

Celebrating five years of (not) implementing the National Development Plan

Tuesday the 12th of September marked five years since the National Development Plan was officially adopted by Parliament as the blue print for South Africa's development until the year 2030. The occasion was rightly celebrated as it is rare for a document of this importance to be accepted so widely by so many across the political spectrum. However, five years down the line, the celebrations should be somewhat subdued if one is to make an honest assessment of how far we have come in implementing its recommendations and nowhere is this more apparent than the recommendations made to accelerate land reform in chapter 6.

Chapter 6 lays out the blue print for an integrated and inclusive rural economy. To be fair, the agricultural sector has not done poorly over the past 5 years and policies such as the Agricultural Policy Action Plan (APAP) as well as targeted measures to open up new markets for agricultural exports should receive its due credit. However, I would argue that we have actually regressed as far as the objective of 'Making land reform work' is concerned. Chapter of the NDP aims to

"Enable a more rapid transfer of agricultural land to black beneficiaries without distorting land markets or business confidence in the sector"

Regrettably, a number of legislative and policy decisions were taken in the past five years which had exactly the opposite effect. The proposed Regulation of Landholdings Bill is likely to drastically distort business confidence in the sector as the imposition of land ceilings can undermine South African producers' competitiveness by denying them scale benefits. The proposed prohibition on foreign ownership of agricultural land is likewise sure to reduce investor confidence. One could argue that these negative side effects could be balanced out if the proposals were to result in an increased transfer of land to black beneficiaries, however it is difficult to determine how it can be in the beneficiaries' favour to receive 'off-cuts' that may have little access to water and natural resources, roads or municipal services. There is also no guarantee that these 'off-cuts' will be economically viable in their own right. The Bill is therefore likely to distort land markets and damage business confidence with little to no benefit to land reform, if not act to its detriment.

The draft regulations published in terms of the Property Valuation Act is likewise poised to significantly distort land markets with no benefit to land reform. The draft regulations prescribe a valuation methodology that will undervalue land acquired for land reform. Not only does this have the potential to distort land markets, but it will lead to prolonged negotiations and litigation where land is bought or expropriated, thereby actually slowing down the transfer of land to black beneficiaries.

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There are furthermore a number of developments that have indirectly affected the goals of the NDP. Firstly, the NDP set the target to redistribute 20% of commercial agricultural land in each district by 2030. This target is still not unachievable; however, one cannot ignore the fact that the Department's budget for land acquisition has decreased in real terms year on year. Added to this is the fact that a significant portion of the budget was diverted away from land reform towards the Agri-Parks project. All the while, the demand on the land reform budget grew exponentially when the decision was made to reopen the restitution lodgement period for an additional 5 years. An additional 379 000 claims are expected in total whereas the number would have been more manageable had we followed a qualified process to allow only claimants who had good cause why they did not submit their claims before 1998. At the time of writing the NDP, these indirect challenges could not have been known, however the 20% target certainly looks more challenging now as a result.

To the Department's credit, the District Committees proposed in the NDP have been established to assist in the identification of land and beneficiaries, however there are lingering concerns regarding a dilution of their role if land identification will take place by means of land ceilings. The budgetary constraints remain the largest hurdle to achieving the outcome stated in the NDP and has subsequently given rise to debates around expropriation without compensation being pursued, a route that will undoubtedly undermine business confidence and the integrity of the land market.

All in all, the land reform policy and legislation initiated in the last five years paint a picture of indifference towards the NDP as the over-arching government policy. Be that as it may, it is not too late to turn the trend around. The NDP encourages a relationship of trust and cooperation between government and private sector to give effect to our land reform imperative. The private sector has come forward with suggestions around hybridized financing models based on public-private-partnerships to unlock private sector capital and skills. It might not be a silver bullet, but hybridised financing models can give effect to the NDP's goal by accelerating the transfer of land to aspirant, black commercial farmers without distorting land markets or business confidence in the sector. This is the best, if not the only way to get South Africa's land reform programme back on track for Vision 2030.

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