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Statistical release

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Agricultural Survey 2011

(Preliminary)

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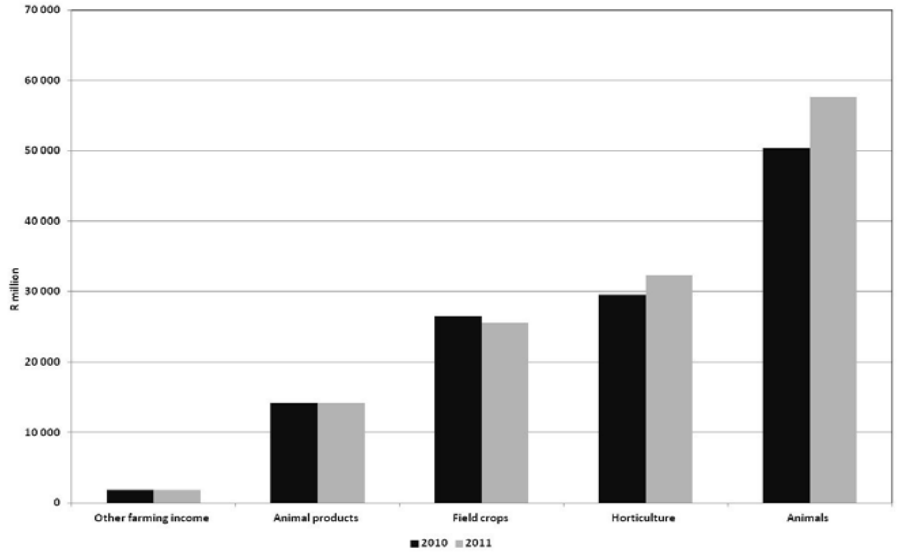
Summary of findings for the year 2011

Gross farming income

Gross farming income (GFI) earned by the commercial farming sector was R131 541 million in 2011 compared with R122 550 million in 2010. The GFI figures reflect a growth of 7,3% between 2011 and 2010. A detailed composition of GFI by farming activity between the two years is provided in Table 1 and Table 2 on page 1. It can be observed from Figure 1 and Table 2 that the income generated from the sale of animals and horticultural products in the commercial agricultural sector increased in 2011. Table 2 shows that the highest percentage increase was recorded for income earned from the sale of animals (14,4%), followed by horticulture (9,6%). Field crops and animal products registered decreases of 3,6% and 0,2% respectively.

Table 2 also shows that the contribution of the different types of farming activities to GFI remained almost the same in 2011 as in 2010.

Figure 1 – Gross farming income by type of product

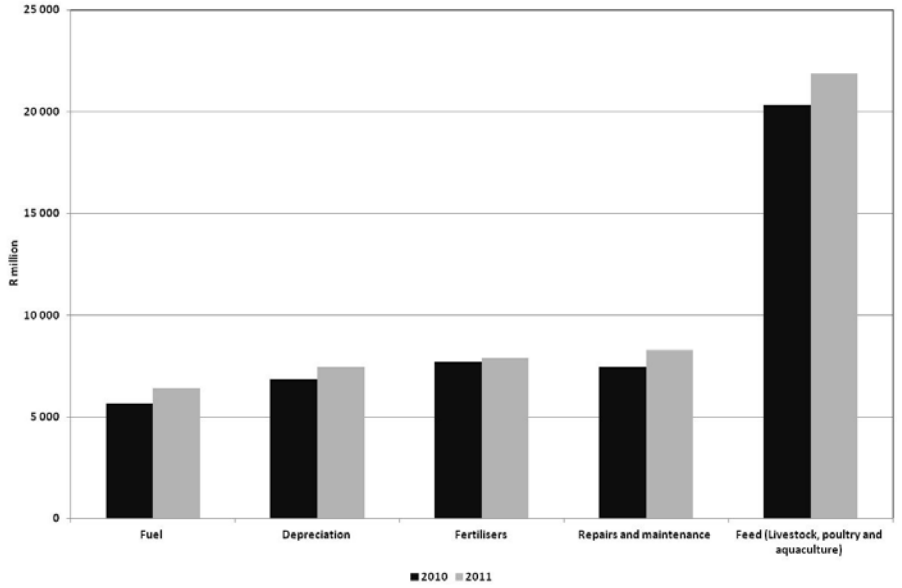


Current expenditure

The total current expenditure, excluding salaries and wages, incurred by the commercial farming sector for the financial year ending 28 February 2011 was R98 765 million compared with R89 911 million in 2010.

Figure 2 shows the major contributors towards the total current expenditure for both years. All major contributors to the total current expenditure increased in 2011. The highest percentage increase was recorded for fuel (12,9%), followed by repair and maintenance at 11,3%. Fertilisers registered the lowest increase (2,1%) (refer to Table 3 on page 2).

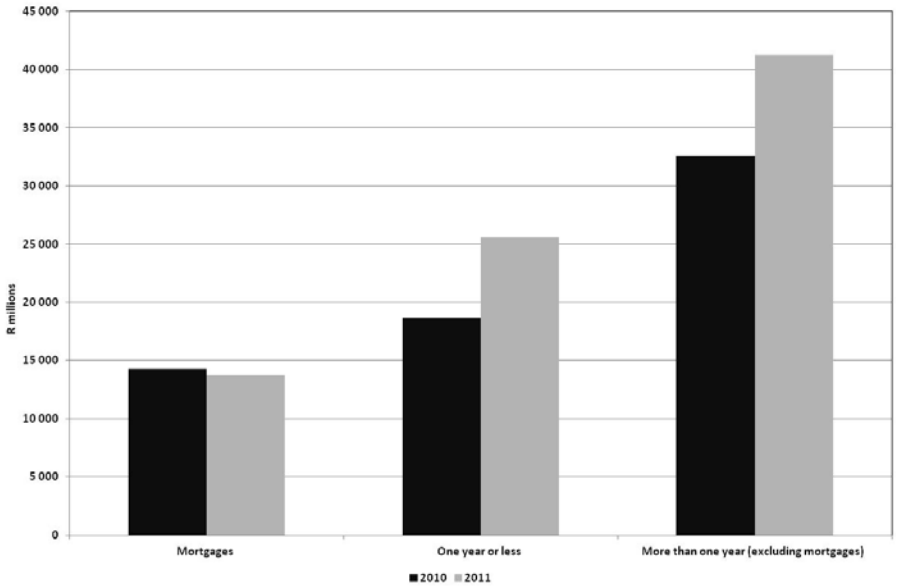
Figure 2 – Current expenditure according to major contributors (excluding salaries and wages)



Farming debt

The total farming debt among operators in the commercial farming sector was estimated at R80 513 million in 2011, an increase of 23,0% compared with 2010. Figure 3 and Table 6 illustrate that with the exception of mortgages, other debt categories increased in 2011 compared with 2010. Table 6 (on page 4) shows that mortgages decreased by 3,5% in 2011 compared with 2010.

Figure 3 – Distribution of farming debt by type of obligation



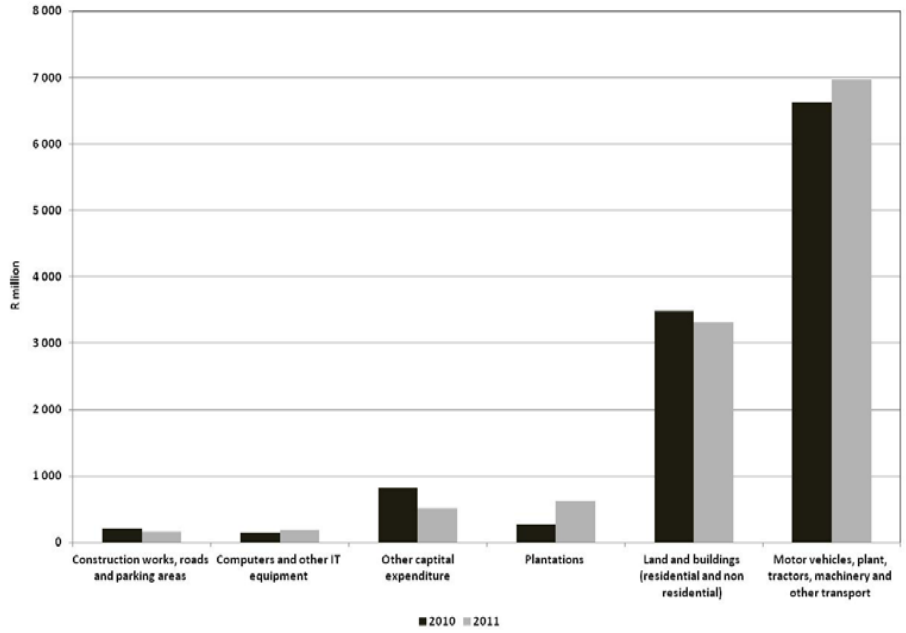
Capital expenditure

Total capital expenditure in the commercial farming sector amounted to R11 774 million in 2011 compared with R11 559 million in 2010, an increase of 1,9%.

The highest percentage increase in capital expenditure was recorded for plantations (126,7%), followed by computers and IT equipment (33,2%) and motor vehicles, plant, tractors, machinery and other transport (5,1%).

In contrast, decreases were reported in construction works, roads and parking areas (20,2%) and land and buildings (4,8%).

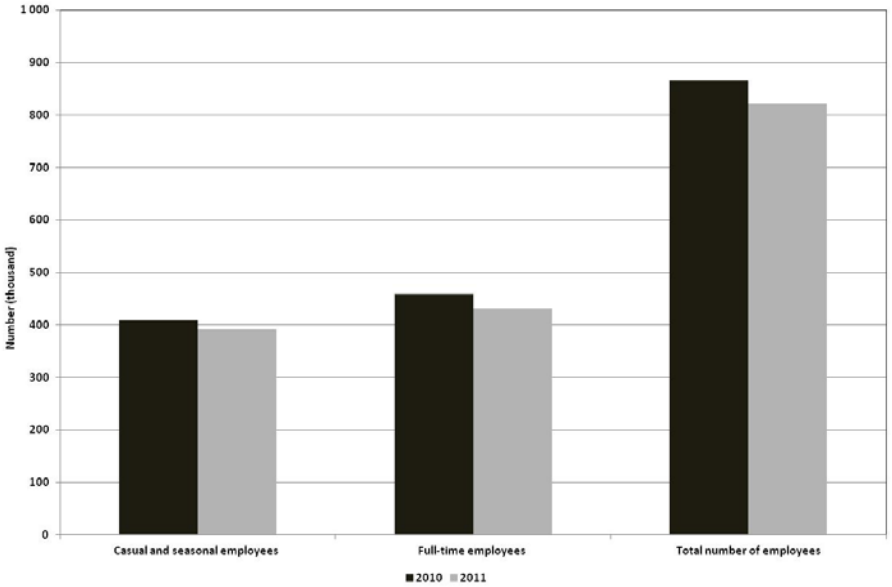
Figure 4 – Distribution of capital expenditure



Employment

The number of people employed in the commercial farming sector decreased by 5,1% from 866 455 employees in 2010 to 821 967 employees in 2011. The decreases in 'full-time' and 'casual and seasonal' employees were 6,0% and 4,2% respectively.

Figure 5 – Number of full-time and casual and seasonal employees



PJ Lehohla
Statistician-General

Table 1 – Gross farming income, expenditure and debt for selected items for 2010 and 2011 at current prices (R'000)

Item	Year	
	2010[1]	2011[2]
Gross farming income	**122 550 225**	**131 540 723**
Field crops	26 505 562	25 544 470
Horticultural products	29 552 231	32 345 669
Animals and animal products	64 609 979	71 830 353
Other farming	1 882 453	1 820 231
Expenditure	**132 166 922**	**147 729 151**
Salaries, cash wages and bonuses	15 220 184	17 946 250
Current	89 910 504	98 765 121
Capital	11 559 142	11 774 055
Purchases	15 477 092	19 243 725
Farming debt	**65 471 423**	**80 513 050**

Table 2 – Gross farming income by type of product

Type of product	2010[1]		2011[2]		% change
	R'000	% contribution	R'000	% contribution	
Field crops	26 505 562	21,6	25 544 470	19,4	-3,6
Horticulture	29 552 231	24,1	32 345 669	24,6	9,6
Animals	50 374 927	41,1	57 625 118	43,8	14,4
Animal products	14 235 052	11,6	14 205 235	10,8	-0,2
Other farming	1 882 453	1,5	1 820 231	1,4	-3,3
Gross farming income	**122 550 225**	**100,0**	**131 540 723**	**100,0**	**7,3**

[1] Revised figures
[2] Preliminary figures

Table 3 – Current expenditure incurred within the farming operation

Item	2010[1]		2011[2]		% change
	R'000	% contribution	R'000	% contribution	
Accounting fees	428 155	0,5	470 500	0,5	9,9
Advertising and marketing expenses	1 272 116	1,4	1 312 983	1,3	3,2
Depreciation	6 833 419	7,6	7 456 677	7,5	9,1
Electricity	2 841 202	3,2	4 085 965	4,1	43,8
Feed (Livestock, poultry and aquaculture)	20 341 046	22,6	21 883 920	22,2	7,6
Fertilisers	7 717 488	8,6	7 882 908	8,0	2,1
Fuel	5 666 176	6,3	6 399 136	6,5	12,9
Insurance	2 109 958	2,3	2 289 410	2,3	8,5
Interest paid	4 803 196	5,3	4 301 068	4,4	-10,5
Licence fees	220 120	0,2	204 255	0,2	-7,2
Membership fees	123 435	0,1	140 278	0,1	13,6
Operating and hiring of plant, machinery, equipment and vehicles	564 201	0,6	706 613	0,7	25,2
Packing materials	4 193 332	4,7	4 611 263	4,7	10,0
Plant/animal health services	474 395	0,5	547 899	0,6	15,5
Property rates paid to municipalities	92 817	0,1	131 852	0,1	42,1
Protective clothing	136 973	0,2	163 783	0,2	19,6
Remedies for animals	1 205 804	1,3	1 166 440	1,2	-3,3
Remedies for field and horticultural products	3 678 325	4,1	3 437 653	3,5	-6,5
Rental, usufruct and grazing rights	2 743 046	3,1	3 048 880	3,1	11,1
Repairs and maintenance	7 440 570	8,3	8 280 251	8,4	11,3
Research costs	59 101	0,1	56 306	0,1	-4,7
Seed and plant material	3 139 189	3,5	3 515 736	3,6	12,0
Security services	283 136	0,3	385 261	0,4	36,1
Services rendered by contractors, co-farmers, etc.	2 895 060	3,2	3 477 780	3,5	20,1
Transport	2 555 463	2,8	3 811 782	3,9	49,2
Water purchased	524 002	0,6	677 229	0,7	29,2
Other current expenditure	7 568 779	8,4	8 319 293	8,4	9,9
Total current expenditure	**89 910 504**	**100,0**	**98 765 121**	**100,0**	**9,8**
Animals and additional products purchased					
Animal products	1 398 339	9,0	1 286 693	6,7	-8,0
Animals	12 754 618	82,4	16 278 803	84,6	27,6
Horticulture and field crops	1 324 135	8,6	1 678 229	8,7	26,7
Total purchases	**15 477 092**	**100,0**	**19 243 725**	**100,0**	**24,3**

Table 4 – Capital expenditure incurred within the commercial farming sector

Type of capital expenditure	2010[1]		2011[2]		% change
	R'000	% contribution	R'000	% contribution	
Land and buildings (residential and non-residential)	3 483 194	30,1	3 316 761	28,2	-4,8
Construction works, roads and parking areas	206 803	1,8	164 937	1,4	-20,2
Computers and other IT equipment	143 361	1,2	190 917	1,6	33,2
Motor vehicles, plant, tractors, machinery and other transport	6 627 701	57,3	6 964 708	59,2	5,1
Plantations	274 668	2,4	622 636	5,3	126,7
Other	823 415	7,1	514 096	4,4	-37,6
Total capital expenditure	**11 559 142**	**100,0**	**11 774 055**	**100,0**	**1,9**

Table 5 – Land and book value of assets

Type of asset	2010[1]		2011[2]		% change
	R'000	% contribution	R'000	% contribution	
Motor vehicles, plant, tractors, machinery and other transport	23 503 518	19,7	27 183 832	21,6	15,7
Land and buildings (residential and non-residential)	81 269 559	68,1	81 988 174	65,0	0,9
Construction works, roads and parking areas	1 122 368	0,9	1 124 380	0,9	0,2
Computers and other IT equipment	540 338	0,5	538 980	0,4	-0,3
Plantations	6 856 146	5,7	8 794 938	7,0	28,3
Other assets	5 973 089	5,0	6 469 195	5,1	8,3
Total land and book value	**119 265 018**	**100,0**	**126 099 499**	**100,0**	**5,7**

Table 6 – Distribution of farming debt by type of obligation

Type of obligation		2010[1]		2011[2]		% change
		R'000	% contribution	R'000	% contribution	
Mortgages		14 263 020	21,8	13 758 060	17,1	-3,5
Other loans and debts	One year or less	18 649 987	28,5	25 535 197	31,7	36,9
	More than one year (excluding mortgages)	32 558 416	49,7	41 219 793	51,2	26,6
Total farming debt		**65 471 423**	**100,0**	**80 513 050**	**100,0**	**23,0**

Table 7 – Number of paid employees and salaries and wages

Type of employment	2010[1]		2011[2]		% change (number)	% change (salaries and wages)
	Number	Salaries and wages (R'000)	Number	Salaries and wages (R'000)		
Casual and seasonal employees	408 075	2 622 440	391 119	2 368 807	-4,2	-9,7
Full-time employees	458 380	12 597 744	430 848	15 577 443	-6,0	23,7
Total number of paid employees and salaries and wages	**866 455**	**15 220 184**	**821 967**	**17 946 250**	**-5,1**	**17,9**

Table 8 – Number of full-time employees according to occupation

Type of occupation	2010[1]		2011[2]		% change
	Number	% contribution	Number	% contribution	
Managers and administration staff	39 895	8,7	38 967	9,0	-2,3
Farm employees	418 485	91,3	391 881	91,0	-6,4
Total full-time employees	**458 380**	**100,0**	**430 848**	**100,0**	**-6,0**

Explanatory notes

Introduction

Statistics South Africa (Stats SA) conducted an agricultural survey in South Africa on farming units in 2011. A sample of 12 000 enterprises was drawn from Stats SA's business register (BR). The frame was adjusted by removing all the enterprises below the 0,5% percentile turnover. The BR is based on the income tax (IT) and value added tax (VAT) databases of the South African Revenue Service (SARS). All enterprises are legally bound to register for IT and/or VAT. Enterprises registered in the taxation system are included on the BR, and hence were given a chance of selection in the sample for the survey.

This statistical release contains information regarding:

- Income and expenditure items for the financial year;
- Employment as at 28 February 2011 for the 2011 survey;
- Employees' remuneration for the financial year;
- Farming debt as at 28 February 2011 for the 2011 survey; and
- Book value of assets at the end of the financial year.

Reference period

The questionnaires for the Agricultural Survey 2011 were completed for the financial year which ended on any date between 1 March 2010 and 28 February 2011. The Agricultural Survey 2011 period is referred to as 2011 in the report.

Purpose of the survey

The Agricultural Survey covers the activities of commercial farms in South Africa which are registered for income tax (IT) and value added tax (VAT). Results are mainly used to monitor trends in the agricultural industry. Individual farmers use the results to position themselves relative to the industry as a whole.

Users of the agricultural survey include:

- Policy advisers in government for monitoring the performance of industries and their contribution to the South African economy, and for evaluating the effectiveness of industry policies;
- Industry associations monitoring trends on their own and competing or complementary industries in order to inform their members of market changes; and
- Individual businesses using the data to analyse their performance relative to their industry.

Scope and coverage

The Agricultural Survey 2011 covers statistics of enterprises mainly engaged in:

- Growing of crops, market gardening and horticulture (SIC 111);
- Farming of animals (SIC 112);
- A combination of the above (mixed farming) (SIC 113); and
- Fish hatcheries and fish farms (SIC 132).

Classification by industry

The 1993 edition of the *Standard Industrial Classification of all Economic Activities* (SIC), Fifth Edition, Report No. 09-09-02, was used to classify the statistical units in the survey. The SIC is based on the 1990 *International Standard Industrial Classification of all Economic Activities* (ISIC) with suitable adaptations for local conditions. Each enterprise is classified to an industry which reflects its predominant activity.

Statistical unit The survey's data were collected at an enterprise level. An enterprise is a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.

Size groups The enterprises are divided into four size groups according to turnover as recorded on Stats SA's BR. The size group stratification used in the survey was adopted from the Department of Trade and Industry's 2003 cut-off points. The size groups are indicated in Table A.

Table A – Cut-off points by size groups for the Agricultural Survey 2011

Size group	Turnover
1	Turnover ≥ R5 million
2	R3 million ≤ turnover < R5 million
3	R500 000 ≤ turnover < R3 million
4	Turnover< R500 000

Survey methodology and design

The survey was conducted by post, fax, telephone, email and personal visits. A sample of 12 000 enterprises was drawn using stratified simple random sampling for both years. The enterprises were first stratified at three-digit level according to the SIC and then by size of enterprises. All large enterprises (size groups 1 and 2) were completely enumerated. Turnover as recorded on the BR was used as the measure of size for stratification.

Weighting methodology

For those strata not completely enumerated, the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated size groups 1 and 2 to form the total estimates. These procedures are in line with international best practice.

Relative standard error

Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they might differ from the figures that would have been produced if the data had been obtained from all enterprises in the agricultural industry in South Africa.

One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance as only a sample of enterprises was used. The relative standard error (RSE) provides an immediate indication of the percentage error likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate.

Table B – Variables in the agricultural industry within 95% confidence limits: Agricultural Survey 2010

Variable	Lower limit	Estimation	Upper limit	Relative standard error
	R'000			%
Field crops	25 992 866	26 505 562	27 018 259	1,0
Horticulture	29 143 576	29 552 231	29 960 887	0,7
Animals	49 811 071	50 374 927	50 938 784	0,6
Animal products	13 889 054	14 235 052	14 581 052	1,2
Other farming income	1 689 756	1 882 453	2 075 152	5,2
Current expenditure	89 069 730	89 910 504	90 633 081	0,4
Capital expenditure	10 971 864	11 559 142	12 146 427	2,6
Land and book value	114 580 120	119 265 018	123 949 917	2,0
Farming debt	63 125 809	65 471 423	67 817 037	1,8
Casual employees (number)	395 211	408 075	420 939	1,6
Full-time employees (number)	450 692	458 380	466 068	0,9

Table C – Variables in the agricultural industry within 95% confidence limits: Agricultural Survey 2011

Variable	Lower limit	Estimation	Upper limit	Relative standard error
	R'000			%
Field crops	24 583 798	25 544 470	26 505 143	1,9
Horticulture	31 607 847	32 345 669	33 083 492	1,2
Animals	56 464 751	57 625 118	58 785 485	1,0
Animal products	13 727 467	14 205 235	14 683 002	1,7
Other farming income	1 686 695	1 820 231	1 953 765	3,7
Current expenditure	97 358 922	98 765 121	100 171 321	0,7
Capital expenditure	11 259 459	11 774 055	12 288 652	2,2
Land and book value	119 206 811	126 099 499	132 992 187	2,8
Farming debt	75 832 920	80 513 050	85 193 176	3,0
Casual employees (number)	365 024	391 119	417 214	3,4
Full-time employees (number)	416 619	430 848	445 077	1,7

Collection rate

The collection rate for the Agricultural Survey 2011 was 77,5%.

Abbreviations and symbols

BR	=	Business register
DTI	=	Department of Trade and Industry
GDP	=	Gross domestic product
GFI	=	Gross farming income
IT	=	Income tax
0	=	Nil or less than half the final digit shown
SARS	=	South African Revenue Service
Stats SA	=	Statistics South Africa
VAT	=	Value added tax
-	=	Figures not available

Glossary

Casual and seasonal employees: Include occasional and day labourers, e.g. shearers, reapers and fruit-pickers, but exclude contractors and their employees. May be employed for any period during the reporting year.

Current expenditure: Expenditure incurred in farming operations during the financial year in respect of the farming unit, as reported by the farmer. These expenses include seed stock, poultry feeds, fertilisers, fuel, packing material, electricity, interest paid and all other operating expenses except salaries and wages. Railage and rented transport are also included in the relevant purchases.

Farmer: Individuals, partnerships, close corporations, companies or other enterprises that operate a farming unit for their own account; or managers, foremen or other persons to whom the control of a farming unit was entrusted.

Farming debt: Includes all financial obligations incurred in respect of normal farming activities, such as mortgages, loans and credits received from organisations such as banks, cooperative societies and private persons. Debt in respect of other business enterprises is excluded. Particulars regarding farming debt are based on data submitted by the respondents.

Farming unit: Any unit on which one or more of the following farming operations are carried out for commercial purposes:

- Cultivation in the open air or under cover of field crops, vegetable plants, fruit or flowers;
- Operation of a tea, coffee or sugar plantation;
- Breeding of livestock, poultry, game or other animals, including freshwater fish, furred animals and trade in livestock; and
- Production of milk, wool, mohair, eggs or honey.

Full-time employees: These are people employed as at 28 February 2011, including:

- Owners directly involved in farming activities;
- Family members involved in farming operations; and
- Office staff, farm managers and foremen and employees who normally do farm work.

Gross farming income: Gross farming income, as reported by the farmer, includes income earned from agricultural products sold, but excludes other income. In this release, agricultural products are divided into field crops, horticultural products, animals and animal products.

- **Field crops:** Include cereals, oil seeds, legumes, sugar-cane and fodder crops.
- **Horticultural products:** Include vegetables, fruits and nuts.
- **Animals:** Include livestock, poultry, game, aquaculture and all other animals.
- **Animal products:** Include milk, eggs, hides and skins, wool and feathers.

Other farming income: Income generated from the sale of forestry and bee farming products and any form of income generated from primary farming (excludes income from crops, animals and animal products and aquaculture).

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