



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

PROGRESS WITH DIFFERENT AFRICA

J.F. Kirsten, J. van Rooyen and S. Ngqangweni
Department of Agricultural Economics, Extension and Policy

The land reform programme of the South African government aims to provide land to the victims of forced removals, redistribution of land to the landless for all. In realising a programme of rapid and effective land reform, the transfer of land to previously dispossessed South Africans should be pursued. This paper briefly describes the different options for land reform in South Africa and discusses the progress made in implementing the land reform programme of the government and each of the options outside the programme.

1. INTRODUCTION

The process of enabling dispossessed or black South Africans to become farmers in their own right must be viewed as important for sustainable economic development in South Africa. This will require some well-designed efforts to enable this group to enter the agricultural market and compete on par with other players. In this process, land reform will be a key element. The land reform programme of the South African government has three focus areas, namely: restitution of land rights to the victims of forced removals, redistribution of land to the disadvantaged and tenure reform aimed at promoting security of tenure for all. For land redistribution as much as possible will be relied upon the existing land market. This is the approach advocated by a number of authors (see for example Van Zyl *et al*, 1996) and which is also followed in the design of the Land Reform Programme of the Department of Land Affairs. The need for reliance on market mechanisms stems partly from the observed robust activity of the current market for farm land, and the weaknesses of non-market oriented programmes that typically vest too much control in public sector bureaucracies. Due to the legacy and the poverty of the landless, non-market interventions such as financial grants and legal provisions are necessary to complement market transactions, to ensure successful implementation of any land reform programme.

In realising a programme of rapid and effective land reform it is, however, important that all possible options of land transfer to previously dispossessed South Africans should be pursued. This paper briefly describes the different options for land reform in South Africa and discusses the progress made in implementing the land reform programme of the government and each of the options outside the programme.

2. OPTIONS FOR LAND REFORM

A range of options is available to assist the process of bringing about a rapid, effective and sustainable land reform in South Africa (*cf.* Van Rooyen, Vink & Malatsi, 1993) and are briefly discussed below:

2.1 Restoration of Land Rights

An important area of action refers to the history of forced removals in South Africa, which is inextricably linked to the way in which the agricultural sector has developed. Some 1,3 million people were dispossessed of their rights to land in the white farming areas up to 1982. The need for appropriate administration and legal processes to address

2.5 Land reform through private land acquisition

The direct transfer of land (and other assets) through the market is a cost effective process of transfer. Direct purchases are possible since the scrapping of the Land Act. Opportunities should now be created for the establishment of farmers through a system that will promote and facilitate normal land transfers through the market. A crucial element in such a process is access to finance. Many potential buyers still find it impossible to purchase land due to lack of finance and due to the restrictive requirements of financial institutions. Where the state is in possession of land, transfer to individuals to farm must be viewed as an important strategy.

2.6 Broadening the farm asset ownership base

Land reform can be extended to accommodate a range of asset transfer schemes to landless groups in commercial farming areas. Farm workers, for example, can be involved in profit sharing arrangements, equity acquisition schemes, etc. Such arrangements will broaden the ownership base of commercial farms and will provide for opportunities to extend access to farming opportunities to farm workers while maintaining productivity. This will address a problem experienced by farm workers, i.e. that of lack of accumulation and security. While this approach will not promote new small scale farmers, it could save substantial costs on infrastructure while retaining existing technical and managerial expertise.

3. PROGRESS WITH LAND REFORM

In this section we review the progress with some of the options discussed above. The three core programmes of the Department of Land Affairs are discussed first, followed by which we report on the progress with other options. Land reform such as private land acquisition, broadening of the asset base and farmer support service approach.

3.1 Land reform policies of the Department of Land Affairs

The government's land reform programme has begun in a modest but significant way despite the enormity of the task. Progress with the different elements of the land reform programme is highlighted below based on information provided by the Department of Land Affairs.

Table 1: Land claims lodged up to June 1996

Province	Rural
Western Cape	54
Northern Cape	107
Free State	59
Eastern Cape	173
KwaZulu - Natal	739
Mpumalanga	277
Northern Province	356
Gauteng	225
North West	167
Total	2157

Source: Hanekom, 1996.

estimated total of 53 649 ha has been designated for transfer. Some of these cases were transferred in early 1996. A total of R73,5 million has been committed for planning and settlement grants up to the end of 1995 with the largest share (R32 million) earmarked for KwaZulu-Natal.

During the 1995/1996 financial year, 8 164 ha of land was transferred to 1 021 households. All these transfers took place in the last quarter of the financial year, and account for nearly 75 per cent of the Department's capital budget allocation for redistribution for 1995/1996. Based on the latest statistics (September 1996) it is estimated that 33 300 hectares of farm land have so far been transferred since the inception of the redistribution programme in 1994. This has cost the government in the range of R28 million in land reform grants. Virtually all of these beneficiary households were members of common property associations. It is estimated that 25 groups were involved in the transfer of the land referred to above.

The rate of delivery in the land reform process has been slow during 1995. This is largely due to the long start-up time required for the implementation of projects. This involves assisting communities in defining their needs, the identification of land, assessment of the settlement potential of the land, the negotiation of a land price and the establishment of a legal entity to take ownership of the land for the beneficiaries. Not enough staff were available in the Department to undertake this work, but concerted steps have been taken to fill newly established posts in the Department's provincial offices. The process will certainly accelerate during 1996 as the Department continues to improve systems and procedures for delivery (Hanekom, 1996; Department of Land Affairs, 1996). A further indication of that the process has the potential to accelerate is the fact that around 1 749 741 hectares (2.1% of total farm land) are earmarked or are in the pipeline for redistribution or tenure reform and restitution.

3.1.3 Tenure reform

The South African Constitution states that "a person or community whose tenure of land is legally insecure as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to tenure which is legally secure, or to comparable redress".

Providing people with legally protected security of tenure, and recognising various forms of tenure which exist, remains one of the biggest challenges. In 1995 the Department of Land Affairs initiated a legislative reform programme aimed at the protection of existing informal rights and allowing for alternative forms of tenure to be implemented. The Land Reform (Labour Tenants) Act and the Communal Property Associations Bill were both approved by Parliament in 1996. The Upgrading of Land Tenure Rights Amendment Bill and the Interim Protection of Informal Land Rights Bill were debated in Parliament during the last weeks of June 1996 (Hanekom, 1996).

Various requests for the upgrading of Permission to Occupy (PTO) certificates in terms of Act 112 of 1991 are under investigation or have been finalised. The power to upgrade land rights in urban areas was delegated to the provinces on 24 November 1995.

Table 2: An analysis of farm land purchases by

	Potgietersrus	
	1994	1995
Number of transactions	3	1
% of total sales transactions	1.32%	1.1%
Area of farm land	2444 ha	730 ha
% of farm land traded	3.32%	1.1%
% of total area of farm land	0.2%	0.05%

land in the Northern Province were sold to blacks during 1994 and 0.05% during 1995. This constitutes an annual transfer of commercial farm land to black farmers of 7 964 ha in 1994 and 2 844 ha in 1995. Based on the average of these two years we estimate that on average 0.095% of commercial farm land is transferred to black farmers in the Northern Province annually.

In KwaZulu-Natal a similar pattern of land purchases was found. Lyne (1996a) estimates that 0.09% of the total area of commercial farmland in the ex-Natal was transferred to black farmers during 1995. This area of 4 879 ha represents 1.6% of the total land transferred during 1995.

It is noteworthy that the two studies produced similar results although it was conducted in two separate provinces. It can therefore with some confidence be estimated that this trend of private land acquisition can be expected in the rest of the country. An estimate of annual transfer of land through private transactions of around 0.1% of commercial farm land in 1996 would therefore not be an outrageous guess.

3.3 Broadening of the asset base

Historical circumstances and impediments on continuing relationships between farm workers and owners, growers and processors, etc. restricted development of synergistic business relationships. New policy initiatives and incentives are currently enabling experimentation with a range of models to broaden the asset base. One way to assist the land reform process is by broadening the ownership base on commercial farms through a range of asset transfer schemes to farm workers, including, for example profit sharing arrangements and equity acquisition schemes. Farm worker equity schemes include examples whereby workers buy into an existing going concern or partnerships to start new ventures. This may include the purchase of new lands or the introduction of new enterprises on existing farms. Equity is embodied in the form of a marketable share which allows workers to realise their capital should they wish to exit the scheme (McKenzie, undated; Nel, Van Rooyen and Ngqangweni, 1995).

Table 3: Equity sharing schemes implemented and

Scheme	Province	Enterprises
Ebukhosini	Mpumalanga	Flowers
Whitehall	Western Cape	Fruit (Apples, Pears, etc.)
North Citrus	Northern Province	Citrus, Mango and Litchi
Saw mill	Mpumalanga	Timber
Grape Farm	Northern Cape	Table grapes

Sources: Compiled from McKenzie, 1995 and Van Rooyen, 1995.

contracted large scale commercial farmers and small holders on communal land to supply sugar mills. Part of the contractual arrangements included access to a full range of support services. In general these schemes have been successful from an income and employment generation viewpoint. Currently large estates owned by milling companies are used for the settlement of small-scale sugar producers. These initiatives were partly initiated by land reform considerations but also because of the efficient performance by small holders in adjacent tribal areas which supplied sugar mills. These contracting systems carry significant implications for empowerment and provision of basic needs to previously disadvantaged black communities. Farm size, however, is in general larger than in the traditional areas and aimed to secure a livable net farm income.

To date 19 000 small cane growers on 2 to 4 hectare plots each has benefited from contract schemes in KwaZulu-Natal since inception in 1972 (Fairall, 1988). Contract farming and similar arrangements have thus far not received any form of "land reform" support from the government, and have not been formally included as part of the national land reform programme. Although contract farming could be applied in other industries such as fruit, timber, tea and vegetables, none has thus far been introduced outside the sugar industry. Plans are, however, in progress in the subtropical and deciduous fruit sectors. Vegetable and flower production in urban-environments are also under consideration, especially as a part of the RDP presidential lead project initiatives.

3.5 Farmer support services

The farmer support programme (FSP) concept was introduced as a coherent development strategy in 1986 through the financial support of the Development Bank of Southern Africa (DBSA) (Singini and Van Rooyen, 1995). This programme essentially entailed the provision of access to the "normal" farming support services required by small holder producers, i.e. finance, inputs, marketing, infrastructure, and also policy and *de facto* land use.

Many of the target groups operated on communal land on small land holdings. The FSP did, however, not require "settlement" activities *per se* and access to land rights was primarily of a *de facto* nature. The underlying assumptions of the FSP were that such small-scale producers would act rationally and optimize the use of available services on demand; and that such activities would induce changes towards the more efficient utilization of resources. It was also expected that increased farm production would be economically rational, would support household level food security and generate employment and labour linkages (Van Rooyen, Vink & Christodoulou, 1987).

In general, indications are that the FSP influenced small holders in a number of locations, mainly KwaZulu-Natal and the former Lebowa, KaNgwane and Venda positively and were far more cost effective and sustainable than large scale development and settlement projects which were the previous main strategy for agricultural development in South Africa (Van Rooyen & Botha, 1994). Current FSP initiatives are increasingly characterised by the private sector providing commercial services in to FSPs. However, it is observed that the coherency of public vis-à-vis privately provided services are presently somewhat jeopardized in the absence of a comprehensive farmer support policy in South Africa.

Table 4: Progress with land reform : Estimates

Land reform model	1994		
	ha	% *	
Land Redistribution programme	4 653	0.005%	2
Private acquisition**	82 541	0.1%	82
Equity sharing	-	-	2
Total	87 194	0.105%	85

- # Including 26 218 ha transferred during 1994 and 1995. The 26 218 ha transferred towards the end of the year make up the balance of the estimate for 1994.
- * Share of total commercial farm land in South Africa.
- ** Estimates based on sample of deed transfers.

NOTES:

- These studies were part of a research programme funded by the Development Bank of South Africa and a range of other institutions.

REFERENCES

- DEPARTMENT OF CONSERVATION AND AGRICULTURE: GAUTENG PROVINCE (1996). Towards and Urban Agriculture Strategy. Unpublished Report, Pretoria.
- DEPARTMENT OF LAND AFFAIRS, (1996). Annual Report, 1995. RP94/1996, Government Printer, Pretoria.
- FAIRALL, M. (1988). "Raising Cane" Leadership Supplement, (April), pp. 68-75.
- HANEKOM, D. (1996). Address to Senate to introduce the 1996/97 Appropriation Bill of the Department of Land Affairs, 12 June 1996.
- KIRSTEN, J.F. (1996). Who is buying the land? Unpublished typescript, Department of Agricultural Economics, Extension and Rural Development, University of Pretoria.
- LYNE, M. (1996a). Estimates of land transferred to disadvantaged owners. Unpublished typescript. Department of Agricultural Economics, University of Natal, Pietermaritzburg.
- LYNE, M. (1996b). Personal Communication. Department of Agricultural Economics, University of Natal, Pietermaritzburg.
- MCKENZIE, C. (1995). Providing access to commercial farming in the Western Cape: An analysis of the performance of alternative farm models. Unpublished typescript, DBSA, Halfway House.
- NEL, P.R.C.; VAN ROOYEN, C.J. & NGQANGWENI, S. (1995). Farm worker participation Scheme: Conditions for success. Agrekon Vol. 34(4):183-189.