

Press Release



Unit for Risk Analysis

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*The Unit for Risk Analysis was established under
the South African Institute of Race Relations*

For immediate release

15 March 2010

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URA warn on land reform proposal

The Unit for Risk Analysis at the South African Institute of Race Relations has described the proposed nationalisation of agricultural land in South Africa as a potentially cataclysmic event for South Africa's economy.

The Unit was reacting to a Government report titled **Department of Rural Development and Land Reform, Strategic Plan 2010-2013** that proposed two future land use models for South Africa. The first model proposed declaring all productive land as a national asset. Inherent in the proposal was that ownership of the land would then rest with the State. The State would then have the authority to declare who could work the land, for what purposes, and under what conditions.

The second model proposed placing a ceiling on how much land individual farmers could own while maintaining a freehold land tenure system for South Africa.

The precise wording of the two proposals is as follows:

To facilitate this discussion, the Department is proposing two options: all productive land will become a national asset and a quitrent land tenure system either with perpetual or limited rights is envisaged. This may require an amendment to Section 25 of the Constitution. All tenure legislation will be subsequently reviewed and brought under a single national land policy framework. Option two will focus on a review of current tenure policies and legislation in order to maintain the current free-hold title system but within the ambit of a land ceilings framework linked to categorisation of farmers. Option two will also investigate a State Land Management Board to facilitate the management of State owned agricultural land and leases.

Responding to the first proposal the Unit said that Government assurances that the proposals were merely a mechanism for taking failed farms back from black farmers were a red herring to conceal the State's more plausible intention to wrest

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control of agricultural production from white commercial farmers. The Unit said that it was ironic that the Government would use its own failed land reform programme to justify the seizure of remaining productive land in the country.

The Unit forecast that if the first proposal was adopted it would result in repercussions including:

- A steep fall in agricultural investment
- A commensurate fall in agricultural employment
- An erosion of the economic viability of small rural communities
- A steep fall in food production with significant knock on effects for downstream food processing industries and upstream agricultural supply industries
- An increase in levels of rural poverty
- An increase in the rate of rural to urban migration
- Rising food price inflation placing increased pressure on the living standards of chiefly urban South Africans
- Increased pressure on the current account deficit as South Africa was forced to import a greater portion of its food requirements

The Unit's Frans Cronje warned that, "Jointly these factors would fuel the driving forces behind escalating anti-government protests in poor black communities."

Regarding the second proposal the Unit warned that commercial agriculture in South Africa depended on significant economies of scale to remain competitive. Undermining that efficiency via limited land holdings risked many of the same repercussions as those listed above.