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Government land reform policies not putting beneficiaries first

Land reform in South Africa is not a nice-to-have, it is a fundamental constitutional right that aims to bring about restorative justice and create economic opportunities for those that were historically excluded from that opportunity. In this context, it goes without saying that the needs of the very persons intended to benefit should be at the forefront of the solution design, but sadly the latest policy proposals emanating from the Department of Rural Development and Land Reform seem to negate this crucial component.

Interested persons have until the 17 April to submit written comments on the Regulation of Agricultural Land Holdings Bill, which seeks to prohibit prospective ownership of agricultural land by foreigners as well as limit the maximum amount of land that any person can own in the Republic. The Bill aims to 'make land available for redistribution' by setting upper limits to the amount of land that different 'categories' of farmers can own in any given district. In plain language, it means the state will determine how many hectares a large, medium or small farmer can own and force the owner to sell any land above the limit (commonly called a 'ceiling'), which will in turn be given to land reform beneficiaries.

At first glance it may look like a noble idea; the state will take from the rich and give to the poor. It is only once you really start thinking about the practical consequences of this Bill that one realises it will leave land reform beneficiaries short-changed once more. Through the imposition of land ceilings, the Department will end up with a patchwork of off-cuts from existing farms haphazardly spread across a region or district. Since there is no indication of what the actual ceilings will be, it is impossible to tell how many land owners in a given area will be forced to sell of a piece as well as what size that piece will be.

This manner of selecting land seems archaic and does not take the needs of the beneficiary into consideration. There is no guarantee that the off-cuts will have suitable soil, access to water, access to roads or access to municipal services which are all crucial factors should be beneficiary be an aspirant farmer. Furthermore, whilst the 'parent' property may be an economically viable unit, there is no guarantee that the land deemed surplus will be a viable unit in its own right. Due to a reliance on imported fertilizers and agro-chemicals coupled with a fluctuating currency, South African farmers often have higher input costs than international competitors. One way to still remain competitive is to increase the scale of operations. Whilst variable costs rise proportionately, fixed costs such as permanent labour and administration does not. As such, the fixed costs can be spread over more production units in larger operations, leading them to still be profitable in an environment where smaller operations might not be. If the off-cuts produced by this Bill are relatively small, the beneficiary will be expected to compete in a globalised economy but denied the opportunity to benefit from economies of scale. Such a situation, with respect, may be setting them up for failure.

Considering the above, one cannot help but wonder if the interests of beneficiaries would be better served if the funds earmarked for land reform are used to buy out existing farming enterprises on the open market for wholesale transfer. Money is always a problem, but the government does budget close to two and a half billion Rand per annum from the fiscus and the amount available can be considerably more if mechanisms are developed to leverage private sector capital. Ultimately, the draft Bill does more to punish existing landowners than it does to enable meaningful and sustainable land reform. Considering that land reform is a constitutional right, the interests of the beneficiaries deserve to be placed at the centre of it all.

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