

Land reform - the year that was, as we look ahead to 2019

 By [Peter Setou](#)

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This time last year South Africa heard for the first time that the ANC had taken a stand to consider amending Section 25 of the Constitution to allow for the expropriation of land without compensation. Since the landmark announcement at the ruling party's 54th national policy conference, land reform has dominated public conversation in 2018. Throughout the year, the conversation on land reform became a national talking point, even making it to Google's most popular word of the year.



Peter Setou

The Joint Constitutional Review Committee's adoption of the recommendation to Parliament that Section 25 be amended was followed by an urgent interdict by lobby group AfriForum to halt the debate on land reform in the National Assembly, which was subsequently dismissed in the High Court. A date has not yet been set to hear AfriForum's second case centred on the public participation process.

As expected, the ANC and the EFF voted in favour of the adoption of the committee's report. Although the report states that Parliament must table, process and pass a constitutional amendment bill before the end of the fifth democratic parliament (our current parliament), it is highly unlikely that the Expropriation Bill will be finalised next year.

Furthermore, Parliament's traditionally busy schedule at the beginning of the year makes it implausible for the lengthy process of adopting a bill, which includes among other conditions another public participation process, to be concluded before the country's national general elections in 2019.

So, as we look ahead, land reform will undoubtedly take centre stage in the run-up to 2019 elections.

Debates about changing the constitution were received with criticism and some argued that expropriation of land without compensation (EWC) would erode property rights, which are the foundation of individual liberty; if property rights collapse, so too will the economy.

Today we are faced with the reality of the decision that the ruling party has taken to proceed with amending Section 25 of the Constitution to allow for EWC. Several warnings have been raised around the impact this will have on the economy and job creation.



Are land reform and expropriation fears justified?

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Amid concerns raised by the South African business community about the possible impact on investment in our current economic environment of negative economic growth, job shedding in key sectors like agriculture, depreciation of the rand and the country's relegation to sub-investment grade by ratings agencies; international investors have called for the South African government to provide greater clarity on its land reform plans.

The cost implications of this process must be clearly articulated.

It is estimated that the government would need the equivalent of at least double the annual gross domestic product (GDP) to implement a satisfactory land resettlement programme based on expropriation without compensation at this point. It may help the government to phase the process in a way that is affordable as the expectations created might lead to negativity, anarchy and even ghost settlements; it would be prudent to provide a financial plan on how exactly this process will work.

From our current position on the issue, it may be worthwhile to begin to shift our focus and look at what can be done to ensure that the process is seamless, progressive, and achieves the outcomes it seeks to achieve in the face of naysayers.

From where we stand, our reality as a country is that expropriation without compensation will proceed; how it's done will make or break the country and government must clearly articulate this and guide the process to enable a progressive process going forward.



A number of questions have been posed by agricultural economists and researchers alike about how expropriation without compensation will be implemented, such as:

1. How will the law cater for the assets on a farm and improvements made on the land?
2. If compensation is due for farm assets and not just for the land itself, then would it be prudent for the government to pay more to compensate farmers for improvements to the land in order to obtain the actual value of the land?
3. Will there be compensation to banks, which are often times de facto partial owners of land through farmers' debt?

Other questions worth asking include:

1. How do we urgently address the current problems facing land reform
2. How do we select land reform beneficiaries and what are they eligible to get
3. How will beneficiaries of land reform be supported to ensure productive use of land?
4. How do we make it possible for churches, mines, banks, SOEs, etc to donate land for land reform purposes
5. Does the country have enough resources, expertise and capacity to support beneficiaries of land reform without the support of the farmers who may be displaced?
6. How will the government ensure that land reform lead towards poverty reduction for the millions of South Africans who live in extreme poverty?
7. How will we expand reform in urban and rural areas be addressed?



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As parliament moves forward with EWC, it is important that we don't turn a blind eye to the challenges of land reform. In fact, we must look at the government's target to redistribute 30% of the land by 2030 while we seek to understand why only 8% of the target has been reached and, even more importantly, why a significant portion of this redistributed 8% has been unsuccessful.

We must address these challenges as we seek to move forward to make land reform success in South Africa. If we decide to look past these issues, this process is bound to backfire spectacularly.

Looking at the country's not so impressive track record with previous efforts to redistribute land, partnerships will without a doubt be crucial to help drive a more progressive process.



Current land reform challenges need to be fixed before moving forward

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Both the public and private sectors must delve deeper into how partnerships can be cultivated without tensions to enable a more successful land reform process. For its sins, Vumelana Advisory Fund has been assisting beneficiaries of land reform to establish commercially viable partnerships between investors and the communities with a focus on creating jobs, skills and income with some measure of success. It is important that we refrain from re-inventing the wheel.

Let us rather use the lessons learnt over the years and built on this to address the current challenges and fast track sustainable land reform. In doing so, we must not forget the wounds borne by all South Africans because of the land issue, if we forget, we will not heal or succeed. The process must address not only the land issue, but also the past and present psychosocial scars that the issue of land has left behind.

Whatever we do, all South Africans must guard against expropriation without compensation only benefitting the greedy appetites of the chosen few and ensure that the process will not be sacrificed at the altar of political expediency.

ABOUT PETER SETOU

Peter Setou is the chief executive of the Vumelana Advisory Fund, a non-profit organisation that works with land reform beneficiaries to make their land productive by facilitating partnerships between communities and investors who have, among other resources, access to capital and markets.

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