This is a story about land reform changing the racial profile of concentrated commercial farming without broadening ownership to small farmers and local communities. The state’s efforts to ramp up land redistribution are derailed by fiscal constraints and legal challenges to expropriation. With its attention firmly fixed on South Africa’s growing urban population, the state looks to the commercial sector to support rural land reform and improve food security. Land reform largely takes on the character of partnerships between the private sector and land reform beneficiaries. A growing cohort of black commercial farmers benefits and becomes increasingly well organised and vocal. The urgency of land reform appears to have fizzled out. Or has it?

“LAND IS A PRODUCTIVE ASSET”

It is 2016 and South Africa is facing challenging local and global economic conditions. GDP growth is at 1 per cent. Conditions are dismal for the unemployed and the poor. The urban population is growing rapidly and the demand for food is rising at a time when local food production is declining in the face of the worst drought in 20 years. The opening of a second period of restitution claims increases expectations among land claimants and places renewed pressure on a state facing fiscal constraints.

In rural areas, most farms transferred through the restitution programme are failing. Commercial farming or ecotourism enterprises that belong jointly to large groups of people face difficulty in yielding benefits for all. Many such projects collapse owing to conflicts over power and decision-making. Communities that have land restored are frustrated at being unable to use their land rights to raise capital for its development.

Many communal property institutions established to hold restored land are placed under administration. Government tries to improve governance compliance in communal property institutions through the Land Rights Management Facility and appoints consultants and strategic partners to mediate conflict. Critics accuse these players of being the main beneficiaries of this kind of land reform. As thousands of new claims are lodged, there is a high degree of scepticism about the possibility of restitution.

Much of the land transferred through the redistribution programme has good potential, but is not being used productively. Large sums of money are allocated to beneficiaries through the Recapitalisation and Development Programme, but these have little effect on production levels, despite the requirement that mentors or strategic partners provide expert assistance to the beneficiaries.

The question of how to feed a rapidly urbanising population becomes more pressing as the 2019 elections loom. Worries about food insecurity are exacerbated by agricultural failures on land reform properties and the implications of an ageing white commercial farmer population. The sons and daughters of these farmers have little interest in inheriting the farm and are instead pursuing alternative professions. Unless the farms are adjacent to larger commercial operations that want to
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Expand and take on the risks, these commercial farmers are often unable to sell their land.

Beyond worries about local food security, there are concerns about whether South Africa can remain internationally competitive in the agro-food industry. Nevertheless a small number of large-scale operations continue to be very successful and contribute to increased exports to countries such as China.

2019

In the 2019 national elections the ruling party retains power, but the percentage of its electoral support falls below 60 per cent for the first time. The party turns its attention to a much more assertive land redistribution strategy. The intention is to pick up the pace of rural land reform through the rapid transfer of land, and to increase food production in the medium term. The Expropriation Act passed in 2017 means that the state can bypass the ‘willing buyer, willing seller’ principle when it deems necessary, but expropriation or the amount offered as ‘just and equitable compensation’ can be contested in the courts.

Expropriation is handled circumspectly, but with a sense of urgency. The state places on record that compensation should be based on market prices and moves quickly to identify commercial agricultural land for expropriation. The primary beneficiaries envisaged by the state are black commercial farmers with a proven track record and whose leases will be upgraded to full title after three to five years if their operations are assessed to be commercially viable.

The government also enacts legislation designed to protect and empower farmworkers through the 50:50 farmworker equity scheme, which is structured so that participating farmers earn points on the AgriBEE scorecard.

Many landowners who have received expropriation notices choose to contest these in court. The courts are congested and cases proceed at a snail’s pace. Once again, fingers are pointed at those who seem to be benefiting most from flaws in the land reform process. This time lawyers are blamed for gaining financially from fees and unnecessary administrative delays, all of which come at a high cost to the system.

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2022

By 2022 the expropriation of high value agricultural land is costing the state more money than it can afford and legal challenges are slowing the process of land transfer.

Meanwhile, urban issues are demanding more immediate attention. More people are hungry, informal settlements are mushrooming, and the numbers of unemployed youth are growing. Sporadic illegal invasions in urban and peri-urban areas make newspaper headlines, highlighting the restlessness of people who expect to acquire land for...
settlement and want it soon. Economic growth remains stubbornly below 2 per cent.

At the ruling party’s 55th national conference in late 2022, there is recognition of the acute vulnerability of South Africa’s growing urban population to food shortages and price hikes. The conference resolves to prioritise urban issues of overcrowding, hunger and violent protest and, more quietly, decides to take its foot off the accelerator of rural land reform. Around this time, the results of a new land audit are released, demonstrating that a higher percentage of agricultural land has been transferred than previously calculated. Within weeks, the Department of Rural Development and Land Reform engages agricultural industry representatives about expanding their role in ongoing rural land reform.

Their discussions falter initially. What pulls the negotiations through is a shared recognition that commercial farmers, regardless of race, are needed to sustain the viability of the agricultural sector – as a contributor to GDP, as a source of employment, and as a means of feeding a growing urban population. Less publicly there is recognition that public-private partnerships have a stronger track record in establishing profitable commercial farming ventures than state-run programmes.

It is agreed that development finance institutions will help to accelerate the rate of market-based land transfers and support efforts by the state to acquire more commercial farmland for redistribution. Programmes to integrate black commercial farmers into high value supply chains will be accelerated. Banks agree to offer production loans at preferential rates with the risks shared amongst all the suppliers in a value chain. Strategic partners will broker partnerships with black commercial farmers and provide mentoring. The private sector also agrees to ‘salvage’ non-compliant communal property associations and trusts as part of their social responsibility programmes.

In cases of the restitution of high value agricultural land, group claimants will receive the land subject to leaseback and shareholding arrangements in joint venture companies. Medium-term leases will be buttressed with skills transfer. Claimants will gradually pay down the value of the land using dividends earned as shareholders. In the forestry and sugar cane sectors, they will be eligible for preferential supply agreements with paper and sugar mills. Privately capitalised funds will be established with government guarantees to enable commercial farm owners to enter into joint ventures with emerging farmers. Land portions will be acquired using money borrowed from such funds. Joint management agreements will include an exit strategy once the debt has been repaid and a return earned on their investment.

2025

By 2025 a small but significant number of black commercial farmers are benefiting from improved extension services and skills development. Services are provided by a combination of government agencies, retired farmer mentors, input suppliers and AgriSETA, coordinated under the revised Agricultural Extension Policy.

The situation of farmworkers is mixed. As farms grow in size, capital investment in digital technologies and new machinery displaces many low-skilled workers. High and semi-skilled farm workers are in demand, but earn below average wages, as black as well as white commercial farmers keep input costs to a minimum in order to be competitive.
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Through an agreement with the Department of Rural Development and Land Reform, some of the larger white commercial farmers have set up their own equity arrangements with their workers in return for having their land protected from restitution claims. However, many farmworkers participating in equity schemes complain about low dividends and a lack of access to decision-making on farms.

In the late 2020s, a crisis in South Africa’s river systems is largely blamed on uncontrolled use of agricultural chemicals. The impact on irrigated land creates conflict between upstream and downstream farmers. In one area, negotiations result in an agreement to use organic fertilisers. Farmers downstream threaten to set fire to the orchards of their upstream counterparts if the agreement is broken.

Some black farmers succeed and some fail in the first few years of this renewed drive. Those who cannot make it are bought out by larger farmers, while those who flourish look to enlarge their own farms. In a highly competitive global market, concentration is a key outcome of successful investment. Given the poor performance of the rand, many commercial farmers focus on exports.

Agricultural data shows that in 2028 South Africa is food secure at a national level, but household food security remains compromised. According to an international NGO, 18 million people in South Africa are going to bed hungry, up from 12 million in 2014. The private sector is accused of playing an opportunistic role by inflating prices and using land reform as an opportunity to make more money.

Community-private partnerships between communal property institutions and private mining and agriculture companies are commonplace, and partnerships between traditional councils and private investors have evolved in some communal areas. More restitution land projects are staying afloat and communal property institution governance is strengthened by improved regulation. But the distribution of benefits to communal property institution members becomes a cause of conflict as benefit flows increase.
By 2030 there has been a marked increase in land transfer to black South Africans and the target of transferring 30 per cent of commercial farmland has been achieved. The trend is one of gradual and partial deracialisation of commercial agriculture.

With continued concentration, farms are now very large and the number of commercial farms has halved to 20,000 from 40,000 in 2016. Black South Africans own about half of the land in the commercial farming sector. Many other black farmers operate small to medium-size enterprises. More than 50 per cent of forestry and sugar cane production is controlled by communal property associations and trusts. Communal areas remain neglected, although some community-private partnerships have taken off in areas with high cropping or livestock production potential.

Commercial partnerships and shareholding take centre stage on rural land. But with over 70 per cent of the population living in or near cities the state has its attention firmly fixed on the immediate needs of the urban areas. A young generation is growing up hungry, landless and marginalised on urban fringes, tantalisingly close to wealth, and adjacent to very large commercial farms in rural areas.

In 2030 the phrase ‘land reform’ is rarely used by government. For many South Africans, however, the ‘land question’ has not been finally resolved. There are signs of discord as some realise that land reform has given them a raw deal and that household food insecurity has not been overcome for the poor. Will pockets of persistent demand erupt into conflict?