



AGRICULTURE FOR AN IMPROVED RURAL ECONOMY: THE NPC PROPOSALS



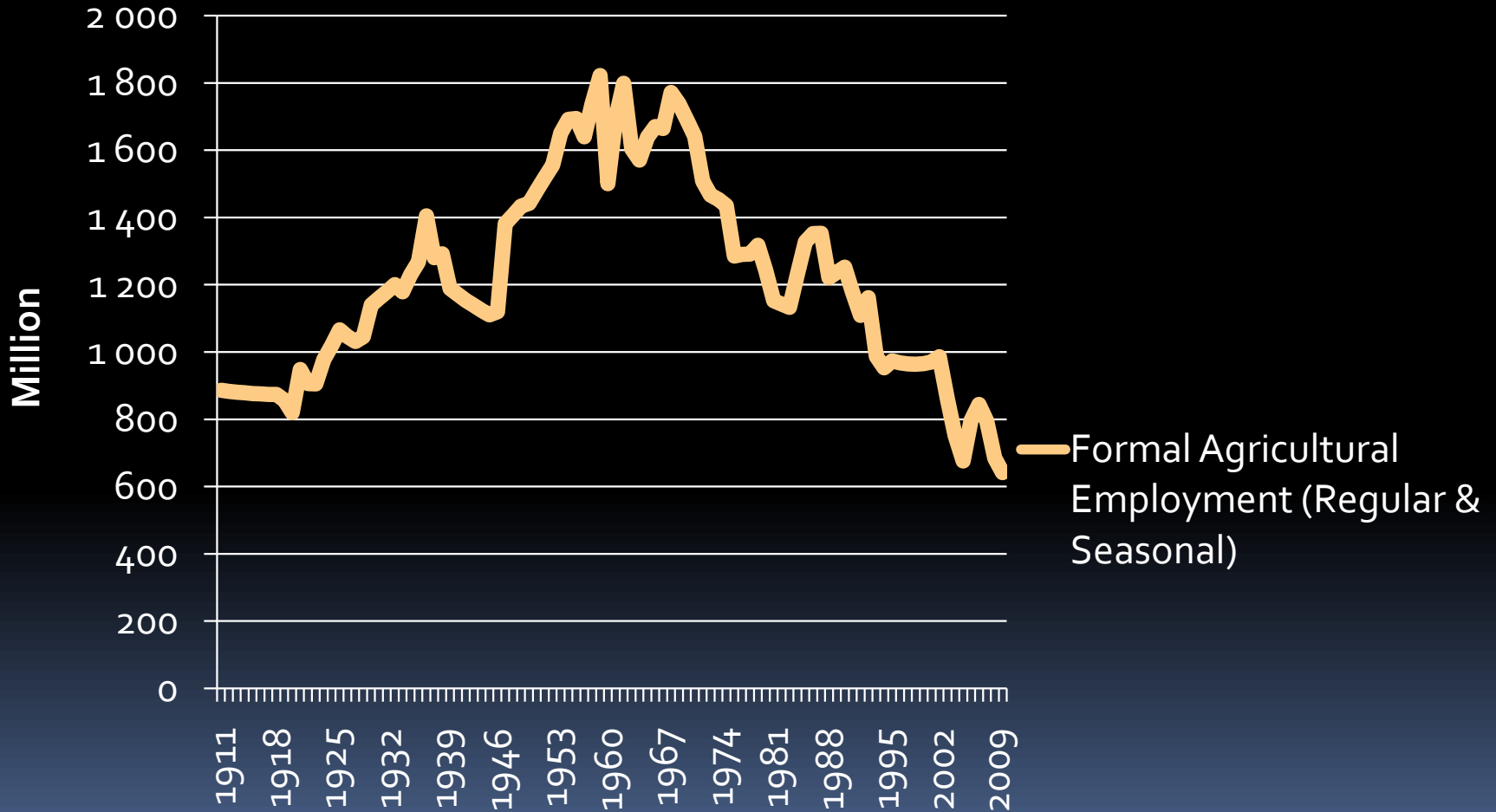
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Employment trends



National Development Plan

- Rural development
- Employment creation
- Land reform

Rural development

- Triple spatial distortions
- Infrastructure to market distorted
- Farm size structure will remain skewed unless these corrected

Job creation

A four-part (conservative) strategy

1. Expanding irrigation agriculture.

- Currently 1.5 million ha under irrigation, which produces well over a third of total output
- The potential for expansion of irrigation:
 - 90 000 ha from the use of available water,
 - 282 000 ha from savings from the more efficient use of existing water
 - 270 000 ha from ground water,
 - 335 000 ha from additional water storage capacity
 - 975 000 ha, strategy based on < 500 000 ha

Job creation

A four-part strategy

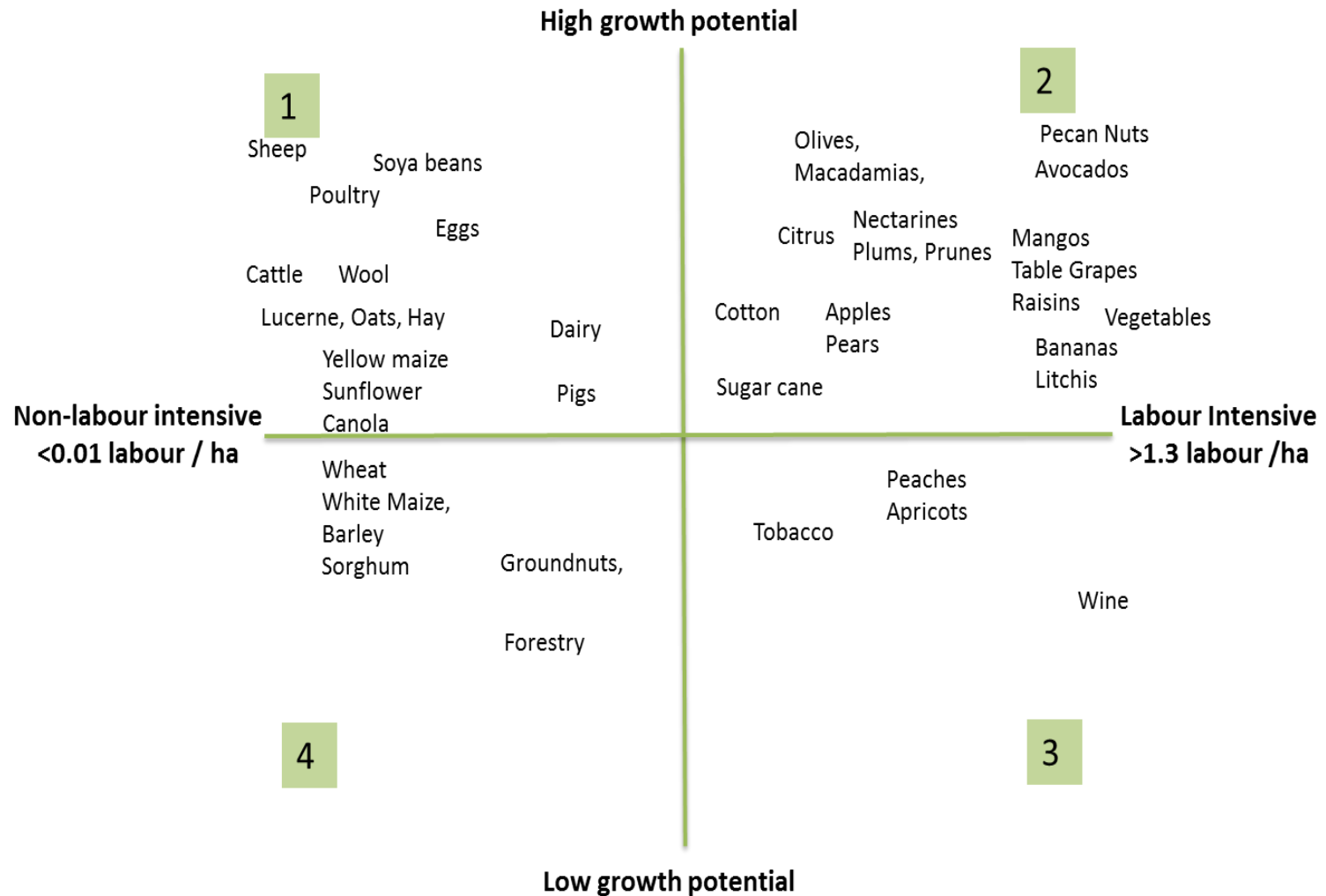
2. **Bringing some of the under-used land in the communal areas and under land reform projects into commercial production over a period of time that is commensurate with the aims and objectives of the land reform programme and South Africa's food security needs.**
- 3 million ha unused arable land in SA plus land reform projects, we based calculations on 2m ha.

Job creation

A four-part strategy

3. Picking and supporting 'winners' – those sectors and regions which have the highest potential for employment-creating growth

The employment creation matrix



Job creation

A four-part strategy

4. **Supporting employment creation in the upstream and downstream industries**
 - **Finding creative combinations** between these opportunities. This will include
 - Greater emphasis on land that has the potential or that has already been serviced with irrigation infrastructure,
 - Giving priority to successful farmers in the communal areas as land reform beneficiaries, and
 - Giving targeted support to industries and areas of high employment creation potential in order to maximise collaboration between existing farmers and land reform beneficiaries, etc.

Assumptions

1. All appropriate policy frameworks in place:

- Land access
- Land rights
- Effective state support
- Buy-in from industries

2. Required fiscal allocation for infrastructure development in place

Commodity	Current area (2010/11)	Potential expansion Ha irrigated	Labour multiplier	Additional jobs on farm	Linkages multiplier	(Up) Downstream jobs
Sugar cane	380 000	22 800	1.00	22 800	0.30	6 840
Citrus	60 000	15 000	1.00	15 000	0.66	9 900
Grapes	23 526	4 705	1.62	7 622	1.07	5 031
Apples	21 100	2 532	1.25	3 165	0.83	2 089
Pears	11 435	377	1.26	475	0.83	314
Plums	4 227	1 057	1.46	1 543	0.96	1 018
Prunes	431	108	1.46	157	0.96	104
Peaches	8 348	417	1.20	501	0.79	331
Nectarines	2 028	507	1.25	634	0.83	418
Avocado pears	13 250	9 275	2.00	18 550	1.32	12 243
Mangos	7 583	1 517	1.40	2 123	0.92	1 401
Litchis	1 163	233	1.40	326	0.92	215
Bananas	12 000	3 600	2.00	7 200	1.32	4 752
Guavas	990	198	1.50	297	0.99	196
Pawpaws	2 710	677	2.00	1 355	0.60	406
Cotton	7 000	7 000	1.00	7 000	0.30	2 100
Tobacco	4 000	400	2.20	880	1.45	581
Potatoes	53 472	6 417	0.80	5 133	0.56	3 593
Tomatoes	9 537	4 769	3.50	16 690	1.05	5 007
Onions	6 814	4 088	0.98	4 007	0.29	1 202
Carrots	3 280	2 296	3.00	6 888	0.90	2 066
Pumpkins	5 725	2 576	2.10	5 410	0.63	1 623
Green mielies	18 667	3 733	1.00	3 733	0.30	1 120
Pecan nuts	14 000	14 000	1.30	18 200	0.65	9 100
Macadamias	17 100	11 970	0.80	9 576	0.32	3 830
Olives	2 500	15 000	0.75	11 250	0.50	7 425
Rooibos	5 000	5 000	1.00	5 000	1.00	5 000
Pomegranate	1 200	3 600	1.30	4 680	0.86	3 089
Strawberries	213	235	2.30	540	1.52	356
Flowers	545	545	13.00	7 085	8.58	4 676
Cherries	230	552	3.00	1 656	1.98	1 093
TOTAL	698 074	145 184		189 476		97 120

Non-labour intensive

Commodity	Current area	Potential expansion Ha	Labour multiplier	Additional jobs on farm	Linkages multiplier	Up/down stream jobs
White maize	1 481 000	118 480	0.01	1 185	0.005	592
Yellow maize	954 000	238 500	0.01	2 385	0.005	1 193
Wheat	610 000	61 000	0.01	610	0.005	305
Barley	83 000	6 640	0.01	66	0.008	53
Soybeans	418 000	376 200	0.01	3 762	0.007	2 633
Sunflower	642 000	96 300	0.01	963	0.005	482
Canola	40 000	4 800	0.01	48	0.005	24
TOTAL	4 228 000	901 920		9 019		5 282

Livestock

	Current production	Potential expansion Tonnes	Labour multiplier	Additional jobs on farm	Linkages multiplier	Up/down stream jobs
Poultry	1 327 000	663 500	0.0222	14 744	0.0143	9 479
Eggs	386 440	193 220	0.0400	7 729	0.0143	2 760
Dairy	2 613 674	522 735	0.0286	14 935	0.0154	8 042
Beef	628 000	282 600	0.0143	4 037	0.0071	2 019
Pork	171 430	25 715	0.0185	476	0.0093	238
Sheep meat	98 200	117 840	0.0083	982	0.0071	842
Wool	45 500	20 475	0.0083	170	0.0083	171
TOTAL		1 826 084		43 074		23 550

Summary

Target group	Primary jobs created	Secondary jobs created	Assumption
Small scale farmers with >5 ha of land	75 000	37 500	These farmers employ themselves and two others
Small scale farmers with between 0.5 and 5 ha of land	165 000	82 500	The livelihoods of half of the farmers in this category are improved
Subsistence farmers with <0.5 ha	83 000	41 500	The livelihoods of one in ten of the farmers in this category are improved
Better utilisation of land redistribution land	70 000	35 000	Redistribution beneficiaries employ themselves and two others; one in ten restitution beneficiaries become self-sufficient

Summary

Target group	Primary jobs created	Secondary jobs created	Assumption
Labour-intensive winners	200 000	100 000	An optimistic scenario; assumes that current decline in employment in commercial farming is halted.
Labour-extensive field crops	10 000	5 000	An optimistic scenario; assumes that the current decline in employment in commercial farming is halted.
Labour-extensive livestock	40 000	25 000	An optimistic scenario; assumes that the current decline in employment in commercial farming is halted.
Total	643 000	326 500	The total is 969 500

Land reform

- Must reflect diversity of natural resources and modes of production
- Must accommodate high cost of entry
- Must allow farmers to grow, shrink, stagnate and/or get out

Land reform

- **Three part proposal:**
 1. District municipality land committees identify 20% of land
 - Committee includes Land Bank, banks
 - DRDLR, DAFF, provincial, farmers, chiefs, et c.
 2. Tender process and business plan: mentorship
 3. Funding mechanism for land access