for political reasons, should also have a sound economic rationale. Its primary goal must be to improve the productivity and incomes of market-oriented smallholder farmers, thus laying the foundation for a more equitable commercial agricultural sector.

Realism is also required. Much of the new employment generated from agriculture and land reform will result in relatively low incomes and involve risks of drought, disease and fluctuating prices. Agriculture does have the potential to improve the incomes of a significant number of households, but from a very low base.

References


Devereux, S., Levendal, G. and Yda, E., 2017. ‘The farmer doesn’t recognise who makes him rich’: Understanding the labour conditions of women farm workers in the Western Cape and Northern Cape, South Africa. Stellenbosch: Women on Farms Project.

