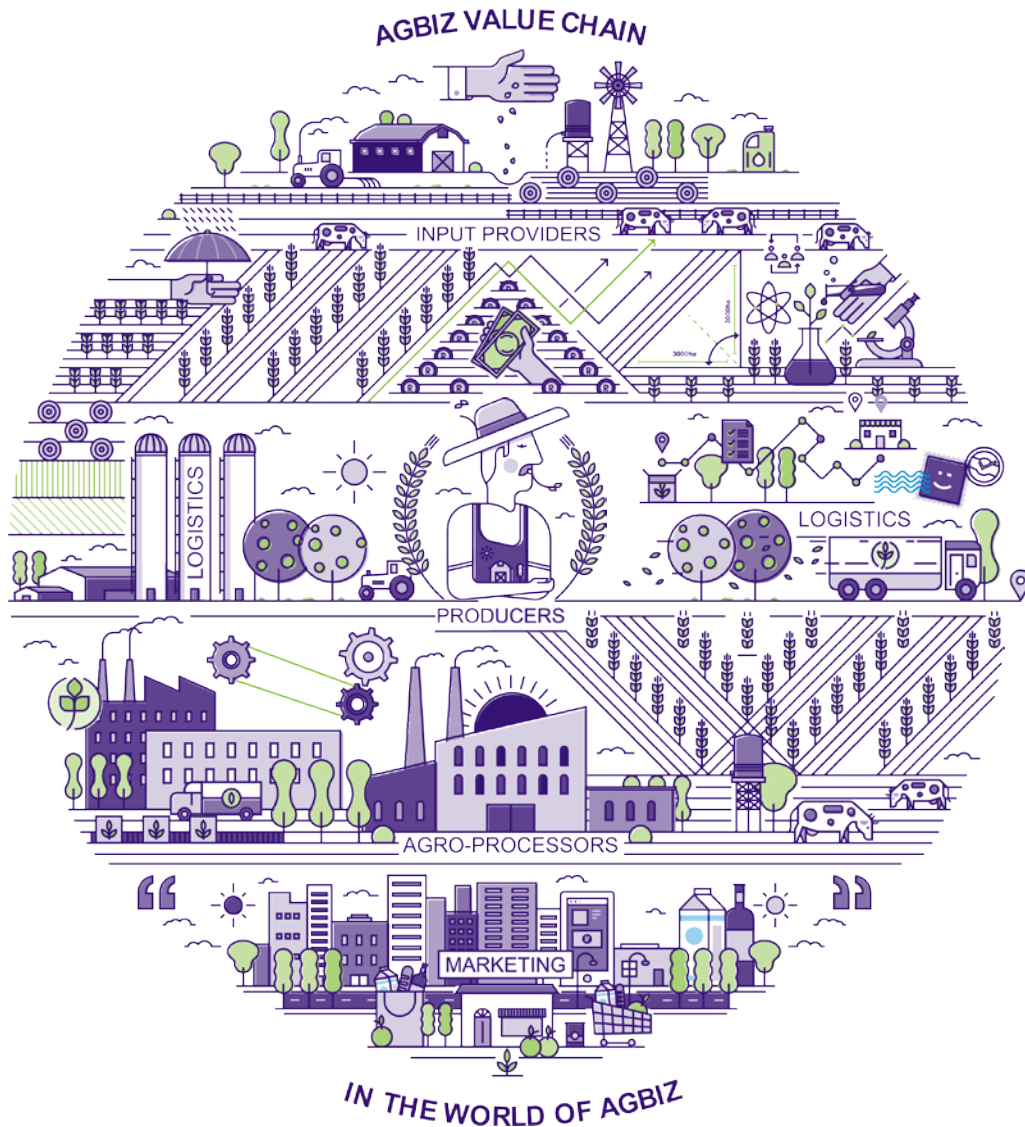


# Agbiz inputs

UFS Thought Leadership  
12 July 2018

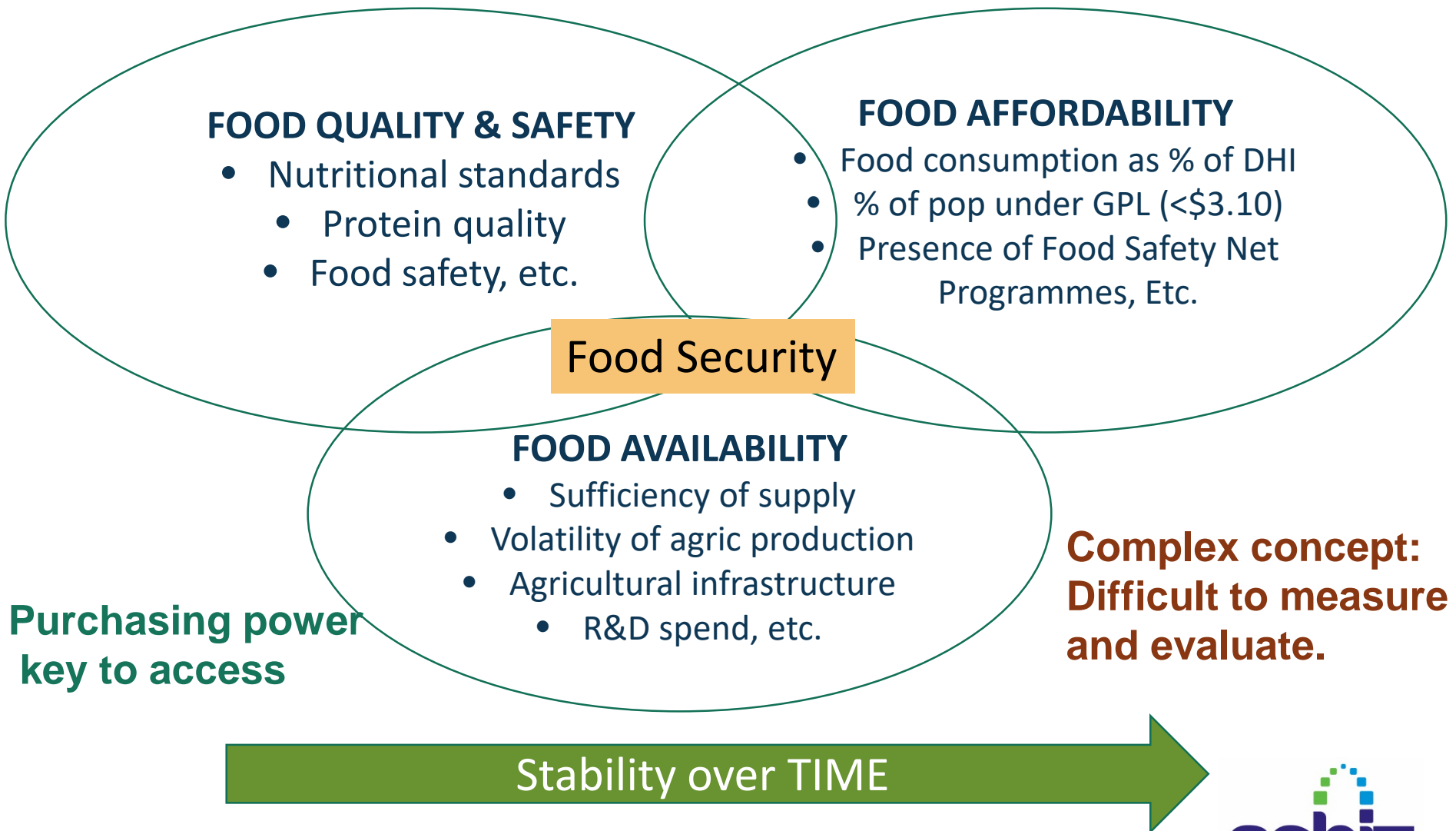
Theo Boshoff



- Agbiz represents the agricultural value chain;
- This includes;
  - Input providers such as seed, fertilizer and machinery manufacturers;
  - Financial institutions and insurance companies;
  - Logistics;
  - Off-takers, Agro-processors; and
  - Market linkages.
- Agriculture contributes 2-3% of GDP but together with the value chain, it is closer to 14%.
- Significant employer in rural areas (Primary Agriculture - 6% of total labour market).



# Components of Food Security



# Property rights key

## National food security & household food security key

- Commercial and subsistence agriculture both has its place;
- Finance key to agribusiness;
- Certainty over property rights critical to access finance for commercial sector;
- Many alternatives to EWC exist to make land available for subsistence farmers & to transform commercial sector.

## Lack of Extension of Property Rights our biggest failure:

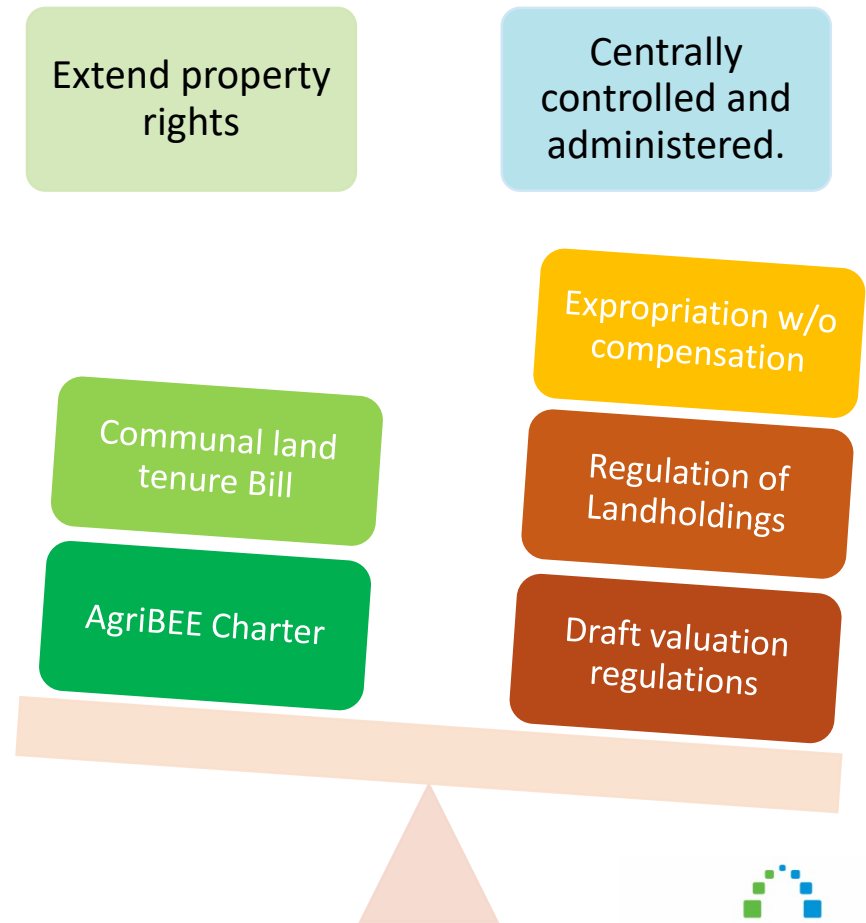
- Communal areas
- Redistribution of commercial farmland
- State land, municipal land



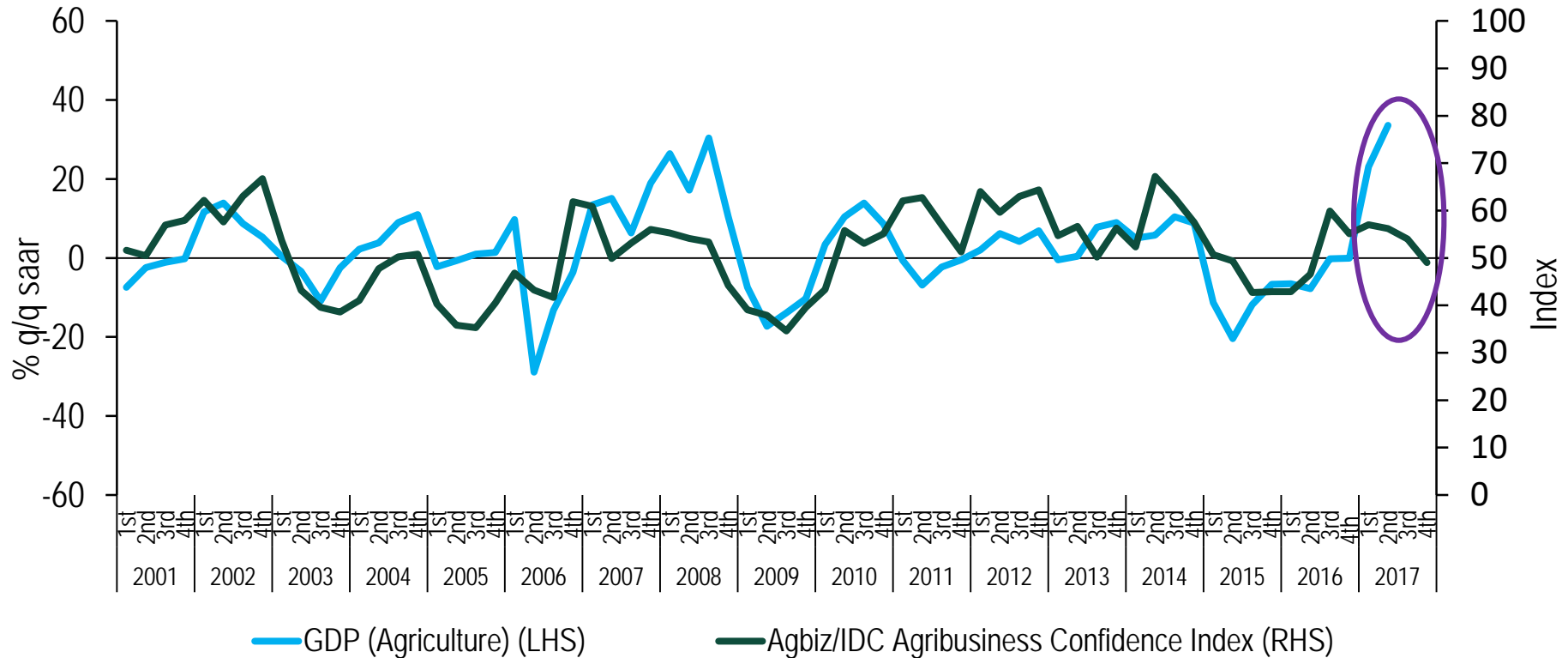
# Current policy environment

## Many land reform policy proposals but no clear direction

- Inherent tension between policies based on expanding property rights (AgriBEE Charter, blended finance models & Communal Land Tenure Bill); and
- Those based on increased, centralised regulation (EWC & Regulation of Agricultural Landholdings Bill);
- Everything places on hold pending outcome of EWC debate – EWC can over-shadow everything else that is currently happening.



# Agbiz/IDC Agribusiness Confidence has proven to be good directional indicator for agri. GDP growth (but now?)...



- The shift between the “emotional side of agriculture and hard data” can partly be explained by policy uncertainty, particularly Land Reform ahead of the ANC conference...
- The survey respondents from the WC region were also pessimistic due to dryness – this too partly explains the shift between confidence and agricultural GDP growth...

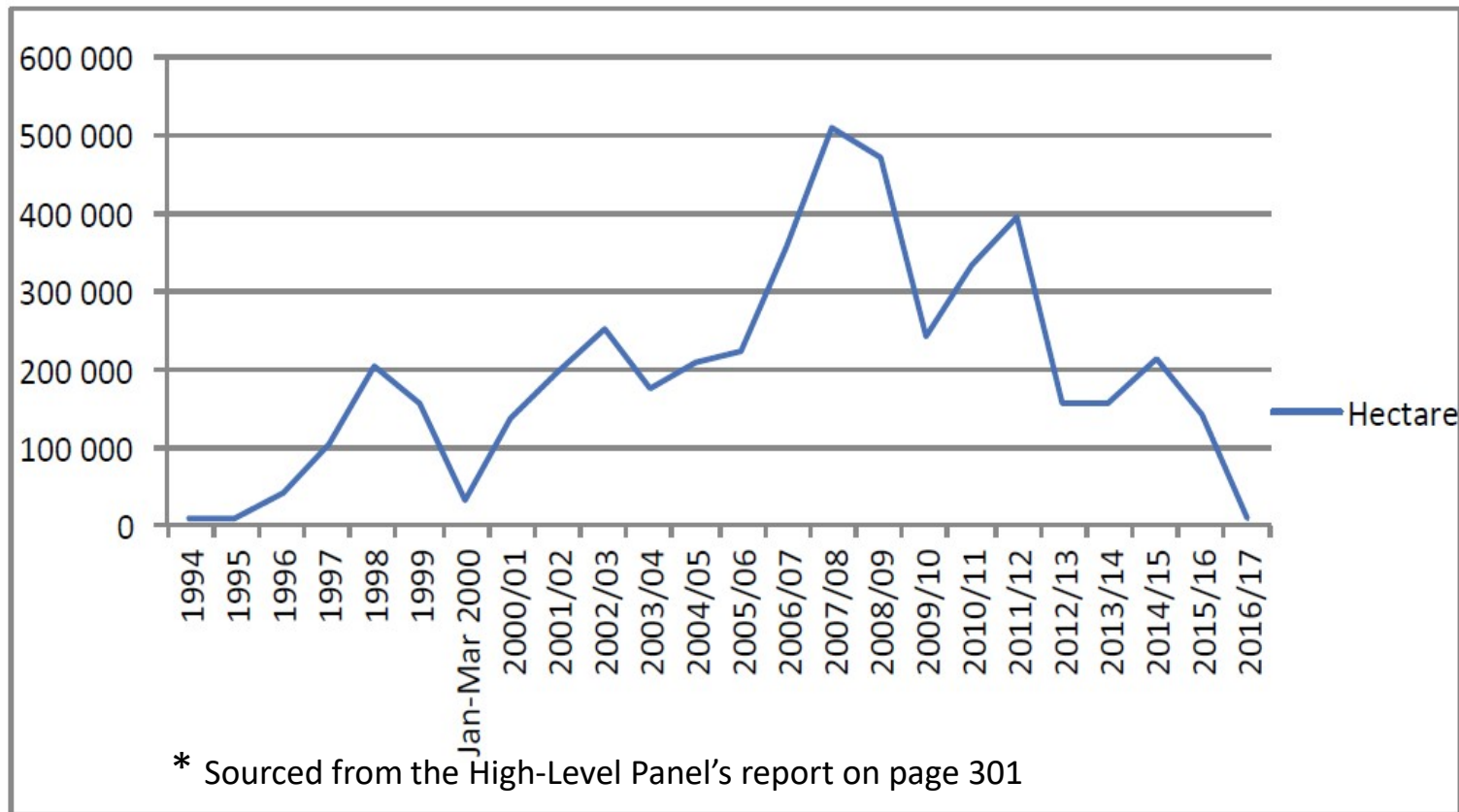
*Agbiz input to the EWC debate...*



# Commercial farmland redistribution

- Pro-active Land Acquisition Strategy (PLAS)

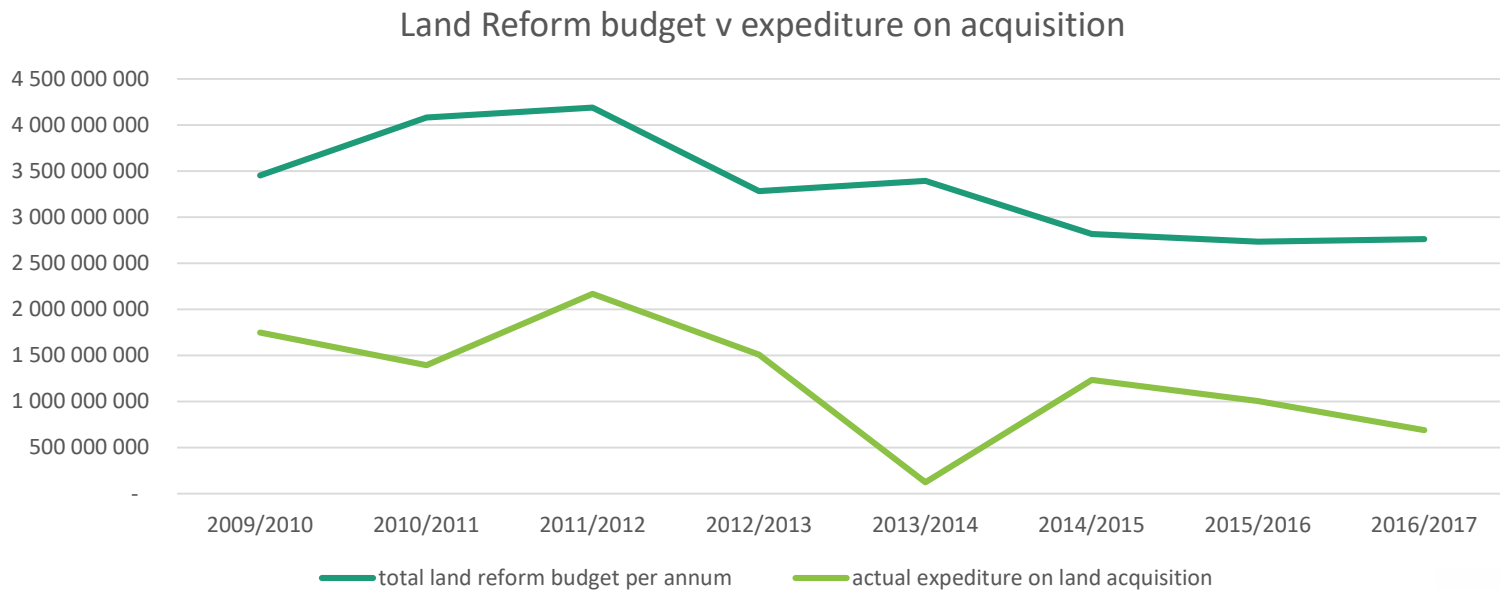
**Figure 3.1: Amount of land transferred through land redistribution, in hectares per year**



# Is Land Reform Affordable?

## Budgetary realignment urgently needed:

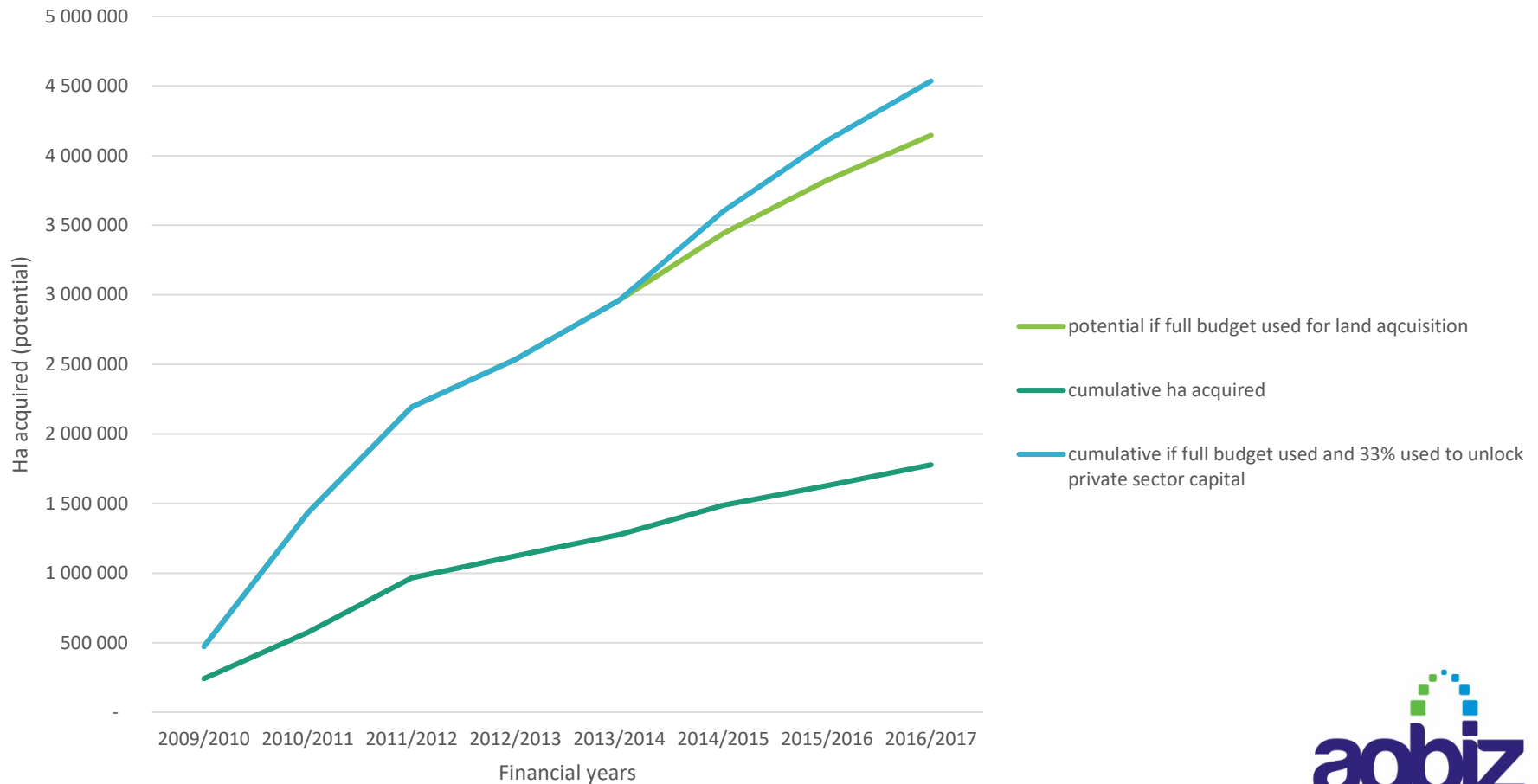
- Need to spend full budget on land acquisition; and
- Reserve part of budget for blended finance models



# Is Land Reform Affordable?

4,5 million hectares could have been acquired since 2009 v the 1,75 that was

Cumulative Ha acquired 2009 - 2017 v potential with budgetary realignment



## **BASA/Agbiz Proposal: Commercial Financing for NDP Model on Land Reform**

**27 February 2015**

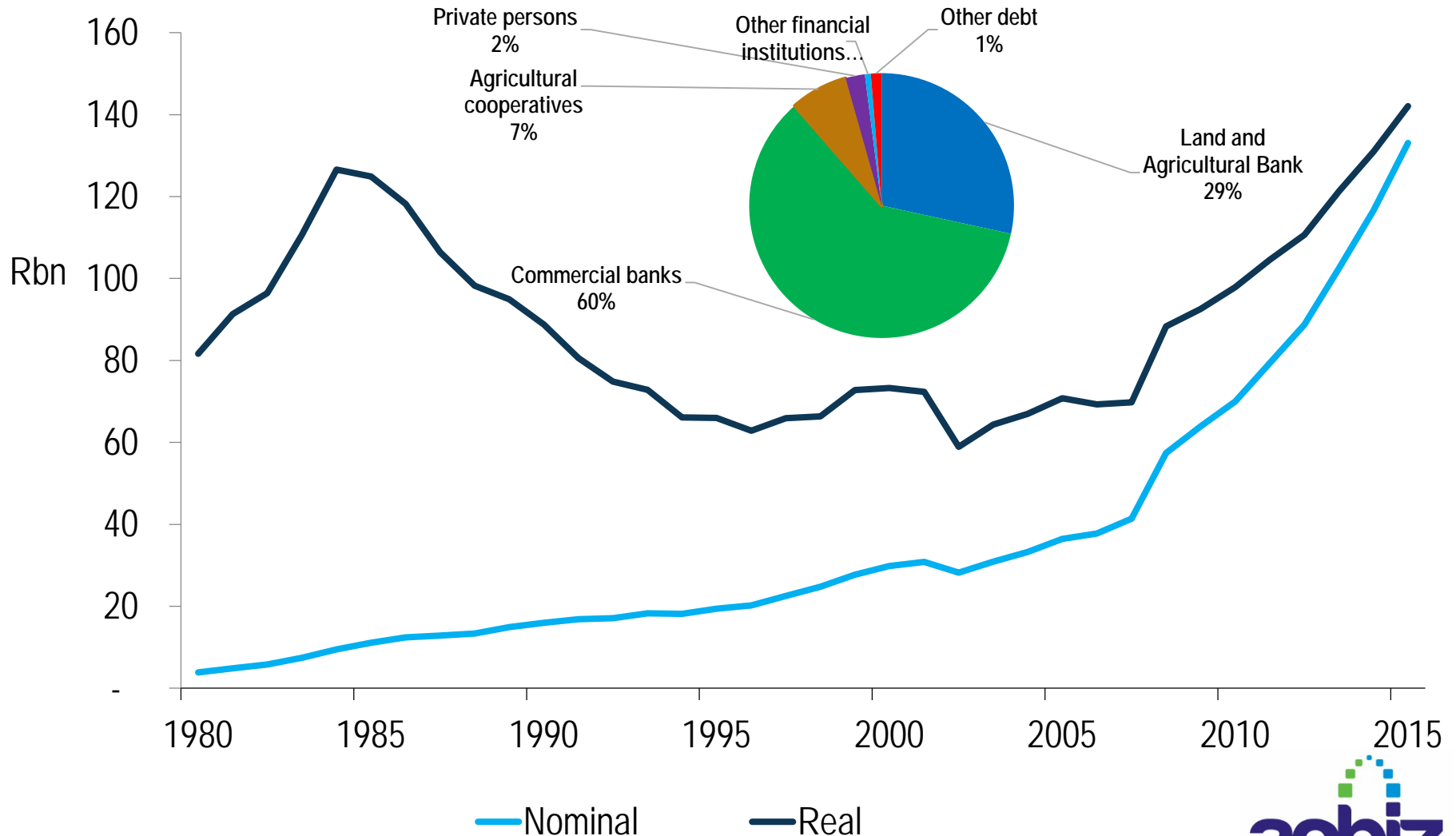
- BASA/Agbiz Commercial Financing for Land Reform;
- Use public sector money to leverage private capital through interest subsidies etc.
- **NDP goal – accelerate land reform without distorting land markets or business confidence!**

**SONA 2018:**

“We make a special call to financial institutions to be our partners in mobilising resources to accelerate the land redistribution programme as increased investment will be needed in this sector.”

# Risk to collateral, “expropriation without compensation”

- Total agriculture farm debt



Source: DAFF, Agbiz Research

# Different mechanisms needed

## Urban land reform

- Proactive spatial planning can deliver well located land at an affordable rate – need not EWC.

## Social-rural

- Should be the focus of DRDLR's budget and functions

## Transforming commercial sector

- Allocate 30% of budget to blended finance models;
- Retain scale benefits and land market but achieve transformation through a PPP approach;
- AgriBEE, blended finance.



# Evidence-based decision making

## Short-term

- Get the experts from state & private sector together to thrash out the land audit and arrive at agreed upon figures.

## Medium-term

- Move Deed's Office to a digital platform;
- Overlay Deed's information with water rights, restitution & labour tenant claims, mining rights etc.

= publicly accessible, integrated e-cadastre for informed decision making



# Deficiencies in the legislative framework

Build on High-Level Panel recommendation for new land reform legislation

- Principles:
  - Once-empowered always-empowered, 3 arms work towards a common goal, freedom association & choice of governing entity.
- Legislate redistribution criteria:
  - Legislate beneficiary selection, land identification, etc.
- Institutional arrangements:
  - Merge DAFF & DRDLR, Restitution Commission separate entity, empower DLRCs & Land Reform 'Ombudsman'.
- Communal land NB! – democratic checks & balances infused with custom.

# Incorporate land beneficiaries into formal economy

- Partnership models;
- Blended development finance;
- Rural development agency;
- PPPs for multi-plural extension, training and support;
- Encourage commodity-specific initiatives;
- Facilitate market access;
- Climate change adaptation; and
- Reduce regulatory burden for small businesses.

# Restoration of dignity

- Critical to the debate –
  - But how does one do this practically?
  - Do we know what is required or wanted to restore dignity?
  - Honest and frank discussions needed on this topic.

*“If you’re not at the table, then  
you’re on the menu”\**

*\*Former BUSA President Jabu Mabuza*

# Thank you!

[www.agbiz.co.za](http://www.agbiz.co.za)

[www.thegreenkeeper.co.za](http://www.thegreenkeeper.co.za)

[theo@agbiz.co.za](mailto:theo@agbiz.co.za)

