

# Land Reform And White Ownership Of Agricultural Land In South Africa



**Ernest Pringle** is a commercial farmer on an Eastern Cape farm. He was a pupil at St Andrews College in Grahamstown, then obtained a BA degree with an Economics major from the University of Natal, followed by an LLB from the University of Cape Town. Having completed his Articles, he was admitted as an Attorney in 1983. He still practices law as well as farming, and in 2010 was elected President of Agri Eastern Cape, which is an affiliate of Agri South Africa. He collects insects as a hobby, and has become an authority on South African butterflies.

*It has always been a fundamental assumption by the ruling party that South Africa inherited a racially highly skewed land distribution: whites owned 87 and blacks 13 percent of agricultural land.’ (LARP: The Concept Document, February 2008). These ratios formed the basis of all their calculations for the amount of land required to meet their stated targets of a more equal distribution – such as 30% of agricultural land remaining in the hands of whites by 2014. It also formed the basis upon which the Constitutional Court recently ruled against Agri SA in the Minerals Case (Agri SA v. Minister for Minerals and Energy, April 2013).*

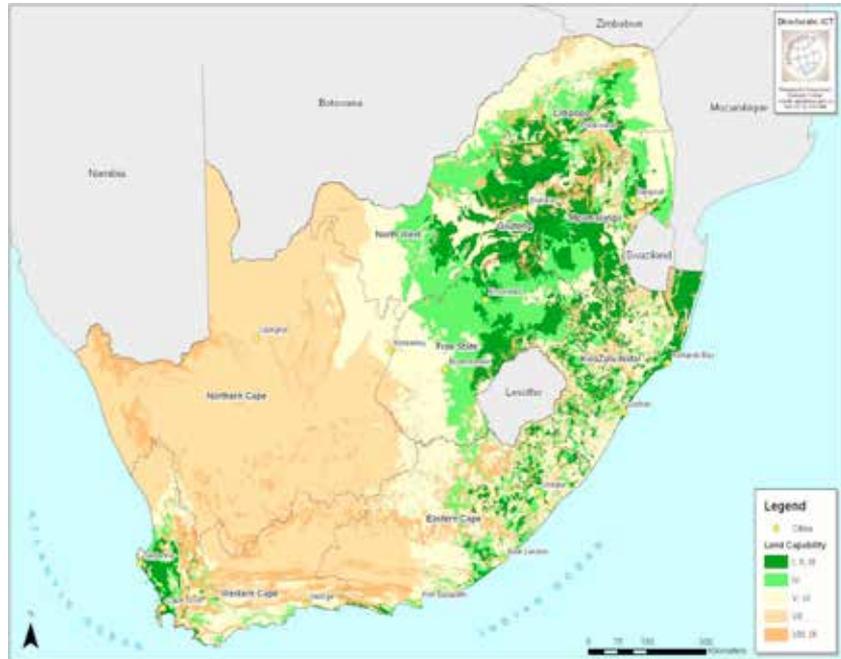
## ‘Black’ Versus ‘White’ Owned Land in South Africa.

The total surface area of South Africa is estimated at 122 million hectares. Prior to 1994 the homeland areas covered 16,375,435 hectares, which was the only land considered ‘black-owned.’ At this time, however, the biggest landowner in South Africa was indisputably the Government, which owned vast tracts of land in the so-called ‘white’ areas. These included all municipal land, state forests, water catchment areas, nature reserves, provincial reserves and national parks. After April 1994 all this land became black-owned by definition. It is estimated that municipal areas, including municipal reserves, commonage and townships cover approximately 3% of South Africa, while provincial reserves and national parks take up 5,9% of the total land surface. State-owned land in catchment areas, state forests and the shoreline take up another estimated 10% of the land surface. This means that in 1994 black-owned land in South Africa increased from 13% to 32% overnight. Since 1994 an additional 5,9 million hectares has been transferred by the Department of Rural Development and Land Reform to blacks (as per statistics supplied by the Department). This figure excludes land bought privately by blacks on the open market, which Agri SA estimates to be an additional 2 million hectares. It also excludes the land which could potentially have been purchased with the money paid out as compensation for land claims which have been settled to date, which the Department states is over R6 billion. This could have purchased at least 15 million hectares of land, and because these payments were made as part of the land reform process, it is logical that they should be brought into account in lieu of land transferred. This brings the overall percentage of black- owned land to over 40%.

## Agricultural Land in South Africa

The vague term ‘agricultural land’ includes all land outside towns and cities that is not part of proclaimed national parks and nature reserves. Many nature reserves

Map 1 - Land Capability of South Africa



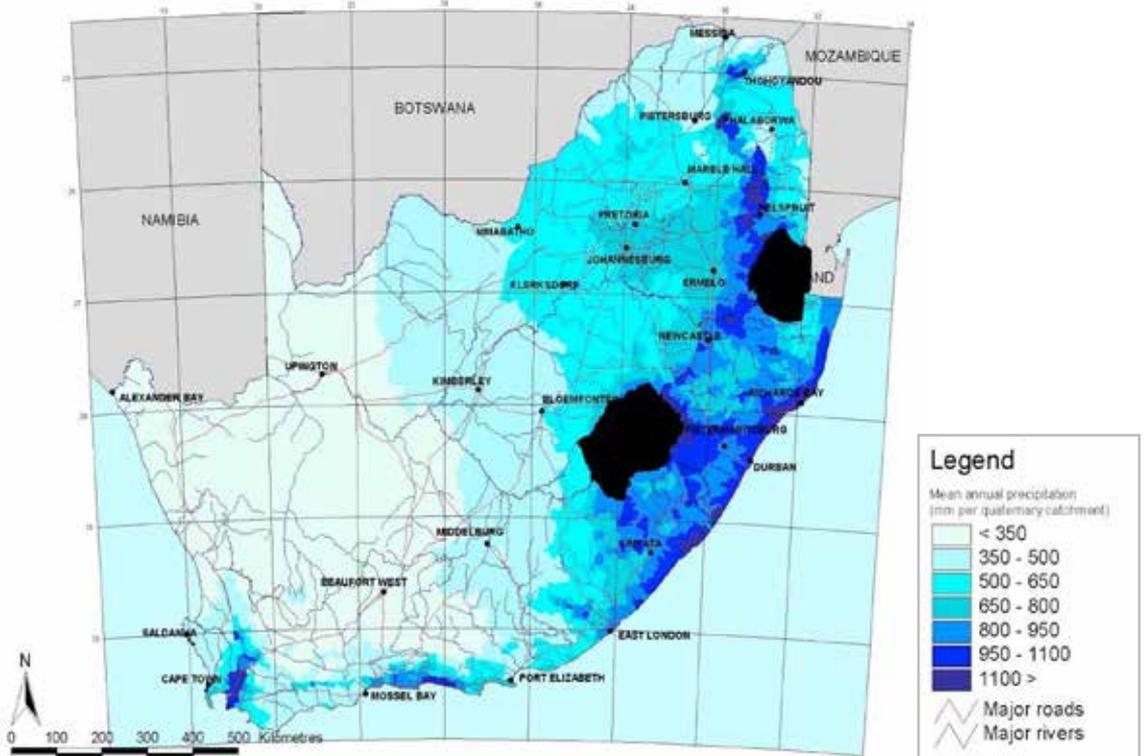
have still not been proclaimed, and so still form part of agricultural land. Within Municipal areas where zoning is applied there is also other ground which is zoned as 'agricultural land'. This term therefore applies to a variety of different uses for land, and needs to be examined more closely.

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During the early 1970s 'white' agricultural land covered an area of 91,790,414 hectares. Homeland consolidation during the 1970's and 1980's caused this figure to drop to 89 million hectares. As we have seen, this process has been accelerated during the past two decades, with a further 5,9 million hectares transferred officially, together with an estimated further 2 million hectares transferred to black ownership through private transactions and an additional 1,5 million hectares worth of land paid out in cash for restitution claims. This figure is purely an estimate, but a very conservative one. A lot of land has been taken over by black-owned consortia and corporations, while partnership agreements with blacks with regards to farms have become quite common. In some districts, such as Komga and Elliot in the Eastern Cape, half the farms have been purchased privately by blacks.

A further one million hectares of farmland is owned by mining companies, and must also be deducted, as this land is not used for agriculture, and many of these companies (like Gencor) are either black owned or have a large percentage of black shareholders. All forestry land in these areas is owned by the government or by large forestry corporations such as Sappi and Mondi, which are foreign-owned and have substantial black shareholders and partners. This must also be deducted

Map 2 - Rainfall Figures for the Republic of South Africa



from this total. This accounts for a further 1,5 million hectares. Another one million hectares must be deducted to account for the road network, of which only a minimal amount has actually been paid for by the government, and deducted from title deeds. In the past, governments simply helped themselves to the road surface areas and road reserves. From 1975 to 2000 a considerable amount of this land (at least one million hectares) was purchased by the government and added to the country's nature reserves. This must also be deducted.

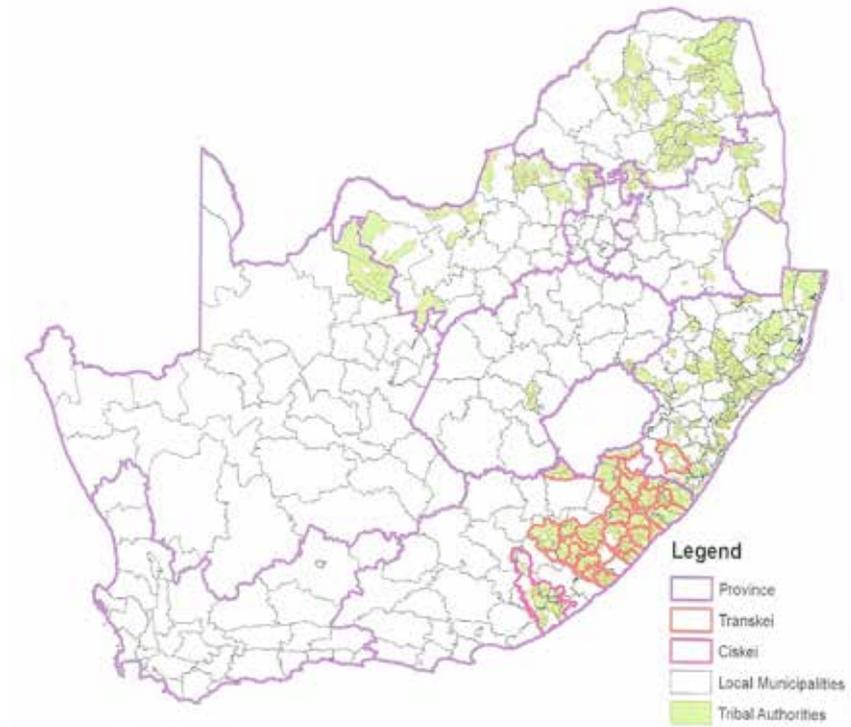
This leaves a maximum of 75 million hectares in the hands of 'white' farmers.

South Africa is a country with very low agricultural potential, as shown on Map 1 provided by the Department of Agriculture.

Only 12,6% of the country's 16 million hectares is suitable for dry land crop production, of which only 4% (4,9 million hectares) is high potential land. The remainder is suitable only for extensive livestock or game farming. When looking at the rainfall map of South Africa (Map 2) the fact that only 30% of the country receives more than 500mm of rainfall per annum is inescapable.

The remaining two thirds of the country receives less rainfall, and in global terms would be classified as semi- or true desert. True desert areas, such as the Karoo and the Kalahari, cover 55% of the country, (66 million hectares). This has resulted in a large discrepancy between the agricultural potential of these two rainfall zones, and is so reflected in their relative land values. A similar discrepancy exists between irrigated land and natural pastures, with a differential value of up to ten times greater for irrigated pastures. This is determined solely by the productive potential

Map 3 - Political Map of the Republic of South Africa showing black homeland areas in 1994.



of the respective hectares of land – a concept which is not difficult to understand. The value of natural pasturage is determined by its carrying capacity, measured in large stock units (LSU) per hectare, and reflects its agricultural potential. In the high rainfall eastern areas of the country, the average carrying capacity is 1:4, whereas in the arid western areas the average is 1:16. This means that one hectare of land in the former region can produce the same as 4 hectares in the latter, and the value of the land should therefore be 4 times higher.

In 1995 the former black homelands covered 16,375,435 hectares (see Map 3).

1,3 million hectares of this should be deducted for non-agricultural use, mainly roads, settlements and forestry. The road surface area is comparatively small – since there are very few road reserves – while the surface area for settlements is comparatively large.

There is also a substantial figure of 500,000 hectares for forestry operations. This avails 15 million hectares for agricultural use. To this should be added the 5,2 million hectares transferred since 1994, the estimated land value of the restitution claims (1,5 million hectares) and the additional 2 million hectares estimated to have been purchased privately. Importantly, in order to reach a total for all 'black-owned' land in South Africa, all State-owned agricultural land should be added to this figure. This would include all State-owned forestry land, water catchment areas, military land, municipal commonages, experimental

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farms etc. The only State-owned land which should be excluded is the 7,2 million hectares which forms part of the country's proclaimed national parks and nature reserves. The current 5,9% of these are still far below the international target figure of 10%, so it is accepted that this land should not be brought into the equation. It is estimated that the remaining State-owned land would cover an area of not less than 11 million hectares, bringing the total black-owned agricultural land to 35 million hectares. This constitutes 32% of total agricultural land.

## South Africa's Agricultural Potential

An analysis of where black-owned land is situated shows that not less than 80% of that land is in the high rainfall zone. Apportioning it on this basis means that the total agricultural potential of the land, measured according to its carrying capacity, is 7,44 million LSUs.

The white-owned agricultural land, on the other hand, amounts to 75 million hectares, as has been shown. The agricultural census of 1964 (probably the most detailed ever undertaken) showed that three-quarters of the total number of 101,000 commercial farms were small farms of less than 900 hectares, and covered only 23% of the total area. This meant that 77% of the area contained only one quarter of the farms, which therefore gives an accurate assessment of the number of hectares of white-owned farms falling within the low rainfall area. Apportioning it on this basis (23:77) gives a total agricultural potential of 8,06 million LSUs for white-owned farms. All white-owned irrigation farms obviously fall within the apportionment for the high-rainfall area.

In other words, when land in South Africa is measured by its true value (that is, its agricultural potential), it becomes clear that blacks already own nearly 48% of the country's agricultural potential. This figure could be considerably increased if better use was made of available water for irrigation in the well-watered eastern areas, such as the former Transkei. The fact that nearly all of the country's agricultural output is produced on mostly marginal land speaks volumes for the work that needs to be done on existing black-owned land to make it reach its true potential. This is the real challenge which Land Reform faces. It makes little sense to continue to squander our existing productive capacity by sacrificing our agricultural sector on the altar of Land Reform when the problem could be solved by making better use of existing assets.

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## The Government's Targets for Land Reform

In light of the facts given, the government's 30% target makes no sense whatsoever. It is measured purely in hectares, without any regard for agricultural potential, and is based on fictitious assumptions. The LARP document of 2008 assumes that an additional 21,411 million hectares would be redistributed by 2014 to meet the 30% target of white ownership. These calculations show that not more than 22,8 million hectares of agricultural land were ever required, 9,5 million hectares of which have already been transferred. It is therefore clear that this target would be reached with the transfer of only 13,3 million additional hectares.

What is alarming about the 30% target is that it has kept shifting. Initially in 1995, the target was set at 30% of the country's land surface area. It soon became apparent that this target had already been met, once all State-owned land was taken into account. The target then changed to 30% of all 'high potential agricultural ground' (as outlined in the Agri SA BEE document of 2005). However, it also later became clear that this target had also been met. So, finally, the target was changed to its present racially based formula of 30% of white-owned agricultural land.

To date, most of the agricultural land purchased for land reform has been situated in high-rainfall arable areas. The government itself admits that 90% of these projects have failed, thereby rendering that land largely unproductive. If these trends continue, pursuing the present target of transferring an additional 13,3 million hectares of high-potential agricultural land would undoubtedly cause a crisis in the production of all agricultural goods, resulting in severe shortages of essential commodities such as food. This is because it would absorb all of the country's remaining 12 million hectares of high-potential land, which currently produces 80% of our food. This would be suicidal, on a scale matched historically only by the national suicide of the AmaXhosa in 1857. It is therefore suggested that the process be kept on hold until existing Land Reform projects can be restored to their true productive potential. Should, however, the government wish to persist in meeting this target, then it is suggested that the shortfall be purchased in the arid western half of the country. In this way, they would be able to achieve the targeted hectareage at low cost to the taxpayer, and with the least adverse impact on the country's agricultural production.

In any event, it is clear that this target is incorrectly measured. It should not be measured in hectares, but rather by agricultural potential, as measured by LSUs per hectare. Since agricultural potential per hectare is so variable across the country, it cannot be ignored in any realistic measure of a unit of agricultural land, and is inextricably linked to the value of that land. To measure land simply in hectares results in complete distortions in the assessment of any target. It should therefore be abandoned as a basis for Land Reform.

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