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Agricultural Survey 2010

(Preliminary)

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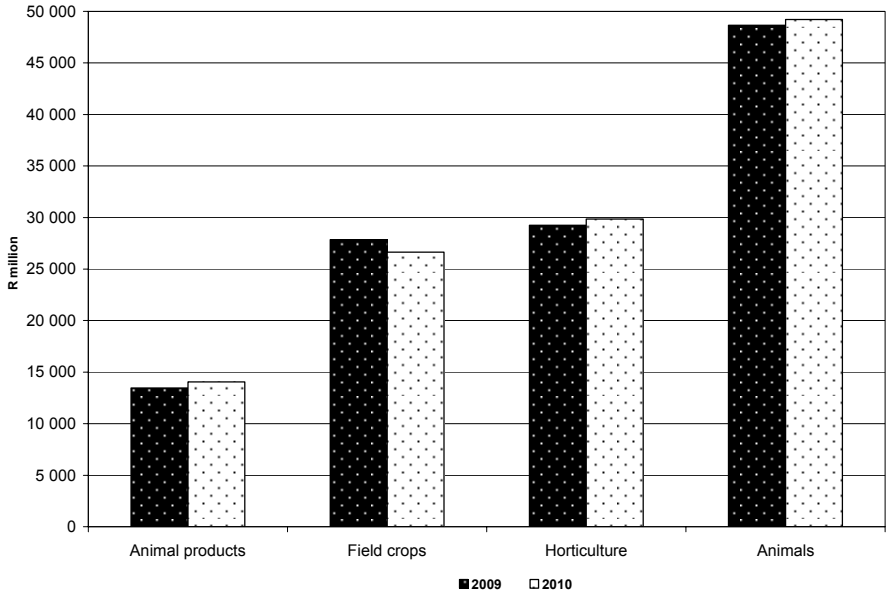
Summary of findings for the year 2010

Gross farming income

Gross farming income (GFI) earned by the commercial farming sector was R121 766 million in 2010 compared with R119 194 million in 2009. The GFI figures reflect a slight growth of 2,2% between 2010 and 2009. A detailed comparison of GFI by farming activity between the two years is provided in Table 2. It can be observed from Figure 1 that, with the exception of the income earned from field crops, the income generated from all categories of farming activities recorded an increase in 2010. The highest percentage increase was recorded for income earned from animal products (4,4%), followed by horticulture (2,1%) and animals (1,2%). Field crops showed a decrease (-4,3%) over the same time period.

However, the contribution to GFI of the different types of farming activities by proportion remained almost the same in 2010 as in 2009 (see Table 2).

Figure 1 – Gross farming income by type of product

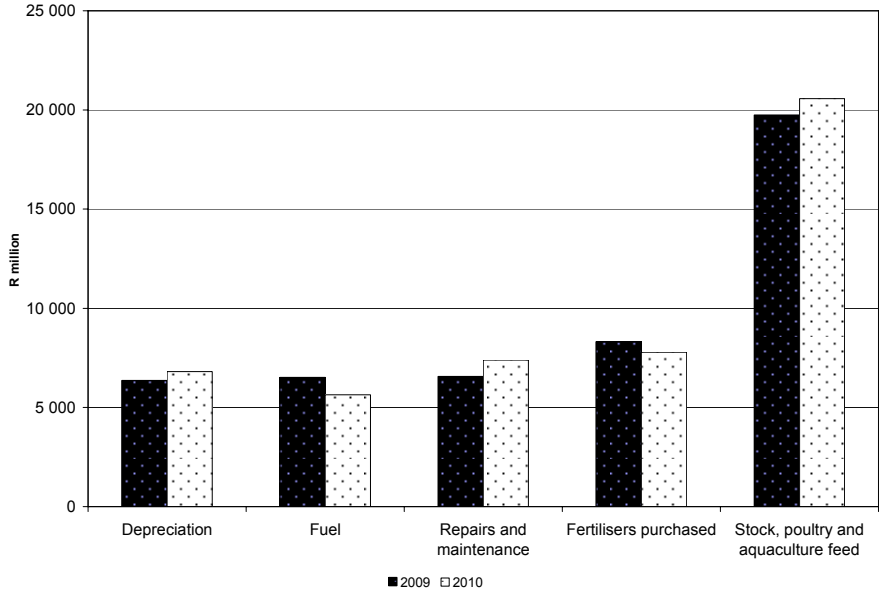


Current expenditure

The total current expenditure incurred by the commercial farming sector for the financial year ending 28 February 2010 was R89 286 million compared with R86 590 million in 2009. Figure 2 shows the major contributors towards the total current expenditure for both years. Two of the major contributors to the total current expenditure registered a decrease in 2010; fuel and fertilisers purchased recorded decreases of 13,4% and 6,4%, respectively (refer to Table 3).

Stock, poultry and aquaculture feed reflected an increase of 4,2%.

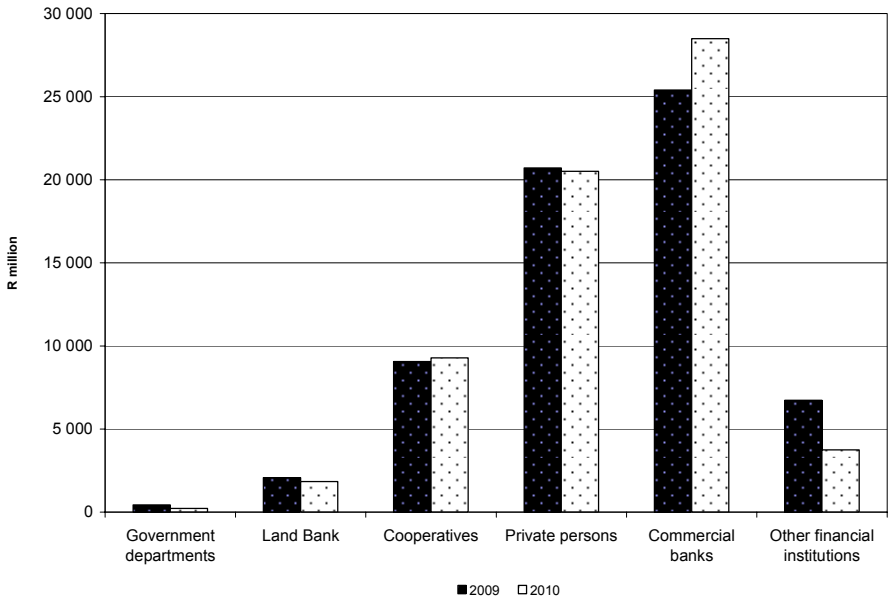
Figure 2 – Current expenditure according to major contributors



Farming debt

The total farming debt among operators in the commercial farming sector was estimated at R64 078 million in 2010, a decrease of 0,5% compared with 2009. As illustrated in Figure 3 and Table 7.2, the major lenders to the commercial farming sector in both 2010 and 2009 were commercial banks and private persons.

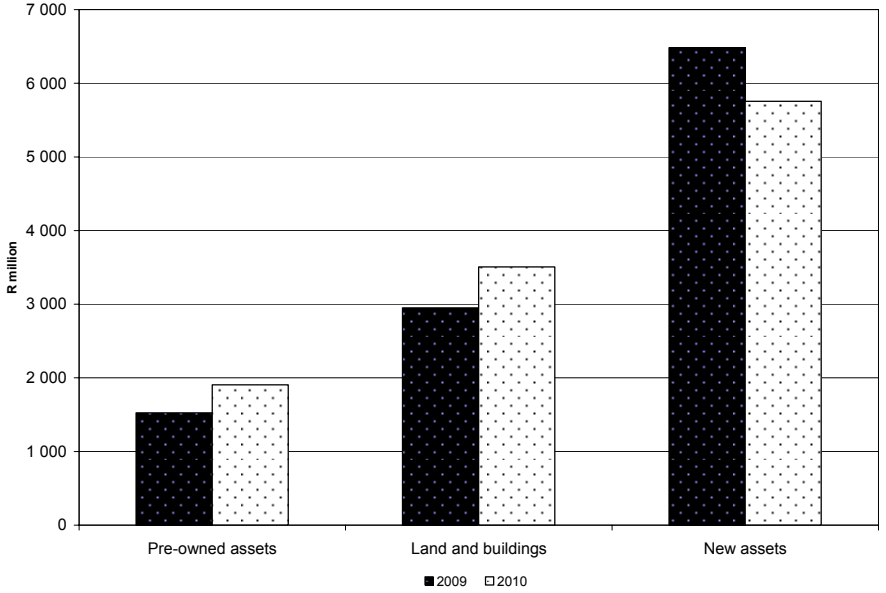
Figure 3 – Distribution of farming debt by type of creditor



Capital expenditure

The total capital expenditure in the commercial farming sector amounted to R11 167 million in 2010 compared with R10 958 million in 2009, an increase of 1,9% between the two years. Figure 4 and Table 4 show that expenditure on new assets was the major constituent of capital expenditure.

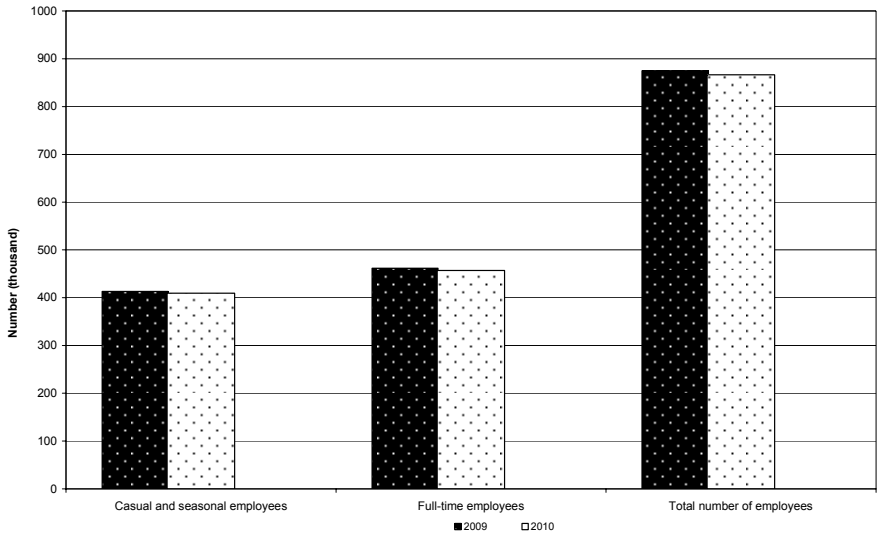
Figure 4 – Distribution of capital expenditure



Employment

The number of people employed in the commercial farming sector decreased by 1,0% to 866 417 employees in 2010 from 874 877 employees in 2009. The employment trends between the two years are shown in Figure 5. Detailed employment figures for the two years are provided in Tables 8 and 9. The number of fulltime employees decreased by 1,0% from 461 806 in 2009 to 456 958 in 2010. The number of casual and seasonal employees also decreased, by 0,9% from 413 071 in 2009 to 409 459 in 2010.

Figure 5 – Number of fulltime and casual employees



PJ Lehohla
Statistician-General

Table 1 – Selected items for 1993, 2002, 2007, 2008, 2009 and 2010 at current prices (R'000)

Item	Year					
	1993	2002	2007	2008	2009[1]	2010[2]
Gross farming income	**19 620 181**	**53 329 052**	**79 604 784**	**95 224 237**	**119 193 813**	**121 765 972**
Field crops	4 771 471	16 476 933	16 479 832	19 839 530	27 855 687	26 650 633
Horticultural products	4 493 681	14 228 909	19 080 627	24 045 202	29 237 110	29 851 775
Animals and animal products	9 314 413	21 222 618	43 436 607	51 339 505	62 101 016	63 273 602
Other farming income	1 040 616	1 400 592	607 718	-	-	1 989 962
Employment						
Employees' remuneration (salaries, cash wages and bonuses)	3 637 620	6 215 583	9 471 096	11 270 000	13 498 258	15 171 954
Paid employees (number)	1 093 265	940 820	770 933	814 524	874 877	866 417
Expenditure (excluding salaries and wages)	**16 377 145**	**45 038 908**	**66 970 865**	**85 239 895**	**111 255 770**	**114 586 138**
Current	14 298 595	42 092 135	51 169 131	65 826 948	86 590 488	89 286 482
Capital	2 078 550	2 946 773	6 996 495	7 839 348	10 958 419	11 167 174
Purchases of animals and animal products[3]	-	-	8 805 239	11 573 599	13 706 863	14 132 482
Farming debt	**15 295 001**	**30 857 891**	**39 580 394**	**50 908 842**	**64 424 753**	**64 078 347**

Table 2 – Gross farming income by type of farming activity

Type of activity	2009[1]		2010[2]	
	R'000	% contribution	R'000	% contribution
Field crops	27 855 687	23,4	26 650 633	21,9
Horticultural products	29 237 110	24,5	29 851 775	24,5
Animals	48 645 918	40,8	49 223 684	40,4
Animal products	13 455 098	11,3	14 049 918	11,5
Other farming income[3]	-	-	1 989 962	1,6
Gross farming income	**119 193 813**	**100,0**	**121 765 972**	**100,0**

[1] Revised
[2] Preliminary
[3] Data were not collected for the indicated variable in the years without values.

Table 3 – Current expenditure and purchases of animals and animal products incurred within the commercial farming sector

Item	2009		2010	
	R'000	% contribution	R'000	% contribution
Current expenditure				
Accounting fees	379 441	0,4	427 642	0,5
Advertising and marketing expenses	1 259 192	1,5	1 249 229	1,4
Depreciation	6 354 631	7,3	6 809 144	7,6
Electricity	2 181 667	2,5	2 811 824	3,1
Fertilisers purchased	8 311 975	9,6	7 780 632	8,7
Fuel	6 513 452	7,5	5 641 906	6,3
Insurance	2 021 378	2,3	2 101 049	2,4
Interest paid	4 856 795	5,6	4 780 104	5,4
Licence fees	228 556	0,3	219 995	0,2
Membership fees	124 560	0,1	125 159	0,1
Operating and hiring of plant, machinery, equipment and vehicles	581 996	0,7	575 466	0,6
Packing materials	3 898 926	4,5	4 164 709	4,7
Plant/animal health services	455 836	0,5	473 538	0,5
Property rates paid to municipalities	84 682	0,1	92 319	0,1
Protective clothing	128 840	0,1	136 666	0,2
Remedies for animals	1 114 142	1,3	1 201 576	1,3
Remedies for field and horticultural products	3 677 696	4,2	3 661 581	4,1
Rental, usufruct and grazing rights	2 400 653	2,8	2 748 319	3,1
Repairs and maintenance	6 563 286	7,6	7 393 492	8,3
Research costs	33 499	0,0	59 044	0,1
Seed and plant material	3 295 305	3,8	3 124 664	3,5
Security services	246 568	0,3	283 706	0,3
Services rendered by contractors, co-farmers, etc.	2 108 459	2,4	2 385 013	2,7
Stock, poultry and aquaculture feed	19 738 878	22,8	20 569 453	23,0
Transport	2 730 952	3,2	2 442 929	2,7
Water purchased	409 801	0,5	521 617	0,6
Other current expenditure	6 889 322	8,0	7 505 706	8,4
Total current expenditure	**86 590 488**	**100,0**	**89 286 482**	**100,0**
Animals and additional products purchased				
Animals	11 803 898	86,1	12 805 758	90,6
Animal products	1 902 965	13,9	1 271 628	9,0
Field crops and horticultural products[3]	-	-	55 096	0,4
Total animals and additional products purchased	**13 706 863**	**100,0**	**14 132 482**	**100,0**

Table 4 – Capital expenditure incurred within the commercial farming sector

Type of capital expenditure		2009		2010	
		R'000	% contribution	R'000	% contribution
Capital expenditure on land, buildings and construction works	Land	1 692 676	15,4	2 274 404	20,4
	Buildings	1 166 097	10,6	1 011 931	9,1
	Construction works, roads and parking areas	90 840	0,8	220 247	2,0
	Total capital expenditure on land and construction	**2 949 613**	**26,9**	**3 506 582**	**31,4**
Capital expenditure on new assets	Computers and other IT equipment	106 158	1,0	113 007	1,0
	Motor vehicles, tractors and other office equipment	2 615 382	23,9	2 349 993	21,0
	Plant, machinery and other office equipment	3 036 595	27,7	2 470 179	22,1
	Plantations	96 357	0,9	173 388	1,6
	Other new assets	628 708	5,7	647 924	5,8
	Total capital expenditure on new assets	**6 483 200**	**59,2**	**5 754 491**	**51,5**
Capital expenditure on pre-owned assets	Computers and other IT equipment	22 808	0,2	33 543	0,3
	Motor vehicles, tractors and other office equipment	854 099	7,8	842 709	7,5
	Plant, machinery and other office equipment	542 830	5,0	757 154	6,8
	Plantations	44 199	0,4	91 692	0,8
	Other pre-owned assets	61 670	0,6	181 003	1,6
	Total capital expenditure on pre-owned assets	**1 525 606**	**13,9**	**1 906 101**	**17,1**
Total capital expenditure		**10 958 419**	**100,0**	**11 167 174**	**100,0**

Table 5 – Losses and expenditures due to disasters, accidents, absenteeism, theft and other crimes

Item		2009		2010	
		R'000	% contribution	R'000	% contribution
Losses due to disasters and accidents:	Building and equipment	47 373	2,4	55 223	2,6
	Pastures	104 699	5,3	137 836	6,4
	Products (livestock, crops and aquaculture)	604 119	30,6	524 541	24,3
Absence arising from injury or consequences of crime		48 021	2,4	64 231	3,0
Burglary		42 481	2,2	58 674	2,7
Lifting and stealing of tools		136 053	6,9	123 721	5,7
Pilfering and stealing of crops		84 201	4,3	82 052	3,8
Predators		193 633	9,8	217 322	10,1
Stock-theft		206 849	10,5	316 523	14,7
Veld and forest fires and natural disasters		262 217	13,3	236 333	10,9
Other losses		243 951	12,4	343 113	15,9
Total losses		**1 973 597**	**100,0**	**2 159 569**	**100,0**

Table 6 – Land and book value of assets

Type of asset	2009[1]		2010[2]	
	R'000	% contribution	R'000	% contribution
Land and buildings	80 083 237	67,7	80 998 497	71,1
Construction works, roads and parking areas	1 005 731	0,9	1 157 748	1,0
Motor vehicles, tractors and other transport	14 619 466	12,4	12 443 717	10,9
Plant, machinery and other office equipment	10 656 969	9,0	10 536 539	9,2
Computers and other IT equipment	521 703	0,4	559 533	0,5
Plantations	2 091 539	1,8	2 267 484	2,0
Other assets	9 322 761	7,9	5 993 386	5,3
Total land and book value	**118 301 406**	**100,0**	**113 956 904**	**100,0**

Table 7.1 – Distribution of farming debt by type of obligation

Type of obligation		2009[1]		2010[2]	
		R'000	% contribution	R'000	% contribution
Mortgages		11 551 681	17,9	13 836 243	21,6
Other loans and debts	More than a year (medium to long-term)	16 687 333	25,9	18 317 962	28,6
	One year and less (short-term)	36 185 739	56,2	31 924 143	49,8
Total farming debt		**64 424 753**	**100,0**	**64 078 348**	**100,0**

Table 7.2 – Distribution of farming debt by type of creditor

Type of creditor	2009[1]		2010[2]	
	R'000	% contribution	R'000	% contribution
Cooperatives	9 065 973	14,1	9 281 305	14,5
Commercial banks	25 395 060	39,4	28 481 318	44,4
Government departments	433 136	0,7	221 536	0,3
Land Bank	2 077 435	3,2	1 842 773	2,9
Private persons	20 710 983	32,1	20 502 010	32,0
Other financial institutions	6 742 168	10,5	3 749 405	5,9
Total farming debt	**64 424 755**	**100,0**	**64 078 347**	**100,0**

[1] Revised
[2] Preliminary

Table 8 – Number of paid employees and salaries and wages

Type of employment	2009[1]		2010[2]	
	Number	Salaries and wages (R'000)	Number	Salaries and wages (R'000)
Casual and seasonal employees	413 071	2 204 409	409 459	2 617 433
Fulltime employees	461 806	11 293 849	456 958	12 554 521
Total number of paid employees and salaries and wages	**874 877**	**13 498 258**	**866 417**	**15 171 954**

Table 9 – Number of fulltime employees according to occupation

Type of occupation	2009[1]		2010[2]	
	Number	% contribution	Number	% contribution
Managers and administration staff	39 483	8,5	39 639	8,7
Farm employees	422 323	91,5	417 319	91,3
Total fulltime employees	**461 806**	**100,0**	**456 958**	**100,0**

[1] Revised
[2] Preliminary

Explanatory notes

Introduction

Statistics South Africa (Stats SA) conducted an agricultural survey in South Africa on farming units in 2010. A sample of 15 000 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 2010 for the 2010 survey;
- Employees' remuneration for the financial year;
- Losses during the financial year;
- Farming debt as at 28 February 2010 for the 2010 survey; and
- Book value of assets at the end of the financial year.

Reference period

The questionnaires for the Agricultural Survey 2010 were completed for the financial year which ended on any date between 1 March 2009 and 28 February 2010. The Agricultural Survey 2010 period is referred to as 2010 in the report.

Purpose of the survey

The agricultural survey collects data on the commercial agricultural sector and its results are vital for benchmarking the gross domestic product (GDP) and its components, production and price indices, annual and short-term statistical series, and for comparisons within and between industries.

Users of the agricultural survey include:

- Price statisticians, particularly in updating the commodity basket of producer price indices;
- 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 2010 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).

The following categories are excluded:

- Agricultural and animal husbandry services, except veterinary activities (SIC 114);
- Forestry and related services (SIC 121);
- Logging and related services (SIC122);
- Ocean and coastal fishing (SIC 131);
- Hunting, trapping and game propagation, including related services (SIC 115); and
- Production of organic fertiliser (SIC 116) only in 2008.

Data in respect of agricultural smallholdings such as nurseries, vegetable gardens, flower farms and dairy farms are included in this release only in those cases where the products were intended for sale.

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 surveys' data were collected at an enterprise level.

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 2010

Size group	Turnover
1	Turnover ≥ R5 million
2	R3 million ≤ Turnover < R5 million
3	R500 000 ≤ Turnover < R3 million
4	R200 000 ≤ Turnover< R500 000

Survey methodology and design

The survey was conducted by post, fax, telephone, email and personal visits. A sample of approximately 15 000 enterprises was drawn using stratified simple random sampling. The enterprises were first stratified at three-digit level according to the SIC and then by size of enterprise. 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, which are in line with international best practice, are described in more detail on the Stats SA website at www.statssa.gov.za/publications/publicationsearch.asp

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 errors 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 2009

Variable	Lower limit	Estimation	Upper limit	Relative standard error
	R'000			%
Field crops	27 148 672	27 855 687	28 562 702	1,3
Horticulture	28 496 333	29 237 110	29 977 887	1,3
Animals	48 008 708	48 645 918	49 283 129	0,7
Animal products	13 067 581	13 455 098	13 842 615	1,5
Current expenditure	85 718 562	86 590 488	87 613 462	0,6
Capital expenditure	10 020 508	10 958 414	11 896 320	4,4
Land and book value	112 352 756	118 301 408	124 250 060	2,6
Farming debt	60 801 613	64 424 756	68 047 898	2,9
Casual employees (number)	393 004	413 071	433 138	2,5
Fulltime employees (number)	450 079	461 806	473 533	1,3

Table C – 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	26 135 997	26 650 632	27 165 268	1,0
Horticulture	29 444 828	29 851 775	30 258 722	0,7
Animals	48 663 988	49 223 683	49 783 379	0,6
Animal products	13 707 299	14 049 917	14 392 535	1,2
Other farming income	1 784 347	1 989 962	2 195 578	5,3
Current expenditure	88 442 171	89 286 482	90 012 713	0,5
Capital expenditure	10 599 868	11 167 171	11 734 475	2,6
Land and book value	109 346 476	113 956 906	118 567 336	2,1
Farming debt	61 763 628	64 078 348	66 393 068	1,8
Casual employees (number)	396 506	409 459	422 412	0,9
Fulltime employees (number)	449 292	456 958	464 624	1,6

Comparability with the previous surveys

This release is in many aspects comparable with Agricultural Censuses 2002 and 2007 and Agricultural Surveys 2008 and 2009.

Response rate

Collection and turnover response rates on the Agricultural Survey 2010 were 75,8% and 88,3% respectively.

Abbreviations and symbols

BR	=	Business Register
DTI	=	Department of Trade and Industry
GDP	=	Gross domestic product
GFI	=	Gross farming income
IT	=	Income tax
0	=	More than nil, but less than 500
SARS	=	South African Revenue Service
Stats SA	=	Statistics South Africa
VAT	=	Value added tax
-	=	Figures not available

Glossary

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 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.

Type of employment

- 'Permanent employees' are employees who are employed on a permanent basis with benefits, such as leave.
- 'Casual and seasonal employees' include occasional and day labourers, e.g. shearers, reapers and fruit-pickers, but exclude contractors and their employees.

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, fodder crops, etc.
- 'Horticultural products' include vegetables, fruits, nuts, etc.
- 'Animals' include livestock, poultry, game, aquaculture and all other animals.
- 'Animal products' include milk, eggs, wool, etc.

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).

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. Railage and rented transport are also included in the relevant purchases.

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.

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