



We develop the South African Agricultural Industry.  
Ons ontwikkel die Suid-Afrikaanse Landbou Industrie.



# UFS Thought Leader Series: Land

12 July 2018



## Information on Agri SA and its views on land reform

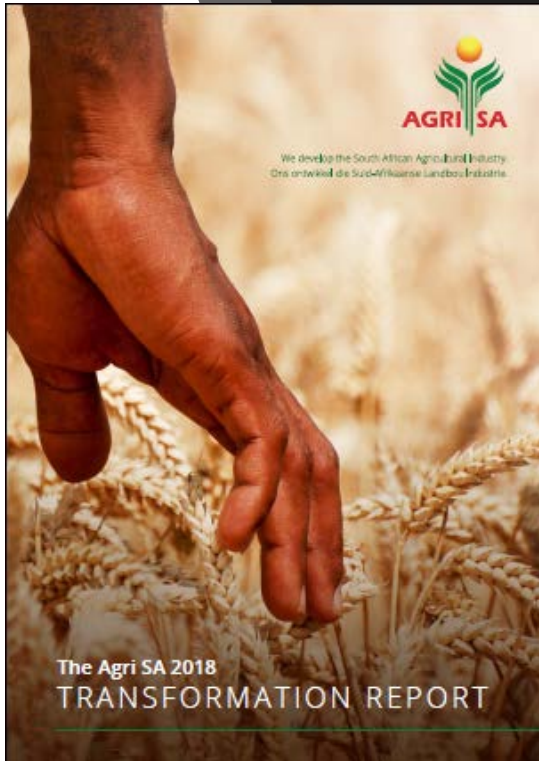
Agri SA:

- is **supportive of an orderly process of land reform**
- aims to ensure a **sustainable and viable agricultural sector**
- *acknowledges that the dispossession of land caused deep emotional wounds, which have not been healed, and that land dispossession caused great physical hardship of an enduring nature. We also recognize that we, as a society, are faced with the triple challenges of inequality, poverty and unemployment and that these challenges are particularly prevalent in rural areas*



# Information on Agri SA and its views on land reform (cont)

- The sector:
  - *currently employs 847 000 people (Labour Force survey, 1<sup>st</sup> quarter 2018, Stats SA)*
  - *Keeps our country food secure*
- Still far too many households in rural and urban areas are food insecure
- Agri SA subscribes to the vision for our rural areas and agricultural sector as set out in **Chapter 6 of the NDP**
- In 2014 Agri SA's congress accepted a **holistic land plan and developed a funding model**
- Agri SA's affiliates and partners are investing millions of Rands in developing, assisting and supporting emerging farmers to ensure their sustainability and competitiveness
- During 2017 Agri SA and its affiliates spent R331 million on transformation and 108 307 new farmers in South Africa benefitted from these programs



# Agri SA's stance on section 25 of the Constitution

- Section 25 is both a guarantee of existing and future property rights and an instruction to rectify the skewed ownership and tenure patterns of the past;
- There is no lack of policies and laws to give effect to section 25's mandate for land reform;
- There may be scope for a redistribution framework law;
- In Agri SA's considered view the problem is a lack of implementation, not a constitutional impediment or even a legislative one;
- Policies keep on changing, rather than focussing on getting implementation right, there has been a plethora of policies, draft policies and programmes;
- Private sector can play a role in implementation in partnership with government;
- Changing section 25 is not going to fix the problems that we are experiencing with land reform, and it will cause a host of other problems.





## What are the reasons for the slow progress with land reform?

---

- The **slow pace of land reform to date**, is, in Agri SA's considered view, a failure of implementation rather than a failure of legal framework
- **Lack of** adequate budgeting, policy uncertainty, the lack of a comprehensive, integrated support network, lack of or poor communication with stakeholders, corruption and poor settlement support systems are the real reasons why land reform has not happened at a faster pace and in a more sustainable manner
- Agri SA **supports the findings and recommendations** of the High-Level Panel on Key Legislation



## HIGH LEVEL PANEL ON THE ASSESSMENT OF KEY LEGISLATION AND THE ACCELERATION OF FUNDAMENTAL CHANGE

### What are the reasons for the slow progress with land reform? (cont)

- Apart from the authoritative High-Level Panel report, there are **many other reports** that point to the same problems
- These include:
  - *The Fiscal and Financial Commission report of 2017 on the spending by the DRDLR; and*
  - *The Department of Planning, Monitoring and Evaluation (DPME) report of 2017 on the implementation of the NDP.*
- These reports relate to inadequate budgeting, poor implementation and irregular spending
- The fact that in many instances, beneficiaries do not receive title to the land that is allocated to them, is, in Agri SA's experience, a huge impediment to the successful establishment of new black commercial farmers

HEARING IN GAUTENG  
(MORNING)



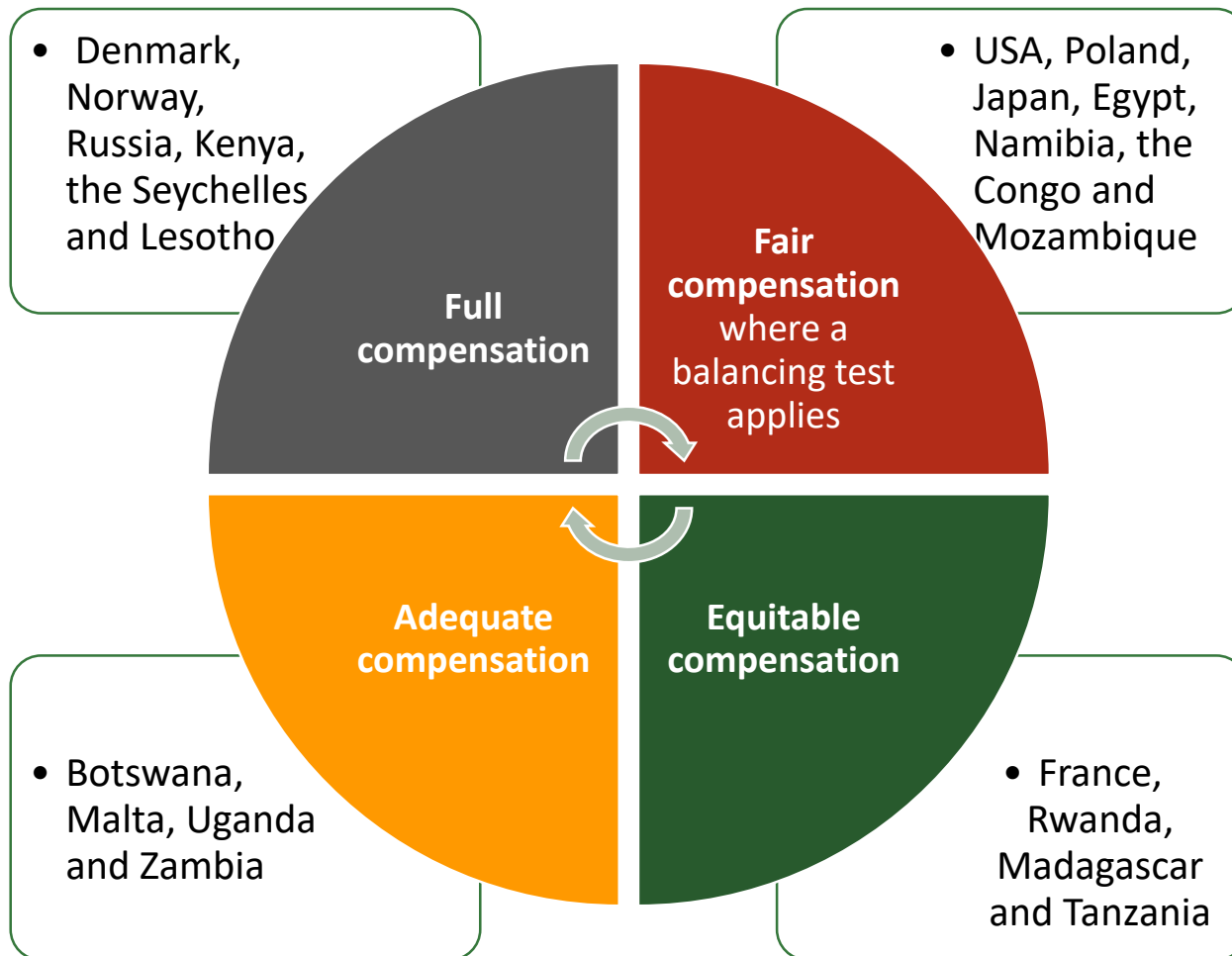


## International and comparative law perspective

- **Section 25 cites a fundamental human right**, which is protected in terms of international human rights instruments such as the United Nations' Universal Declaration of Human Rights, the European Convention on Human Rights and the African Convention on Human Rights
- No attempt has ever been made in **South Africa to scrap or amend a fundamental human right**
- The **modern approach** to compensation is based on the principle of equality in the bearing of public burdens. Equitability in respect of a public liability is a principle adopted by French, German and American law. According to this approach, "where one or more individuals has to bear a sacrifice (being the loss of property) for the common good, their individual and excessive burden should be compensated by the community (thus the State)
- **If South Africa were to scrap the equitability principle, we will be out of step with most African countries**
- Food and Agricultural Organization (FAO) of the United Nations published **a guide on international best practice for expropriation**
- The guide requires, among other things, **clear and transparent procedures for forced acquisition of property, and compensation that will ensure that the affected persons are not worse off after expropriation than they were before**. It further states that affected persons must not only be compensated for the loss of land but also for improvements made and for the disruption that accompanies expropriation



## International and comparative law perspective



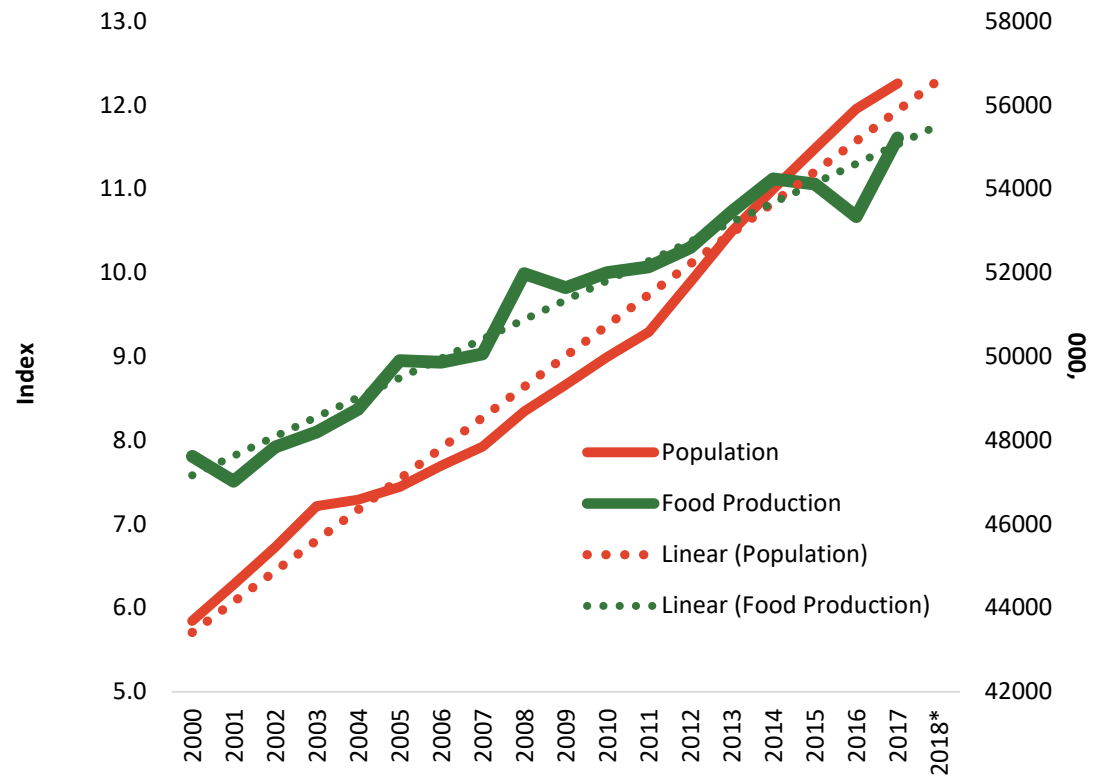




## Economic consequences should land be expropriated without compensation for purposes of land reform

- In 2035, South African population is estimated to reach more than 66,9 million.
- This means more food supply will be required to sustain the growing population
- It is an internationally recognized fact that there is a correlation between the level of government assistance to farmers in the form of subsidies and farm sizes

### Food production vs population





## **Economic consequences should land be expropriated without compensation for purposes of land reform (cont)**

- Most farmers rely on creditors such as the commercial banks, the Land Bank, and agricultural cooperatives and agricultural businesses for production finance. Ownership forms the basis of credit extension to farmers
- Agriculture is critical to the development of the economy as the sector that has strong backward and forward linkages with other sectors of the economy

### **Backward linkages**

- Purchases of goods such as fertilizers, chemicals and implements



### **Forward linkages**

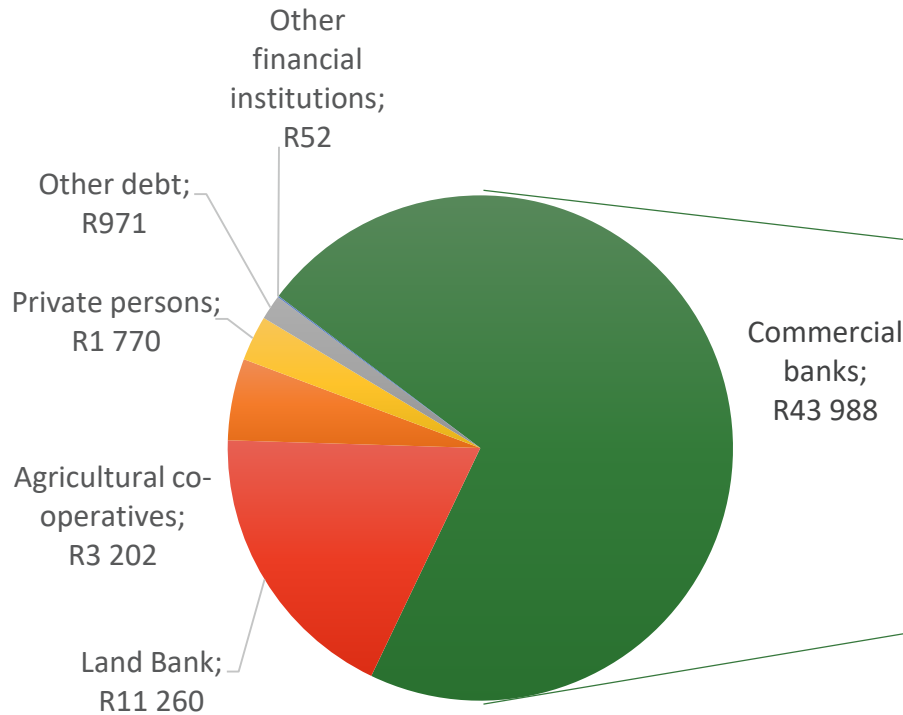
- Supply of raw materials to industry and the food supply chain in general

**Approximately 70 percent of agricultural output is used as intermediary products in other sectors**

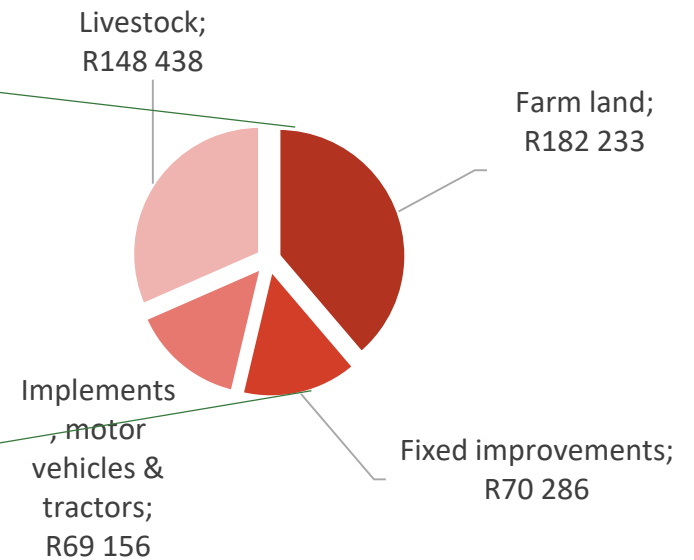


## Who Farmers owe money to

Farming debt in 2017 (Rmillion)  
Total: R158 billion



Value of Capital Assets (Rmillion)  
Total: R470 billion





## Food security

- The Food and Agriculture Organisation (FAO) clearly captures four fundamental aspects of food security. These are; affordability, availability, quality, and safety. Hence the official definition of food security according to the FAO is the following:

***“Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life”.***

- As long as South Africa is in a position to export food, our food prices tend to lean towards export parity.
- Should we however start importing more and more food, the food prices would go towards import parity which would make it much more expensive for our local consumers
- South African harbours are not geared to import large amounts of food.
- According to the Global Food Security Index, South Africa comes in at number 47 of 113 countries and is the most food secure country in Africa

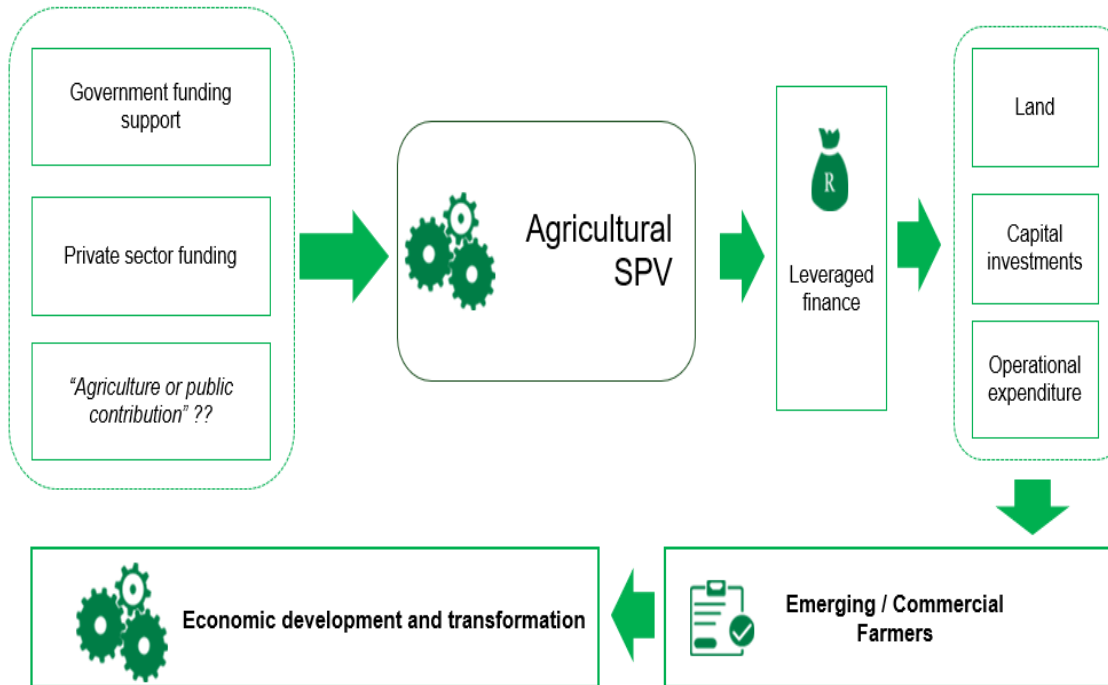
## Food demand and consumptions index

	DEMAND	CONSUMPTION
2010	100	100,0
2011	100,4	103,5
2012	101,0	105,4
2013	103,2	113,3
2014	110,5	120,9
2015	108,6	123,9
2016	110,8	125,5
2017	114,0	145,3
2018	116,1	144,5
2019	118,1	148,0
2020	120,2	149,9
2021	122,2	153,7
2022	124,3	157,0
2023	126,4	159,1
2024	128,4	160,6
2025	130,5	164,0
2026	132,5	167,0
2027	134,6	168,6
2028	136,7	170,0
2029	138,7	173,1
2030	140,8	174,4



## Agri SA plans for sustainable land reform and rural development

### Agricultural Special Purpose Vehicle



Agri SA's land plan is set out in a holistic plan and a financing plan. These two plans are closely aligned to the land audit and related strategy.

The holistic plan contains the following elements:

- *Sustainable restitution models*
- *Support for farmers in communal areas*
- *A social compact*
- *Promotion of a partnership approach between commercial farmers, farm workers, communities and emerging farmers*
- *A public-private sector partnership for implementation (special purpose vehicle)*
- *Right of first refusal (subject to certain conditions)*
- *Viable, affordable finance for new farmers*
- *A Special Purpose vehicle for implementation*



## Agri SA plans for sustainable land reform and rural development

Agri SA would also like to make the following specific proposals:

Finalize the Expropriation Bill	Test the expropriation powers contained in the Constitution	Get consensus on land audit figures and create a comprehensive land database that is continuously updated
Implement the High-Level Panel recommendations	Well-situated state-owned land needs to be made available for housing for the poor	A Land Framework law should be passed, as proposed by the High-Level Panel
Create an office for an Ombudsman for land reform	Proper monitoring and evaluation of all programs and projects	Appropriate financing mechanisms for communal farmers



In summary:

Agri SA believes that the solutions are already catered for in the framework provided for in the Constitution, the NDP, Operation Phakisa and various private sector plans



## UFS Thought Leader Series

Land 12 July 2018

### Successful models of land reform

- Joint venture partnership – commercial farmer and farmworker or black farmer jointly expand operations;
- Examples: Khaya and Crewelyn Katoo are land reform beneficiaries in charge of the Entabeni citrus producing farm in Patensie.
- With the help of the farm manager Louis Nel, Humansdorp Co-op, land bank and government, the group of eight beneficiaries and twenty worker families are now managing and benefitting from a profitable venture that comprises of 4ha citrus and 120ha mixed crops of maize, potatoes, wheat, pumpkins and teff.
- The pineapple farm in the Eastern Cape is another great example of a win-win partnership between the Workers Co-op, the Landbank that provides the financing and the Humansdorp Co-op that provides surety for the financing, business planning, expertise, management and governance support for the next ten years.
- Twenty eight workers are beneficiaries of the Worker's Co-op, but are all working the land and are represented on the board of directors.
- Sound commercial, shareholder, management, governance and labour practice principles are adhered to to ensure that this project will be successful.





## Successful models of land reform



### Ubumbano Farmers Co-operative

Started by Agribusiness Development Agency (ADA), benefitting Communal farmers in KZN.



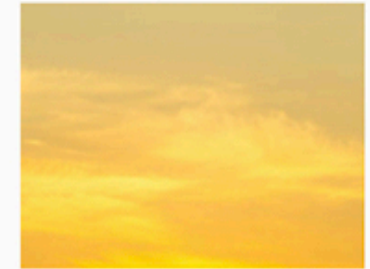
### Empangisweni Farm

Started by Agribusiness Development Agency (ADA), benefitting Community members in Gluckstad, KwaZulu-Natal.



### uMnambithi livestock co-operatives

Started by Agribusiness Development Agency (ADA), benefitting 47 members in KZN.



### Pathan poultry and sugarcane farm

Started by Agribusiness Development Agency (ADA), benefitting emerging farmers in KZN.



### NWGA Training and Development for Wool Farmers

Started by the National Wool Growing Association of South Africa, benefitting communal and emerging wool farmers



### The Suurbraak Grain Framers Co-Operative

Started by Andy Harmse Wilmar Adams Dirkie Willemse Chris Louw Alan Jeftha, benefitting small scale farmers



### People First Piggery Co-Op

Started in 2006, this project benefits the mining industry and promotes agricultural growth.



### Ezemvelo program

Started by Massmart, this project benefits small scale farmers in Limpopo, Gauteng, KZN and Mpumalanga.





## Successful models of land reform



### Pro Orchard Project

Started by Riverside Holdings Pty Ltd and the IDC



### Adama Empowerment Project

Started by Bosman Boerdery, to benefit 299 farm workers



### JD Rovon Workers Trust

Benefitting 130 farm workers in Langkloof Town



### Hantam Education Trust

Started in the Hantam, this fund benefits children of farm workers in a 50km radius.



### Berghoff Fynbos pty ltd

Started by Denis and Alesya Shaw, benefiting farm workers in Porterville, Western Cape



### Berekisanang Farming Project

Started in 2009, this project benefits farm workers and communities in the Kalahari area



### Baya Programme

Started by the ARC, benefiting Subsistence and Communal Farmers in Gauteng.



### Grain SA Mentorship programme

Started by GrainSA to benefit Emerging Farmers, in this case Mdu Mlangeni



## Successful models of land reform



**Blue Mountain Berries**

Started by Chrisleo Botha and the IDC, benefiting farm workers since 2006, in the George, Western Cape area.



**LandCare Programme**

Providing poverty relief to children and develop infrastructure



**Rhebokrand share milking Scheme**

Started by commercial farmers in Humansdorp, Eastern Cape



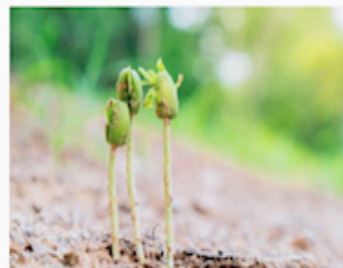
**Amadelo Agri**

Started by 70 commercial farmers in Alice, Eastern Cape.



**Virtual Incubation and Mobile College**

This project benefits Rural people and emerging farmers



**Seed Production Project**

Started by the Western Cape Department of Agriculture



**Siyazama Project**

Started in 1997, benefitting 30 women in Khayelitsha



**Bronaar/Themba Trust**

Started by the Van der Merwe family, benefitting 113 farm workers in George, Western Cape

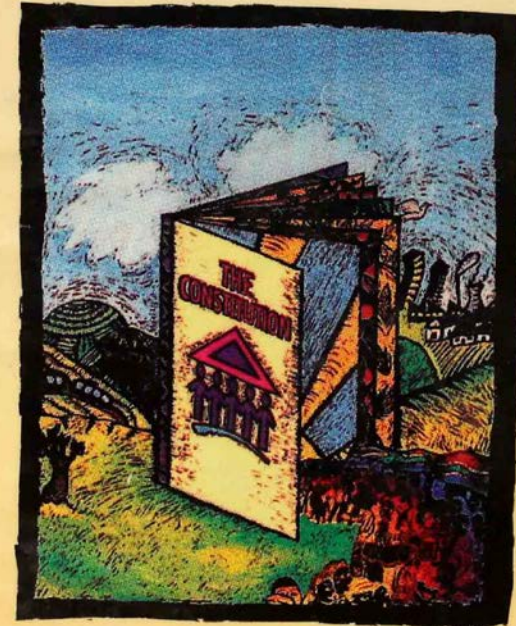


## CONCLUSION

- Agri SA is firmly of the view that:
- The property clause in the Constitution is not an impediment to land reform;
- The real reasons for the slow pace of land reform must be addressed. These reasons do not justify an amendment to section 25 of the Constitution;
- The public debate must be based on credible and relevant information on land ownership, with particular reference to state owned land available for land reform;
- The economic consequences of expropriation without compensation must be properly and fully considered;
- The principle of legality must be honored

# The Constitution

of the Republic of South Africa, 1996



Act 108 of 1996



**THANK YOU!**



**UFS Thought Leader Series**  
Land 12 July 2018

## Contact Details

**Annelize Crosby**

**Head: Land Centre of Excellence**

T | +27 (0) 21 554 5642

C | +27 (0) 82 388 0017

E | [annelize@agrisa.co.za](mailto:annelize@agrisa.co.za)

