1913 Land act - The state of South African land ownership 100 years on

Food system series: Paper III

Compiled by Luke Metelerkamp on behalf of the Sustainability Institute
The 1913 Native Land Act put in place a series of laws and forced removals which meant that by 1993, white people and the apartheid state had annexed over 87% of South African land. This left just 13% of the country's land available for ownership by the black and coloured people, a group which represented 80% of the population. The legacy of the Act is not simply about land, but almost a century of social, economic and spiritual disempowerment.

As 2013 marks a hundred years since the passing of this infamous piece of legislation, it is important to take stock of how far South Africa has come in terms of land ownership in the last 19 years of democracy.

- Some 10% of all land is now controlled by the democratically elected state, representing all people of the country. Of this, 70% is set aside for the conservation of nature.
- A further 15% is held almost exclusively by black people in communal property, located mainly in the former Bantustans.
- Some 5% of the total surface area has been passed into black and coloured ownership by means of the formal state-led land reform process. A further R5-billion of payments have also been made to victims of forced removals in lieu of land compensation.
- Urban and other non-agricultural land areas account for a further 8% of South African land. While urban suburbs largely remain racially segregated, white people now constitute a minority in terms of home ownership in South Africa. This suggests that land ownership in urban areas may be approaching a racial tipping point. It is also worth noting that 60% of South Africans now live in these urban areas, which in turn accounts for 97% of the total value of the South African property sector.
- The remaining 65% of the land area of the country is classified as commercial agricultural land, of which a third is arid semi-desert and only about one fifth is suitable for crop production. No clear figures exist on the exact racial composition of this land ownership, but it is widely accepted that it remains almost entirely owned by a dwindling number of white commercial farmers. It is estimated that by 2025, there will be only 15 000 commercial farmers left in South Africa, and that the 65% of the country which these farmers own is currently worth only 3% of total property values nationally.

Significant shifts in land ownership, particularly in urban areas, have taken place as the result of a growing black middle class, and state programmes which have formalised tenure and provided housing for millions of South Africans. Yet, when viewed in terms other than racial, the economic distribution of land ownership between the wealthy and the poor has changed very little.

Furthermore, as a result of neo-liberal state policy and global trends in agriculture, ownership of the 65% of the country's commercial farmland has contracted from around 65 000 to 30 000 farming units over the last 19 years. This means that despite a R81 billion land reform process, the state's collective policies pertaining to rural South Africa have constricted - and will continue to constrain - the distribution of land. These policies have also pushed large numbers of rural people into urban poverty.

The effects of these changes on our food systems are likely to be:

1. A growing number of South Africans will reside in semi-formal or low-cost housing over which they have tenure. Those gaining ownership may experience a positive impact on basic food security as a result of owning a substantial formal asset which can serve as a buffer against economic shocks that lead to seasonal or temporary food insecurity. However, accompanying this will be a marked increase in the demand for and consumption of poor urban diets that are low in nutrition and high in fats, sugars and salts. This is likely to contribute negatively to many of the non-communicable lifestyle diseases covered in Paper II of this series.

2. Job shedding as a result of farm consolidation and mechanisation within the rural sector will continue to drive slum urbanisation and unemployment. Accompanying this will be all the burdens (including increased food insecurity) common to unemployment anywhere. This job shedding is as much about the failure of land reform as it is about the dysfunctional nature of the global food system.

3. Uncertainty around land reform claims on commercial agricultural land will place increased financial stress on the sector and deter some long-term investment by all but the very biggest investors. This is likely to impact on both the cost of food as well as facilitating the further vertical consolidation of ownership within the food system.

4. In the medium to long term, unresolved and inequitable distribution of land ownership represents a significant political and economic tension, which is likely to escalate into broader instability and unrest if left unresolved. The effect of this unrest on food insecurity and the larger economy would be negative and potentially severe.

**Points of engagement for the private sector:**

1. Develop industry platforms both internally and externally to better understand your company's position with regards to equitable land ownership. Engage with others in the sector and assist in disseminating this information for the public agenda and policy space. Make use of integrated reporting platforms to do this.

2. Connect and learn from industry leaders such as the small handful of agricultural companies which have successfully initiated alternative forms of land reform.

3. Recognise that it is not only companies in the rural sector that are responsible for defining a new vision for land reform. All companies, but particularly those within the urban property sector, have a role to play.

4. Actively develop and pursue innovative models of structuring land ownership and access within your sector. Set ambitious targets and work with your competitors to develop sector specific 'best practice' guidelines. Voluntarily report on these targets in social performance reports.

5. Support urban and peri-urban food systems which create viable livelihoods for more people from smaller tracts of land. The many other benefits of this are discussed in Papers I & II of this series.

6. Engage with the state on issues which affect land reform, and provide financial backing to public interest law firms representing the interests of the poor on issues around land reform. These and other NGOs play a critical role in maintaining a healthy check on both state and private sector power. They are very often the only non-violent avenue poor communities have to assert their rights.

7. Explore state-driven partnerships that facilitate private-sector engagement in land issues, such as the Department of Human Settlement's “Each One Settle One” programme.

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1Total percentages add up to 103% as a result of overlaps on figures of state owned and non-agricultural land. .
Portion of white owned commercial farmland which the state land reform programme seeks to transfer between 1994 & 2025: 30%

Years until state target is reached at the current spending rate: 36

Previously white-owned commercial farmland the state has transferred since 1994: 7.5%

Ratio of black to white South African home loans in 2011: 1:1

State target for transfer of white-owned urban land between 1994 & 2025: 0%

South African households who own the home in which they live: 53.1%

The percentage of all previously ‘white land’ independently transferred since 1994: Unknown

Percentage of South Africans who live in urban areas: 60%

State spending on land reform to date as a percentage of the total value of agricultural assets: 58%

Farmland as a portion of total property values of the country: 3%

Budget needed to reach state target at current spending rate: R243 billion

Portion of the population who currently own more than 60% of the nation’s farm land: 0.3%

2013 budget for land restitution and reform: R6.7 billion

Percentage of property held by the wealthiest 5% of the black population: Unknown
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Introduction

Land is the foundation for the entire food chain and is a valuable source of livelihoods. The ownership and management of land has a significant impact not only on national food security, but also on the socio-economic stability and wellbeing of the entire country.

Despite the formalised, high profile and economically significant land reform programme which has been underway in South Africa for the last 19 years, there is still no clear statistical picture of land ownership in the country. The Deeds office does not synthesise racial records on property transfers, the national census does not accurately track land ownership, and the land footprint of BEE shareholdings in the private sector has not been calculated.

What became evident through the course of this research, however, is how much more there is to land reform than just a formal, state-led process. Wealthy black investors are buying up large tracts of farmland on the open market, 40% BEE shareholdings in large property companies such as Growthpoint Properties (Ltd) are no longer uncommon, and, for the first time ever, the ratio of black to white home loans has equalised – to name but a few developments.

This paper begins by exploring the background of the people and the land in South Africa over the past 100 years to set the scene for a following discussion on three pathways to land reform. Once this context is firmly established, it is then possible to more accurately take stock of the land situation in 2013, and plot its potential future. In conclusion, the paper offers seven constructive points that businesses can use to help them to navigate and engage successfully in the land reform arena.

3 either in terms of hectares or land value

“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.”

Address to the national assembly on 17 Feb 2005 made by then president of South Africa, Thabo Mbeki

* in Bernstein 2005: p31
Background:
People and the land 1913 - 2013

"Awaking on Friday morning, June 20, 1913, the South African Native found himself, not actually a slave, but a pariah in the land of his birth."  – Sol Plaatje (1916: 21)

While dispossession and exploitation were nothing new to South Africa in 1913, the late 1800s had been a period of slow progress towards increased civil liberties, including the abolition of slavery. The 1913 Native Land Act is thus important in that it marked a change of direction in the policy landscape and ushered in a particularly painful and fruitless chapter of South African history.

The Act in effect made provision for the following:

- The creation of a number of African “reserves” for the settlement of black South Africans, which would serve as pools of migrant labour for white-owned farms and urban-based industry.
- The elimination of independent tenancy in ‘white’ rural areas, with the abolition of sharecropping and rental tenancy arrangements.
- The legal affirmation that black and white people were not, and could never be, equal.

(South African History Online, 2013)

In the wake of this Act came a long list of laws and accompanying forced removals in which black and coloured people were forcibly removed from ‘white’ areas and resettled in newly established ‘black’ areas. These white areas constituted 87% of the country, while the black areas accounted for a mere 13%.

Over and above the racist ideologies and social engineering of the Nationalist government, a number of other radical demographic shifts were taking place during this period. These shifts served to heighten the land tensions and transformed the face of the South African agricultural sector.

A century of demographic transformations

Between 1911 and 2011 the South African population exploded from 5.9 to 51 million people, growth which was accompanied by widespread urbanisation. Though 75% of South Africans lived in rural areas in 1911, over 60% now resided in urban areas, and this balance continues to shift in favour of the urban environment. To put this into perspective, twice as many people now live in Gauteng alone than were alive in South Africa in 1913. This has profound implications for the pressures and expectations placed on land ownership by the population at large. In the starkest terms, it means that whereas in 1913 there was roughly 20ha available for each citizen of the country, by 2011 there was only 2ha available per citizen.

A sector under pressure

As South Africa has shifted increasingly towards a manufacturing and service-based economy, the contribution of agriculture to formal GDP has shrunk over the period, from 23% in 1920 to around 3% in 2013. Furthermore, the commercial ‘white’ agricultural sector has undergone a massive consolidation since the removal of heavy subsidisation under the apartheid regime. Since the late 1980s, the total number of commercial farming units has dropped by about 15 000 per decade to around 35 000 units - a number that continues to contract. An average of 30 000 jobs per year have subsequently been lost in the agricultural sector since 2001, equivalent to about 331 000 jobs in total (SAIRR, 2013).

As the South African population is dependent on an agricultural system which relies on increasing economies of scale (and lower population densities) to remain afloat, the changes in population size and distribution raise troubling questions about the future of land ownership in the country. It would seem that without drastic policy intervention within the spheres of trade and agriculture, more than half of South Africa’s land will belong to less than 0.3% of the population - irrespective of the colour of their skin.

While none of the demographic and economic shifts that have taken place over the last century are unique to South Africa, the combined legacy of landlessness, inequality and racial segregation is. What the shifts make clear is that too much has changed over the past century for South Africa to be focussing on how to go about "Reversing the legacy of the 1913 Native Land Act" (DRDLR, 2013). Though it is unquestionably true that millions of people have effectively been dispossessed and subjected to nearly a century of impeded socio-economic development, the vision for restoration is simply too blurry.

There is ample evidence that change is needed, but the question remains: how?
Three pathways to reform

Conversations on the post-apartheid transformation of land ownership in South Africa tend to focus almost exclusively on state-led programmes of restitution (returning land claimed by communities after forced removals) and redistribution (the wider process of reallocating white-owned land to black people). However, this focus is far too narrow.

Our research divides the overarching process of land transformation into three broad categories: Direct State-Led, Indirect State-Led and Organic (see Figure 1). All three are considered to operate within the framework and mandates of the constitution.
1. Direct state-led reform

The South African government is constitutionally mandated to ensure equitable access to land, while also providing redress for those whose access was negatively affected by racially discriminatory laws or practices following the 1913 Native Land Act. In 1994, a target was set to transfer 30% of white-owned commercial agricultural land by 1999. The mandate for this rests with the Department of Rural Development and Land Reform (DRDLR) which pursues these objectives by means of three channels: restitution, redistribution and tenure reform.

Restitution

State-led restitution was set up to restore or compensate those whose ownership or tenure over land had been lost between 1913 and 1994. December 1998 was set as the cut-off date for affected parties to submit claims, of which 79,696 were received. Roughly 82% of these were urban claims (Lahiff 2008). It is very difficult to gauge the total progress on this front as many of the outstanding rural claims have been bundled and re-bundled into a smaller number of increasingly large and complicated claims - some of which were then de-gazetted and unbundled again. Despite this, it would seem that on the whole fairly good progress has been made, particularly with respect to the 65,642 urban claims. Most of these involved cash transfers and have been settled (Lahiff 2008).

It’s not state-led land reform that’s hurting the private sector, it’s state-led uncertainty

The uncertainty created by outstanding and unsettled claims, as well as talk in some spheres of government about the reopening of the claims process to new applicants and scrapping the use of market-related compensation, has had a negative impact on the commercial agricultural sector as well as those reliant on it. As a result of this uncertainty, farmers become unable to reinvest in long-term fixed assets, and banks become unwilling to lend against insecure assets. Yet they are also unable to capitalise their land assets and start new businesses. This is unquestionably transforming the nature of the agricultural sector as big land owners favour business models with shorter horizons and fewer fixed assets.

As the CEO of a big farming company owned by a wealthy philanthropic family, which had a 15,000ha section of their farm gazetted under a restitution claim in 2004, put it: “[the owners] really embraced the claim and wanted to show South Africa how to do a land claim well. But after a 9-year battle with the Department of Land Affairs just to get the community onto the land, the family gave up and will never try again”. Nineteen years after democracy, this displaced community is still without land, and the employment on the 15,000ha of land is at 25% of potential as a result of frozen commercial activities.

Ironically, poor management and instances of political abuse in the restitution process to date have, if anything, accelerated the consolidation of land ownership by placing additional financial constraints on the sector. As conventional credit becomes more expensive or simply not available, unresolved restitution has been the straw that breaks the camel’s back for many farmers, pushing them off the land. Those who continue to face unresolved claims are often forced to turn to alternative sources of conditional financing via contracts with investors further up the value chain, such as large retailers. This in turn consolidates the value chain.
There are about 5 000 outstanding large and often highly complex rural claims, which tend to involve large communities and high-value agricultural land. For the most part, it is these 5 000 or so outstanding claims which are causing the most tension between the state, potential beneficiaries and the commercial farming sector.

At the most recent count, 2.92 million hectares (equivalent to 2.1% of all land) and R5-billion worth of cash settlements (SAIRR 2012) had been processed by the state at a total cost of R28-billion to the taxpayer (South African Treasury, 2013).

**Redistribution**

While the aim of restitution is to restore land in cases where specific dispossession took place, land redistribution seeks a wider goal of enhancing the equity of land access by brokering agreements which transfer land from white ownership into black.

The progress in redistribution has been somewhat easier to track. By 2012, redistribution efforts had transferred a further 3.18 million hectares, or 2.5% of land area, at a total cost of R26-billion to the taxpayer since 1994 (South African Treasury, 2013). Redistribution has historically lagged woefully far behind target (see Figure 3). With the current shift within the DRDLR to reprioritise funding into the improvement of existing reform projects, this target shortfall looks set to persist.

**Tenancy reform**

Compared to restitution and redistribution, tenancy reform has received little attention. This is partially because it is less inclined to the setting and securing of emotive targets than its ownership-driven counterparts, and in many ways feels less racially charged and more passive. Nonetheless, the target for improving security of tenure, along with the provision of supporting legal protection of tenure rights, is an important topic. As many as 3 million people are resident on farms they do not own, and a further 16 million reside in areas where land is held communally (Hall 2007) – collectively, around two fifths of the South African population.

However, the challenge of reconciling security of tenure, particularly on commercial farms, while the sector is shedding as many as 30 000 jobs a year, is no small task - particularly since most commercial farms are situated in remote rural areas with no prospects for employment other than on the farm.

Despite the best intentions of the tenure reform system, it seems clear that attempts at securing worker tenure on commercial farmland could be likened to building sand walls on the beach to hold back the receding tide. Ultimately, these former farm workers are likely to remain unemployed, and will end up in rural or urban townships as economic refugees.

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1 Combined figures from Lahiff (2009) and the most recent Department of Rural Development and Land Reform (2012) mid-term review.
2 Combined figures from Lahiff (2009) and the most recent Department of Rural Development and Land Reform (2012) mid-term review.
A history of shifting deadlines

Predictably, given its scale, the 1999 target of a 30% (24.6 million ha) land transfer was not met. Only 41 of the 63,455 restitution claims received had been settled, and a mere 2% of the original redistribution target was achieved - although most agree this target was more of a political necessity at a time of social upheaval than a realistic intention. In 2001, the target date for the 30% transfer was extended to 2015. However, this deadline is now just one year away and roughly 18.5 out of the 24.6 million ha target is still outstanding. The target will again be missed, although this time by a slightly smaller margin.

The deadline for the 30% transfer has been extended a second time to 2025.

What is likely to further restrain the achievement of the 2025 deadline is the political realisation that, of the 6.1 million ha transferred to date, most farms are a failure. The rate of failure varies significantly according to how success is defined. Most suggest that between 40% and 80% have failed (SAIRR 2012, Cousins & Dubb 2013).

In order to avoid perpetuating a failing model, the DRDLR is now shifting its focus (and limited budget) to the recapitalisation and support of existing reform beneficiaries instead of the acquisition of new land. A large part of this support is being realised via partnerships between reform beneficiaries and experienced white mentors from the private sector.

In some ways, the growing number of mentorships and partnerships between white and black farmers is a more powerful symbol of the racial transformation and reconciliation taking place in rural South Africa than the 6.1 million ha of land transferred to date.

Changing the lens

Land reform is not simply land reform because it is politically branded as such. DRDLR’s reform programme sets land size based targets which ultimately say nothing about either the value of the land transferred or the livelihood potential of that land. Given that agricultural property in South Africa only accounts for 3% of the total value of all property\(^6\), it is reasonable to assume that should DRDLR eventually meet its 30% target, it will at most have transferred a mere 1% of the total value of all property into black ownership.

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\(^6\) Adapted figures from Property Charter Company 2012

\(^7\) Adapted figures from Property Charter Company 2012 and Walker & Dubb 2013
There are two main points to take away from the state’s historic performance and current position on land reform.

Firstly, fresh targets and escalating budgets should be seen as indicators that an earnest intention exists on behalf of the ANC to continue its attempt to transform the rural economy.

Secondly, the state is caught in a position in which land reform means too many things to too many different parties (Bernstein 2005): a solution to the pain of the past, a solution to unemployment, a solution to food insecurity, a solution to inequality, a solution to poverty, a solution to securing the rural vote, a solution to eco-system degradation, etc.

These conflicting constitutional, economic and political demands are simply far too great for a single department to be able to deliver anything close to what is expected of it within the limited institutional capacity and budget available. What’s more, DRDLR is being expected to deliver on these goals in a global climate of urbanisation and rural land consolidation where even the most experienced, well-resourced farmers are folding. Conflicting rhetoric and failure to deliver should be considered par for the course we are on – unfortunately.

However, despite the often angry and/or panic stricken criticism the ANC receives, in practice its commitment to undertaking the vital process of land reform at a measured pace within the framework of the willing buyer/willing seller principle has been unrelenting. For potential investors, the expanding budget and willingness to extend the 30% deadline by a further 10 years seems to affirm its intention to continue with this approach.

In light of the wave of urbanisation and the aspirations of urban jobs this brings, should we be thinking differently about what it means to own productive land?

A land grant of 200m2 of floor space on a busy urban street could do far more to lift a landless family out of poverty than 2000ha of land in the Northern Cape.

One of South Africa’s biggest property companies, Growth Point Properties, controls R55-billion worth of property assets, most of which is urban commercial space.

It is also 38% black owned.

This black shareholding in non-agrarian property assets is equivalent to the DRDLR’s entire redistribution budget in the first 17 years of the land reform programme. What’s more, Growth Point has consistently delivered healthy shareholder returns.
2. Indirect state-led reform

While not referred to as land reform, there are a number of indirect state-led initiatives which are transforming land ownership in South Africa. In light of the slow pace of the direct state-led reform process, the impact of indirect state-led reform is all the more significant as it may be transforming the structure of land ownership more fundamentally than any other force currently at play. These initiatives include the Property Charter, the National Housing Strategy and black economic empowerment in general (via the open property market).

The property charter – land reform for the urban elite

The Property Sector Code requires enterprises operating in the property sector to facilitate the transformation of all property ownership in the following ways:

- The companies themselves must be at least 25% black owned.
- When disposing of property assets, 35% of those assets must be disposed of to BEE entities in Level 1 to 3, which are black owned.
- For organisations undertaking new developments, 10% of their development investment must be in under-resourced areas (Government of South Africa 2012)

Very little is known about the trickle-down effect of transformational mechanisms such as the Property Charter and other BB-BEE programmes on: a) the racial composition of land ownership in general, and b) land challenges faced by the poor black majority in South Africa.

National housing strategy – land reform for the urban poor

Through the National Housing Strategy, provision is made for securing urban tenure, upgrading informal settlements and improving access to housing via ownership or lease agreement (See Figure 7). The South African government built over three million homes for South Africans between 1994 and 2011, giving shelter to over 13 million people (Van Niekerk 2012).

The state housing programme is fraught with difficulties, faces a growing housing backlog, and is no longer able to afford the continued roll-out of housing it has promised. Yet the continued drive to formalise land tenure and ownership over informally occupied land in informal settlements is a process through which urban land is being transferred into black ownership. State bodies such as the newly established Housing Development Agency (HDA) aim to fast-track the acquisition and release of state, private and communally owned land for low-cost housing (HDA 2013), thereby accelerating urban-centred land reform.

In 2011, the government set itself a three year target of improving the standing of 500 000 households in informal settlements, by providing them with security of tenure and access to essential services on sites that are close to economic and other social amenities (Van Niekerk 2012). The HDA also aims to acquire 6 025 ha of urban and peri-urban land by 2014 for housing developments, which will include “new high-rise housing stock to be built for the specific purpose of accommodating low-income households in rental accommodation” (Van Niekerk 2012).

Thus, while the state housing programme may be facing substantial economic challenges, the ongoing process of housing delivery and tenure formalisation is benefiting millions of poor South Africans and should be considered part of the national process of land reform.

Calling the private sector to the table on urban reform

In his 2011/2012 address Minister of Human Settlements Tokyo Sexwale stated the department’s intention to further develop public-private partnerships to address the growing housing backlog. More of the department’s effort he said would be “geared towards enhancing public–private partnerships through the Each-One-Settle-One Programme” which called on the private sector to join the state in solving a challenge with neither had the capacity to deal with, independently.
Figure 7: state-led tenure formalisation and housing: radical transformations on the ground - philippi township in cape town between 2001 & 2009 (metelerkamp 2012).
3. Organic reform

While Schüssler’s statement is a tongue-in-cheek distortion of statistics, the point he is raising is an important one. Much of what has changed since 1994 in terms of land ownership has happened on the open property market, and this generally goes unreported.

South Africa’s 2011 Census supports Schüssler’s point, reporting that 53.1% of South African families owned the homes they lived in (Stats SA 2012). Given that only 10% of households in South Africa are white, even if all white families owned the homes they live in (which is not the case), then at least 43% of all residential properties in South Africa must now be owned by previously disadvantaged racial groups. A recent report by the South African Institute for Race Relations corroborates this trend, and reported that for the first time ever, as many bonds are now held in the name of black people as white people in South Africa (SAIRR 2013). What this effectively means is that although the value of the average white property may be far higher than the average black property, far more black people than white people a) own homes and b) own their homes outright.

Given that the Property Charter Company recently valued the country’s residential property at R3-trillion (PCC 2012), what does this mean for black land ownership? Nobody really knows, but in terms of land value it is clear that the urban black population owns land the value of which far outstrips the value of all agricultural land and buildings owned by white commercial farmers, many times over.

This organic transformation is not only happening in urban South Africa. Many wealthy black individuals and investment consortiums are also making sizable rural land acquisitions.

Furthermore, sustainability leaders in the wine industry, such as Meerlust, Spier and Solms Delta, are all engaged in voluntary reform processes operating outside of the DRDLR’s framework, as are countless other agricultural companies at various scales. Initiatives such as these should also be considered as another form of organic land reform, as they are not recorded in terms of the formal land reform targets.

“A third of black South Africans own a second home - compared with only ten percent of whites.”

- Schüssler 2010

Reform is about more than restoring land, it’s about reviving skills and culture

In 2005, the new owners of Solms Delta wine farm established the Wijn de Caab Trust to benefit the 200 historically disadvantaged residents and employees of the Solms-Delta wine estate. The owners were then joined in their initiative by a neighbouring farm, both of which then put their farms up as collateral so that a third, adjoining farm could be purchased by the workers.

The Wijn de Caab Trust now has a 33% equity stake in Solms-Delta, and the profit from wine sales has been used to build and refurbish decent and comfortable homes for the workers and their families, create recreational facilities, and provide a myriad of other social services (including private education and healthcare) that benefit all. Every employee now has an interest in making Solms-Delta a success.

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* What he really means is that a third of black households have access to more than one property (none of which they necessarily own in the conventional sense). This means that as many as a third of black South Africans are receiving rental income from backyard shacks tacked onto RDP houses, to Sandton mansions and anything in between.
Taking stock in 2013

It would appear that far greater steps have been taken in reversing the legacy of the 1913 Natives Land Act than is commonly assumed. Despite this, white people still own at the very least 50% of the country, despite representing only 10% of the population. In short, the racial imbalance in land ownership both in terms of total hectares and land value remains unacceptably skewed given the population distribution (see Figure 8).

For the state’s part, the DRDLR inherited an incredibly complex set of challenges. However, it has also made a series of its own mistakes that have stalled the process of land reform, far more than the commonly-cited white resistance to land reform has. Since its inception, R81-billion9 has been spent on land reform by the DRDLR, which is equivalent in value to 54% of South Africa’s total agricultural land and fixed assets. In return for this, the department has delivered only 7.5% of available farmland, of which only about half has retained some degree of commercial functionality. Furthermore, many restitution claimants whose claims were accepted have been waiting for 15 years to move back onto land from which they were forcibly removed, despite there often being a willing seller.

In order for labour intensive, small- to medium-scale agriculture to succeed in South Africa, a major restructuring of the whole food system is needed. This would necessarily include massive up-scaling of agricultural research and farmer-support programmes, widespread localisation of retail systems, and a complete policy reversal on trade protection (requiring a break from global free-trade agreements). Given national trends and the state of food systems globally, this restructuring seems highly improbable.

As things stand, if the ultimate commercial farmland target of a 30% transfer is reached, it will likely consist of no more than 5 000 farming units. While this may be beneficial for the 5 000 or so black commercial farmers who end up owning these units, at 0.01% of the South African population they are statistically insignificant in terms of the fundamental clause on land reform in the Constitution, Section 25(5). This clause mandates the state to “foster conditions which enable citizens to gain access to land on an equitable basis” (Constitution of South Africa. Chapter 2, Section 25).

This example shows the complexity of the DRDLR’s challenge: the state’s neo-liberal agricultural policies which knowingly drive people off land are at odds with its constitutional mandate to foster conditions for equitable land access. So, while a 30% transfer may present a more pleasing cartographical picture of the nation in racial terms, it will, at best, do nothing to overcome the challenge of economic segregation and social exclusion of the poor. At worst, meeting this target would greatly exacerbate the growing chasm between rich and poor South Africans. In the words of Prof. Du Toit from the Programme for Land And Agrarian Studies (PLAAS): “An answer has to be found that is not about ‘land reform’ but about a sensible direction for South African agriculture as a whole” (Du Toit, 2008:2).

However, Bernstein from Johannesburg’s Centre for Development and Enterprise pushes this a step further, repeatedly arguing that “the challenge facing the country now is to re-conceptualise and modernise our understanding of land reform” in the context of urban aspirations and economic opportunities (Bernstein 2005:6). In many ways, what Bernstein called for in 2005 is now underway in the shape of some of South Africa’s biggest national programmes and policies. These, however, seem to have been excluded from the land reform debate. Such programmes and policies include the new National Housing Strategy, the Property Charter and Black Economic Empowerment in general.

9 In real terms at a December 2012 CPI base
10 Based on current trends in farm size consolidation which suggest there will only be around 15000 commercial farms in South Africa by 2025.

Figure 8: dominant population groups by political ward, according to census 2011. A group is considered dominant if it makes up more than 50% of the population in a ward, or more than 33% where no other group makes up more than 25%. (Stats sa 2012).
Where to from here?

Spending billions of Rands and putting in decades of hard work only to grant between 0.01% and 0.02% of the black population ownership status on big commercial farms seems callous while the immediate needs of millions of the poorest of the rural poor remain unmet. If the government is serious about job creation and the provision of lasting tenure security to poor rural South Africans, this money would be better spent actively encouraging the dwindling numbers of existing commercial farmers to stay on the land.

Turning the tide on the consolidation of farms will have a greater impact on rural livelihoods and landlessness than any other intervention currently available. It is time for South Africa to realise that the less it subsidises agriculture, the more it will spend on social welfare, housing, crime prevention and health care in urban areas. Fortunately, many of the available high impact investments, such as soil and water conservation programmes, are relatively inexpensive, and have a proven ability to deliver positive returns on investment.

Another solution may be well located peri-urban land, through which farmers have fast, affordable and direct access to urban consumers. This proximity allows farmers to sell produce on a regular basis without large losses to distribution and middlemen. Up-scaling existing pilot projects in this area should now be possible.

With the above two points in mind, a good start would be to reduce the land redistribution targets on large scale commercial farmland. Instead, spending should be focused on small belts of peri-urban land, and as much funding as possible reallocated into farmer-support programmes to help reverse the consolidation of all commercial farms. Much of this support could be conditional on farmers’ performance on soil and water conservation programmes, are relatively inexpensive, and have a proven ability to deliver positive returns on investment.

Restitution needs to be made as a matter of priority for the sake of the claimants, the jobless, and national food security. Where specific communities have living memory of forced removals, restitution and closure are non-negotiable. However, it is not only the claimants’ wellbeing that is at stake; until these claims are settled, experienced farmers can neither make long-term investments into these farms nor move on to create new businesses and livelihoods elsewhere. Unresolved land claims cripple food production and job creation by freezing the capital farmers have tied up in their land. Because this filters back to urban South Africa in terms of higher food prices, lower export earnings and higher unemployment levels, unresolved land claims affect us all. This was well captured by Cronje earlier this year, who said:

[...] levels of poverty and unemployment in urban areas remain extremely high and poor urban households will find it very difficult to absorb the impact of high levels of food price inflation. In fact, it is quite plausible that steep food price increases could trigger a political reaction, in urban areas, that the government would find difficult to contain. This is especially so in an environment that has seen the number of major service delivery protests against the State increase by 1000% over a period of less than a decade. Consider, then, that it is accepted that eight out of ten land reform projects has failed or is failing and to call for accelerated reform is to court political disaster for the government and the ANC.

People who comment on land reform in South Africa would therefore do well to consider the following points: The first is that the amount of land in black hands is not 13% but may be as high as 50%. The second is that the 50% in white hands is held by South Africa’s food producers and that their numbers are shrinking very quickly as urban markets demand ever more cost-effective production methods. The third is that any policy that compromises the ability of those farmers to produce food may trigger a series of urban protests that the government may find difficult to control.

(SAIRR 2013:2)

Perhaps equally dangerous to the business climate in South Africa are land claims which are abused by people in power for their own benefit, or settled unfairly as a result of unequal power relationships between claimants and land owners. The exacerbation of already volatile racial tensions are not something our already-strained democracy can afford. In this respect, the small number of public interest law firms such as the Legal Resource Centre play a critical and undervalued role in the reform arena, and should be better supported by both the state and the private sector in their work.

Where to for enterprise

Engaging with land reform will take shape differently depending on the organisation.

Spar, for example, is doing good work by restructuring its procurement systems to accommodate smaller, less experienced producers.

In another example, the South Africa Sugar Association (SASA) has gone to great lengths to act pre-emptively to fast track claims on its cane plantations to minimise disturbance to the sugar industry.
Conclusion

Much has been done to transform land ownership since 1994, most of which has taken place outside of the mainstream reform process. Even by a conservative estimate, it would appear that one quarter of non-state rural land is now controlled by black people and, as would seem fitting, at least four times as many residential properties are now owned by black families rather than white ones. While still clearly unequal, these imbalances are a far cry from the 13%/87% national split that existed pre-1994 and which is still cited today by some academics, activists and politicians.

For its part, the official state-led process of reform has charted a remarkably balanced course, given our history and the conflicting demands being made on it. In spite of this, only about a quarter of the target set for transfer in 1994 has been reached, and much of the farm land transferred is far from optimally productive.

Clearly, much remains to be done, but how to do it?

Creating a sense of justice is productive, but how many jobs or of kilograms of maize is justice worth? A full stomach might say justice is worth the world’s weight in grain. But to those starving, the answer is likely to be different.

Economically, politically and environmentally, South Africa is under severe pressure. Uncontrollable unemployment levels, rising dissatisfaction with service delivery, high levels of corruption, rising inequality and a failing education system are but a few of these growing socio-economic problems. It is against this backdrop that decisions informed by transparent, de-politicised, and public debate on land reform should be considered by business leaders and citizens alike. Given the radical changes in South Africa’s population distribution combined with the de-agrarianisation of the economy that has taken place over the last 100 years, the idealised notion of South Africa’s countryside before apartheid needs to be radically reconsidered if lasting, equitable progress is to be made.
Reference list


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1 Assumes a spending rate per percentage point reach equivalent to spending to date. In reality this could quite likely need to be higher to account for the DRDLR's recognition of the need for increased spending on post-settlement support.

2 This assumes that each of the 35 000 farming units is owned by a nuclear family of 4 which would mean that the 35 000 commercial farmers and their families would make up 140 000 ‘land owners’ who in turn constitute 0.27% of the 51 million people in South Africa. In reality, this figure could be much smaller still as the number of farming units continues to drop.
About The Sustainability Institute

The Sustainability Institute is an international living and learning centre which provides a tangible space for people to explore an approach to creating a more equitable society that sustains rather than destroys the ecosystem within which society is embedded.

The Sustainability Institute's business unit was formed in 2011 to offer clients access to sustainability expertise shaped by the insights of the Masters programme and the latest research conducted by its PhD students and associates in partnership with the University of Stellenbosch. Projects are managed by a core group assisted by individuals and institutions within the SI’s network, offering expertise across a range of sustainability-related areas.

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