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Land Redistribution and its impact on Agri-BEE: A case study of Calcom PTY, Barberton, Mpumalanga, South Africa

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CHAPTER 1
INTRODUCTION

1.1 Aims of the Study

This study has two cardinal aims; firstly it aims to assess the objectives, achievements and challenges of the South African Land redistributive programme. Secondly, the study aims to assess the extent to which the South African land redistribution programme through its sub-programme Land Redistribution for Agricultural Development (LRAD) reflects the broader vision, aspirations, and aims of Broad Based Black Economic Empowerment (BBBEE) and Agri-BEE. This analysis will be conducted through an LRAD case study called Calcom PTY LTD in Barberton, Mpumalanga, South Africa.

The aims of the study were influenced by the need to develop a sociological account of the persisting racial inequalities in the agricultural sector. For instance, out of 133 000 commercial farmers that exist in the country, 91 000 of them are black, occupying small farms which account for less than 5% of commercial agricultural land. Most of these farms are not used for commercial farming (Centre for Development and Enterprise 2005). On the contrary, there are only 42, 000 white farmers who occupy large farms that produce more than 90% of marketed produce (*Ibid*.). This reality is a consequence of the discriminatory history which left 87% of agricultural land under white hands while the indigenous population owned 13 % of land (Kariuki 2005).

To deracialise the Agri-economy, the South African government put in place specific targets and interventions, namely the Land redistribution for Agricultural Development (LRAD) which aims to redistribute 30% of commercial agriculture to black people. Agri-BEE intends to establish farmers and Agri-business to commit to lease a further 20% 'high potential' land to black people by 2014 and making a further 10% of land available to farm workers for their own farming activities.

However, despite these interventions only 4, 3% of commercial agricultural land has been transferred to black people. These figures include the transfer of state-owned land. If this

is excluded, the percentage drops to 3,4% against the 30% target (Centre for Development and Enterprise 2005).

This heavy reliance on state-owned land is unsustainable, especially after the Centre for Development and Enterprise report of 2005 revealed that the state itself owns very little land. About 12% (12.5 million hectares), excluding the former homelands, is state-owned. To reach the 30% target, government would need to redistribute 20,6 million hectares of commercial agricultural land, an average of 1.87 million hectares a year, and so far, delivery has averaged 0.38 million hectares a year. This means delivery will have to increase fivefold to meet the 2014 target. At current pace the government will reach 30% target in 54 years.

Various studies conducted by Jacobs, Lahiff and Hall (2003) in the Eastern Cape Kwazulu-Natal and Mpumalanga attribute the failure to deracialise the Agri-Economy to a range of factors, namely lack of post-settlement support for Black farmers who have newly acquired land ownership rights, fiscal and institutional limitations, and distorted land markets[1]. Further studies conducted by Wegeriff (2004) in Limpopo point to patronage and lack of capacity to carry out the mandate of land redistribution within the DLA offices, which results in lengthy periods of settling land claims. Although these studies were helpful in exposing factors that lead to the failure of government programmes to deracialise the Agri-Economy, there is no study that really grapples with how LRAD, BBBEE and Agri-BEE can be used to facilitate the agrarian transformation in the Agri-sector[2]. It is against this background that this study explores the efficacy of this link towards land redistribution.

[1] A comprehensive review conducted by Jacobs, Lahiff and Hall in 2003 on land redistribution . The report does make mention of Agri-BEE however, where it has been mentioned scant attention is paid on how Agri-BEE can be linked with LRAD in order to deracialise the Agri-Economy.

[2] One of the few studies which came close to thoroughly examining the efficacy of this link was one conducted by Lahiff and Cousins (2004). However the study concludes that there is one common denominator between these three policies; LRAD, BBBEE, and Agri-BEE: they set ambitious targets for transformation of ownership. It is inconceivable that any transformation of the Agri-sector could proceed without major redistribution of productive assets, particularly land.

The Land Redistribution for Agricultural Development (LRAD) is a government programme that is designed to assist previously disadvantaged South Africans citizens of the Black, Indian and Coloured communities with the Acquisition of land for agricultural purpose, land improvements, infrastructure investments, capital assets such as agricultural implements and short term inputs (South Africa, Department of Agriculture and Land Affairs, 1999). All the above mentioned programmes are geared towards transforming the Agri-Economy through developing a stratum of black commercial farmers.

Broad Based Black Economic Empowerment (BBBEE) is a strategic and systematic intervention that is focused on addressing the economic inequalities in the South African economy. BBBEE seeks to achieve this by facilitating a substantial and equitable transfer and conferment of ownership, management and control of South Africa's financial and economic resources to the majority of the citizens (South Africa, Department of Trade and Industry, 2004). This process is aimed at ensuring broader participation of black people in the economy in order to achieve sustainable development.

Agri-BEE is a sectoral Broad Based Black Economic Empowerment framework intended as a deliberate and systematic support of Black South Africans so that they can participate fully in the Agricultural sector (South Africa, Department of Agriculture, 2004). This includes accelerating land reform, improvement in access to finance by black people, assisting in the advocacy of rural development initiatives, and more importantly, facilitating the emergence of a stratum of black commercial farmers.

From the afore-mentioned policy documents a clear link is observable between the South African Land Redistribution programme, Broad Based Black Economic Empowerment and Agri-BEE. However, this study will show through an LRAD project known as Calcom PTY LTD, in Barberton, Mpumalanga, that at the project level there is little, if any, observable connection between these three policies[3]. In other words the connectivity between the three policies dissipates when it comes to the project level.

[3] For the full discussion of the case study see the findings section in chapter 4.

1.2 Research Questions

- What are the objectives, challenges and successes of the South African Land Redistribution programme, namely LRAD?
- What is the link between LRAD, BBBEE and Agri-BEE?
- Is the South African land redistribution policy in line with the broader objective of deracialising the Agri economy?

1.3 Organisation of the Thesis

Chapter 1 of the study is an introduction to the study. The introduction juxtaposes the aims and rationale of the study with a schematic representation of the achievement that has been made thus far in redistributing land. The chapter also identifies factors that have led to the slow pace in land redistribution while at the same time asserting the importance of the aims of this research. This is followed by an outline of the research questions guiding the study.

Chapter 2 is a literature review which presents a historical overview of the study. This will provide a historical justification of the South African land reform programme. The aim of the justification is to show how racially biased land policies of the past influenced current land reform policy options. This chapter is an extension of studies conducted by different scholars in the agrarian reform literature, who argued that the South African land reform policy adoption process was not a result of a tabula rasa, in which any policy option could be chosen, but emerged from a protracted policy environment. This portion of chapter 2 concludes by arguing that the current land redistributive programme is a continuation of the historical bias towards well resourced farmers.

The second part of Chapter 2 is an in-depth look at the current land reform policy. In particular this part of the study evaluates the impact of the three pillars towards the achievement of 30% of land that has to be redistributed to black people by 2015. This will enable the author to evaluate the extent to which the South African land reform policy reflects the broader objective of deracialising the Agrarian economy. This chapter concludes by providing a theoretical account that links the South African land

redistribution programme with the broader objectives of Agri-BEE and Broad Based Black Economic Empowerment.

Chapter 3 of the study presents the methodology used in order to carry out the study. This is followed by an outline of the strengths and limitations of the case study method. In this chapter, emphasis is placed on how the strengths and limitations of the methodology impacted on the success and limitations of this study. This analysis is fortified by extrapolating information from a section that discusses the case study.

Chapter 4 is a reflection of the findings and subsequent analysis that was generated using the methods outlined in Chapter 3. This chapter also provides the scope for analysing the findings using the central thesis of the study found in the literature review section (Chapter 1 and Chapter 2). This is done through showing how the Calcom case study reflects some of the strengths and limitations of LRAD in deracialising the Agri-economy.

Chapter 5 discusses key issues that emerged from the study: for instance one of the key issues discussed is that the Calcom case study replicates the limitation of SLAG and LRAD. However, the chapter warns against conflating the findings at Calcom with other cases throughout South Africa, as some of the findings generated in this study might be particular to Calcom while other key findings might overlap with findings from other studies.

Chapter 6 concludes the study by summarising key issues that emerged from the study. Paramount to this study was the trade off between commercialisation bias and poverty alleviation. This chapter sums up these competing objectives of the South African land redistribution programme by outlining how they affect the link between LRAD, Broad Based Black Economic Empowerment, and the Agri-BEE.