

LAND REFORM: THE NDP AND PALS

“Land reform is a challenge which the public and private sectors must address jointly as partners. It provides a unique opportunity to work together as partners as provided for in the National Development Plan (NDP). If land reform is addressed on this basis it will no doubt have a tremendously beneficial impact on the economy, job creation and food security. There is one requisite for the expedition of land reform, economic growth and job creation, and that is for Government to give recognition to agricultural producers who are prepared to contribute land, money, skills and other resources for initiatives in line with the NDP” – Gerrit van Vuuren, Legal and Strategic Advisor: Witzenberg PALS



1. Confidence

Confidence is an important pillar of a healthy economy. Knowledge that a return on investment will be earned for acceptable risks taken and hard work and endeavour to make the business successful, is of vital importance to investors. Conversely a lack of confidence will necessarily lead to a lack of investment and thus to a declining economy.

2. The National Development Plan

An integrated rural economy based on successful land reform with job creation in rural areas is one of the express goals of the National Development Plan (“NDP”). Chapter 6 of the NDP proposes co-operation between the public and private sectors with

partnerships to stimulate economic growth in rural areas in order to make land reform successful. The NDP vision, termed Vision 2030, envisages the creation of one million new employment opportunities through agriculture alone. Central to the realisation of this vision is support for those agricultural sectors and regions with the highest growth and employment potential and the expansion of irrigated agriculture. A development of creative solutions and strategies by both private and public sectors are required to create these support and development structures.

3. Land Reform

The NDP proposes a land reform model in terms of which each district municipality with commercial farming land in South Africa, should convene a District Land Committee consisting of all agricultural land owners in the district, including key stakeholders such as the private sector, bankers, government and government agencies. This committee will be responsible for identifying 20% of the commercial agricultural land in the district, and providing commercial farmers with the option of assisting in the transfer of the identified land to black owners.

The convening of District Land Committees and the identification of 20% of agricultural land in every district are compulsory elements of the NDP model, because community participation and stakeholder involvement are essential elements of successful land reform. The transfer of a minimum of 20% of agricultural land in any given district municipality is further necessary to ensure the credibility of this land reform model.

The model further proposes, without being prescriptive, ways in which the identified land could be procured and how it could be transferred to black owners. These proposals are not compulsory because there are many potential funding and transfer models, all of which could be successful and none of which is essential for the success or credibility of the process.

The NDP also provides for government recognition to those commercial farmers who cooperate and contribute to land reform and who remain involved in the process in order to ensure its success.

4. Willing Partners

Many agri producers in South Africa are already involved with or willing to proceed with the implementation of land reform projects. All that is needed to expedite this process, is an undertaking from government that these producers will receive recognition as provided for in the NDP.

An example of such willingness by agri producers to implement land reform is to be found in Witzenberg PALS. Witzenberg PALS launched an initiative to expedite land reform in the Witzenberg area. This initiative was launched as partnership between all the agri producers, the Witzenberg Municipality and community leaders. It was agreed to expedite land reform in a unique manner which will support economic growth, job creation and social harmony. The aims are to establish successful black farmers, to involve the whole community in an inclusive process, to extend the initiative to other areas and agri related activities, to establish the Witzenberg Centre as “one stop shop” and to focus on training and mentorship. More than 100 land reform and value chain projects are listed by PALS. It also includes projects in other areas of the country.

The PALS (Partnerships in Agri Land Solutions) framework was developed in line with the principles of the NDP. PALS is a radical departure of previous land reform models in South Africa and includes an option to the black farmer to procure the majority shareholding in the new farming company. Many producers across South Africa are prepared to implement projects in line with this framework which relies on, and benefits from, the experience of the commercial farmer as mentor.

The initiative is supported by government as a unique approach to land reform in South Africa. In the words of Mr Ronald Ramabulana, the previous CEO of the National Agricultural Council: *“The initiative is indeed supported by government as it encompasses economic growth, job creation and social harmony, build on sound partnerships, skills transfer and mentorship aimed at establishing black commercial farmers, as envisaged in the National Development Plan (NDP).”*

It is vital that government now gives recognition to participating producers as provided for in the NDP. This will enable PALS and other initiatives to implement land reform projects to its full potential in a manner that supports economic growth, job creation and food security.

5. The PALS initiative

Up until February 2018 the PALS initiative implemented 12 land reform projects and is well positioned to proceed with implementation of a further 30 land projects, several value chain projects and 4 housing projects for farm workers. Ongoing training of identified black farmers and support to transformation of Agricultural Industries, also forms part of the initiative.

Thousands of jobs will be created on the newly developed farms. An estimated 20 000 jobs in the value chain and with service providers in the agricultural sector will also be an indirect benefit.

Over time the PALS initiative will require an investment of more than R4 Billion. The production and processing of food for the South African market and the export of products which will earn billions in foreign currency will be some of the benefits.

6. Recognition

Witzenberg PALS as private initiative is well on its way with the implementation of a large number of projects in the Western Cape and other areas of South Africa. The initiative is coordinated from the Witzenberg PALS Centre in Ceres which also acts as the local land committee and plays a “watchdog” role. In the words of Professor Nick Vink of the Department of Agricultural Economy at the University of Stellenbosch, and also a co-writer of the NDP, *“Land reform in South Africa has for the first time acquired a physical address with the establishment of the PALS office in Ceres.”*

More than 20% irrigation land (which is the highest value agricultural land) was already identified for transfer to black farmers. Many producers are waiting to transfer land to new PALS companies in terms of the PALS framework. They only need confirmation from government that recognition will be granted in exchange for the land, money, effort and mentorship to make these projects a success. Recognition may, for example take the form of a higher level BEE status for their business and assistance with soft loans for new PALS companies.

7. The Solution

By taking the decision to give recognition to commercial producers as provided for in the NDP, National Government can jumpstart land reform, and consequently the South African economy, especially in the agricultural sector. This will motivate and inspire private businesses in the agricultural sector to expedite land reform on a large scale and to make land, money, skills and other resources available to assist the black farmers in being successful. The PALS option to establish new irrigated agricultural areas and farms, will also stimulate economic growth and create many new jobs.

One decision by cabinet can therefore boost investor confidence with the immediate effect of, apart from successful land reform in partnership with the private sector, stimulation in job creation and food security and all the other benefits associated with

successful land reform. All of these will bring the NDP's vision for 2030 within touching distance of this generation.

South Africa has already been downgraded and needs economic growth to kick-start job creation. The agricultural sector can play a major role in this regard. The decision by a new cabinet to give recognition to agricultural producers who contribute land, money, skills and other resources for land reform as envisaged in the NDP, will expedite land reform and will create confidence in our economy. It will also give all South Africans hope for a better future.

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