**RELEASE OF FINANCIAL AND PRODUCTION STATISTICS OF THE 2002 CENSUS OF COMMERCIAL AGRICULTURE**

As the last Census of Agriculture was carried out in 1993 and did not cover the former homeland areas, the DoA decided that it was appropriate to conduct a complete Census of commercial agriculture in 2002 to confront data inadequacies. In view of the fact that the DoA does not have the capacity to undertake a census, Stats SA was commissioned to conduct the Census on behalf of the DoA for an amount of approximately R19 million. Although the Census process targeted mainly white commercial farmers, information pertaining to emergent black farmers is being dealt with in separate reports.

The reasons for the focus of the Census are:

* That the DoA has a duty to provide government and the public with accurate and reliable information on the agricultural sector;
* The fact that the last Census was carried out more than ten years ago and the quality of information on this sector has deteriorated;
* An overwhelming majority of prevailing questions are on the commercial sector (e.g. the present grain surpluses and prices questions);
* The proportionately large and strategic contribution of this sector of the industry to the economy (more that 95 % of products/income);
* The huge numbers of commercial farmers (46 000) and the limited financial and technical resources at our disposal;
* The need for continuity to enable comparison with previous Censuses carried out on this specific sector;
* That commercial farmers are relatively easy to identify since they are registered as such with SARS from which information could be sourced;
* The fact that a survey has already been carried out on the non-commercial sector, the results of which are still being finalized; and
* An additional report on household/communal agriculture is being compiled by Stats SA and should be released early in 2005.

Furthermore, the important role of the Agricultural Census in providing essential decision-making information on the agricultural sector must be emphasized:

* The Agricultural Census is the most important source of information on the structure of the sector. This is the information on who does what, where and how? This is also essential policy-making information.
* The Census is an important source of information to benchmark production estimates based on volumes sold on agricultural markets, which is the method currently used in South Africa to estimate total production. It is also an important source of information to verify data provided to government by marketing and producer organizations.
* In many cases the Census is the only source of information, for example, to accurately determine investment in agriculture, asset value, expenditure on certain production inputs, remuneration for labour, interest payments, etc.
* The Census remains the most important source of information to measure, value and describe farming activities at regional and provincial level. This is essential for assisting decision-making at provincial level.

It should also be pointed out that the DoA has made an additional amount R4,1 million available to Stats SA to conduct a follow-up sample survey of the formal agricultural sector. The sample survey will be conducted towards the end of the current financial year and the results will be published in March 2006. Only farming units with a VAT turnover of more than R2 million will be included in the sample survey and the size will also be approximately 6 000 farming units. The results of this survey will also be published at provincial level.

It must be stressed that co-operation between the DoA and Stats SA to address the data inadequacies in the agricultural sector is indeed an exciting development. Collaboration and co-ordination between different institutions and structures of government is a crucial element in all attempts to address the legacies of the past, and restructure society on a more equitable, inclusive and democratic basis.

The report on the financial and production statistics is divided into two parts. The first part contains detailed information regarding the financial performance of all the farmers included in the Census, while the second part contains detailed information regarding area and production among only those farmers who responded. All results are presented at provincial level.

According to the results of the Census there were 45 818 active commercial farming units in South Africa in 2002, which is a decrease of 12 162 farming units since the last agricultural census in 1993. Of the 45 818 commercial farming units in 2002, the highest number were situated in the Free State (8  531 units), followed by the Western Cape (7 185 units) and the Northern Cape (6 114 units), with only 2 206 units in Gauteng.

The sharp decline in the number of commercial farms reflects closures and liquidations as some farmers were squeezed out of the market as a result of costs increasing faster than income, and many farmers increasing the scale of production by means of mergers in order to maintain profits. The decline in the number of farmers also follows international trends where the top 30% to 40% of farming operations are getting bigger and more productive.

The formal agricultural sector generated a gross farming income of R53,329 billion in 2002 compared to R38,813 billion in 1993 – an increase of 37,4%. About R21,222 billion (39,8%) was generated from commercial farming in animal and animal products compared to 49,8% in 1993. Field crops contributed 30,9% (25,5% in 1993) and horticultural products 26,7% (24,0% in 1993). The percentage contribution of field crops and horticultural products to total income has therefore increased since 1993, whilst income from animals and animal products has decreased. It should be pointed out, though, that 2002 was a good year for the farming sector, when the weak rand and fears of a drought pushed up the prices of agricultural products to peak levels, resulting in relatively large income gains for farmers.

Total expenditure by the formal agricultural sector amounted to R45,039 billion in 2002 compared to R33,984 billion in 1993 (at constant 2002 prices) – an increase of 32,5%. Only 6,5% or R2,947 billion of this amount was for capital expenditure on assets, while 93,5% or R42,092 billion was for current expenditure. The Western Cape contributed 20,7% and the Free State 17,1% to the total expenditure.

In terms of jobs, the Census revealed that formal employment in the sector decreased by 13% to 940 820 paid workers in 2002 from 1,093 million in 1993. Employment has therefore stayed at almost the same level, taking into account the growth in casual labour. While a decrease of about 25% was recorded in full-time farming employment, the percentage of casual workers employed has increased from approximately 40% to 50%. However, further research is needed into employment figures, including the interpretation of trends such as the increase in casual labour.

Farmers in the Western Cape employed the largest number of paid employees (223 175 or 23,7%), followed by the Free State (115 478 or 12,3%), KwaZulu-Natal (113 401 or 12,1%) and Mpumalanga (108 083 or 11,5%). Gauteng only employed 29 537 (3,1%) paid employees.

The salaries and wages bill increased by 7,5% to R6,216 billion in 2002. This amount represents 11,7% of the gross farming income generated by the agriculture sector in 2002 and is also 13,8% of the total expenditure, or 14,8% of the total current expenditure by the sector.

The Census figures also show that the financial health of commercial agriculture was relatively good in 2002, with debt remaining fairly steady, while gross farming income increased. Farm debt stood at R30,858 billion in 2002 compared to R31,739 billion in 1993, while the market value of farming assets decreased from R138,836 billion to R98,428 billion (at constant 2002 prices). The Western Cape contributed 25,6% to the overall farming debt in South Africa, followed by the Free State with 16,4% and Mpumalanga with 10,3%, while Gauteng had the lowest contribution to farming debt with 3,2%

Although the ratio of farming debt to assets increased to 31,4% in 2002, up from 22,9% in 1993, farming debt is not a problem as long as its ratio to income is not increasing. Farmers in the Free State had the largest ratio of farming debt to the market value of assets (40,6%), followed by Gauteng (33,7%), North West (33,4%) and Mpumalanga (32,6%).

In 2002 commercial farmers paid interest on loans of R2,958 billion. The Western Cape farmers paid the highest amount of interest with R771 million, followed by the Free State with R540 million, while Gauteng farmers paid the lowest amount of interest with R94 million. The commercial banks are the largest source of credit finance to the commercial agriculture sector with R12,169 billion, followed by private persons with R6,238 billion, the Land Bank with R5,440 billion and co-operatives with R3,259 billion.

The Census does not shed any light on the number of emerging farmers who have entered the market during the past ten years, nor does it assess the effectiveness of the land redistribution policies. However, it is essential to measure the performance of the new entrants into agriculture. Stats SA should collect more comprehensive data on the sector, in particular that which would capture information about emerging black farmers who are beneficiaries of the government’s ongoing land reform programme.

**COMPILED BY SENIOR MANAGER: AGRICULTURAL STATISTICS**

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