

# Land reform - the unknown future trend

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Since its instigation, land reform has been a contentious issue with political sentiments often implying that land should be obtained at little or no cost, assuming that land can be equated to wealth and probably also that current ownership of land is illegitimate.



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Some political parties not only often echo similar sentiments very explicitly but government initiatives in this regard seem to be supportive of such notions. Land reform is a constitutional imperative but whether policy responses in support of this are currently serving equally important goals also in relation to human rights issues like the right to food, which hinges on economic growth and employment creation, is debatable.

Restitution of land to people removed from land under the previous regime has, especially since 1998, been one of the pivotal policy initiatives in relation to land reform. The claim process has recently been opened for a further period that will apparently be terminated in 2019. The extent and nature of further land claims are currently unknown whilst many of the claims of the previous period have still not been settled. As a result of the fact that land restitution as such was riddled with failures, the government embarked on a process of recapitulation which demanded further funds which otherwise could have been applied to land reform in general as the second pillar of the land reform process.

## Uncertainty for the private sector

The private sector is required to participate in land reform like joint ventures, equity sharing and black economic empowerment, the latter also emphasising ownership transfer. The question begging an answer is how the private sector can enter in private sector initiatives in this regard not knowing whether future land claims can lead to e.g. private sector joint ventures being dismantled again.

In addition to the uncertainty brought about by the restitution process, political utterances pertaining to obligatory sharing of land with farm workers and the placing of ceilings on land ceilings are not indicative of policy certainty - a prerequisite for investment in the agricultural sector. Whether land reform initiatives are currently serving the constitutional aims of the country in its broader context is therefore questionable.



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## Variables and considerations

Since 1950 the number of farming units decreased from about 120,000 to the current number of approximately 37,000. The debt level is currently at a level of approximately R120 billion implying that about one-third of farming assets is effectively owned by creditors, clearly indicating that the majority of current farmers obtained land through market transactions.

Currently, farmers cannot, in their individual capacity, be penalised for the ills of a previous political system. Agri SA as an organisation supports land reform devoid of penalisation of individual farmers. For this reason, a financing model in this regard based on adapted financing and incentives was recently developed.

Given the variables with respect to land reform already present and the uncertain nature of future deployment of political interventions, extrapolation of the current situation into a future trend is almost impossible. Whether or not the current level of policy uncertainty is serving the interest of the agricultural sector and the country is unclear.

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