



The South Africa I know, the home I understand



Statistical release

P1101

Agricultural Survey 2012

(Preliminary)

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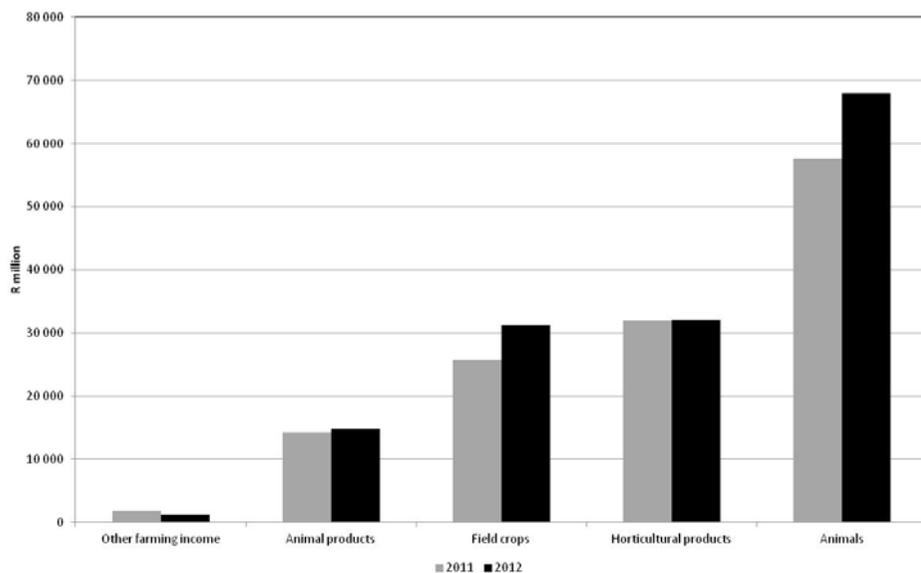
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Summary of findings for the year 2012

Gross farming income

Gross farming income (GFI) earned by the commercial farming sector was R147 440 million in 2012 compared with R131 434 million in 2011. The GFI figures reflect growth of 12,2% between 2012 and 2011. A detailed composition of GFI by farming activity for 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 field crop products, horticultural products, animals and animal products in the commercial agricultural sector increased in 2012. Table 2 shows that the highest percentage increase was recorded for income earned from the sale of field crops (21,4%), followed by animals (18,0%) and animal products (4,1%). Horticulture registered the lowest increase of 0,3%. However, other farming income reflected a decrease of 30,1%.

Figure 1 – Gross farming income by type of product

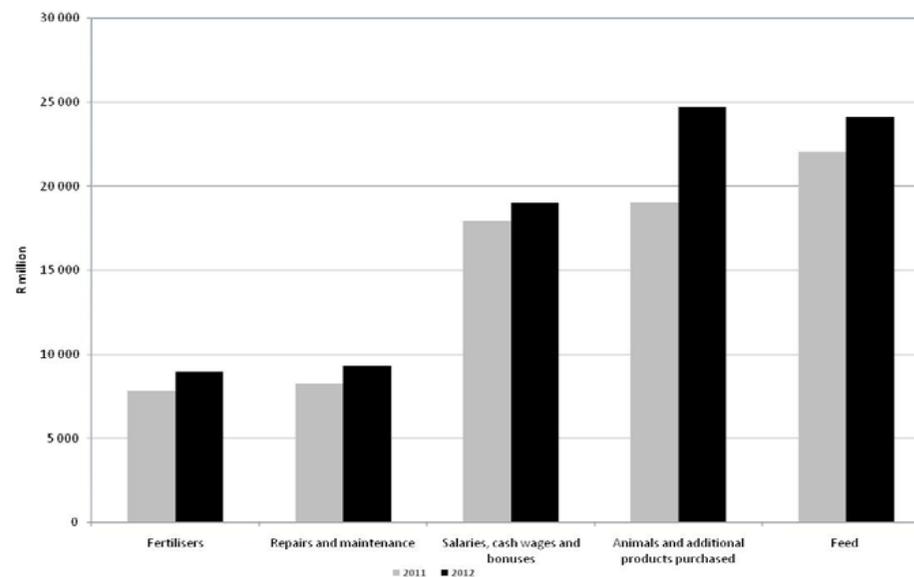


Current expenditure

The total current expenditure incurred by the commercial farming sector for the financial year ending 30 June 2012 was R160 717 million compared with R136 028 million in 2011.

Figure 2 shows the major contributors towards the total current expenditure for both years. All major contributors to the total current expenditure increased in 2012. The highest percentage increase was recorded for animals and additional products purchased (29,7%), followed by fertilisers (14,4%). Salaries, cash wages and bonuses registered the lowest increase (6,0%) (also refer to Table 3 on page 2).

Figure 2 – Current expenditure according to major contributors



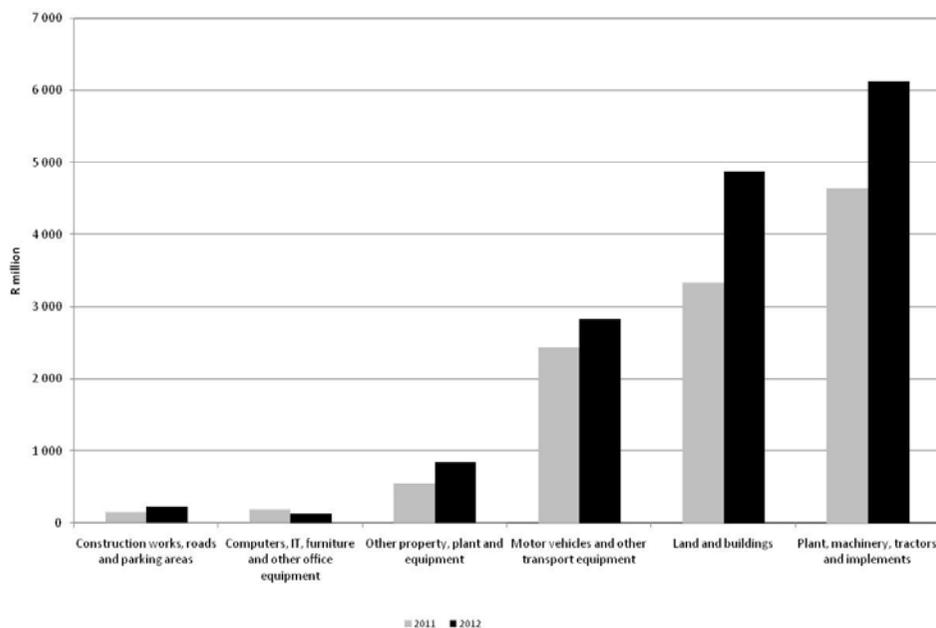
Capital expenditure

Total capital expenditure in the commercial farming sector amounted to R15 017 million in 2012 compared with R11 316 million in 2011^a, an increase of 32,7%.

The highest percentage increase in capital expenditure was recorded for other property, plant and equipment (52,3%), followed by land and buildings (46,1%), construction works, roads and parking areas (45,4%), plant, machinery, tractors and implements (31,6%), and motor vehicles and other transport equipment (16,3%).

In contrast, a decrease was recorded for computers, IT, furniture and other office equipment (32,6%).

Figure 3 – Distribution of capital expenditure



^a Expenditure on plantations is not included in the revised figures of total capital expenditure for 2011.

PJ Lehohla
Statistician-General

Table 1 – Gross farming income and expenditure for 2011 and 2012 at current prices (R'000)

Item	Year	
	2011 ¹	2012 ²
Gross farming income	131 433 944	147 440 158
Field crops	25 805 384	31 318 131
Horticultural products	31 964 231	32 060 550
Animals and animal products	71 850 289	82 793 372
Other farming income	1 814 040	1 268 105
Total expenditure	147 343 923	175 733 923
Current expenditure	136 028 091	160 717 083
Salaries, cash wages and bonuses	17 952 742	19 022 465
Animals and additional products purchased	19 075 895	24 737 768
Other current expenditure	98 999 454	116 956 850
Capital expenditure	11 315 832	15 016 840

Table 2 – Gross farming income by type of product

Type of product	2011 ¹		2012 ²		% change
	R'000	% contribution	R'000	% contribution	
Field crops	25 805 384	19,6	31 318 131	21,2	21,4
Horticultural products	31 964 231	24,3	32 060 550	21,7	0,3
Animals	57 629 483	43,8	67 996 076	46,1	18,0
Animal products	14 220 806	10,8	14 797 296	10,0	4,1
Other farming income	1 814 040	1,4	1 268 105	0,9	-30,1
Gross farming income	131 433 944	100	147 440 158	100	12,2

¹ Revised figures

² Preliminary figures

Table 3 – Current expenditure incurred within the farming operation

Current expenditure items	2011 ¹		2012 ²		% change
	R'000	% contribution	R'000	% contribution	
Salaries, cash wages and bonuses	17 952 742	100	19 022 465	100	6,0
Animals and additional products purchased					
Animal products	1 212 492	6,4	1 177 912	4,8	-2,9
Animals	16 240 780	85,1	20 856 946	84,3	28,4
Horticulture and field crops	1 622 623	8,5	2 702 910	10,9	66,6
Animal and additional products purchased	19 075 895	100	24 737 768	100	29,7
Other current expenditure					
Accounting fees	470 202	0,5	490 694	0,4	4,4
Advertising and marketing expenses	1 314 250	1,3	1 415 461	1,2	7,7
Bank charges	436 768	0,4	455 967	0,4	4,4
Depreciation	7 466 401	7,5	7 790 094	6,7	4,3
Electricity	4 086 419	4,1	4 722 406	4,0	15,6
Feed (livestock, poultry and aquaculture)	22 084 739	22,3	24 117 365	20,6	9,2
Fertilisers	7 872 868	8,0	9 004 584	7,7	14,4
Fuel	6 400 608	6,5	7 560 197	6,5	18,1
Import and export costs	823 739	0,8	857 549	0,7	4,1
Insurance	2 290 258	2,3	2 331 281	2,0	1,8
Interest paid	4 305 764	4,3	5 014 692	4,3	16,5
Operating leasing and hiring of plant, machinery, equipment and vehicles	703 679	0,7	748 644	0,6	6,4
Packing materials	4 591 110	4,6	5 064 498	4,3	10,3
Remedies for animals and crops (including veterinary services and plant pathologists)	5 152 169	5,2	5 579 861	4,8	8,3
Rental, usufruct and grazing rights	3 043 665	3,1	3 008 796	2,6	-1,1
Repairs and maintenance	8 283 007	8,4	9 342 224	8,0	12,8
Seed and plant material	3 517 252	3,6	4 650 681	4,0	32,2
Share farming expenses	-	-	1 615 741	1,4	-
Storage costs	555 027	0,6	366 749	0,3	-33,9
Telecommunication services	644 725	0,7	653 844	0,6	1,4
Services rendered by contractors, co-farmers, etc.	3 867 601	3,9	6 736 708	5,8	74,2
Transport	3 811 815	3,9	4 286 999	3,7	12,5
Water	677 156	0,7	561 412	0,5	-17,1
Other farming expenses	6 600 232	6,7	10 580 403	9,0	60,3
Other current expenditure	98 999 454	100	116 956 850	100	18,1

Table 4 – Capital expenditure incurred within the commercial farming sector

Type of capital expenditure	2011 ¹		2012 ²		% change
	R'000	% contribution	R'000	% contribution	
Land and buildings	3 333 465	29,5	4 870 407	32,4	46,1
Construction works, roads and parking areas	156 171	1,4	227 019	1,5	45,4
Computers, IT, furniture and other office equipment	190 968	1,7	128 622	0,9	-32,6
Motor vehicles and other transport equipment	2 432 950	21,5	2 830 425	18,8	16,3
Plant, machinery, tractors and implements	4 650 142	41,1	6 119 592	40,8	31,6
Other capital expenditure	552 136	4,9	840 775	5,6	52,3
Total capital expenditure	11 315 832	100	15 016 840	100	32,7

Table 5 – Land and book value of assets

Type of asset	2011 ¹		2012 ²		% change
	R'000	% contribution	R'000	% contribution	
Land and buildings	80 306 717	69,3	80 711 543	69,4	0,5
Construction works, roads and parking areas	1 310 464	1,1	1 707 957	1,5	30,3
Computers, IT, furniture and other office equipment	541 567	0,5	592 428	0,5	9,4
Motor vehicles and other transport equipment	9 239 443	8,0	9 182 760	7,9	-0,6
Plant, machinery, tractors and implements	17 875 016	15,4	19 691 824	16,9	10,2
Other assets	6 591 553	5,7	4 402 192	3,8	-33,2
Total land and book value of assets	115 864 760	100	116 288 704	100	0,4

Explanatory notes

Introduction	<p>Statistics South Africa (Stats SA) conducted an agricultural survey in South Africa on farming units in 2012. A sample of 12 000 enterprises was drawn from Stats SA's business register (BR). 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 for tax are included on the BR, and hence were given a chance of selection in the sample for the survey.</p> <p>This statistical release contains information regarding:</p> <ul style="list-style-type: none">• Income and expenditure items for the financial year;• Employees' remuneration for the financial year; and• Book value of assets at the end of the financial year.
Reference period	<p>The questionnaires for the Agricultural Survey 2012 were completed for the financial year which ended on any date between 1 July 2011 and 30 June 2012. The reference period for Survey 2012 is different from previous agricultural surveys, which was from 01 March to 28 February. The change in reference period between Agricultural Survey 2012 and previous agricultural surveys was effected to align the survey with other economic statistics surveys and to satisfy user needs.</p>
Purpose of the survey	<p>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.</p> <p>Users of the agricultural survey include:</p> <ul style="list-style-type: none">• Policy advisers in government for monitoring the performance of industry and the 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	<p>The Agricultural Survey 2012 covers statistics of enterprises mainly engaged in:</p> <ul style="list-style-type: none">• Growing of crops, market gardening and horticulture (SIC 111);• Farming of animals (SIC 112);• A combination of the above (mixed farming) (SIC 113);• Hunting, trapping, and game propagation including related services (SIC 115); and• Production of organic fertiliser (SIC 116).
Classification by industry	<p>The 1993 edition of the <i>Standard Industrial Classification of all Economic Activities</i> (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 <i>International Standard Industrial Classification of all Economic Activities</i> (ISIC) with suitable adaptations for local conditions. Each enterprise is classified to an industry which reflects its predominant activity.</p>

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 cut-off points were then adjusted by a factor of 1,5 to compensate for growth over the years. The size groups are indicated in Table A.

Table A – Cut-off points by size groups for the Agricultural Survey 2012

Size group	Turnover
1	Turnover ≥ R7,5 million
2	R4,5 million ≤ turnover < R7,5 million
3	R750 000 ≤ turnover < R4,5 million
4	Turnover < R750 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 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 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 2011

Variable	Lower limit	Estimation	Upper limit	Relative standard error
	R'000			%
Field crops	24 837 884	25 805 385	26 772 885	1,9
Horticulture	31 231 624	31 964 230	32 696 837	1,2
Animals	56 469 164	57 629 483	58 789 801	1,0
Animal products	13 745 521	14 220 806	14 696 091	1,7
Other farming income	1 680 557	1 814 040	1 947 523	3,8

Table C – Variables in the agricultural industry within 95% confidence limits: Agricultural Survey 2012

Variable	Lower limit	Estimation	Upper limit	Relative standard error
	R'000			%
Field crops	30 412 922	31 318 131	32 223 342	1,5
Horticulture products	31 454 633	32 060 550	32 666 470	1,0
Animals	66 848 417	67 996 076	69 143 736	0,9
Animal products	14 202 391	14 797 296	15 392 202	2,1
Other farming income	1 062 400	1 268 104	1 473 808	8,3

Collection rate

The collection rate for the Agricultural Survey 2012 was 75,3%.

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

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.

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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