



**SPEECH BY THE MINISTER OF RURAL DEVELOPMENT AND LAND
REFORM, NKWINTI G. E. (MP)**

**OPPORTUNITIES AND CHALLENGES FOR COMMERCIAL FARMERS
WITHIN A NEW LAND REFORM POLICY FRAMEWORK**

“Building vibrant, equitable and sustainable rural communities”

MIDDELSRIFT, GAUTENG

13 OCTOBER 2011

President of AgriSA, Mr J Muller;
Deputy-President of AgriSA, Dr T de Jager;
Senior Representatives of AgriSA,
Various Chambers of AgriSA,
Farmers;
Dames en Here.

Dit is vir my 'n groot voorreg om vandag hierdie konferensie toe te spreek, en ek dank u vir die uitnodiging. Ons loop nou al 'n langpad saam!

In February 2010, I addressed you and I was sincere in stating that “*ons wil die pad van ontwikkeling en grondhervorming saam met julle loop.*” This partnership won't be short term, as we want to work together over the long-term, 10 years and beyond. This Green Paper on Land Reform and Agrarian Transformation affords us this opportunity to build on our partnership!

When we refer to the vision of a post-apartheid South African state, we all acknowledge that we want a national democratic society characterised by national unity, non-racialism, non-sexism, democracy and shared prosperity.

One area in which the greatest socioeconomic disparities are discernable is the agricultural sector and rural development in general. In 1994, the Reconstruction and Development Programme (RDP) clearly stated that a “vibrant and expanded agricultural sector is a critical component of a rural

development and land reform programme". Such a policy position called for concerted action to address problems of access to land, extension support and training for people traditionally denied land.

As you know, the White Paper on South African Land Policy (April 1997) was the outcome of an extensive process of public consultation. The White Paper set out the vision and implementation strategy for South Africa's land policy, in redressing the injustices of apartheid, fostering national reconciliation and stability, underpinning economic growth, improving household welfare and alleviating poverty.

The recently published Green Paper on Land Reform seeks to undo the legacy of apartheid's highly unequal land distribution. This remains a fundamental priority for the nation. Land reform remains a fundamental policy of government and forms an integral part of the agrarian transformation strategy. The measures proposed in the current Green Paper are informed by an in-depth analysis of the consequences of previous policies as well as comparable studies in other countries. It embraces 3 fundamental principles that provide opportunities for all sectors of our society to uphold:

- De-racialisation of the rural economy for shared and sustainable growth;
- Democratic and equitable land allocation and use across gender, race and class; and
- Strict production discipline for guaranteed national food security.

We are aware, that there are countless challenges facing you as commercial farmers. Before the global economic recession, South Africa enjoyed a decade of sustained period of economic growth. However, millions of people continue to live in poverty with social grants as their only source of livelihood. Like most developing countries, South Africa has seen the middle-income earners become key drivers in propelling economic growth, as they have access to disposable income.

According to the review of the Agriculture Sector Plan conducted in 2008, agriculture's contribution to the GDP has declined since the early 1970's. The number of commercial farmers in South Africa has dropped from 45,000 to 32,000. Many smaller farmers leave due to financial pressures, resulting from drought and insecurity. Farming debt has increased by over 10% and Agriculture's contribution has dropped to about 2.5%. The impact of the weather has been devastating, with hail, lack of or excessive rain and inconsistent temperatures each playing its part in making agriculture very difficult for farmers.

With the escalating prices of input costs worldwide, most established commercial farmers in our country, who do not have the benefit of subsidies like their counterparts in Europe and America, have found it hard to keep their operations profitable. There is now a view that South Africa has become a net importer of food, as local farmers find it hard to compete with imports from subsidised farmers elsewhere in the world. Given the external pressures, farmers could easily succumb to strain and stress. In

fact, in India, these challenges have led to several suicides among the resource-poor farmers.

The primary focus of land reform up to now has been driven by the goal of achieving equitable land ownership amongst the country's citizens. Where efforts were made to develop post-settlement strategies such as the Comprehensive Agricultural Support Programme (CASP) and the Settlement and Implementation Support Programme (SISP), there was insufficient capacity within government for full scale implementation of these programmes. In fact a 2007 review of the CASP revealed that not all the six pillars of CASP were implemented, and that there was a misalignment between the CASP and land reform programme.

As farmers, you know that land and agricultural policy reform in South Africa holds the promise of increasing equity and generating jobs. You are also aware, that the Government has set that target of redistributing 30% of commercial agricultural land by 2014, and the settlement of all land claims. Through 17 years of implementation experience, reviews and independent studies, it became evident that agricultural land reform had become too focused on the delivery of hectares. In 2005 a National Land Summit was held and confirmed that while the land reform programme was based on a market-reliant approach (willing-buyer-willing-seller approach), the land market itself was not restructured to assist in contributing to the reforms.

Whilst most of the policy reforms have laid a solid foundation for the agricultural sector to operate on a high growth path, some components of

the sector have not benefited to full capacity. Deregulation took place in the once over-regulated sector and some of the existing services and grants were cancelled. These measures left gaps in providing the necessary financial support to the targeted beneficiaries and resulted in the collapse of services, especially in the former homelands. Some policy reforms were not fully implemented and created a vacuum in the provision of a comprehensive basket of services to emerging farmers. Even though Government has expended considerable energy and funds since 1994 in providing access to land by means of redistribution, restitution and land tenure reform, there has been limited support for commercial agricultural development. This is the context against which the current Green Paper on Land and Agrarian Reform is premised.

What are the opportunities available to the commercial farming sector within the new policy context?

Government is currently moving away from demand-led interventions and provides several opportunities to constructively engage the commercial farming sector. In terms of new land reform policy and strategic direction the state is investigating diverse landholding mechanisms and tenure arrangements that will address the needs of different categories of farmers, farmworkers, labour tenants and farm dwellers. The emphasis on job creation and food security has changed the focus of land reform from quantity to quality and production discipline.

While achieving equitable distribution of land remains a fundamental policy of government, there is an even more urgent need to ensure that land reform is measured not only through equity, but also through productivity leading to enhanced food security, job creation and skills training amongst beneficiaries and black farmers. The implementation of land reform must therefore be informed by the three fundamental principles mentioned earlier. I would like to comment further on these principles, and the role your sector should play in implementing them.

De-racialisation of the rural economy for shared and sustainable growth:

The pace of land reform has been slower than anticipated and intended; and, has not produced the intended results, with the result that change in approach has to be affected.

The Green Paper on Land Reform is proposing a reformed tenure system to ensure shared ownership by citizens and legitimate non-citizen residents and investors. We have said that government would not be able to achieve the ideals of the land reform programme on its own. It took a joint effort to achieve the ideal of national reconciliation and a shared understanding and enjoyment of our cherished democracy. The same must be true with regard to achieving shared land ownership and prosperity

Democratic and equitable land allocation and use across gender, race and class:

It is a constitutional imperative that the state must ensure equitable access to land by all citizens. This injunction can only be ensured if all people participate in matters of land allocation and use. The Department will ensure full participation by all sectors and groups in those decisions – traditional institutions, municipalities, organised and unorganised producers and consumers, communities and landowners. Institutional support forms part of the land reform system. The newly institutionalized National Reference Group on Land Reform should provide an opportunity for commercial farmers to participate in land reform project approvals.

Strict production discipline for guaranteed national food security:

In order to create a strong production discipline culture, there is a need to ensure that land use management is institutionalised with strict enforcement. State support to farmers will be conditional on their commitment and passion to farm, as well as land being used for production. The principle of “*production discipline*” will apply strictly in cases of leased state land support, in terms of social and economic infrastructure, professional services, inputs and institutions such as markets and credit facilities. It is imperative that emerging farmers are productive, and remain so. Commercial farmers have to play a vital role in this regard.

Currently most of the commercial farms redistributed are struggling financially, faced with huge debts, poor infrastructure, lack of adequate support, conflicts within the large group projects, poor skills development and numerous other problems. This prompted the Department to utilise the proactive land acquisition strategy, coupled with a Recapitalisation and Development Programme (RADP), to assist them.

The RADP covers all categories of land reform farms acquired since 1994. The Department, through the funding element of RADP, will only fund the expenses of a mentor for an agreed period of time; but, will expect that this cost be covered by the enterprise once it starts generating a profit. Organised agriculture and other experts are encouraged to pilot existing models of mentorship so that each commodity group could have clear norms and standards for mentorship. We are also encouraging strategic partnerships with commercial farmers through co-management, equity schemes and contract farming. Proper selection and follow-up of beneficiaries is crucial for land reform to develop sustainable commercial farming. Training and extension is essential, not only in farm technologies, but also in marketing and financial management. The commercial farming sector therefore has a huge opportunity to participate in this process.

I thank you for participating in our Green Paper workstreams through the National Reference Group, and look forward to a final policy position that will map the way forward for sustainable land and agrarian reform.

Ek dank U!