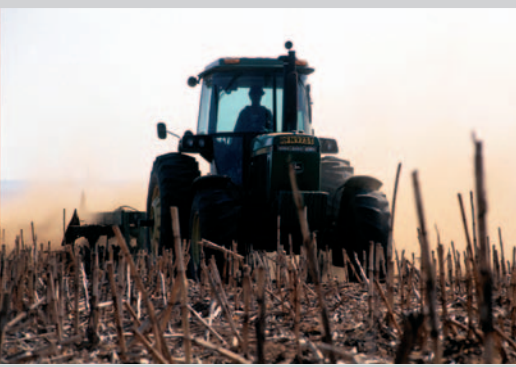


Research report no 14


# LAND REFORM IN SOUTH AFRICA



## A 21st century perspective



THE **C**ENTRE FOR **D**EVELOPMENT AND **E**NTERPRISE



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**CDE RESEARCH**

POLICY IN THE MAKING

**14**

**LAND REFORM IN  
SOUTH AFRICA**

**A 21<sup>st</sup> century perspective**

Abridged



THE **C**ENTRE FOR **D**EVELOPMENT AND **E**NTERPRISE

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*CDE Research: Policy in the Making* is a vehicle for disseminating research findings and policy recommendations on crucial national challenges. Each issue is based on in-depth research, including numerous specially commissioned background research reports written by experts in the field.

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The challenge facing the country now is to reconceptualise and modernise our understanding of land reform at the beginning of the 21st century

## INTRODUCTION

Land reform is a vital political issue. Throughout our history, South Africans of nearly all ethnic groups have attached great emotional and political importance to the land. For instance, there are still strong links between Afrikaner identity, Afrikaner nationalist politics, and ideas about the land.

Today, however, the politics of land are most important for the African majority. In the 19th century, white colonial and settler governments deprived Africans of control over vast areas of land, often very violently. In the first half of the 20th century, successive white governments attempted to destroy independent African farming communities in order to favour white commercial farmers. As the century wore on, the apartheid regime forced millions of Africans into the overcrowded 'homelands' while simultaneously cosseting commercial farmers with every sort of state subsidy and assistance. Much of the most notorious and destructive legislation of the 20th century – including the Natives Land Act of 1913, the 1936 Natives Trust and Land Act, and the Group Areas Act of 1950 – was about rural and urban land rights. It is, therefore, an inevitable and appropriate result of our painful history that land issues will remain hugely important well into the 21st century.

Land reform is also an issue that lends itself to political exploitation, whether by interest groups seeking to draw attention to their specific causes by linking them to the much wider interest in 'the land', or by political opportunists seeking to draw attention away from other matters.

### Dominant perspective

The popular debate on land reform in South Africa is influenced far more by beliefs about this country's history than by plans for its future well-being. When one mentions the words 'land reform' to most South Africans, they immediately think 'rural', 'agriculture', and transferring the ownership of farmland from whites to blacks. In fact, many South Africans see land reform in starkly racial terms; as an issue of the quickest and best way to get whites to return land to blacks. In a survey of 3 500 South Africans of all races undertaken in February and March 2004, 72,1 per cent of black respondents agreed with the statement: 'All the land whites own, they stole from blacks'.<sup>1</sup> When land reform is discussed, few commentators mention the effects of urbanisation, globalisation, government policies such as the liberalisation of trade, the modernisation of agriculture, economies of scale, the scarcity of water and other resources, or the pervasive constraints on any developmental programme in South Africa.

Many participants in the debate on land reform are informed by an idealised vision of rural South Africa and a once thriving peasant agriculture cruelly destroyed by successive white governments; memories of forced removals; anger at the way in which, until recently at least, white farmers were protected by means of subsidies and other privileges while black farmers were discriminated against and dispossessed; and a strong desire to show that, given opportunity, land, and resources, black South Africans can farm successfully.

'Land reform' has become too vague a concept, an idea to which South Africans have attached a too large number of issues and challenges. These include full and final restitution for much of the legacy of apartheid, including the economic and political damage

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The popular debate on land reform in South Africa is influenced far more by beliefs about this country's history than by plans for its future well-being

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The process of rural-to-urban migration and the growth of the urban population have made land reform a very important urban issue

caused by the Natives Land Act of 1913, the 1936 Natives Trust and Land Act, the Group Areas Act of 1950, and other racially discriminatory laws; the consequences of the forced removals under apartheid of millions of South Africans; and the many legacies of the 'homelands' policy of successive National Party governments. As if these factors weren't enough, many participants in the debate on land reform also expect it to modernise the communal tenure system in former homeland areas; strengthen the position of women living in traditional societies; rapidly create a new class of flourishing black commercial farmers; and play a major role in relieving rural poverty.

### **South Africa's land challenge**

The consequence of all this is that land reform today is a sensitive and potentially explosive issue. This is understandable when one considers our history and its impact on land ownership, occupation, and the life chances of people from different racial and ethnic backgrounds. But all South Africans now live in a very different world from that of 1913, 1948, or 1994.

By 'loading' the concept of land reform in this way, and by handing its implementation to one government department, the Department of Land Affairs (DLA), South Africans have placed that department in an extremely difficult position. The country is asking it to perform a job that no single department, however powerful its mandate, or how dedicated and skilful its staff, should be asked to perform. It is being asked to carry much of the weight of the past without enough consideration being given to how this squares with our present and future.

Land reform in any country is a difficult and complex process; it is also invariably expensive. We should be under no illusions about its complexity and scale in this society.

All this means that very serious consequences may arise from any policy or programme of land reform than can be portrayed as failing to meet its targets, or simply as taking too long to make an impact. South Africa therefore needs a land reform programme that is both developmentally *and* politically successful. Its outcomes must make land reform beneficiaries better off *and* create an increasing degree of confidence – domestically and internationally – that land issues are firmly under control, and that historic wrongs are being righted at a steady pace.

But this, of course, is far easier said than done. In this report, CDE's objective is to help ensure that land reform is the outstanding success we all need it to be.

In our view, the challenge facing the country now is to reconceptualise and modernise our understanding of land reform at the beginning of the 21st century. We need to redefine 'land reform' to take account of the realities of an urbanising, modernising, economy; make it consistent with our shared vision of where this society must go, and with other crucial dimensions of government policy; and ensure that it is a policy area with achievable goals, compatible with our developmental constraints.

### **Structure of the report**

We start with an analysis of recent political developments on land issues, arguing that there are some worrying signs that confidence is being lost – or at least, that it is not being created at the necessary pace. In the second part of the report, we turn from the realm of symbolism and politics to the 'bald facts' about the current process of land reform and



the agro-climatic, economic, budgetary, and other constraints within which it operates. Although these facts may not tell us much about the political importance of the land, they are nevertheless crucial, because they define the limits of the possible. In the third section, we offer 13 key findings on land reform that bring together its political and practical realities. On the basis of these findings, we then recommend a revised approach to land reform that builds on the country's strengths in order to achieve the levels of success we need. We conclude with a challenge to all South Africans – the cabinet and senior business leaders in particular – to rally round a new and achievable vision of land reform.

## RECENT POLITICAL AND POLICY DEVELOPMENTS

CDE agrees with government that its achievements in this difficult area over the past ten years have not been sufficiently recognised. For instance, it is not widely enough appreciated that about 70 per cent of land restitution claims have now been settled.<sup>2</sup>

Our research has also led to an appreciation of just how demanding the set of tasks are that face the department of land affairs and the government as a whole. The complexity and scale of these responsibilities was not understood by anyone in 1994, and is still not widely appreciated outside government.

Since coming to power, the democratic government has pursued land reform in a considered, reasonable, and largely market-oriented manner, firmly rooted in the 1993 constitutional settlement, and in the recognition that the righting of past wrongs, while essential, should not be allowed to damage the future prospects of land reform beneficiaries or of South Africans in general.

CDE continues to be struck by the moderate and measured way in which the government thinks and talks about land issues, almost all the time. After ten years of democratic rule, however, South Africa has reached a critical moment in the development of its approach to land reform. The government has committed itself to redistributing 30 per cent of agricultural land to black owners by 2014. By December 2004, it had only transferred an area equal to 4,3 per cent of commercial agricultural land to blacks. This figure includes the transfer of state land; if this is excluded, the percentage drops to 3,4 per cent.<sup>3</sup>

As a result, the government is now under considerable and probably increasing pressure from many quarters over a failure to deliver on its land reform commitment (made mainly on the basis of inadequate international advice). For some years now, it has been subjected to vociferous pressure from those who claim to represent 'the landless', and who push for 'more land' without much regard for the complexity of land reform or the importance of the other priorities with which the country is grappling. There are media commentators who can itemise in great detail where and how government is failing to deliver, but who fail to think much further than that. Some NGOs are opposed to urbanisation in principle, and are motivated by a vision of prosperous small farms dotting the countryside (as though we were a high-rainfall, high-skills country). Most recently, some land activists have begun to express hostility not just to the government's market-oriented approach to land reform, but even to market-driven economic growth itself. Astoundingly, they perceive growth as being against the interests of the 'rural poor'.

All of this places government in a difficult position. As the chief land claims commissioner is reported to have said in September 2004, 'Some farmers still believe wrongly and strongly that government is out to destroy farming. The Landless People's Movement,

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The most universal and immediate land need in South Africa is for 'a place to stay' rather than 'a place to farm'

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Some officials seem to be showing increasing signs of impatience with what they perceive to be the slow pace of land reform

on the other hand, believes that government is out to protect farmers, paying them fat cheques for land purchases ... while the majority of landless people are suffering in their poverty. The government is worried about both of these extreme positions.<sup>4</sup>

As a result of these pressures, the government's position on land issues is a complex mix. Some government thinkers are engaged in a modernising project. They are convinced that agriculture is a limited sector for 21st-century urbanising South Africa, and have rapidly exposed this formerly highly protected sector to the global economy. They are interested in creating a class of successful commercial black farmers, which will not comprise a very large number of people.

However, others within and close to government see land reform as performing a myriad of functions far beyond the capacity of the agricultural sector, or rural settlement strategy. They want restitution to be as expansive as possible, and the white commercial sector to be placed under maximum pressure to redistribute land and productive capacity to black small farmers, drawn both from the former homelands as well as the ranks of current farm labourers.

The tensions between these two approaches are evident in both the language of government officials about land, and in recent policy developments.

### **Signs of impatience**

At present, land policy is geared at balancing the goals of righting past wrongs and assisting the poorest South Africans with the important aim of creating a class of successful black commercial farmers, all within a market-oriented policy framework. But the language used by some government politicians and officials often differs from policy and its implications, with references to 'landlessness' and the use of land to 'push back the frontiers of poverty' not being uncommon. And some officials seem to be showing increasing signs of impatience with what they perceive to be the slow pace of land reform. For instance, in August 2003 a senior land official reportedly warned white farmers that 'a situation similar to Zimbabwe was not far off if they did not co-operate. He lambasted farmers who were asking too much for their land, accusing them of making land reform impossible.'<sup>5</sup>

The democratic government has stayed firmly within the constitutional framework on land issues, respected property rights, and assured land owners that South Africa will not go the way of its northern neighbour. It has taken legal action against land invasions, and followed due process in legal disputes over land. It has adopted a demand-led and largely market-driven set of land reform programmes, and has observed the principle of 'willing buyer, willing seller' in transferring land ownership from whites to blacks.

It is therefore in a context of support for many of the government's policy positions and initiatives, adopted and implemented under difficult circumstances, that we must note three recent developments of real concern.

These policy developments reveal a growing sense within government that land reform is not as successful as it should be, and that a new, more radical, and less market-oriented approach is required. They are:

- The Restitution of Land Rights Amendment Act (2003), which extends the powers of expropriation of the minister of land affairs for the purposes of land reform.
- The emergence of foreign ownership of land as an issue on the national agenda. A government-appointed commission is currently investigating the issue of foreign land ownership, and public hearings were held in December 2004.

- The government's recently released draft AgribEE framework, which dramatically increases the targets for land redistribution and black economic empowerment in the agricultural sector.

These new initiatives raise expectations of much enhanced 'delivery.' For instance, while the draft AgribEE framework asks established farmers, co-operatives, and agribusinesses to help achieve the well-known national objective of transferring 30 per cent of agricultural land to blacks by 2014, it also wants them to lease an additional 20 per cent of 'high-potential' land to blacks by 2014; and make available another 10 per cent of farmland to farm workers for their own farming activities. CDE's research shows that these targets are unrealistic.

It is clear that developments such as these will not be good for investor confidence in the South African agricultural sector. It is also likely that they will reduce the level of

### AgribEE's ambitious targets<sup>6</sup>

The AgribEE framework sets out 'guiding principles' for black economic empowerment in the agricultural sector. Released for comment in July 2004 by the minister of agriculture and land affairs, Thoko Didiza, the draft framework was based on consultations with major role players in the agricultural sector; however, several stated that they had not been adequately consulted. A revised document is being prepared for submission to the cabinet for adoption in line with the Broad-Based Black Economic Empowerment Act of 2003.

The draft seeks to commit the established agricultural industry – which it defines as 'individuals, groups, co-operatives, or companies which existed prior to 1994 and had a predominately white management, ownership, and control structure' – to the following targets:

- to help ensure that 30 per cent of agricultural land is transferred to black South Africans by 2014;
- to make available an additional 20 per cent of 'high-potential agricultural land' for lease by black South Africans by 2014;
- to make available 15 per cent of 'high-potential' agricultural land for acquisition or lease by 2010 (according to AgrISA, this is land included in, and not additional to, the previous two targets); and
- to make available 10 per cent of 'own' agricultural land to farm workers for their own farming activities.

The draft seeks to commit all enterprises in the agricultural sector to progressively achieving a:

- 30 per cent representation of black people in executive management by 2006;

- 50 per cent representation of black people in senior management by 2008;
- 60 per cent representation of black people in middle management by 2008;
- 10 per cent representation of black women in executive management by 2006;
- 25 per cent representation of black women in senior management by 2008
- 30 per cent representation of black women in middle management by 2008;
- 45 per cent representation of black women in junior management by 2008; and
- source 50 per cent of all procurements from BEE companies by 2010, and 70 per cent by 2014.

It seeks to commit the established industry to ensuring that:

- 35 per cent of existing and new enterprises are owned by blacks by 2008;
- 10 per cent of investment initiatives in Africa are allocated to black South Africans;
- 30 per cent of export market opportunities accrue to black-owned enterprises by 2007; and
- 10 per cent of farm-level enterprises are owned by farm workers by 2008.

It also seeks to commit the agricultural sector (defined as the entire value chain of agricultural businesses) to a series of targets aimed at eliminating illiteracy among farm and other workers.

The economic importance of South Africa's agricultural sector has declined dramatically, from 23 per cent of GDP in 1920 to 3,4 per cent in 2002

socio-political and economic confidence felt by South Africa's minorities. But even more importantly, they point to a loss of confidence within government and its core constituencies about the progress of market-oriented land reform over the past decade. What has gone wrong? And what can be done to ensure that the next decade is more successful?

To answer these questions, we need to look more closely at the facts about South Africa's endowment of land, and about the progress made with land reform to date.

## RESEARCH FINDINGS

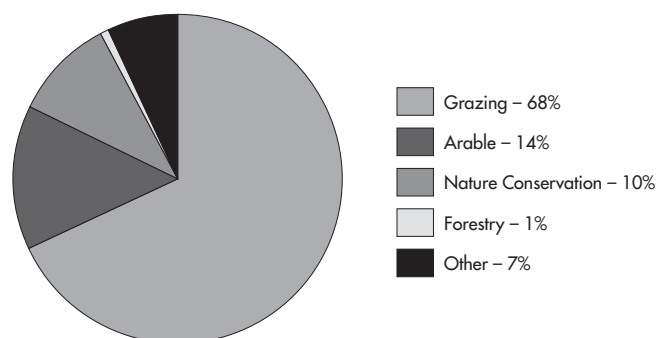
We have made every effort to ensure that the statistics cited in this report are accurate and up to date. There are some areas in which there is uncertainty about the data, and we have had to make our own calculations; in others it would not be reasonable to expect perfect accuracy from statistics dealing with the rural areas of a developing country.

### Land and agriculture

**Rural land:** South Africa comprises about 122 million hectares. Of this, 100 million hectares are classified as 'farmland' – ie, grazing land and potentially arable land (see figure 1). Of this, in turn, 82 million hectares are classified as 'commercial agricultural land' – ie, farmland largely owned by whites. Much of the country is dry and only suited to sheep, goat, or game farming; only 13,7 per cent of total land area is classified as potentially arable.<sup>7</sup> Some of this land is state-owned, but most is owned by white commercial farmers. About 3 million hectares of high-quality agricultural land are currently occupied by blacks, mostly in the former homelands; however, much of it is used for subsistence farming, and some of it is underutilised.

**Agriculture:** The economic importance of South Africa's agricultural sector has declined dramatically, from 23 per cent of GDP in 1920 to 3,4 per cent in 2002.<sup>8</sup> (There are of course, backward and forward linkages between agriculture and other sectors, especially food processing and manufacturing.) Given increases in costs, and a sharp reduction in subsidies, commercial farming has become more demanding and competitive; as a result, the number of commercial farmers has dropped from 78 000 to 45 000 over the past 15 years. From 1995 to 2000, land prices declined by about 15 per cent in

**Figure 1: Land utilisation in South Africa**



Source: National Department of Agriculture, *Abstract of agricultural statistics, 2001*.

real terms. Prices have recovered somewhat in certain regions. At least 5 per cent of farms are for sale in any given year.<sup>9</sup>

There are probably some 91 000 black commercial farmers in South Africa – about twice the number of white commercial farmers. However, most of them have far smaller farms, and they therefore still own less than 5 per cent of commercial agricultural land.<sup>10</sup> This reality is a consequence of our discriminatory history. It is neither right nor sustainable, and constitutes a central challenge to commercial agriculture.

Most farms are not used primarily for commercial farming. White-owned farms produce more than 90 per cent of marketed produce; however, this is being done by fewer and fewer farmers. Many farmers, especially in drier parts of the country, have been searching for alternative forms of revenue to field crops or stock farming. A significant new trend is ecotourism and game farming. Farming is increasingly knowledge-intensive; over the past decade, managerial and professional inputs have tripled, while unskilled inputs have halved. Given increasing mechanisation, farming has become less labour-intensive. Farmers' greatest single anxiety is crime; between 1991 and 2001, 6 122 farmers and their families were attacked on their farms, and 1 254 people were killed.<sup>11</sup>

Commercial agriculture, whether 'established' or 'emerging', is a fragile, relatively small, and knowledge-intensive rather than labour-intensive sector. It cannot be 'transformed' into a large-scale anti-poverty or unemployment relief mechanism except indirectly, by flourishing as a secure, non-racial, and modestly important economic sector.

## Land reform

The government's land reform policy has three components: restitution (returning land, or providing compensation, to those who were dispossessed under apartheid); redistribution (increasing black ownership of rural land); and tenure reform (improving the security of tenure of dwellers on rural and peri-urban land).

In May 2001, the government reaffirmed its commitment – first stated in the Reconstruction and Development Plan (RDP) of 1994 – to redistribute 30 per cent of agricultural land to blacks, but shifted the target date from 1999 to 2014. It describes this target as the 'collective aim of land reform' – ie, land transferred under all three land reform programmes contribute towards attaining it.<sup>12</sup>

**Restitution:** By December 2004, 57 257 claims (about 70 per cent of some 80 000 claims submitted by the 1998 deadline) had been settled, and 812 315 hectares of land (equal to just less than 1 per cent of commercial agricultural land) had been transferred.<sup>13</sup> Many urban claims have been settled with cash instead of land, and the government has made good progress in this respect. Rural claims are far more complex, tend to involve more people, and are therefore more difficult to resolve; as a result, the settlement of rural claims has progressed more slowly, and about 9 000 rural claims involving millions of people are still outstanding.<sup>14</sup> The development outcomes of many rural restitution projects have been less than satisfactory.

In February 2005, the target date for settling all restitution claims was moved from that year to the end of the 2007/8 financial year – a somewhat more realistic time frame. However, achieving this target will also depend on state funding. In 2004, the government budgeted just under R3,5 billion for restitution in the three years up to 2006/7.<sup>15</sup> In October last year, the minister of land affairs, Thoko Didiza, indicated that the state would have to spend significantly more (perhaps as much as R13 billion) to complete the restitu-

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The development outcomes of many rural restitution projects have been less than satisfactory

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Anecdotal evidence indicates the complexity of resettlement, and an almost total lack of post-settlement support by provincial departments

tion process.<sup>16</sup> In February 2005, the government pushed up its restitution budget to R9,9 billion for the three years up to 2007/8.<sup>17</sup> While this is a significant increase, the total still falls more than R3 billion short of the minister's own estimate.

In certain parts of the country (Limpopo and Mpumalanga in particular), claims are reportedly depressing land prices, and therefore detracting from agricultural investment. Agricultural production is being negatively affected in certain areas.

**Redistribution:** By December 2004, the redistribution programme had delivered 1,7 million hectares of land – equal to about 2 per cent of commercial agricultural land.<sup>18</sup> Besides this, 772 660 hectares of state land had been delivered, largely for agricultural purposes (see figure 2). Taken together, these two figures equal 3,1 per cent of commercial agricultural land. A large proportion of land delivered was in the dry Northern Cape.

No systematic assessment of outcomes is available, but anecdotal evidence from many different sources indicates the complexity of resettlement, and an almost total lack of post-settlement support by provincial departments. Results range from 'shack farming' through increased personal indebtedness of new settlers to some successes, including instances of individuals taking advantage of new opportunities for enrichment, with up to five beneficiaries reportedly receiving grants within one household.

In 2001 the DLA adopted a new subprogramme – Land Redistribution for Agricultural Development (LRAD) – which has, in theory, shifted the emphasis of redistribution away from settlement and towards sustainable agriculture. LRAD uses a combination of state grants and commercial loan finance (calculated on a sliding scale). Opponents of LRAD suggested at its inception that it was an 'elitist programme' that would be inaccessible to the very poor.

However, it appears that the LRAD grant is easily accessible to those seeking land for survivalist rather than commercial activities. According to a senior DLA official, as many as 80 per cent of LRAD beneficiaries may be using their land for subsistence. This raises the question of whether the LRAD programme is really producing significantly different outcomes from the previous, discredited, settlement programme.

A total of 19 736 new black farmers have reportedly been resettled through LRAD since its inception in 2001.<sup>19</sup>

**Tenure reform:** The government has passed several laws dealing with tenure issues: until very recently, the most important of these were the Extension of Security of Tenure Act of 1997 (ESTA), and the Land Reform (Labour Tenants) Act (LTA) of 1996. By December 2004, 171 554 hectares of land had been delivered under the tenure reform programme.<sup>20</sup> However, senior DLA officials believe that ESTA has caused a significant increase in the illegal evictions of farm labourers by farmers reluctant to grant them the new rights of tenure. The department does not have the personnel or resources to ensure that ESTA is effectively communicated and enforced, and neither do the justice and policing systems.

The Communal Land Rights Act, which seeks to rationalise the enormously complex tenure issues in the former homelands, was promulgated in February 2004. This legislation has had a long and complex period of development, and continues to arouse opposition. Concerns about state capacity to implement the act have also been raised.

On balance, tenure reform continues to be controversial in policy terms, and the legislation has had unfortunate unexpected outcomes in commercial farming areas. Tenure insecurity in urban and peri-urban areas may well be a growing problem, on which the government has not focused attention.

**Assessment of government programmes:** While the pace of land reform is now faster than it was, it is still far too slow. As noted earlier, while the restitution budget has



been substantially increased, it still falls short of Minister Didiza's estimate of the funds needed to conclude the process.

By December 2004, total land delivered under land reform amounted to 3,5 million hectares (ie, land delivered under the redistribution, restitution, and tenure reform programmes, and including state land).<sup>21</sup> This amounts to about 4,3 per cent of commercial agricultural land. According to the DLA, the government would need to redistribute an additional 20,6 million hectares of commercial agricultural land to reach the 30 per cent target – an average of 1,87 million hectares a year.<sup>22</sup> Thus far, delivery has averaged 0,38 million hectares a year.<sup>23</sup> This means that delivery will have to be increased fivefold to meet the 2014 target. Put differently, if the current pace is maintained, the 30 per cent target will be reached in 54 years' time.

In addition, national and provincial departments lack the capacity to adequately support land reform beneficiaries. In the view of an experienced rural researcher, 'a quite extraordinary increase in budget, official capacity, interdepartmental co-ordination, and political consensus will be required to achieve [government] targets'. Many rural restitution claims – the most difficult component of restitution – are still outstanding. Rural claims are complex and expensive to process because of the large numbers of claimants involved, and the need to adjudicate intricately overlapping sets of equally worthy claims. It is clear that settling many of these claims will be a more demanding activity (administratively and financially) than providing standard financial compensation packages in urban areas.

Widely publicised targets such as the government's commitment to redistribute 30 per cent of agricultural land (plus those contained in the draft AgriBEE framework), or to provide farm workers with secure tenure, have created heightened expectations which the government will struggle to satisfy.

## A WIDER NATIONAL PICTURE

The current approach to land reform and the public discussion about it is too narrow. As a country, we are not seeing the full picture of how to think about and then design a workable nation-wide programme of land reform appropriate to modern South Africa. Changes are taking place in South Africa that are highly relevant to land reform but are not being fully taken into account.

The currently dominant perspective focuses too much on rural land and tends to arise from an old-fashioned image of South Africa as a rural country in which prosperity is to be found on the land rather than in cities. It is CDE's view that three often neglected realities must be taken into account and inform our approach to land reform.

First, we need to become much more aware that land demand by black South Africans is mostly an urban and peri-urban phenomenon. Second we need to emphasize that South Africa is already a predominantly urban society and will become even more urbanised leading to a need for urban land redistribution that is more important than either rural or agricultural land reform. These two realities have enormous significance for land policy. Third it is essential to appreciate that participation in state programmes is not the only way for previously disadvantaged people to gain access to land and use it to maximum effect. We need to know what markets and elements of organised business are delivering and can deliver in the future.

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The government is struggling to meet its own political and developmental objectives with respect to land reform. In the process, it is raising expectations it cannot meet

A focus on these additional aspects of South Africa's land situation is essential to a proper understanding of the country's land question in its 21st century and nation-wide context.

**Demand for land:** There is no doubt that many black South Africans are strongly attached to South African land in general, and the lands of their ancestors in particular. This attachment must be respected; it is a socio-political fact that only the foolish would ignore. However, it should not be equated with wanting to farm for a living.

Far fewer black South Africans want to farm than is commonly supposed; most blacks regard jobs and housing in urban areas as more important priorities. A national survey commissioned by CDE shows that only 9 per cent of black people who are currently not farmers have clear farming aspirations.<sup>24</sup> Other surveys suggest that only about 15 per cent of farm workers have aspirations to farm on their own, or to farm full-time. When participants in the CDE survey were asked to choose the three most important problems that should be dealt with and resolved in South Africa, rural land emerged as a priority among only 2 per cent of Africans. The most frequently mentioned issues were unemployment (57 per cent), followed by urban land and housing issues (35 per cent). An interest in 'all services and infrastructure' was mentioned by 60 per cent of African respondents. These services are overwhelmingly concentrated in urban areas.

Among the African population as a whole, then, rural agricultural opportunities are not keynote expectations. Even among employed agricultural workers, land demand is modest. However, among people living on the land without alternative sources of income, in well-watered areas, and on the borders of the former homelands, aspirations involving land or additional land can reach high levels and become very intense. Although these people are a minority of the population, their absolute number is large, and their needs therefore constitute a significant localised policy challenge.

CDE's research into land tensions and land invasions in South Africa suggests that these are primarily urban, and especially concentrated in the country's two largest metropolitan areas: Johannesburg and Cape Town. Therefore, any land reform policy that focuses primarily on the rural or agricultural dimension of land expectations and needs runs the danger of ignoring the areas where the pressures are greatest. Of course, as we have emphasised, there are specific nodes of pressure and expectation in South Africa's rural areas – involving large numbers of people – but it is important to see them as that, and not as a generalised phenomenon.

**Urbanisation:** South Africa's most important but also most neglected social dynamic is urbanisation. The country is already almost 60 per cent urbanised (on a narrow definition of urban), and will be more than 70 per cent urbanised before 2014. It is undergoing a fundamental transition, with profound implications for land issues. People seek access to urban land because they want to be close to urban opportunities and jobs. This level of interest coincides with the worldwide experience of urbanisation, and its consistent association with high rates of economic growth.

Urban land is a neglected but key element of land reform. Most new households formed during the past five years have settled in or near the metropolitan areas. In line with this, *most South Africans now see land as a 'place to stay' rather than a 'place to farm'*. In this context, the supply of urban land has not kept pace with demand, leading to burgeoning informal settlements, illegal land encroachments, and invasions and occupations that often pose a threat to the residents themselves, to law and order, and to investor perceptions of stability.

**Which land should be redistributed?** The pressure of urbanisation and growth of informal settlements in urban and peri-urban areas demands careful thought in the

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Far fewer black South Africans want to farm than is commonly supposed; most blacks regard jobs and housing in urban areas as more important priorities



context of land reform. Importantly, our research shows that most black households in both rural and urban areas pursue mixed income strategies – ie, many households in peri-urban areas supplement their incomes with subsistence farming, and most households in rural areas do not rely on subsistence or other forms of agriculture alone, but derive part of their incomes from migrant labour remittances or other sources.<sup>25</sup> In fact, even in the deep rural areas, agriculture often contributes only about 10 per cent to total household incomes.<sup>26</sup>

This helps to explain the preferences stated in the surveys referred to earlier, and why many rural households would prefer land linked to important transport corridors and/or well located cities and towns to land in remote rural areas. Furthermore, for those who supply produce to domestic markets, proximity to markets is a key factor. Therefore, many fledgling farmers are likely to prefer peri-metropolitan smallholdings than land in remote rural areas.

All these findings underscore that land reform should encompass far more than just the rural areas. Adequately planned land release and effectively controlled settlement in peri-urban and urban areas should form the epicentre of the country's land reform strategy.

**Housing:** Since 1994 the government has delivered some 1,7 million houses to low-income households – an impressive achievement. Besides this, some 400 000 households have obtained secure tenure to their former township houses. However, in recent years the rate of delivery has slowed down quite dramatically, the location of housing has been biased towards smaller towns as opposed to the metropolitan areas, the quality of the housing has been variable, and many of the houses produced have not necessarily gone to the 'land- and house-hungry'. Private sector involvement in low-income housing production has ground to a halt, as has rapid land release for urban settlement in the metropolitan areas and larger cities. All this is cause for considerable concern.

**Role of the market:** In certain provinces in the 1990s the value of land redistributed through the open market to black South Africans was five times higher than that redistributed by the state. This was also probably true in other provinces as well. While this is not widely known, the land market may well be the most effective mechanism for redistributing land from white to black in South Africa. The majority of land transferred by the market is from white sellers to white buyers, but the evidence also suggests that, in some areas at least, the market transfers more land from whites to blacks than government programmes. Certainly, the value of land transferred is much higher, and the speed of transfer much quicker.

**Private sector organisations and rural land reform:** Private sector organisations have become increasingly involved in land and agricultural reform. These include: regional co-ops or other agricultural and farmers' associations supplying free extension services to emerging black farmers; sector-specific organisations encouraging new black entrants by supplying extension services as well as processing and marketing their products; company initiatives to train emergent farmers in the use of their products; share transfers to workers; outgrower arrangements by agri-businesses, which have created thousands of new farmers; and new factory or processing plant initiatives that create new areas of black involvement (see box, *A silent revolution in agriculture?*, page 16).

For example the sugar industry has created almost 48 000 small (mainly black) farmers over the past three decades. In 2004, the South African Sugar Association set up the Inkezo Land Company, a section 21 company which aims to transfer 78 000 hectares of land to emergent growers by 2014, in order to 'assist government in achieving its land

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South Africa's most important but also most neglected social dynamic is urbanisation

The most important finding is that urban and peri-urban areas, rather than rural areas, should be the epicentre of land reform

redistribution goals'. This will bring land redistributed by the industry to one third of its total land. If the model is successful, Inkezo also intends to branch out into land reform in other agricultural commodities.<sup>27</sup> The government has committed R21 million in the form of LRAD grants for use by Inkezo in the course of its redistribution efforts.<sup>28</sup>

The timber industry has established outgrower arrangements with more than 10 000 emerging producers, and one major cotton producer works with about 1 500 small-scale farmers growing cotton on traditional land. In another example, South African Breweries has promised some 180 emergent farmers in the Taung area, near Kimberley, that it will buy their crop, thus providing security for the farmers.<sup>29</sup> The agreement is part of SAB's plans to raise the number of empowerment suppliers across its supply chain.<sup>30</sup>

These many private initiatives, which are discussed in greater detail in CDE's main report on land reform, are remarkable not only because they are voluntary, and spread right across the country, but also because they are so diverse. Unlike the relatively few and rigid programmes available through the government, private sector land reform falls into at least eight categories. What is achieved through voluntary exchange and through self-organisation is tailored to need in subtle and various ways that state programmes cannot match.

Government grant funding can be combined with private sector finance in particular sectors, notably high-value sectors and niche areas. Both the old and the new grant programmes push land reform towards multi-owner models, although the new LRAD model is more oriented towards individuals. Banks nevertheless still find it difficult to target individual small-scale commercial farmers.

**Role of government in helping markets to function:** Our research has shown that the market is a powerful force for redistribution, and that the private sector is engaged in

## A silent revolution in agriculture?

Throughout South Africa, small local private sector and civil society initiatives are working to make the agricultural sector more equitable, stable, and profitable for everyone involved. Additional research is needed about these initiatives, but it could be that, working quietly and locally, they are doing at least as much for sustainable land reform as the government programmes. Initiatives recorded over the past five years have included:

- *The Land for Peace Initiative* – a loose coalition of commercial farmers, land owners, and private sector individuals working to encourage greater private sector involvement in land reform.<sup>31</sup>
- The *Red Meat Producers' Organisation* has established the National Emergent Red Meat Producers' Organisation, and has also recommended that a 'strategy should be implemented to provide technical services and credit services to emergent red meat producers'.<sup>32</sup>
- *The Grain Producers' Organisation* has embarked on production and marketing support for emergent farmers in North West, and is also active in other provinces. It also has a development office in Zeerust, and holds regular information and training sessions where expertise with regard to the planting, fertilisation, chemical treatment, and harvesting of oil seeds is offered.<sup>33</sup>
- *Boeresake, Bellville* has donated tractors to emergent farmers, and provides them with ongoing assistance.
- The *Coastal Farmers' Co-operative* in KwaZulu Natal has established three sub-depots for delivering services to small cane growers.
- *MKTV-Tobacco* assists new farmers in the Vryheid, Klerksdorp, Rustenburg, and Ventersdorp areas.
- *SOK* is financing 94 emergent farmers at a cost of R2,4 million. New farmers are established on one- to two-hectare farms. The farms are under apple orchards.
- *Senwes* is involved in establishing emergent farmers at Odendaalsrus, Koppies, and Oppermansgronde.

a large number of developmental and reform-related activities. Some of these private sector initiatives are heavily or entirely dependent on government programmes, particularly LRAD. And all of these activities occur within the framework of law, regulation, and support provided by (or emerging from negotiations with) the government.

In the second half of 2004, Minister Didiza reiterated the need for 'creative partnerships' between land claim beneficiaries and private sector investors in order to enhance the economic impact of the land reform programme.<sup>34</sup>

However, the government – often unintentionally – limits or hampers the efficient functioning of markets and the private sector. Bureaucratic delays often have a negative impact on potential land redistribution and restitution deals. Good deals are sometimes lost, thus forcing government to buy land of poorer quality.

Delays in buying land can also have an adverse effect on those properties and farming operations. There are numerous anecdotes about farmers who have agreed to sell large portions of land to emergent farmers, only to encounter such long delays in their dealings with the state that the commercial viability of their operations, and value of their properties are jeopardised.<sup>35</sup>

Perhaps the most notable way in which government limits the functioning of markets and private sector initiatives is by creating, if inadvertently, an atmosphere of uncertainty, confusion, and, sometimes, mistrust around land reform.

As a senior member of Agrisa put it when interviewed by CDE: 'Every time we think good relations have been established, someone [from government] slaps us down with a speech or a new bill.'<sup>36</sup> This perception has been reinforced by the draft AgribEE framework, released by the minister of land affairs in July 2004.

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The land market may well be the most effective mechanism for redistributing land from white to black in South Africa

- The *Northern Cape Agricultural Union*, through its affiliates, renders assistance to emergent farmers in its area.
- The *North West Agricultural Union* has a development office dedicated to the needs of emerging black farmers.
- *VKB, Reitz* is planning involvement in marketing for small farmers producing stock, maize, and dry beans. An extension service is provided, and there are attempts to facilitate production loans.
- *NCD/Clover* support small farmer development near Pietermaritzburg.
- *LTK, Nelspruit* support emerging sugar farmers through a new affiliated small-scale farmer cooperative, the Nkomazi Co-operative. LTK provides Nkomazi with infrastructure, inputs, and extension services.
- *CRK* has created a share equity scheme at Genadendal.
- The *Natal Agricultural Cooperative, Dundee* has formed a partnership with Nsika Development Trust, Nkandla.
- *KLK, Keimoes* in the Northern Cape supports an emergent farmers' association.
- *OTK, Bronkhorstspruit* will provide support for Zanele Farmers' Co-operative of Bronkhorstspruit, and plan to open a depot for marketing and skills training.
- The *Enathi Deciduous Fruit Producers' Trust and Transformation Company*, in partnership with the Land Bank, has set aside 10 farms for land reform.
- The *New Farmers Development Company* operates three agribusiness empowerment projects.
- *Fair Valley Wine Estate* is an empowerment initiative by Fairview Wine Estate.
- *Nelson's Creek Wine Estate* is an empowerment initiative supported by KWV and Windmeul.
- *Clarke's Cotton* operates small-scale farmer programmes in Marble Hall in Mpumalanga, and at Modder River in the Northern Cape.

CDE 2005

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Commercial agriculture offers few opportunities for addressing unemployment, poverty, or inequality on a significant scale

Many agricultural role players are disinclined to make the capital and property investments necessary for the competitive functioning of the agricultural sector. Aspects worrying private sector investors include:

- delays in settling land claims;
- the prospect of new local government rates and taxes;
- continuing high levels of crime and violence in rural areas;
- uncertainty about the implications of ESTA and the LTA for land owners;
- a lack of clarity about empowerment 'score card' requirements for agribusinesses;
- rhetoric perceived to be indiscriminately hostile to all white farmers and their concerns; and
- antagonism towards or a misunderstanding of the operation of the land market, and opposition to the 'willing seller, willing buyer' principle.

In addition, the recently promulgated minimum wage legislation for farm workers has caused considerable concern.

## RESEARCH CONCLUSIONS

On the basis of all its research, CDE has reached 13 broad conclusions on the political and technical realities of land reform:

1. Since coming to power in 1994, the democratic government has pursued land reform in a considered, reasonable, and largely market-oriented manner, firmly rooted in the constitutional settlement on property rights and in the recognition that the righting of past wrongs, while essential, should not be allowed to damage future prospects. This approach was strengthened following the appointment, in 1999, of the second minister of agriculture and land affairs. In recent months, however, this perspective has been under increasing pressure.
2. Technological changes, changes in the global economic order, the government's macroeconomic policy, and other factors have led to significant changes in South Africa's commercial agricultural sector. These need to be understood and integrated into our land reform strategy. The hard truth is that this sector offers few opportunities for addressing unemployment, poverty, or inequality on a significant scale, and provides an economic future for fewer and fewer people. There is – according to the country's largest bank in the agricultural sector – no longer any room for even the average commercial farmer. White South Africans are moving out of farming because it is hard to make a reasonable living. We must be very careful not to set up poorer black South Africans for failure.
3. The deracialisation of commercial agricultural land is essential, but will not benefit primarily poor black South Africans; the benefits will mainly accrue to a small number of relatively better-off black land owners and potential farmers.
4. The government is struggling to meet its own political and developmental objectives with respect to land reform. In the process, it is raising expectations it cannot meet.
5. Land quality and location is more important than quantity. We need to understand that what you do with land is most important.
6. Rural land reform is difficult, slow, and expensive, and many black South Africans do not want land to farm. Land reform in a country such as South Africa will and should take many different forms.

7. In contrast to the prevailing view, the main focus of land reform should not be rural, except in identified areas of high demand for farm land. Urban and peri-urban land redistribution is the main future challenge.
8. There are very different kinds of demand for land in both rural and urban areas. The country should identify the areas of real land pressures, and act decisively to defuse them. However, demand as a whole is manageable as part of a nation-wide programme for which significant resources could be mobilised.
9. We should avoid former homeland settlement approaches that lead to overcrowding and other poor development outcomes.
10. Market mechanisms and private sector initiated programmes distribute land more efficiently than the state; similarly, the commercial farming sector has a far greater capacity than the state for facilitating the successful entry of new farmers. These trends should be encouraged and accelerated.
11. South Africa needs an informed public debate on land issues. We need to ensure that the government is not increasingly isolated on its reasoned policy course and mainly subjected to public pressures that are populist, informed by rural romanticism, and then strengthened by the (local and international) media's hunger for drama, incident, and false analogies with Zimbabwe. We have to strengthen other voices that support a 21st-century approach to land reform, both domestically and internationally.
12. Land reform should match policy with capacity and budgetary reality, and be formulated in the context of other government policies. We have to accept that we cannot immediately and simultaneously deal with everything that is wrong in South Africa. The country needs to select a few priorities, and ensure that the country makes convincing progress in those selected areas. What is required, in Prof Job Mokgoro's words about government policy generally, is 'a concentration on successive small wins'. What is needed, in Prof Mandivamba Rukuni's words, is 'a slow and steady pace' rather than the big ups and downs of highly complex and politically driven programmes.<sup>37</sup>
13. Land reform needs priority attention, and top-class management. The way in which the land reform programme has been positioned, both politically and in terms of delivery, makes it vulnerable to accusations of 'failure', fears about an inability to deliver, claims of government incompetence, or even the suggestion that the government lacks concern for the poor. Race and land will long remain potential mobilising issues, available for 'racial blaming' by unscrupulous politicians. In this environment, every incident will be portrayed as the beginning of South Africa's slide down the slippery Zimbabwe slope. This will be unfair, and a false representation of how the South African government is handling the issue, but this will not deter those determined to see the issue in this way.

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Deracialisation of commercial agricultural land is essential, but will not benefit primarily poor black South Africans

### **A dangerous set of circumstances**

Taken together, our research findings strongly suggest that the current state of South Africa's land issues has created a difficult – and potentially dangerous – set of circumstances.

We are *not* saying that disaster is inevitable. South Africa has many strengths which can be brought to bear on the challenge of land. These include the government's record of success in numerous policy areas, its firm constitutional commitment, and its market-

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Land reform should match policy with capacity and budgetary reality, and be formulated in the context of other government policies

oriented pragmatism on land issues; effective market and private sector capacity; an unusually strong urban system for a developing country; a delivery track record in other areas; a strong negotiations culture, with white farmers committed to change; and a government with the strongest political mandate in the country's history.

What we *are* saying is that land is an exploitable issue, and that this policy area requires extraordinary political care, as well as excellent programme management. If this is done, these difficult circumstances can be managed, and South Africa can create and maintain a truly successful land reform programme.

For this to happen, a number of requirements need to be met. The land reform arena of policy, debate, and implementation will require:

- ongoing and energetic attention from senior political and business leaders;
- a new, shared, national vision and policy framework for urban and rural land reform;
- much enhanced capacity to deliver and this can only come from harnessing the skills, experience and energy of the private sector and civil society to work with state resources;
- quick and accurate identification of urgent urban and rural land pressure points, followed by decisive action to defuse them;
- an excellent communication strategy that ensures a more factual and realistic discussion about land issues in the media; and
- an increased number of voices advocating the importance of a steady and reasoned approach to land reform that is in tune with all government's other strategies to modernise the country.

## CHANGING THE DISCOURSE

When it comes to land reform in southern Africa, 'muddling through' is not good enough. If we continue on our present path, a highly negative scenario may unfold over the next decade, not just in the agricultural sector but in the country as a whole.

What South Africa needs is a land reform programme that is both practically and politically successful. Its outcomes must make land reform beneficiaries better off; its steady progress must make black South Africans feel that this key symbolic issue is being resolutely and seriously addressed; and we must simultaneously create confidence, both domestically and internationally, that South Africa's land issues are firmly under control and that the 'situation continues to improve'.

Our research and discussions have led up to a redeveloped policy framework. It builds on the direction in which government is increasingly moving, but takes this approach further. It marries what government is doing in the rural sector with what it is attempting in the urban sector. It requires clarity and agreement between all interested parties on the diverse elements which, taken together, could form the basis of a practical and achievable national consensus.

The importance of the urban sector has been dramatically underlined by recent events. The May 2005 constitutional court judgement on the Modderklip Boerdery case (involving 40 000 squatters on private urban land), and the outbreaks of violence in a number of Free State towns as well as Port Elizabeth, underlined the importance of prioritising urban land release and more effective urban management. An increased national focus on urban issues will clear the way to optimising the developmental potential of the rural areas and the agricultural sector.



## CDE's recommendations

CDE will now put forward its proposals for reconfiguring land reform under South African circumstances nearly a century after the infamous Native Land Act of 1913. The components of this new approach are as follows:

**Objective:** South Africa's overriding policy objective must be to develop and implement a land reform policy and programmes that will restore and maintain widespread confidence among investors and South Africans of all backgrounds. How to do this?

**Redefine and modernise what we mean by land reform:** Change the language and rhetoric about land reform in government and through it the country, and choose a limited set of clear priorities with achievable and believable goals – *underpromise* and *overperform*. See successful land reform as a national priority, and establish a high-level partnership between the public sector and key actors in the private sector and civil society.

**Effective delivery requires decentralisation as well as effective marketing:** The key to implementation is to decentralise delivery, and then pull the many diverse achievements together, so that the government can claim all the changes taking place (through the market, private sector initiatives, NGO activities, and its own efforts) as successes achieved under the new land reform programme. Run an excellent communications campaign designed to impact on a wide range of audiences, domestic and foreign, urban and rural. Move beyond a situation where government is the only public voice of reason and quiet optimism on this issue. Ensure a more informed public debate on land reform influenced by facts, trends, caution, reason, and analysis rather than by emotion, drama, and incident. Above all, ensure that steady progress is made, and communicate this effectively.

**Guiding principles:** If land reform is to succeed, it should work on the following principles: *urbanise* land reform (not exclusively, but the major dimension and thrust); *marketise* land reform (wherever possible, use market forces); *individualise* land reform (beneficiaries should be individuals as much as possible, and where communal tenure is unavoidable, modernise it); *monetise* land reform (use monetary compensation wherever possible, think about scholarships to agricultural college or bursaries for children's education); and *modernise* 'ownership' of land to include shares and equity.

**Immediate priority areas:** It is possible to identify key priorities which deal with areas of pressing national need with respect to land; secure urban stability and rural productivity; deal with the symbolic face of land reform; and provide an opportunity for speedy national delivery. The selected priorities are:

1. *Managing the restitution process speedily, and in a manner that will help to promote sustainable development.* This requires a strategic approach; innovation on financing and forms of monetary compensation; counselling beneficiaries on the different options available, and the reality that farming is risky, uncertain, and demands higher and higher skills levels; effective post-settlement programmes for land beneficiaries; appropriate tenure arrangements; and monitoring of impact, based on sound information. The private sector should be incentivised to play a key role in implementation.
2. *Successful urban land release and settlement in South Africa's metropolitan centres, cities, and large and small towns.* This must include the rapid and large-scale release of urban land, combined with housing programmes that include the upgrading of informal settlements, the improvement of backyard rental stock, and urban upgrading and renewal. The public-private partnership in housing must be urgently renegotiated

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The current state of South Africa's land issues has created a difficult – and potentially dangerous – set of circumstances

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Long-lasting progress in the countryside will depend on strong and effective public–private partnerships in the different farming regions around the country

if success is to be achieved. This partnership must extend beyond the financial sector and include all the other private actors essential to delivery of land and housing. This must be coupled with a significant strengthening of urban management in key metropolitan areas and cities.

3. *Deracialising land ownership in commercial agriculture, and ‘normalising’ the countryside.* A key motor for change in this arena should be the market, with black South Africans being supported through the LRAD grant system, which needs some important modifications; local public–private partnerships should be introduced in rural areas throughout the country, aimed at managing the environment and farming resources, and providing security and opportunities (agricultural and non-agricultural, land and non-land based) for black people; tenure legislation from the late 1990s should be renegotiated; the repeal of the Subdivision of Agricultural Land Act finalised; and new zoning laws and practical (and believable) enforcement mechanisms agreed on between commercial agriculture and the government.

Long-lasting progress in the countryside will depend on strong and effective public–private partnerships in the different farming regions around the country. These partnerships should provide expertise in respect of land acquisition; help provide training and extension services for new farmers; ensure that conservation and usage rules are publicised and enforced; enable the development of housing opportunities in rural towns and agri-villages, and the enforcement of tenure and other rules there too; develop strategies for land close to former homelands in order to deal with pent-up land demand, prevent new land projects from developing negatively, and prevent human settlements from encroaching on to commercial farmland; develop strategies to deal with crime; and help to co-ordinate the activities of various government departments.

All these proposals are dealt with in greater detail in the main report.

**Budget and financing:** A range of different budgetary and financing issues arise in respect of the three priority areas. As regards restitution, we need to decide how much money is required for this ambitious but essential programme, and then need to be innovative about how we mobilise the necessary resources. As regards urban land reform, we need to clarify how the money for rapid land release will be sourced (from the department of housing or the DLA), and what impact this will have on the relevant department’s budget. Many analysts believe South Africa’s current housing budget is low by international standards, and needs to be reviewed. As regards the third priority area – the deracialisation of commercial farmland, and the normalisation of the countryside – there are a range of important financial issues.

It is clear that the budget for land reform as a whole needs to be reassessed, and probably increased. The increases should be contingent on effective public–private partnerships, and sustained delivery. Innovative thinking is required on where the resources for the land reform programme should be found, and in what form. The expertise of the national treasury and private sector should be brought in to play. A persuasive plan could entice assistance from foreign donors.

**Capacity:** It is clear that effective implementation will require enhanced capacity in both government and the private sector in strategic policy design; urban and rural programme management; problem-solving; information collection and monitoring progress; and ongoing communication to diverse audiences. Successful delivery will only take place on the basis of an effective public–private partnership in which the roles of both public and private sector actors and market forces should be clearly defined, and mutually agreed.



The private sector should assemble a special task team on urban and rural land reform. (See below). The government should, in turn, consider creating a more effective mechanism for driving urban and rural land reform. Perhaps what is needed is a new co-ordinated department in charge of land reform – urban and rural and if not that at least a cabinet cluster devoted to this critical issue.

**Land reform in the context of broader development and political issues:** In selecting our three priority areas for land reform, we are consciously proposing a choice. The three areas we have identified should form the sole basis of the country's land reform effort for the foreseeable future. Each one of the chosen areas is complex and difficult in itself, and will require considerable extra resources (people, money, expertise, and leadership) if we are to make the kind of progress that is urgently required.

We have not dealt with one additional issue relevant to land reform: that of communal tenure, and its modernisation. The status of traditional leaders and their place in a modern and democratic South Africa is a political issue with far wider ramifications than land reform. The government needs to conclude its political negotiations with traditional authorities on a wide range of issues. Some talks have been held with traditional leaders, and new legislation, the Communal Land Rights Act, has been promulgated. However, the new act is still controversial, and may be subject to a constitutional challenge. In any case, the process of reforming tenure in communal areas will require detailed local negotiations. By its very nature, therefore, it cannot be a priority for rapid action. It is also important that action on this complex issue does not raise expectations that cannot be fulfilled, because of inadequate financial resources, or the absence of official capacity for implementation.

### Key development issues

Besides traditional tenure reform, it will immediately be clear that we have left out some very important issues normally associated with land reform. As we have pointed out earlier, most of these issues cannot and should not be dealt with by means of our land reform programme alone. They should form a part of the country's broader national development strategy, and should be given considered attention if South Africa is to derive maximum benefit from the effort and resources put into land reform. They are the bedrock development issues which form part of the wider context of sustainable rural and urban development that must be dramatically improved if South Africa is to make the kind of progress we need. The issues we are thinking of are:

- *Urbanisation strategy, and the accelerated development of South Africa's entire urban system*, with an emphasis on dealing with the consequences of urbanisation, urban growth, and the need for economic growth. Much more focused attention is required on these critical issues.
- *Rural development*, and the contribution of the rural sector to economic development and social progress. Considerable analytical and policy work is needed to develop a strategic and comprehensive rural development strategy (which would be a first in South Africa's history) within which the government's nodal development approach can operate effectively.
- *Poverty is now an urban and rural phenomenon*. The best route out of poverty is access to employment opportunities, which will mostly be found in urban areas and therefore relate to both economic growth strategies and our urbanisation and urban policies. We

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The budget for urban and rural land reform needs to be reassessed, and probably increased

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Much more attention needs to be given to three national development issues – urbanisation and urban management; rural development; urban and rural poverty

need to rapidly improve our educational system, and to make our urban, peri-urban, and rural areas much friendlier to entrepreneurs. This will require some bold decisions. Even if these reforms were to be made speedily, it will take a long time for unemployment to be brought down to more manageable levels. The country therefore needs a much more energetic and larger-scale public works programme. We support the government's initiative to expand the public works programme, but this must deliver on a massive scale if it is to have the desired impact of providing opportunities for millions of unemployed people and cushioning the effects of essential micro-economic reforms. We believe that South Africa should pay more attention to these three critical national development issues. Both government and private sector leaders should be more involved.

**Land reform is a national challenge:** Given their wider political importance, land issues concern all South Africans. South Africa's land issues should not be thought of as 'the state's problem', requiring a state programme to address in competition with or 'against' the market. Since they are national issues, they should be addressed by all South Africans, and especially via public-private partnerships utilising market forces where these are most appropriate. They should not be the exclusive preserve of the department of land affairs, farmers' organisations, restitution claimants, land activists, or any other specific interest group.

The benefits of getting land reform right will be advantageous to all South Africans; conversely, the negative implications of not delivering on land reform will be detrimental to the country as a whole. It is important to see this in terms of the state *and* the private sector, not the state *or* the private sector.

## A CHALLENGE TO THE PRIVATE SECTOR

The private sector can make a huge difference to the success or failure of land reform. Given our history and this issue's importance, leading private sector organisations have a real stake in a successful resolution of South Africa's 'land question'. We propose a concerted effort by senior private sector leaders to persuade the country and the government of the value of this new approach to land reform, and the contribution that an effective public-private alliance for delivery on land issues could make to meeting this challenge. This will require greater attention to land reform by national business leaders, and, with their help, a more energetic and strategic approach by agribusiness and individual large land owners to the challenges posed by land reform.

It is not sufficient to think that land reform is just the concern of agri-business. How this set of issues is resolved in urban and rural South Africa will have a profound impact on the country's largest corporations.

We therefore recommend that an organisation representing South Africa's leading corporations should establish a land reform task team headed by a senior executive and consisting of a small number of committed and influential business people. This team should concern itself with the private sector's contribution to the strategic repositioning of land reform. It could initiate regular top-level private sector-government interaction around land reform, so as to 'keep with the issue' in both its rural and urban aspects.

The team should act as a catalyst, commissioning practical research where relevant for initiatives; contracting experts to help with project or programme design or management; co-ordinating private sector input; ensuring that the monitoring function is undertaken

by an independent organisation respected by government and private sector alike; and mobilising 'other voices' to support the chosen approach to land reform, thus ensuring that the government is not the only 'voice of reason' with respect to land issues (see box, *Private sector leaders must get involved*, p 26).

CDE has proposed three priority areas for a revised land reform programme: accelerated restitution; successful urban land release and housing; and the deracialisation of commercial agriculture, and normalisation of the countryside. The private sector can make a greatly enhanced contribution in all three. The private sector could also make an important contribution to resolving the broader development issues we have identified by developing and then sharing with government practical proposals with respect to an urbanisation and urban management strategy; a rural development strategy; and a strategy to reduce urban and rural unemployment.

## **SOUTH AFRICA FACES A CHOICE**

After ten years of democratic rule, South Africa has reached a critical moment in respect of land reform. The coherence of the government's approach is under considerable pressure, and the next period could mark an important turning point.

The government's commitment to land reform is unquestioned; however, this commitment is not reflected in the size of the land reform budget. In 2005/6, the DLA's budget was still less than 1 per cent of the national budget. There is a puzzling ambiguity inherent in the current approach which combines very ambitious targets with a very small budget.

The government's current approach moves uneasily between what might be termed the old and the new. Some government planners are trying to modernise the country and its economy. They know that agriculture can only make a limited contribution to development in a rapidly urbanising South Africa. They have dramatically forced commercial agriculture, a traditionally protected sector, to adapt to the global economy, and are trying to create a class of successful commercial black farmers, necessarily not a large number of people.

However, other government thinkers still see land reform as performing a wide range of functions far beyond the capacity of the agricultural sector, or current settlement strategy. They want restitution to be as expansive as possible, redistribution of land as generous and dramatic as possible, the white commercial sector to be placed under maximum pressure to redistribute and 'transform', and exhibit an approach to farm labourers that is predominantly rights-based, with little understanding of the hard realities of commercial farming, or the future needs of this disadvantaged group.

### **Ambitious targets**

Straddling these two approaches are the targets that have lingered in government policy since the early 1990s, and now will receive a dramatic fillip via the AgriBEE process. The government's overarching goal of transferring ownership of 30 per cent of agricultural land to black South Africans is hard to reconcile with its professed understanding of the difficulties of farming in a mainly dry country subject to harsh global competition. And, as noted earlier, the national treasury's budget allocations to land reform bear little relation to the ambitious targets on the table. If the government's targets are to be taken seriously, the current level of budget allocations is a recipe for failure.

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It is not sufficient to think that land reform is just the concern of agri-business. How this set of issues is resolved in urban and rural South Africa will have a profound impact on the country's largest corporations

The best route out of poverty is access to employment opportunities, which will mostly be found in urban areas

The language on land used by ANC politicians displays a tension between a constitutional and developmentally sound approach, and a less rational, more romantic, and sometimes racial one. This should not be surprising. Throughout modern history, and all over the world, nationalist movements have imbued their followers with high levels of attachment to particular areas of land (nation-states) which are portrayed as the physical extension of those groups' sense of identity. We should not underestimate similar feelings among members of the African *National* Congress about land in South Africa.

The importance of this point repeatedly came to light in CDE's interviews with ANC politicians. Many spontaneously referred to the 'constitutional compromise' around land – a notion which few, if any, white South Africans ever talk about. The interviewees were referring to the ANC's acceptance of the legal sanctity of private property, including the private ownership of land, *provided* this was linked to a muscular programme of restitution and redistribution. This was dramatically underlined in a recent speech by the South African president, Thabo Mbeki (see box: *South Africa's historic compromise on land – will it hold?*, page 30).

Government (as distinct from ANC) thinking on land has shifted towards a more market-oriented perspective, a trend accelerated following the appointment of the new minister of land affairs in 1999. While government planners still reflect a concern about subsistence and settlement, land issues have been brought in line with broader government aims of economic growth, moving towards a non-racial society, and promoting black economic empowerment. Land policy is now aimed at balancing the goals of righting past wrongs

## Private sector leaders must get involved

An organisation representing South Africa's leading corporations should establish a **special land reform task team** charged with ensuring that the private sector contributes to land reform in the following ways:

1. **Participating in the strategic positioning** of land reform, and the design of the specific programmes to be adopted in each of the three chosen priority areas.
2. **Mobilising private sector capacity** and initiative in numerous areas, including land acquisition skills; project and programme management; farming expertise; agricultural extension services; legal expertise; initiating, training, and servicing public-private partnerships; and ensuring that 'other voices' support a reasoned approach to land reform (research, analysis, media contacts and skills, contacts with investors).
3. **Ensuring the spread of entrepreneurial ideas on land reform**, thus prompting agricultural subsectors, cities, and towns to go faster and further than they would have if left to their own devices. What about a newsletter, co-ordinated by the private sector, on land reform projects in urban and rural areas?
4. **Facilitating local public-private partnerships** in different regions for dealing with all the issues involved in land reform and the normalisation of 'security and opportunity' for black and white rural dwellers: effective land redistribution schemes; cross-border land; extension services; non-agricultural opportunities; crime; zoning rules and their enforcement; settlement rules and their enforcement; housing schemes for farm workers; and schooling.
5. **Exploring** ways of accelerating the redistribution of rural land in different agricultural subsectors and different regions – for example, by mobilising further finance and projects and, where relevant, co-operating with the government on making use of LRAD grants in conjunction with private funds.
6. **Organising a forum on urban housing interests**, and **formulating a private sector contribution** to a national strategy for speeding up rapid land release

and assisting poor South Africans with the important new aim of creating a class of successful black commercial farmers.

But the language used by some politicians and officials often deviate from government policy, with references to 'landlessness' and the use of land to 'push back the frontiers of poverty' not being uncommon. And some senior officials seem to be showing increasing signs of impatience with the lack of progress, and exhibiting what might be termed 'policy wobble'.

The government has not been emphatic enough in communicating the successes that have been achieved thus far in land reform, or spelling out how it sees the future trajectory of land issues, in particular the practical steps required to achieving its objectives in this complex terrain. Officials do not adequately brief journalists, with the result that the latter often fail to recognise or acknowledge the real progress that has been made in an extremely difficult arena. Often, the government is the sole 'voice of reason' and moderation on land, defending the cause of rational land reform in the face of populist pressures from radical land activists.

Media coverage is frequently superficial; influenced by activists; and characterised by ignorance, a desire to exploit sensitive issues for political purposes, and a search for sensation, whether warranted or not. Under these conditions, it is hardly surprising that the government sometimes shows signs of wavering. After all, the loudest voices in the debate are often the least well informed, or the most radical.

However, the fact is that 11 years into a democratic South Africa, the land reform programme is struggling to meet its own targets. The government has yet to develop an

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After ten years of democratic rule, South Africa has reached a critical moment in respect of land reform

and the delivery of better low-income urban and peri-urban housing opportunities. This would include an assessment of the potential for extending peri-urban smallholding and part-time farming projects around South Africa's towns and cities.

7. With the national treasury, **investigating new ways of funding restitution and redistribution programmes**, as well as **alternative means of providing restitution**, such as government bonds or scholarships or shares in agri-businesses. Foreign donors should be encouraged to contribute.
8. **Ensuring regular and effective interaction** between different private sector agencies, and between private sector and government decision-makers.
9. **Commissioning independent monitoring and research** on progress made in respect of land reform in all its dimensions, and identifying bottlenecks or potentially explosive pressure points.
10. **Contributing to an effective communication strategy**, aimed at creating a better informed, less

emotional public debate on land reform policy and implementation.

11. **Channelling more commercial finance** to urban and rural land redistribution on the basis of effectively sharing risks and returns with potential new clients, assisted by government guarantees
12. **Offering to assist the government with the broader development issues** which need to be successfully resolved if land reform is to succeed. For example, the private sector could research an approach to urbanisation, urban development, and rural poverty that complements and supports the government's macroeconomic policies and land reform strategies.

Once the key players in government and the private sector agree in principle on a new approach to land reform, the latter could sponsor an initial workshop of senior people in the public, parastatal, and private sectors, as a means of launching a productive discussion on these important issues.

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There is a puzzling ambiguity inherent in the current approach which combines very ambitious targets with a very small budget

overarching vision, strategy, and ‘language’ that pulls together the different strands of its current approach – both urban and rural. There is no comprehensive official discourse, an alternative narrative, that will help it to respond to legitimate as well as simplistic criticisms. Too many voices have begun to characterise this area of government policy as ‘failing’, and ‘unable to deliver at the speed required’. Add to this the recent events in Zimbabwe (and Namibia’s intention to follow that country’s approach to land redistribution); the prominence of activist voices on land issues; the limited reach of government voices advocating a reasoned, incremental, and rational approach; the silence or ineffectiveness of any other voices about land in the country; and an uncertain, unco-ordinated private sector, and it is clear that the ingredients for trouble are beginning to aggregate.

### **The government is vulnerable**

This is the context in which the growing pressures from many quarters on government over its failure to deliver should be understood. Measured against its own targets, there is no doubt that some 4 per cent of land redistributed by the state in ten years is a ‘hard sell’. (And a significant proportion of that was state-owned land to begin with.)

All of this places the government in a difficult situation. Its current approach renders it vulnerable to criticism, and it is difficult to make a coherent case on its behalf. At best, if we continue on this path, we can hope to ‘muddle through’ for several years – but, as we have argued earlier, given the political content of land reform, this will not be good enough in the medium or longer term.

The key question we now need to address is: *what is this country trying to achieve in respect of land reform?*

Let us say that the government could somehow treble the amount of land redistributed over the next 10 years. This would mean that ownership of 13 per cent of commercial agricultural land would be transferred to black South Africans. What would this actually accomplish?

Our research tells us that many projects will fail; that some beneficiaries will in fact become poorer; and that a significant number of non-poor blacks will be further enriched. We also know that many people will be dissatisfied with this level of redistribution.

Populist pressures on the government will grow, from inside and outside its own party; the motivation and morale of government officials responsible for land reform will worsen; market-based agricultural production will be affected; the commercial sector will feel more threatened; and the government will find it increasingly difficult to hold the line of reason. Will we have laid a sound foundation for future rural development?

In the meantime, the urban dimensions of land reform will remain missing from the public debate. If its importance is not recognised, and if it is not appropriately situated in the country’s developmental framework, delivery in this crucial sector – subject to ongoing pressures from new urban households – will also fail to improve significantly.

Besides asking established farmers and agribusinesses to help achieve the well-known target of transferring 30 per cent of agricultural land to blacks by 2014, the draft AgriBEE framework also seeks to commit them to leasing a further 20 per cent ‘high-potential’ land to black people by 2014; and making a further 10 per cent of land available to farm workers for their own farming activities.<sup>38</sup> And these are only three of the BEE demands of the sector.

If the AgriBEE process results in dramatically expanded land redistribution targets, we will head down a path of enormously raised expectations which – based on the facts our



research has revealed – cannot conceivably be met. And if – by some miracle – they are, the development results for many of the individuals and communities concerned, and the country as a whole, will not be positive or sustainable. This, in turn, will impact on food production and security for the country and the wider region. Investment in agribusiness will be discouraged, which will have further negative consequences.

**South Africa therefore faces a choice in respect of land reform.**

We can continue down this increasingly difficult road, with the burden of implementing a very ambitious, restitution-oriented, and unrealistic concept of ‘land reform’ resting predominantly on the government. This approach is characterised by a limited ability to deliver, raised expectations, and a growing sense of inadequacy and failure on the part of those involved and the wider public. Although the government talks of this being a ‘market-dominated’ approach to land reform, this is in fact only partly the case, with government spokespersons never fully explaining what it means by this phrase. And use of this phrase in a context of limited delivery and populist antagonism will undoubtedly lead to a backlash against what will be tagged, unfairly, as market-dominated reform. In fact, we are already beginning to see both a search for ‘scapegoats’ in some quarters both within and outside the ANC, and declining confidence among commentators, investors, and ordinary South Africans in the country’s ability to manage land issues.

Or we can establish a new paradigm for land reform that is truly market-driven, and situates urban and rural land issues in a single, integrated, developmental framework appropriate to the continent’s most urbanised and industrialised society and economy.

This new approach would build on a new realism about the commercial and developmental potential of agriculture, and an understanding of the importance of urban dynamics. It would build on the strengths of the country and the willingness of white agribusiness and national business leaders to participate in the national project of reconciliation and development. It would build on the government’s capacity to take the lead on key national issues.

This new approach offers a far more optimistic outcome. We can redefine ‘land reform’ to better take into account the realities of an urban South Africa and a globalising economy; to make it consistent with our shared vision of where this society must go, and with other key dimensions of government policy; and ensure that it is a policy area with achievable goals and realistic budgets.

We can rebuild confidence and achieve concrete successes by reconfiguring land reform to be forward-looking and to incorporate market forces as far as possible, to harness to the full the capacities in the private sector, and enable individuals and households to do as much as they can for themselves, thus lessening the load on the government.

**A national issue**

The Strategic Plan for Agriculture (agreed between the department of agriculture and organised agribusiness in November 2001) and its associated subsectoral plans are a step in this direction, but we need to go much further. We should make land reform in all its aspects (from agricultural transformation to urban land release and housing provision) a truly national issue by spreading responsibility for its implementation far wider than the government alone. By doing this, we can create a platform for sustainable development

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The government has yet to develop an overarching vision, strategy, and ‘language’ that pulls together the different strands of its current approach – both urban and rural

If the AgriBEE process results in dramatically expanded land redistribution targets, we will head down a path of enormously raised expectations which cannot conceivably be met

and improved opportunities in urban and rural South Africa, and start to defuse the political volatility of 'the land question'.

A key part of this new approach would be for the government to more effectively claim and communicate successes achieved in broader land reform. It should monitor what private sector organisations are doing, and claim their achievements as part of the country's record on land reform thus far. It should also monitor what is happening through market transfers in terms of reallocating land from whites to blacks. This too is a consequence of the government's sound policies, and should be claimed as a part of the land reform story of steady incremental progress. (The private sector should commission research to ascertain how much land has passed from whites to blacks in market transactions since 1994.)

In order to deal effectively with land reform, South Africa has to face up to the reality of urbanisation, and deal more effectively with its consequences. The process of rural-to-urban migration and the growth of the urban population have made land reform a very important urban issue.

The most universal and immediate land need in South Africa is for 'a place to stay' rather than 'a place to farm'. The key need is for affordable options for secure settlement across the urban system and in the rural areas. Even among employed agricultural workers, land demand is modest. Among people living on the land without alternative sources of income, however, aspirations for land or more land can reach high levels, and become very intense. Although this is a minority group, it is large in numerical terms, and hence constitutes a significant policy challenge.

Rural land reform is not the answer to rural poverty. South Africa's national development strategy needs to encompass a suite of programmes to effectively lift millions of South Africans out of poverty. The keys here are quality education, employment, urbani-

## South Africa's historic compromise on land – will it hold?

*On 17 February 2005, the South African president, Thabo Mbeki made the following comments on land in the national assembly.<sup>39</sup> He was responding to the debate on his 'state of the nation' address, which traditionally opens parliament every year:*

'... in 1993, 80 years after the adoption of the Land Act, we entered into an historic compromise. According to that covenant, we entered into an exchange that we would abandon all our claims to the land the African majority had lost before 1913, as a result of violent colonial dispossession.

'In return we expected two things. One of these was that such dispossession as took place after 1913 would be addressed without resistance on the part of those who benefited from land dispossession after that date.

'We also expected that those who had something to lose as a result of the dismantling of the colonial legacy would

accept that a democratic system of government would be put in place. Naturally, this government would ensure that at least the post 1913 land claims would be settled without undue delay.

'Our experience with regard to the latter speaks for itself. To all intents and purposes, the vigorous defence of property rights even over land forcibly acquired since 1913, which rights are protected in terms of our constitution and laws, to buy all our people peace and democracy, has served to nullify the historic compromise of 1993 with regard to the land question.

'For ten years our government has accepted this outcome, and will continue to do so. It will continue to prevail over the people to agree to live with this reality. Perhaps perversely in the eyes of some, including the Hon Motsoko Pheko (leader of the PAC), we will continue to insist that the land question must be dealt with in a manner that is consistent with our constitution.



sation, and a new strategic vision of the role of the rural sector in economic development. South Africa has never had a rural development strategy; it is time we developed and implemented one that is relevant to Africa's most urbanised and industrial economy.

Land reform must be seen as an integral part of our national economic reconstruction and development strategy. Land issues must take their appropriate and limited place in this wider context. Black economic empowerment in agriculture, and rural and urban poverty alleviation should be seen within this broader frame.

Successful land reform in South Africa must encompass restitution, urban land reform, agricultural land reform, and the normalisation of South Africa's countryside. In all of these difficult and complex policy areas, we can and must harness the power of markets, individuals acting on their own, in enabling environments created by the government; and the private sector in its diverse forms. South Africans are conditioned to understanding our country through the old racial prism, so that we fail to see the beginnings of a 'silent revolution' already taking place as a result of the policy changes introduced since 1994, as well as private initiatives.

Modernising the debate on land, using and popularising neutral terminology, and avoiding attaching blame to other parties should also play an important role in a truly successful approach to land issues. Many (if not all) perceived emotional and symbolic differences can be accommodated by a stricter adherence to a rational discourse among senior politicians and all officials, by excellent official communication on land issues, and by encouraging more and more emphatic non-state voices of rationality to be heard, both in the specialist land debate and in the media. These voices are sorely needed to provide independent support to the government's commitment to considered, reasonable, constitutional, and market-oriented land policy.

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What is required is bold leadership that will eliminate the uncertainties and ambiguity inherent in the current approach to land reform

'Everything I have said with regard to the land question should communicate the message that all of us, as South Africans, need to understand that as the struggle for freedom from white minority domination had its price, so will our efforts to achieve non-racism and national reconciliation have their price. That price will have to be paid by both black and white South Africans.

'But for the experiment to succeed, to achieve non-racism and national reconciliation a mere ten years after the end of three and half centuries of racism, racial conflict and racial domination, requires an extraordinary visionary imagination from all our people, black and white, united in their diversity.

'It calls for what may perhaps be called a miracle of true national reconciliation and the miraculous discovery that, after all, South Africa belongs to all who live in it, black and white, united in the diversity.

'The practical consequence of that discovery would be that all of us take this truly on board and into the depths of our consciousness, that South Africa cannot but be as black and white as it is.

'All of us would have to internalise the reality that our collective future depends on the ability of all our people to understand that the success of black South Africa is conditional on the success of white South Africa, and that the success of white South Africa is conditional on the success of black South Africa.

'If indeed we all come to understand this, together we would have to answer the question as to what white South Africa should do to ensure that black South Africa succeeds, and what black South Africa should do to ensure that white South Africa succeeds.'

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South Africa has the ability and the means to tackle the complex set of issues involving land.

Bold leadership is required

**A new narrative about land must begin to enter and permeate the South African public debate.** This must be accompanied by effective rural and urban land reform programmes. This will require a comprehensive new approach by the government, and the involvement of senior private sector leaders, coupled with a more co-ordinated, strategic, and serious approach by agribusiness. Above all, it will require building adequate capacity to deliver, and an effective approach to communicating and ‘selling’ this new way of thinking about land issues in 21st century South Africa.

The time has come to make a decisive choice. What is required is bold leadership that will eliminate the uncertainties and ambiguity inherent in the current approach to land reform.

## CONCLUDING REMARKS

There are two facets to the policy issue of land reform. It is not the most important policy challenge facing the country today; it is eclipsed by unemployment, education, crime, AIDS, and poverty. But its importance is hugely augmented by the fact that, if land issues are not successfully handled, they have the potential to destabilise the country politically, and derail other national development goals and priorities. We only have to look to Zimbabwe to understand the extent to which this can happen, and how dire the consequences can be.

South Africa’s success as a globally competitive society will not be determined by its ability to meet racial quotas in respect of land ownership and participation in commercial agriculture. However, our ability to maintain racial reconciliation, the commitment to our constitutional compromise on property rights, the health of commercial agriculture, the stability of our cities, and confidence in a well-managed, reasoned approach to public policy will be affected by how all of us – black and white, government, civil society, and the private sector – define, talk about, act upon, and assess how we are doing in respect of ‘land issues’.

The government has generally delivered well when it has been focused (the national treasury and the South African Revenue Service); mobilised private sector or parastatal capacity in an appropriate way (housing, electricity); stepped out of the economy (trade liberalisation, agricultural deregulation, deregulation of the airwaves); or boldly led the country on major issues and institutions (the constitution, commitment to the rule of law, independence of the courts).

The private sector has made a difference to policy and delivery when it has ‘done its homework’, thought through the issues at hand, put forward its own proposals – in a strategic way – for how the country should tackle difficult challenges; and then stuck with the issue over the long haul. We should apply these lessons to ‘the land question’ as well.

South Africa has the ability and the means to tackle the complex set of issues involving land. The price of failure would be high. The benefits of success would stretch across the country. Success would further racial reconciliation, and establish public – private partnerships as the delivery mechanism of choice. It would create local and international confidence in South Africa’s future as a modern, pragmatic, competitive, and visionary developing country.

A national consensus on land reform is there for the taking. Significant achievements are possible. The only question is whether the public and private sectors have the will to make this happen. Bold leadership is required.

## ENDNOTES

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- 10 This ratio is roughly estimated as follows: 50 000 black commercial sugar farmers, plus 20 000 'coloured' commercial farmers, plus 5 000 commercial farmers in former homelands, plus 5 000 probable black purchasers on the open market since 1994, plus 15 per cent of DLA land redistribution @ 734 000 ha /10 ha (assumed farm size) = circa 11 000 farmers = 91 000 total/42 000 white farmers = 2,17 times black versus white commercial farmers. Note that this simple comparison does not include a reference to part-time white farmers, whose (probably quite small) numbers are unknown. Sources of estimates of the number of black farmers include L Schlemmer, Captives of ambiguity; local farmer reactions to the emerging rural situation in South Africa, report commissioned by CDE, 2001; and A Vaughan, Corporate initiatives with respect to land and agriculture, report commissioned by cde, 2001. For estimates of coloured and black farmers, see M Lipton, M de Klerk, M Lipton and F Ellis (eds), *Land, labour and livelihoods in rural South Africa*, Durban: Indicator Press, 1996.
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- 12 There is some confusion about this target, on two counts. While the term used in the RDP was 'agricultural land' – which could be taken to mean all potentially arable and grazing land – government spokespersons and key policy documents now commonly refer to 30 per cent of 'commercial agricultural land', defined as 'white-owned agricultural farmland', or 'commercial farmland formerly owned by whites'. Secondly, the term 'commercial agricultural land' suggests that the delivery of state land to black owners should not be regarded as contributing to the 30 per cent goal. However, key government spokespersons routinely include the delivery of state land when talking about land reform delivery. See Thomas, Presentation to the parliamentary portfolio committee on agriculture and land affairs; also see Ministry for Agriculture and Land Affairs, Land redistribution for agricultural development: a sub-programme of the land redistribution programme, <http://land.pwv.gov.za/redistribution/lrad.htm>.

- 13 Department of Land Affairs, Performance review. The deadline for submitting claims was 1998. As claims are processed, however, the Commission for the Restitution of Land Rights often finds that single claims need to be split into two or more; therefore, the total number of claims may still increase.
- 14 Department of Land Affairs, Performance Review.
- 15 National Treasury, Vote 30: Land Affairs, Estimates of National Expenditure 2004, p 829.
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