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Subject Business Day National, 26-07-2005: Reform getting bogged down

Dear All

Attached is an article by Michael Alber that appears in today's Business Day National.

Kind regards

Marise

LAND REDISTRIBUTION/Michael Aliber

# Reform getting bogged down

**T**HERE are two critical questions that we need to answer as thoughtfully and urgently as possible: First, why is land redistribution so slow? And second, what are we trying to achieve with land redistribution? Maybe the land summit will make some headway in addressing these questions, but if it fails to answer them badly, we could be headed for trouble.

What do we know about the slow pace of land redistribution? The contention of the land nongovernmental organisations, left-leaning academics and — increasingly now — government, is that the market-based approach is responsible for slow delivery.

Two weeks ago, land affairs director-general Helen Thomas blamed foreign landowners and resistant white farmers for the slow pace of land reform. While acknowledging that the issue of foreign ownership was still being studied by the panel of experts appointed by Agriculture and Land Affairs Minister Thabo Dikiza, Thomas said: "But whatever the outcome of the investigation, nothing stops government from restricting ownership of land by foreigners."

The evidence is actually very thin. Progressive civil society groups have a habit of generalising from real but relatively uncharacteristic cases, which suits their disdain for the market approach — which itself is largely ideological and emotional. For government, it is



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A recent study by the Surplus People Project rightly points out that some land trades hands without being publicly marketed. Even so, land redistribution acquirers barely make a dent in the amount of land that is marketed openly.

Eventually, its spending capacity caught up. Now, in addition to being constrained by limited staff, redistribution is budget-constrained. So why does government not increase the budget? After all, it is just 0.3% of the total noninterest

whether land is bought or expropriated, but whether one adopts a land acquisition strategy that is more strategic than the piecemeal approach that prevails now. To put it plainly, government should negotiate to acquire swathes of land bordering densely populated former homelands, where the demand for land is most intense and where white owners are keenest to sell. This is obviously not feasible everywhere, but it would make a dramatic difference where most needed.

The second critical question is, what are we trying to achieve with land redistribution? Consider these findings from a soon-to-be-completed Human Sciences Research Council (HSRC) research project, which involved a survey of 1 200 black respondents from Limpopo, Free State and Eastern Cape. When asked: "Does your household presently need or want more land than it currently has?", 38% of rural respondents replied yes, versus 48% of urban respondents. Of those indicating they wanted land, 63% wanted it mainly for growing food, versus 21% for tenure security and 14% for earning an income. Of rural respondents wanting land for agriculture, half want 5ha or less.

The implications for land redistribution are enormous. Government has no targets as to how many people land redistribution should be seeking to assist, but the survey reveals the magnitude of demand: more than 1-million households want land in these three provinces alone, versus the few thousand who are

difficult to avoid the suspicion that it is making excuses, all the more tempting because at least on this one point it can count on those otherwise hostile ultra-leftists to back it up.

But there are reasons to doubt this explanation for the slow pace of land reform, which means that major policy changes premised on it could fail to help, or make a bad situation worse. On the question of forewarners, we should allow the expert panel to conclude its work.

As for white farmers, let us look at some facts. First, land redistribution accounts for a very small share of rural land sold in the market — about 4%. Second, from 1994 to 2002 rural land prices increased more slowly than general inflation, and only recently rose in real terms above their 1994 level, and this is almost certainly due to record low interest rates. And third, the average price a hectare paid on land-reform projects tends to be less than the average market price, by an average 16%, between 2000 and 2003.

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It is also true, as Thomas suggests, that some landowners bagged and thus slow down particular projects. But these cases are far fewer than the sales that fail to go through because the seller has lost patience with the land affairs department.

There are three much more important reasons why redistribution is slow. These must be seriously addressed if we are to make progress on redistribution.

■ Too few staff. My experience is that the land affairs staff who are responsible for land redistribution on the ground are diligent and hard working. Applicants and landowners are sometimes critical of them, but this largely relates to the fact that staff are badly over-stretched. A dramatic increase in the pace of redistribution would require a dramatic increase in the number of staff. The Redistribution Commission ignored this one, albeit rather late.

■ Lack of money and credibility. There was a time when land affairs could not spend its capital budget for redistribu-

government budget for 2004-05 — in other words, less than a 10th of the expanded public works budget.) The main reason is that land affairs has not demonstrated that land redistribution is really a priority. This may sound outrageous but, by and large, land redistribution projects are not a roaring success — either in stimulating the rural economy or in reducing poverty.

There are various tactics to make land cheaper or create other funding sources, such as exhorting owners to sell their land before market price, trying to obtain land at less than market price through expropriation, or imposing a land tax. But these are all incremental adjustments. Shaving 20% off the price will on land, which might seem nice, but in truth we need an increase land redistribution by several hundred percent.

■ And third, the strict one-property-at-a-time way in which land redistribution operates is inefficient. The issue is not

getting land through land redistribution countrywide annually. Most redistribution projects are designed for commercial production, which is not the interest of most people who want land, and who in fact want far less land than the average redistribution project provides.

Generally speaking, commercially oriented land redistribution is not working. Too many would-be commercial projects are flops, and government's insistence to throw more money at them in hopes of reversing this is worrying. There is a need to support the emergence of black commercial farmers but doing this well always distinguishing more carefully between those for whom this is a realistic possibility, compared with the much larger number of deserving people who want smaller amounts of land to support themselves as best they know how.

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