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Land reform in the Free State, the land audit, and the way forward to 2030

A report to *Free State Agriculture* by the Bureau for Food and Agricultural Policy (BFAP)



November 2013

The Bureau for Food and Agricultural Policy (BFAP)

The Bureau for Food and Agricultural Policy (BFAP) (www.bfap.co.za) is a virtual network linking individuals with multi-disciplinary backgrounds to a coordinated research system that informs decision making within the Food System. The core analytical team consists of independent analysts and researchers who are affiliated with the Department of Agricultural Economics, Extension and Rural Development at the University of Pretoria, the Department of Agricultural Economics at the University of Stellenbosch, or the Directorate of Agricultural Economics at the Provincial Department of Agriculture, Western Cape. BFAP is the first of its kind in South Africa and has become a valuable resource to government, agribusiness and farmers by providing analyses of future policy and market scenarios and measuring their impact on farm and firm profitability. BFAP acknowledges and appreciates the tremendous insight of numerous industry specialists over the past decade.

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Purpose of the report

In this report BFAP provides an independent assessment and commentary on the land audit undertaken by Free State Agriculture. The report also adds further interpretations and conclusions related to what the results of the Audit mean for agricultural development, agrarian reform and transformation in the Free State province. In essence clear policy messages are presented on how to address the challenges identified and to bring about structural land reform and transformation.

Executive summary

The establishment of an “*integrated and inclusive rural economy*” has been identified by the *National Planning Commission (NPC)* as one of the key goals for achieving their vision 2030. In real terms (measured in 2013 values), more than R69 billion has been spent by the State on the three main sub-programmes of land reform since the 1994, each with a variety of instruments that have changed over time. Yet these programmes share one distinguishing characteristic, namely they all represent attempts to solve the problem of the skewed distribution of land in South Africa by focussing narrowly on the land market. Thus far, the exact extent of the resulting transfer of land is not known due to limitations in data, specifically on the extent of land transferred to beneficiaries by the State and the land acquired by black people through normal market transactions. What is known is that the extent of land transfer falls far short of the 30% of white-owned farm land promised in the early years after the transition to democracy, that it has not been accompanied by the transformation of the livelihoods of the supposed beneficiaries, and that the land market has performed as well or as badly as the state.

The “land market” has been vilified as the main reason for the failure of land reform, despite a lack of evidence of its failure. It is worrying that even more narrowly focussed programs have been implemented or are in the planning stages.

Against this background, Free State Agriculture initiated a process for a comprehensive land audit in the Province, working closely with the provincial branch of the Department of Rural Development and Land Reform (DRDLR). The aim was to physically categorise each parcel of land within the borders of the province. The results of the audit show that very little progress has been made with narrowly defined land reform in the province. Only 2.96% of agricultural land in the province is currently held by black people, who have been able to acquire 148 423 ha on the open market and have access to 4 827 ha through equity schemes (i.e. they hold title to this land), while a total of just over 209 000 ha has been transferred through various land reform programs (where the state still holds the title). The audit also found that a mere 5 771 ha has been transferred through restitution programs. This is at odds with the 55 700 ha shown by DRDLR for reasons that are explained later.

Free State Province has received only 1.3% of restitution spending to date, and less than its fair share of redistribution. It is not possible to infer a bias against the province because of the lack of detailed data.

The analysis sheds some light on the apparent poor performance in the province and the reason for the discrepancy in the restitution figures: The province has received a mere 1.3% of the total restitution spending in the country to date, of which 76% was used for settling claims through financial compensation, with the remainder spent on land acquisition (10.6%) and support grants (13.3%). Furthermore, only 12.4% of the land acquired (or approved for acquisition) has been transferred to beneficiaries. On the other hand, despite the lack of reliable and consistent data at Provincial and local government level, the report finds that it is possible that

a total of 3.6% of the agricultural land in the province could have been transferred through the various redistribution programs during the 18 years of land reform. This figure is substantially higher than the confirmed figure found in the audit but suggests that a substantial portion of the land identified

as “unknown” could actually be land reform land. This represents 8.1% of land transferred throughout South Africa, compared to the Free State’s approximately 12% of South Africa’s commercial agricultural land, providing some evidence of bias.

The report concludes with some thoughts on how land reform in the Free State province can be aligned with the proposals of the National Development Plan. Although the audit has shown the slow progress with land reform in the Free State Province the Free State Agriculture Congress put forward a number of ideas that are in line with the NDP on how this can be addressed and how land transferred to new farmers can be used productively.

There is a clear willingness to implement a process at grass roots level whereby local Farmer’s Associations can participate in the process of identifying land for sale and also identifying and supporting potential black farmers who could be assisted to buy the land. It is opportune for the State to support these initiatives so that the NPC principle of local land committees gradually gets established to facilitate the orderly transfer of land.

Yet the NDP is quite clear: land reform has to start with the (re)creation of a comprehensive farmer support programme whose main aim is to ensure that new entrants into agriculture can farm profitably at whatever scale they decide. It is clear that the systematic withdrawal of farmer support from white farmers and the failure to put in place farmer support for new (black) farmers over the past two decades favours larger farmers. The lack of farmer support has also compounded the ill effects of South Africa’s distorted rural space, while the little farmer support that exists is not aimed at addressing the legacy of ‘Betterment’ nor of the Marketing Act, and has left the countryside bereft of food processing and trading enterprises, so that it is little wonder that the contribution of black farmers to agricultural output remains small and that within commercial farming the largest farmers produce an increasingly large proportion of total output.

In this regard, the key policy vision for agriculture, as spelled out in the NDP, has to be the provision of integrated farmer support services that favour smaller farmers, while the key policy vision for land reform should be to ensure property rights that allow all farmers to mobilise capital; to ensure flexible land markets that also allow farmers to grow, shrink, stagnate and/or get out; to reflect diversity of natural resources and (historical) modes of production; and to accommodate the high cost of entry. The elements of this farmer support are then spelled out in more detail in the report. Merely transferring land to reach a target can be detrimental if not accompanied with the necessary and appropriate support services.

Free State Agriculture in partnership with the DLARD have succeeded in producing the most credible audit to date by incorporating the market led contribution to land reform lacking from the state land

As the exercise cost Free State Agriculture in excess of R1m, a viable cost sharing model is required to keep the process going

audits. Furthermore the exercise has also revealed some flaws in the deeds registry means of capturing data that leads to double counting of servitudes (i.e. state land). As such the audit provides a good model with some minor refinement to be replicated to complete a national audit.

The mobilisation and use of grassroots level Agricultural Associations with their local institutional

knowledge proved invaluable in conducting the audit difficult to replace by extension officers (*or any other organ of state*). **A challenge going forward is to maintain and update the audit to have an accurate real-time measure of land reform in SA.** As the exercise costs Free State Agriculture well in excess of R1 000 000 to complete in direct costs alone, a viable cost sharing model between the state and organised agriculture needs to be worked out to keep the process going.

One of the biggest shortcomings of this project was that the transformation status of a significant portion of land in the province (10%) is still held as either “unsure” or “unknown”. This raises the possibility that the land held by black people in the province could be significantly higher than the 2.96% found by the audit. This figure provides the first confirmed ownership share in the province to date. It is foreseen that the extent of the unattributed land will decline with future updates of the land audit in conjunction with implemented or proposed improvements in recording the demographics of new owners.

The lack of availability of comprehensive long term data on land redistribution, especially at the sub-national level is disconcerting. The inability of DRDLR to provide such data is a major hindrance to future land audits.

Another major constraint is the availability of comprehensive long term data on land redistribution and redistribution, especially at the sub-national level. Long term annual and cumulative data on redistribution was compiled with great effort from various sources for this project, and represents the most comprehensive to date. Such a dataset could not be constructed for the redistribution component of land reform. Various government publications and other sources were researched, and contact was made with the department without success. The *status quo* can only be explained through an unwillingness to make it public or due to the fact that the department does not process such data themselves.

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1 Introduction and background

Free State Agriculture, the largest farmer representative organisation in the Free State Province, is positioning itself as a progressive association in the space of organised agriculture. Their aim is to make a solid contribution to land reform in order to ensure a democratic, equitable and representative agricultural sector in the province. In this regard, they are the second provincial agricultural organisation after KWANALU in KwaZulu-Natal that has successfully completed a full audit of the ownership structure of agricultural land in their province. The implementation of the audit was done in close collaboration with the Department of Rural Development and Land Reform to ensure that the methodology and the numbers are credible. A transparent process of collecting and validating data was followed and the final results as displayed in this report provide an indication of both confirmed cases and points of uncertainty.

BFAP was approached by Free State Agriculture to provide an independent assessment and interpretation of the key findings of the land audit. The objective was to ensure that the highest potential value is unlocked from the database to inform the critically important debates and processes of land reform in the country.

In this regard, this report starts with an overview of the State Land Audit. This is followed by an in-depth discussion of the methodology followed in Free State Agriculture's land audit, as well as the results of that audit. This provides the context for a discussion of progress with land reform in the Province, what this means in terms of the National Development Plan and suggestions on the way forward.

2 The State Land Audit

The *Department of Rural Development and Land Reform* (DRDLR 2013a) completed and published the results of their National State Land Audit earlier in 2013. According to the Department the audit aimed to establish the current status of ownership, use and investment in improvements of South African land. The report, however, only provides information on the first and second of these factors. Furthermore, ownership is only identified in terms of ownership structure, i.e. whether the land is in the hands of private individuals or corporations, of the state and of traditional authorities, etc. No attempt was made to ascertain the population group of the owners. The report does not expand on the methodology followed but it seems some of the data, specifically on land use, was collected through the use of field workers.

The report shows that the State owns just over 17 million hectares or 14% of South Africa's surface area. Whereas the State (including traditional authorities) owns 50% of the land in KwaZulu-Natal, the DRDLR estimates that the State owns 845 084 ha in the Free State which is equivalent to 7% of all land in the Province. A total of 91% is privately held and a further 280 356 (2%) cannot be accounted for, but could potentially also be land owned by various organs of the state. As will be reported below, the estimates for State land from the audit by Free State Agriculture are somewhat

lower at 643 387 ha (that is after we have added all 'unsure' and state land together). This discrepancy can be partially explained by the double counting of duplicate deeds and servitudes.

3 The Free State Agriculture land audit

The audit of ownership of all agricultural land in the Free State Province was implemented by Free State Agriculture in close collaboration with DRDLR, because it was important to use a credible methodology that had support from the relevant government departments and from the members of the Association.

3.1 Methodology applied by Free State Agriculture

This section provides an overview of the methodology followed for the land audit as described by Mr Minnie from the Free State office of DRDLR, and by Dr Jack Armour from Free State Agriculture. All the maps and output data were provided by Dr Armour.

Free State Agriculture initiated and developed the primary methodology for a detailed farm ownership survey through 170 district farmer unions in order to identify ownership of registered farm portions per managerial district. DRDLR first assisted by printing maps of the farmer's union areas using a combination of Magisterial and Municipal boundaries overlaid with the national farm portions layer (1 in Table 1), which in turn were used by the respective farmer union members to highlight detailed ownership on the maps (using distinctive colour categories) and in the corresponding Excel® data lists.

At training workshops prior to the audit in a specific region, farmers were provided with:

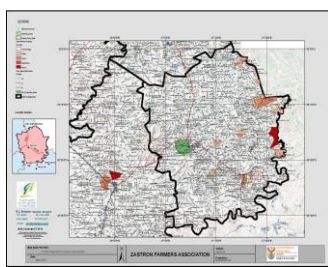
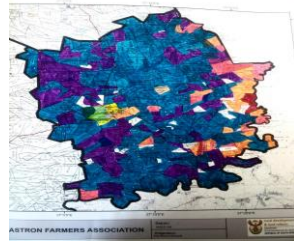
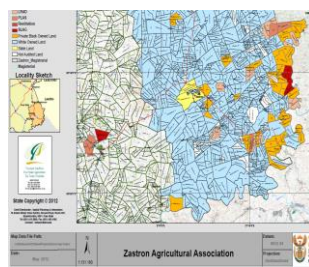
1. A physical full colour A1 or A2 map of the area they had to audit – the map showed parent farm names and farm portion numbers together with certain geographical features such as roads, rivers etc. necessary to orientate yourself with.
2. A searchable electronic version of this map so that if the farm portion mentioned in the Excel® data list was not known, they could search for it.
3. A printout copy of the data list with columns to fill in arranged alphabetically according to legal owner of the land.
4. A digital copy of the list to search if necessary and to complete while conducting the local audit.

A trial was first conducted on 3 municipalities where the physical coloured-in maps were returned to SPIsys¹ for physical data input into the GIS database, but this proved too tedious, so the procedure was changed to the submission of the completed Excel® files which SPIsys merged into their GIS database to produce corresponding coloured maps of the areas.

After the local farmers union had completed their audit, therefore, they submitted the completed Excel® sheet as well as an MMS photo of the completed and coloured-in map electronically to the Free State Agriculture offices.

The results as displayed in Table 1 were literally hand coloured by the farmer union members according to the colour codes provided (2 and 3 in Table 1), with the corresponding data verified and filled in in the Excel® forms, and then given back to DRDLR, who further captured the data electronically on the Farm Portions cadastre layer (4 in Table 1) and merged the Excel® data into the GIS database. This is a spatially geo-referenced layer used in GIS software, therefore it can arguably be said that each point of information of the layer created in (4) corresponds to the physical area and information in the “real life” environment.

Table 1: Methodology and stages of Free State Agriculture`s land audit survey

Table 2: Methodology and stages of Free State Agriculture's land audit survey																			
	<p>Colour codes (Map Legend)</p> <table><tr><td>Green</td><td>Nature conservation / parks</td></tr><tr><td>Yellow</td><td>State Land</td></tr><tr><td>Red</td><td>Black Land Reform</td></tr><tr><td>Orange</td><td>Black Private</td></tr><tr><td>Blue + Orange stripes</td><td>Black FSA Member</td></tr><tr><td>Blue</td><td>White FSA Member</td></tr><tr><td>Purple</td><td>White FSA non-membr</td></tr><tr><td>Black stripes</td><td>Foreigner</td></tr></table>	Green	Nature conservation / parks	Yellow	State Land	Red	Black Land Reform	Orange	Black Private	Blue + Orange stripes	Black FSA Member	Blue	White FSA Member	Purple	White FSA non-membr	Black stripes	Foreigner		
Green	Nature conservation / parks																		
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Red	Black Land Reform																		
Orange	Black Private																		
Blue + Orange stripes	Black FSA Member																		
Blue	White FSA Member																		
Purple	White FSA non-membr																		
Black stripes	Foreigner																		
<p>(1) Base map – National Farm portions Cadastre dataset provided by DRDLR as reference map for a specific district in the Free State.</p>	<p>(2) Colour codes given to identify catagories of farm title ownership.</p>	<p>(3) Farm portions identified by Free State Agriculture union members.</p>	<p>(4) Coloured portions identified from (3) further digitised for spatial analyses by DRDLR in the form of maps and excels spreadsheets</p>																
	<p>Concurrent with (2) and (3) the filling in of the corresponding MS Excel spreadsheets</p>																		

¹ A Geographic Information System of the DRDLR in partnership with the Free State and Northern Cape provincial governments

Free State Agriculture then took the data generated from (4), which was exported as an Excel® data file displaying ownership by category, and added numerous data fields from various sources, which included surveyed data, valuation rolls and other relevant datasets to contribute to the detail of the surveyed dataset in (3).

The final dataset, combining (3) & (4), was given back to the DRDLR to link to the spatial/GIS farm portions dataset, which is a map layer explained in the paragraph below. The “final” detailed linked information was used to calculate all statistics as shown in the summary Table 2 and this was the final product provided back to Free State Agriculture².

The original GIS layer used to achieve these results was the Free State Farm Portions and Holdings layers as a merged set obtained in 2012 (base layer as used in 1 of Table 1). This layer consisted of a total of 54 374 farm portions, at an extent of 13 075 020.48 hectares³.

Columns that were included but not filled in were the tenure rights that farm workers and dwellers hold on farms under ESTA. These could also add up to a substantial degree of tenure reform, but do not take the form of actual transformation of ownership. This is an important indicator for future consideration. Other important future considerations include the gender distribution of ownership (which was actually attempted) as well as the AgriBEE status in the case of corporate owners.

The final area of commercial agricultural land in the Free State was arrived at by taking the Free State base layer as described above (13 075 020.48 ha) and subtracting all non-farm land, a total of 601 845.2 ha. The details of non-farm land are provided in the third and fourth columns of Table 2. The result is a figure of 12 473 175.28 ha of commercial agricultural land. However, there is a further 277 115.08 ha that cannot accurately be allocated as some of this land may be on farm portions already identified. The details of this land are also provided in the third and fourth columns of

Table 2. For this reason, the shares as calculated in Table 3 have been based on the 12 473 175.28 ha

² DRDLR wanted to make it clear that analytical outputs provided to the Free State Agriculture land audit are by no means a reflection or indication of official or Government data. The analytical process was merely verified by DRDLR as a form of professional assistance to Free State Agriculture, which takes responsibility for the data.

³ A technical explanation of projections is required at this point. One can't view maps (which are flat compressed) in the true shape of the earth (round), so we have to “flatten” them. This creates all sorts of problems with estimating land sizes as the dimensions/projections change, especially over large portions of land. The projections used here are “best fit” to co-ordinated layers for specific geographic areas in the GIS database, so that points or markers are as accurate as possible. According to Minnie, DRDLR tried to use a “best-fit” for the Free State province, and hence decided to project the map to Africa Lambert Conformal Conic, at standard parallel (1) -27.19° and standard parallel (2) -30° using the linear unit of meters. This projection was used as it a) provides for more accurate equal area calculations with reference to a geographic projection used; and b) ensures alignment with the map products produced by the Chief Directorate: National Geo-spatial Information and available national datasets. As a result, however, there are usually small differences in borders, resulting in differences in calculated areas.

(Column 3) although they were also calculated on the basis of 12 196 060.20 ha for comparative purposes.

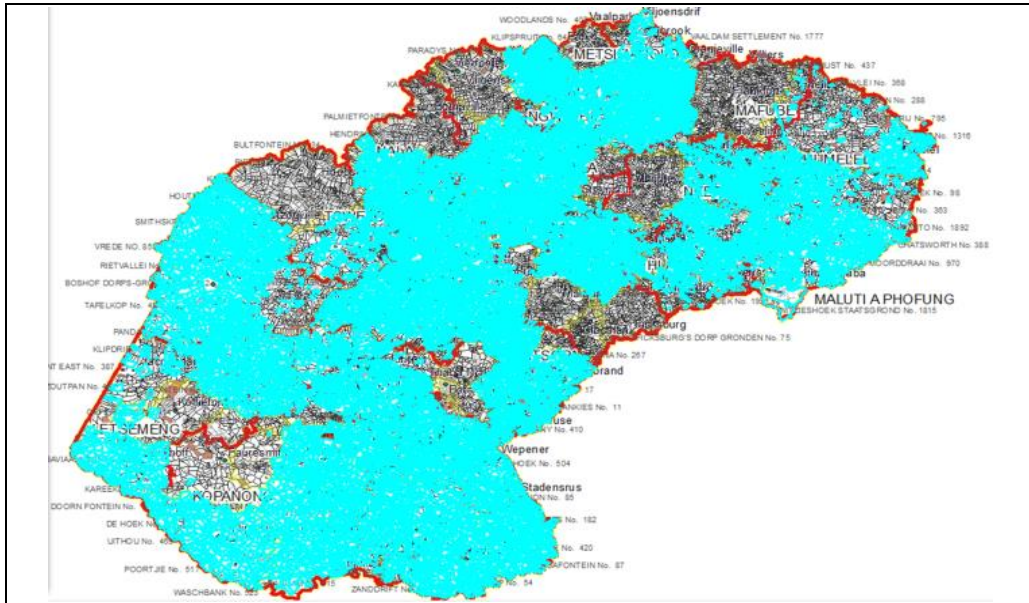
The results provided here also confirm the need for a more accurate measure of land used for commercial agriculture in the Free State province. We cannot exclude the entire homelands area from the equation; neither can we exclude large portions of government land, as it distorts the true percentage distribution of agricultural land used in the province.

Table 2 : Calculations for agricultural land

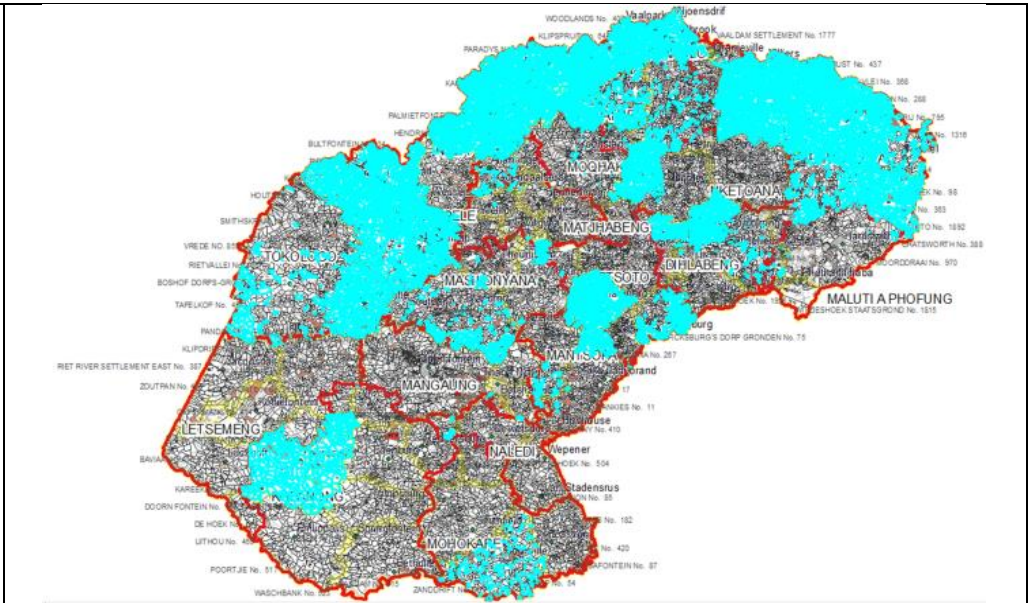
Spatial calculation	Hectares		Hectares
Total area	13 075 020.48	Dams	80 312.85
Non-farm land	601 845.20	Protected areas	173 167.67
Total commercial agricultural land	12 473 175.28	Former homelands	221 746.09
		less area overlapping ¹	72 613.38
		Area`s non-farm land	601 845.20
Normal calculation			
			Hectares
Total FS area	13 075 020.48	Rivers*	22 856.36
less total non-farmed land	878 960.28	National roads*	10 964.18
Total commercial agricultural land	12 196 060.20	Provincial roads*	267 147.97
		Total	300 968.51
		Total above	300 968.51
		less Area not farm land	23 853.43
		Areas affecting farming	277 115.08
		Total non-farmed land	878 960.28

Note: e.g. dams in protected areas

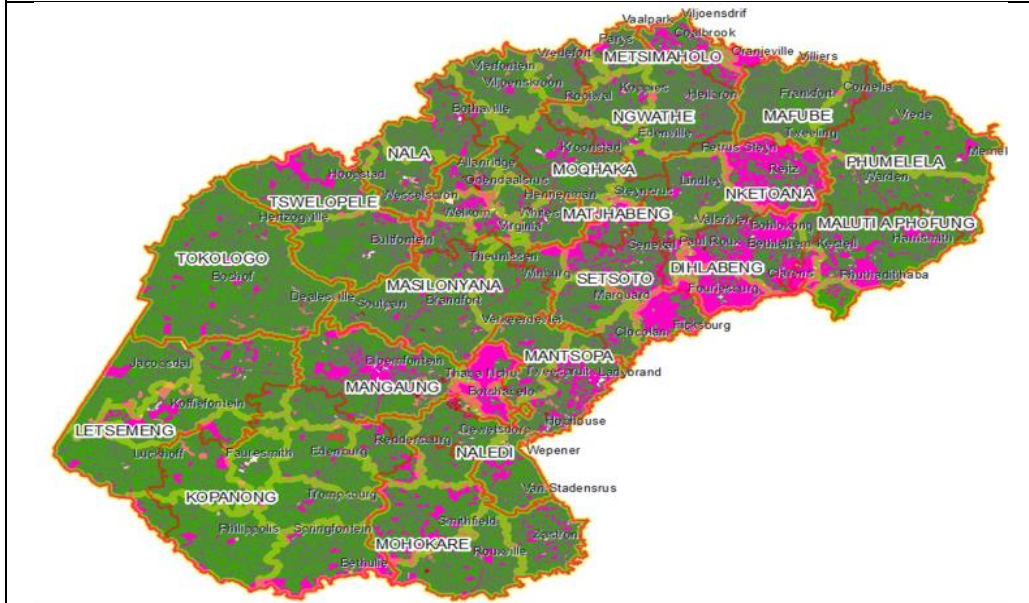
Source: DRDLR methodology (2013) and Free State Agriculture (2013)



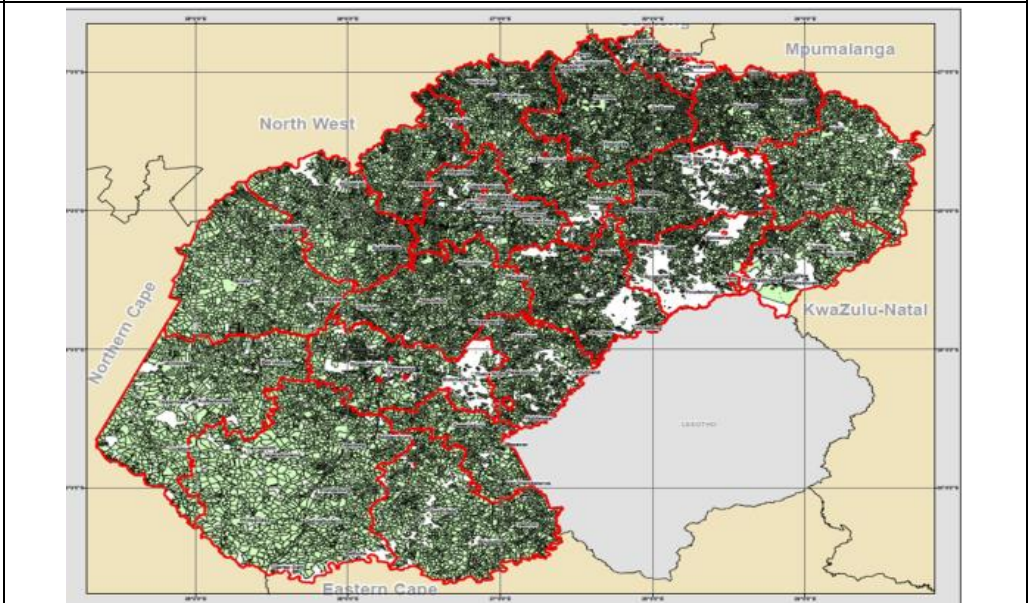
Progress with the audit - Oct 2012 (blue areas where audited)



Progress with the audit, Oct 2012 – Jan 2013 (blue areas where audited)



Remaining areas at 16 Feb 2013 (pink areas to be identified)



Progress with the audit at the end of Feb 2013 (white areas outstanding)

Map 1: Progress of the Free State Land audit

3.2 Summary results from the audit

The audit provides some surprising results, shown in Figure 1 and Table 3.

- First, 93.28% or 12 196 060.20 ha of land in the Free State is used for farming. Note that the spatial dataset of DRDLR did not remove their calculated 277 115.08 ha covered by rivers and roads and hence gives the total farm land in the province as 12 473 175.28 hectares or 95.39%. In the earlier estimate of DBSA (1991) (reported in the Abstract of Agricultural Statistics) which used the Agricultural Census as source, the amount of farm land was estimated at a smaller 11 760 100 hectares.
- Second, from the 12 473 175.28 ha, 86.39% of the agricultural land in the Free State is white owned.
- Third, only 2.96% of land owned by white farmers in 1994 in the Free State is confirmed through the audit as now owned by black people. Only 1.71% has been acquired through the various permutations of the land reform program, while 1.25% has been acquired privately through the land market.
- Fourth, foreigners own a paltry 0.24% of the agricultural land in the province
- Fifth, the State in its various forms owns less than 0.89% of the known agricultural land (excluding municipal commonages and ex-homelands) in the province. More land could be included in the “Unsure or Unknown” categories, however.
- Sixth, despite every effort, almost 10% of the land cannot be fully accounted for. This is made up of 4.37% under various permutations of “Unsure”⁴ as well as 5.43% identified as “Unknown”. It is suspected that some of this “Unknown” land constitutes Land Reform projects, but the extent is unknown. As a result, the estimate for black-owned land is a lower bound estimate.

⁴ This includes complications such as land owned by the mining houses. The Anglo American Corporation is a case in point: it is listed on foreign stock exchanges but has a large South African shareholding and has a BEE rating (but not necessarily an AgriBEE rating). It is difficult to specify what portion of their farm land holdings could be construed as being black owned.

Table 3 : Summary of the audit results

Categories	Hectares	Share¹	Share²
Black private	148 423	1.19%	1.22%
Black (share equity)	4 349	0.04%	0.04%
Sub-total	152 772	1.22%	1.25%
LR S/LAG and LRAD	12 558	0.10%	0.10%
LR PLAS	35 289	0.28%	0.29%
LR Restitution	5 771	0.05%	0.05%
LR2012	95 000	0.76%	0.78%
LRAD	60 453	0.48%	0.50%
Sub-total	209 071	1.68%	1.71%
Foreign	25 082	0.20%	0.21%
Foreign share equity	4 827	0.04%	0.04%
Sub-total	29 909	0.24%	0.25%
STATE	31 969	0.26%	0.26%
STATE Municipality	43 918	0.35%	0.36%
STATE Parastatal	25 960	0.21%	0.21%
STATE Pty Ltd	4 113	0.03%	0.03%
STATE Research	3 354	0.03%	0.03%
STATE Trust	1 647	0.01%	0.01%
Sub-total	110 961	0.89%	0.91%
UNSURE	95 857	0.77%	0.79%
UNSURE CC	63 047	0.51%	0.52%
UNSURE Church	23 628	0.19%	0.19%
UNSURE Mining	79 558	0.64%	0.65%
UNSURE Municipality	7 587	0.06%	0.06%
UNSURE Private	3 577	0.03%	0.03%
UNSURE Pty Ltd	125 436	1.01%	1.03%
UNSURE Pubic org	1 400	0.01%	0.01%
UNSURE State	115	0.00%	0.00%
UNSURE Trust	132 221	1.06%	1.08%
Sub-total	532 426	4.27%	4.37%
Unknown	662 569	5.31%	5.43%
White 100%	10 774 027	86.38%	88.34%
White Share equity	1 486	0.01%	0.01%
Sub-total	10 775 513	86.39%	88.35%
Total agricultural land³	12 473 221	100.00%	
Total agricultural land⁴	12 196 060		100.00%

Note: ¹Share of land spatially calculated (Table 2); ²Share of land normally calculated (Table 2);

³Spatially calculated total; ⁴Normally calculated total.

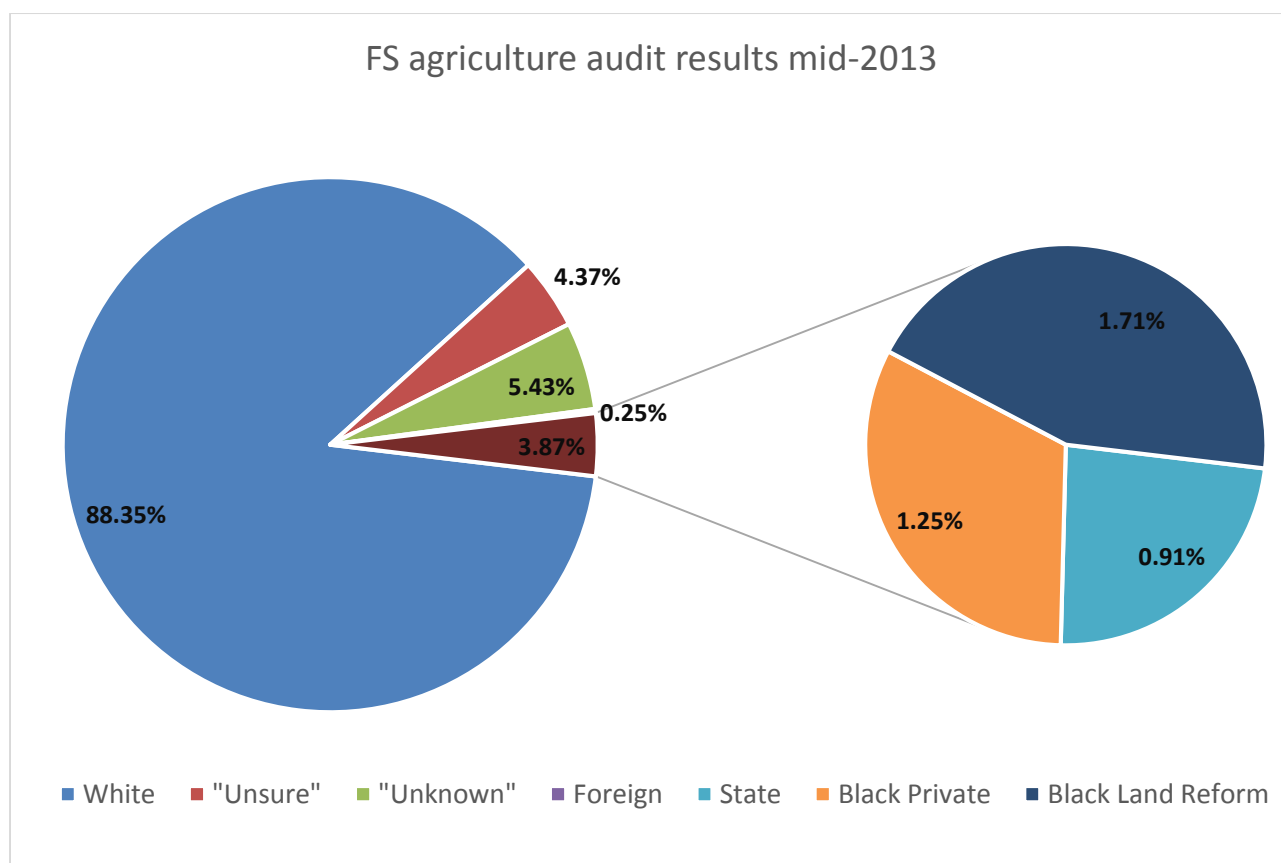


Figure 1 : Land Audit - Area distributions

3.3 Lessons learned

Shortcomings identified through the Free State Agricultural Land Audit include:

1. Double counting of servitudes
2. Database over-counting and duplicates (it is necessary to clean up deeds data)
3. Historical land ownership is not captured in the audit (i.e. land transferred to black owners, but then sold back to whites again)

LESSONS LEARNED in conducting the audit:

1. **Logical manageable units for small groups of knowledgeable locals to audit** – Municipalities are too large for any individual to know all the farms in the Municipality (there are 20 in the Free State). Even the 80 magisterial units are too large and overlap with new Municipal boundaries.

2. **A comprehensive agricultural land audit is only possible using grassroots structures** such as local Agricultural Associations, extension staff, public and private sector organisations and Agribusinesses all working together
3. **The Free State Land Audit is a sound methodology that could be replicated in other provinces with the following amendments:**
 - a. Good initial deeds data clean-up and maintenance of the purity of the data (so that mistakes and other data sources don't slip in)
 - b. The double counting problem with servitudes should be addressed
 - c. The methodology used by Mr Fanie Minnie (using a GIS single layer filter to eliminate deeds data overlaps and duplicates) can be used.

RECOMMENDATIONS for the way forward:

1. **Suggestion for incorporating the Land Value:** There should be better co-ordination between the Land Audit data and proper market related Municipal Property valuations to incorporate the monetary value component of transformation into the land transfer equation. (as all municipalities do not conduct their Valuation Rolls in the same year, and then these valuation rolls remain static for 4 to 6 years, one couldn't get satisfactory results from using current valuation rolls, BUT with a better co-ordinated system in the future, the state funds used to pay property valuers to do Municipal audits could be more effectively utilised if these Valuations were incorporated into an audit database.
2. The audit needs to be an on-going exercise in order to be able, at short notice, to provide an accurate estimate of the status of transformation.

4 Land Reform at the national level

Land reform in South Africa has three main pillars, i.e. restitution, redistribution and tenure reform, where land is transferred under restitution and redistribution, but not under tenure reform. As a result, in this section the discussion focuses on restitution and redistribution with a stronger focus on the former due to data constraints. A general summary of the various restitution and redistribution programs and how they have evolved over time is provided in Figure 2.

Figure 2: The Evolution of Land Restitution and Redistribution programs: 1996-2013

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Restitution claims to be submitted by31 March 1999				Processing and settlement of Claims													
				Restitution Settlement Support Grant instituted													
																Bill to reopen land claims mooted for 2014	
SLAG (Settlement Land Acquisition Grant)																	
			Moratorium on entire redistribution programme														
						LRAD (Land Redistribution and Agricultural Development Program)											
									PLAS (Proactive Land Acquisition Strategy)								
													SPLAG (Settlement & Production Land Acquisition Grant)				
													Moratorium on Farm Equity Schemes				
													Land Acquisition for Sustainable Settlements				
														Recapitalisation and Development Program for restitution and redistribution programmes			

Table 4 presents cumulative data on land reform spending throughout the country and shows that a total of R53 billion in nominal or R69 billion in 2012 money has been spent on the restitution, redistribution and tenure reform programs to date.

Table 4: Cumulative Land Reform Spending⁵

	Nominal spend (R million)	CPI	Real spend (R million)
1994/1995	92.7	33	281.8
1995/1996	312.4	36	875.0
1996/1997	480.1	38	1,253.6
1997/1998	365.3	42	878.1
1998/1999	480.4	45	1,079.6
1999/2000	440.3	47	940.8
2000/2001	517.7	49	1,050.2
2001/2002	734.5	52	1,409.8
2002/2003	810.2	57	1,424.0
2003/2004	1,292.9	60	2,147.6
2004/2005	1,636.4	61	2,678.3
2005/2006	2,434.2	63	3,857.8
2006/2007	3,192.4	66	4,829.7
2007/2008	5,209.6	71	7,358.2
2008/2009	5,927.8	79	7,513.0
2009/2010	4,901.2	85	5,793.4
2010/2011	5,704.0	88	6,467.2
2011/2012	5,694.1	93	6,149.1
2012/2013	6,245.7	98	6,386.2
2013/2014	6,783.1	100	6,783.1
Total	53,255.3		69,156.6

Source: DRDLR Annual Reports

5 Land reform in the Free State

The pace of land reform throughout South Africa has been slow: why it seems to have been even slower in the Free State is cause for concern, and necessitates an in-depth investigation, but this is not aided by the paucity of information, especially at the Provincial level. Here an attempt is made to provide some idea of the extent of land transfers in the Free State.

⁵ Spending on restitution, redistribution and farmer support only. It EXCLUDES spending on land administration, the Deeds Office, rural development, etc. as well as DAFF farmer support to land reform (CASP and other). Real amounts: December 2012 = 100.

Table 5 and Table 6 were compiled from data published by the Commission on Restitution of Land Rights and shows cumulative statistics on restitution from April 1994 to March 2013. This dataset was constructed from various sources: DRDLR, Parliamentary Information Service releases and presentations delivered by representatives of the DRDLR. It shows that the State has spent just over R27bn **nationally** on restitution to date – 56.7% of which was used to acquire land, 28% paid out as financial compensation and 15.3% for support grants. The State acquired some 3 million ha at a cost of just under R15.4 billion, which results in an average cost of R5 107 per hectare. It is not known how much of this land is in the urban vs. rural areas, nor what the ratio of land to financial compensation was between urban and rural areas, so it is not possible to deduce how much agricultural land would have been transferred had financial compensation not been an option. Furthermore, claims were not only made against white-owned commercial farmers, but also against non-agricultural land, hence the extent of transfer of commercial farm land to land reform may actually be overstated.

The Free State has received R348m or 1.3% of the total national restitution spending to date, with only 41 claims against rural land across the entire province. As a result, the low spending does not necessarily reflect a bias against the province, as restitution is a demand-driven process – the greater the extent of forced removals, the greater the extent of restitution, hence a lower figure is to be expected given the relatively smaller number of claims in the province. According to the DRDLR 76.1% of total expenditure on restitution in the Free State was paid out as financial compensation, 10.6% was used to acquire land and remainder (13.3%) was paid out as support grants to beneficiaries (Figure 3). The Free State is only exceeded by Gauteng in terms of the portion of the budget that was spent on financial compensation and ranks third lowest in terms of the portion spent on land, given the relatively large number of urban claims. With the 10.6% utilised for land purchases the province managed to acquire 55 700ha to date which represents 1.9% of all the land acquired for restitution at the national level. The province paid an average of R662 per hectare which is higher than the average of R492 per hectare paid in the Eastern Cape but much lower than the R13 928 paid in the Western Cape.

The figure of 55 700 ha of restitution land in the Free State shown in Table 5 is much greater than the figure of 5 771 ha found by the Free State land audit because most of the restitution claims actually settled in the Free State were claims on land in the former homelands and this was not audited by Free State Agriculture. Furthermore Fanie Minnie of DRDLR took out all land reform projects they were certain of in the data he provided Free State Agriculture to audit. This large discrepancy brings the data published by Government or the findings by the land audit into doubt but a deeper investigation reveals that it can be explained: Data presented by the DRDLR (2012) makes the distinction between land *“approved for acquisition”* and land *“transferred to beneficiaries”*. More recent data is not available but a publication for the period “1995 to 31 January 2013” by the DRDLR shows that 51 185 ha has been *“approved for acquisition”* of which 6 333 ha (12.4%) (Figure 4) has been *“transferred to beneficiaries”* in the Free State. This figure is more in line with the 5 771 ha found by the Land Audit and it can be assumed that the difference can be included in some of the “unknown” category of land parcels.

Table 5: Cumulative progress with restitution, April 1994 - March 2013

Province	Claims		Dismissed	HHs ¹	FHHs ²	Ha	Land cost	Financial compensation	Grants (Rm) ³				Rm
	Rural	Urban		(1000)		(1000)	(Rm)	(Rm)	Development	RDG	SPG	RSG	Total Award
Eastern Cape	419	16207	291	65.1	25.3	136.8	67	1,644	315	86	41	51	2,204
Free State	41	2858	209	7.6	2.7	55.7	37	265	30	9	4	3	348
Gauteng	1717	11866	702	14.3	5.4	17.0	117	674	76	7	2	4	881
KwaZulu-Natal	2196	13641	141	85.4	26.5	764.4	5,226	1,871	1,110	104	47	53	8,417
Limpopo	2294	1326	438	48.5	18.2	603.6	3,378	487	613	97	43	25	4,642
Mpumalanga	1611	1235	202	53.5	17.4	461.0	4,300	453	225	100	48	22	5,149
Northern Cape	133	3593	255	21.9	9.1	569.3	468	868	164	16	12	13	1,541
North West	626	2924	319	44.3	18.4	399.4	1,729	374	358	83	40	9	2,592
Western Cape	1426	15469	633	27.4	11.8	4.1	58	954	320	16	5	2	1,355
TOTAL	10483	69119	3190	368.1	134.9	3011.3	15,379	7,591	3,210	517	242	182	27,128
% of total							57	28	12	2	1	1	

Note: ¹Households; ²Female-headed households; ³Various grants administered by the Department, largely for settlement and post-settlement support

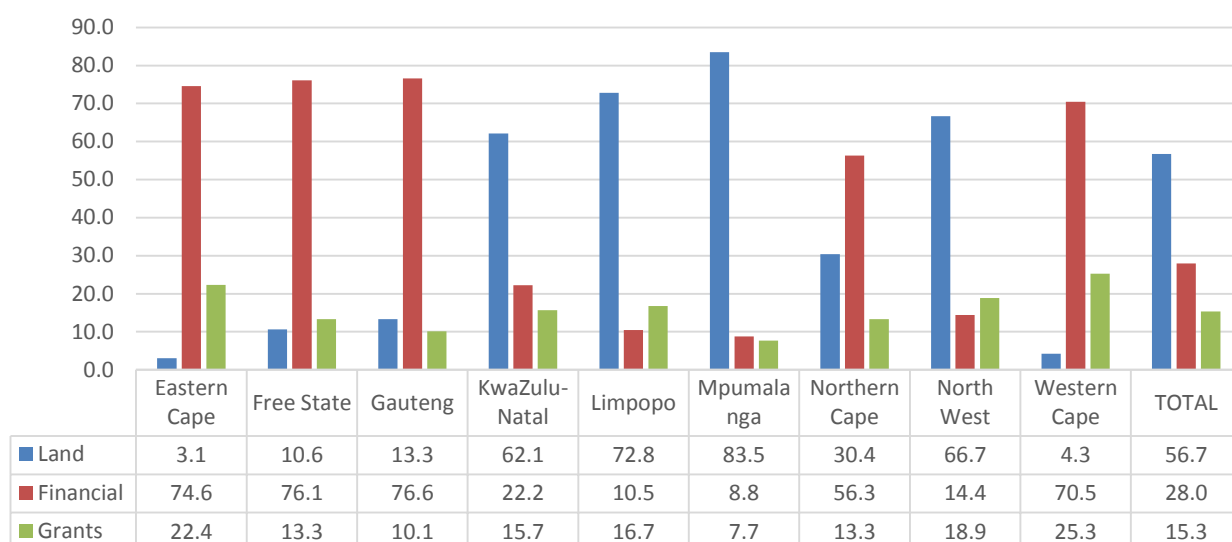
Source: DRDLR (2013b)

Table 6: Cumulative shares on restitution (April 1994 – March 2013)

Province	Claims (% share in total)			HHs	FHHs	Ha	Land cost		Financial compensation	Grant (%)				%
	Rural	Urban	Dismissed	(%)		(%)	(%)	(R/ha)	(% share in total)	Development	RDG	SPG	RSG	Total Award
Eastern Cape	4	23	9	18	19	4.5	0.4	491.8	21.7	9.8	16.5	16.9	28.1	8.1
Free State	0	4	7	2	2	1.9	0.2	662.5	3.5	0.9	1.8	1.8	1.5	1.3
Gauteng	16	17	22	4	4	0.6	0.8	6,908.1	8.9	2.4	1.3	0.9	2.3	3.2
KwaZulu-Natal	21	20	4	23	20	25.4	34.0	6,837.5	24.6	34.6	20.1	19.3	29.0	31.0
Limpopo	22	2	14	13	13	20.0	22.0	5,595.8	6.4	19.1	18.8	17.6	13.6	17.1
Mpumalanga	15	2	6	15	13	15.3	28.0	9,327.9	6.0	7.0	19.4	20.0	12.1	19.0
Northern Cape	1	5	8	6	7	18.9	3.0	821.6	11.4	5.1	3.1	5.1	7.2	5.7
North West	6	4	10	12	14	13.3	11.2	4,327.8	4.9	11.1	16.1	16.4	4.9	9.6
Western Cape	14	22	20	7	9	0.1	0.4	13,928.3	12.6	10.0	3.0	2.0	1.4	5.0
TOTAL	100	100	100	100	100	100	100	5,107.2	100	100	100	100	100	100

Note: ¹Households; ²Female-headed households; ³Various grants administered by the Department, largely for settlement and post-settlement support

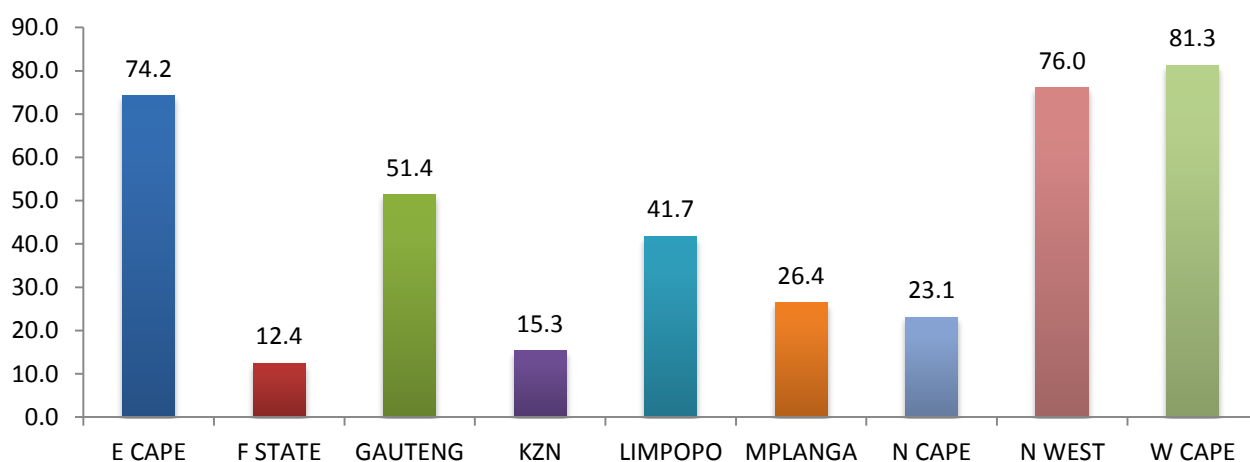
Source: DRDLR (2013b)



Source: DRDLR (2013b)

Figure 3: Spending shares in land, financial compensation and grants

Data published by the DRDLR seldom make a distinction between land “*acquired for acquisition*” and land “*transferred*”, with the former usually being published but only labelled as “*hectares*”. This creates the impression that the published figures represent land that has been acquired and transferred, which is not the case. The current status of the land “*approved for acquisition*” will have to be clarified by the Department, specifically if the land has indeed been acquired but not transferred or if it has only been approved to be acquired. The performance of the respective provinces is reflected in Figure 4.



Source: DRDLR (2012)

Figure 4: Percentage of the land acquired that was transferred

Published data on restitution, though sparse and fragmented, is abundant in comparison to data on redistribution at the Provincial and local government level. Various attempts have been made to acquire more comprehensive data from the DRDLR and DAFF, but largely without success. According to the National Treasury the State has spent about 20% more on restitution than on redistribution in

real terms for the period April 1994 to March 2013. Data on total hectares redistributed on national and provincial level, as well as provincial spending totals were not available.

Nevertheless, the cumulative data presented Table 7 for the three year period April 2009 to March 2013 do provide an indication of the extent of redistribution programmes. This shows that 10 447 people benefitted from the program during this period through gaining access to 882 383 hectares of agricultural land, which equates to almost 1% of the agricultural land available. In the Free State a total 427 people gained access to just over 70 000 ha, which represents 0.6% of the agricultural land available in the province. If one assumes a constant rate of redistribution per year during the 18 years of land reform, a total of 3.6% of the agricultural land in the province could have been transferred through redistribution. This figure is substantially higher than confirmed figure found by the audit but serves as additional evidence of the limited success achieved with land reform in the province to date. This could also suggest that a substantial portion of the land identified as “unknown” could be included within the land reform category.

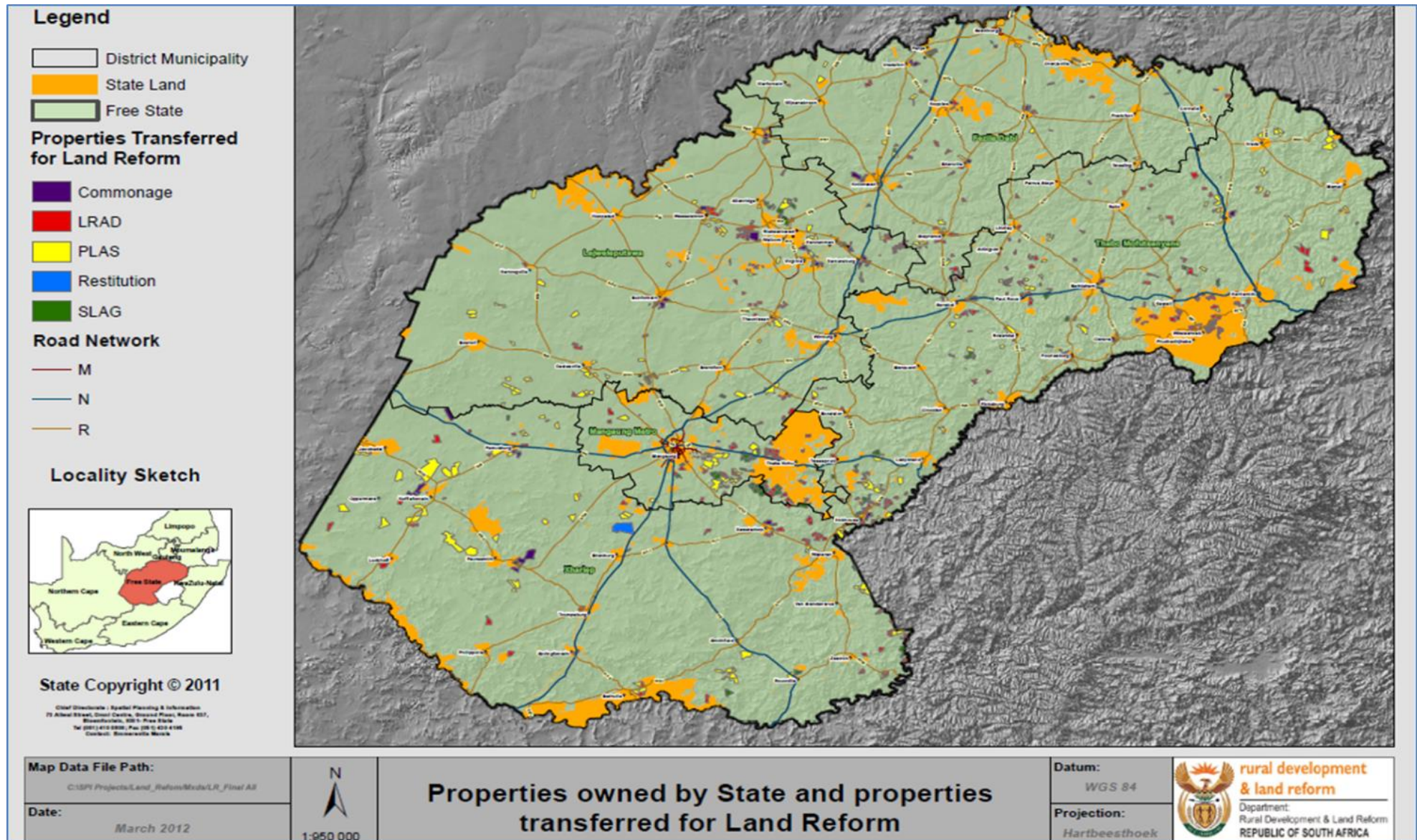
During this three year period the Free State received 8.1% of the land redistributed nationally, which is significantly more than the land acquired through the restitution programme. When compared to the Free State’s approximately 12% of South Africa’s commercial agricultural land, there is some evidence of bias against the province, but the origin of this bias is not known.

Table 7: The extent of land redistribution, April 2009 to March 2012

	Projects	Hectares	% of total	Beneficiaries	% of total	Households
Eastern Cape	123	132 849	15.1	1 167	11.2	394
Free State	102	71 428	8.1	427	4.1	24
Gauteng	56	7 683	0.9	231	2.2	117
KwaZulu-Natal	154	72 936	8.3	4817	46.1	864
Limpopo	92	40 512	4.6	481	4.6	138
Mpumalanga	122	100 933	11.4	1 209	11.6	84
Northern Cape	57	350 869	39.8	176	1.7	0
North West	99	73 977	8.4	246	2.4	224
Western Cape	41	31 051	3.5	1 693	16.2	627
		882 238		10 447		

Source: DRDLR 2013

Map 2: Properties owned by the state or transferred through land reform



Source: DRDLR (2012)

6 Free State province in the context of the National Development Plan 2030

The National Development Plan identifies an “*Integrated and Inclusive Rural Economy*” as one of the main goals towards achieving its vision 2030. According to the NDP the success of land reform is essential towards achieving this goal “...in order to unlock the potential for a dynamic, growing and employment-creating agricultural sector” (NPC, 2011:206). The Free State land audit, however, has shown that very little progress has been made toward attaining this goal in the province, with only a confirmed 1.71% of the previously white owned agricultural land in the province being transferred through official land reform projects. However, the data also show that private land transactions, where black people have acquired land independently from government programs have occurred at a rate of just over 70% of the rate of transfer under the land reform program i.e. contributing towards a further confirmed 1.22%. In this regard, the NDP takes a pragmatic approach to land reform work, which includes the following objectives:

- The rapid transfer of agricultural land to black beneficiaries without distorting land markets or business confidence in the agribusiness sector.
- Ensure sustainable production on transferred land by making sure that human capabilities precede transfer through incubators, learnerships, apprenticeships, mentoring and accelerated training in agricultural sciences.
- Establish institutional arrangements to monitor land markets against undue opportunism, corruption and speculation.
- Bring transfer targets in line with fiscal and economic realities to ensure that land is successfully transferred.
- Offer white commercial farmers and organised industry bodies the opportunity to significantly contribute to the success of black farmers through mentorships, chain integration, preferential procurement and meaningful skills transfer.

It is clear from the above that the future success of land reform is dependent on the cooperation of both the State and the commercial agricultural industry. The Free State land audit serves as a good example of how the state and industry can collaborate in a mutually beneficial way. The study has provided the best available data on the current status of land reform in the province that has not been available to date and which could not have been compiled by either party in isolation. It is also clear that this model will have to be replicated in all the other provinces in order to obtain reliable data on a national level.

Possible future collaboration between the parties could contribute towards making land reform work as proposed in the National Development plan. Examples include collaboration towards

- preventing undue opportunism, corruption and speculation;
- the identification of land that can be acquired for land reform purposes; and
- the transfer of knowledge and expertise in order to ensure the success of beneficiaries.

7 Shortcomings and challenges

One of the biggest shortcomings of this project was that the transformation status of a significant portion of land in the province (10%) is still held as either “unsure” or “unknown”. This raises the possibility that the land held by black people in the province could be significantly higher than the 2.96% found by the audit. This figure provides the first confirmed ownership share in the province to date. It is foreseen that the extent of the unattributed land will decline with future updates of the land audit in conjunction with implemented or proposed improvements in recording the demographics of new owners.

Another major constraint is the availability of comprehensive long term data on land redistribution and redistribution, especially at the sub-national level. Long term annual and cumulative data on redistribution was compiled with great effort from various sources for this project, and represents the most comprehensive to date. Such a dataset could not be constructed for the redistribution component of land reform. Various government publications and other sources were researched, and contact was made with the department without success. The *status quo* can only be explained through an unwillingness to make it public or due to the fact that the department does not process such data themselves.

8 Conclusion and the way forward

The Free State land audit has provided the best available data on the current status of land reform in the province: data that are more useful than the interim findings of the DRDLR land audit, which fails to identify the population group or gender of land owners. Free State Agriculture in collaboration with the provincial DRDLR has conducted a comprehensive land audit within the province through physically categorising all the land parcels within the province. Maps of the parcels were provided by the DRDLR and the categorisation done by members of Free State Agriculture. The results of this audit shows that very little progress has been made in the province towards achieving an integrated and inclusive rural economy, with only a confirmed 2.96% of the agricultural land in the province currently being owned held by black people, of which 1.71% was transferred through land reform programmes and 1.25% privately acquired. The ownership status of a further 10% is unsure. The audit also showed that only 5 771ha have been transferred through restitution programs, significantly less than the 55 700 ha “approved for acquisition” shown by the DRDLR.

This discrepancy led to a thorough analysis of data published by the Department on restitution. This revealed that the province has received a mere 1.3% of the total restitution spending to date and that 76% of this was used to settle claims through financial compensation. Only 10.6% of the total allocation to the province was used to acquire land but only 12.4% (6 333 ha) of the acquired (or approved for acquisition) land was transferred to beneficiaries, which likely explains the discrepancy between the data presented by the Department and results of the land audit.

Data on restitution, though sparse, is abundant in comparison to data on redistribution. Very little cumulative data on redistribution spending and area acquired is not available, but greatly needed. It

was estimated that a possible 3.6% of the agricultural land in the province was transferred through redistribution programmes. Steps will have to be taken within the department to compile to compile and make this data public.

The establishment of an “*integrated and inclusive rural economy*” has been identified by the *National Planning Commission (NPC)* as one of the key goals for achieving their vision 2030. This study has provided a reliable estimate of the size of the challenge that confronts South Africa. On the positive side, it has also served as an example of how the State and industry organisations can collaborate in order to obtain mutually beneficial results that would not have been possible otherwise: in this regard it serves as an example for the other provinces.

Although the audit has shown the slow progress with land reform in the Free State Province the Free State Agriculture Congress put forward numerous proposals in step with the NDP on how this can be addressed and how land transferred to new farmers can be used productively.

There is clear willingness to implement a grass roots level strategy whereby local Agricultural Associations can participate in the process of identifying land for sale and also identifying and supporting potential black farmers who could be assisted to buy the land. It is opportune for the State to support these initiatives so that the NPC principle of local land committees gradually gets established to facilitate the orderly transfer of land.

Yet the NDP is quite clear: land reform has to start with the (re)creation of a comprehensive farmer support programme whose main aim is to ensure that new entrants into agriculture can farm profitably at whatever scale they decide. It is clear that the systematic withdrawal of farmer support from white farmers and the failure to put in place adequate farmer support for new (black) farmers over the past two decades favours larger farmers. It favours the largest commercial farmers over the smaller commercial farmers (black and white), and it favours all commercial farmers over small-scale farmers in the communal areas. In the absence of adequate farmer support from the state, the bigger farmers are able to provide their own support services. If, for example, the railways don’t function, they can better afford road transport; if the state does not regulate food standards the supermarkets will provide their own standards and larger farmers can better afford the investment; if the Land Bank won’t lend money to farmers, the larger farmers have better access to the commercial banks.

The lack of farmer support has also compounded the ill effects of South Africa’s distorted rural space, while the little farmer support that exists is not aimed at addressing the legacy of ‘Betterment’ nor of the Marketing Act, and has left the countryside bereft of food processing and trading enterprises, so that it is little wonder that the contribution of black farmers to agricultural output remains small and that within commercial farming the largest farmers produce an increasingly large proportion of total output.

In this regard, the key policy vision for agriculture, as spelled out in the NDP, has to be the provision of integrated farmer support services that favour smaller farmers, while the key policy vision for land reform should be to ensure property rights that allow all farmers to mobilise capital; to ensure flexible land markets (including a vibrant land rental market) that also allow farmers to grow, shrink,

stagnate and/or get out; to reflect diversity of natural resources and (historical) modes of production; and to accommodate the high cost of entry.

These farmer support services include (but are not restricted to):

1. Rights – includes but is not restricted to land rights
 - Land rights are more important for smaller farmers, especially for those in the communal areas and for land reform beneficiaries
 - Security of tenure or flexibility in land markets does not always take the form of private property rights, and innovative ways of securing the rights of farmers will be sought
 - Farm worker rights are also an important element, and a better balance will be found between their rights and requirements of small and large farmers who depend on hired workers
 - Water rights for irrigation farmers
 - Also rights to markets (export licences, etc.)
2. Market access for all farmers, for all commodities and for all parts of the country: phase in as on-going process.
3. Access to inputs through innovative programs that learn the lessons of success from such programs in Malawi, Zambia and elsewhere in Africa.
4. Programs to support human capital, including school, tertiary education institutions, learnerships, mentorships, etc.
5. Technology development and transfer systems that build on the historically strong ability of South African agriculture to adapt technologies to our circumstances.
6. A biosafety regulatory framework that works to the benefit of consumers and of smaller farmers as a first priority.
7. An institutional framework that supports access to inputs, market access, biosafety, research and development, social services for farm workers, etc.
8. Physical infrastructure to make these support systems possible. This includes the roads, the railways and the ports, water and electricity access for farm workers, and access to irrigation, etc.
9. Smart subsidies and smart support to key industries as part of the job creation strategy.

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