

# THE AGRICULTURAL LANDHOLDINGS POLICY FRAMEWORK: AN ANALYSIS

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# CONTEXT

- *2011 Green Paper on Land Reform* had identified a single 4-tier tenure system.
- 1 tier is *Privately-owned land: Freehold, with limited extent.*
- **The *Agricultural Landholding Policy Framework: Setting upper and lower bands for the ownership and use of agricultural landholdings (ALPF)* (July 2013) concretised this identification.**
- Point of departure is the setting of ceilings on the ownership and use of privately owned commercial agricultural land:
  - The *ceiling* is the size above which total factor productivity of a family-owned and operated agricultural landholding becomes negative;
  - The *floor* is the minimum point below which the total factor productivity of a family-owned and operated agricultural landholding becomes negative.

# OUTLINE

- Background
- Policy proposals
- Comparative views
- Analysis

# BACKGROUND

- After 1913 restrictions placed on black majority to own agricultural land
- No restrictions on white farmers
- Post 1994 view of government:
  - Redistribution to family-owned landholdings promotes efficiency and productivity
  - Freedom Charter proclaims that agricultural land must be shared by those who work it
- Land reform mechanisms
  - Ceilings and floors

# ALPF- AIMS/OBJECTIVES

- (1) Eradicate poverty;
- (2) Create job opportunities; and
- (3) Promote equity in the agricultural sector by:
  - Facilitating entry and participation of small farmers into mainstream agriculture;
  - Redistributing land from large agricultural holdings to cooperatives and family-owned landholdings; and
  - Increasing efficiency, competitiveness and sustainability of all agricultural landholdings.

# ALPF- PRINCIPLES

## Agricultural land:

- is a common heritage for all South African citizens;
- must be shared amongst those who use it to produce values;

## Every owner and user:

- must protect and preserve it;
- must strive to produce optimum values;
- must be part of the governance of agricultural landholdings;

Every person can enter and participate in the different value chains of the agricultural sector;

## Assistance must be rendered to:

- bring landholding sizes below to above the floor level;
- to bring landholding sizes above to below the ceiling; and
- agricultural value chains with landholding within permissible levels to be efficient, sustainable and competitive.

# ALPF- APPLICATION

- Land officially designated as agricultural land in the Republic of South Africa;
- Agricultural landholdings under all farming industries;
- Agricultural landholdings of all sizes;
- Agricultural landholdings in urban and rural areas;
- Agricultural landholdings in former homeland and commercial white farming areas;
- Publicly and privately owned agricultural landholdings;
- Dormant and active agricultural landholdings;
- Land reform and non-land reform farms.

# ALPF-PROVISIONS

Key provisions:

- For agricultural landholdings located *above the ceiling* (“upper band”), measures will be taken to bring them below the ceiling point.
- For agricultural landholdings *below the floor level* (“lower band”), measures to be taken to lift them to operate above the floor level.
- For agricultural landholdings *within the upper and the lower levels* (“middle band”), measures to be taken to ensure that farmers become more efficient, profitable, competitive, sustainable.



# ALPF-PROVISIONS

	Policy interventions	Agricultural landholding types
Ceiling	Bring sizes of landholdings above to below the ceiling level	Upper band landholdings
	Support value chains of agricultural landholdings within the permissible levels to be more efficient, sustainable, and competitive	Middle band landholdings
Floor	Bring sizes of landholdings below to above the floor level	Lower band landholdings

# ALPF-IMPLEMENTATION STRATEGY

- Series of sequential actions:
  - Proclamation of District Agricultural Land-Use Zones (in terms of SPLUMA);
  - Disclosure of (1) ownership and (2) use of agricultural landholdings;
  - Mapping of agricultural landholdings at District level;
  - Undertaking of value-chain analyses;
  - Proclamation of Floor and Ceilings Bands per District, (in terms of eg the Provision of Land and Assistance Act 126 of 1993);
  - Setting of Floor and Ceiling Bands for each agricultural landholding in every District in accordance with the set bands per district by District Land Reform Committees;

# ALPF- IMPLEMENTATION STRATEGY

- Series of sequential actions (*continued*):
  - Developing Agricultural Landholding Development Plans in line with the National Development Plan (NDP);
  - Preparing land reform and rural development programmes through local (District) level participation;
  - Implementing Agricultural Landholding Development Plans;
  - Monitoring and evaluation of processes by the DRDLR at a national, provincial and district level.

# ALPF – BODIES ESTABLISHED

- Land Management Commission (LMC);
- Land Rights Management Boards (LRMBs);
- Local Committees (LCs);
- Office of the Valuer-General, (OVG);
- District Land Reform Committees (DLRCs);
- An Intergovernmental Technical Committee;
- An Inter-Ministerial Forum.

# COMPARATIVE INSIGHTS

- General findings:
  - “A Land Authority
  - A maximum (ceiling) of owned farmland
  - Rules for compensation to land losers
  - A minimum (floor) of owned farmland, to which clearly identified eligible persons are to have their farm-sizes raised
  - Dates for Land Authority to ‘take farmland above the ceiling’, and distribute it to identified land gainers so they reach the necessary minimum floor holding
  - Rules and provision for (1) compensation/payment for land to losers of land, and (2) loans to gainers of land” (Lipton: 2009)

# COMPARATIVE INSIGHTS

- General conclusions:
  - In ‘developed countries’ with highly commercialised agricultural sectors there is a direct relationship (DR) between farm size and land productivity
  - In ‘labour-abundant developing countries’ there is an inverse relationship (IR): Small farms produce more per hectare per year than large farms.
  - Reasons:
    - Smaller farms have advantages in managing labour
    - Larger farms have advantages in acquiring and managing capital
    - Capital, and large-farm advantage, loom larger as a source of higher land productivity in *developed, labour-scarce rural areas*
    - Labour, and small-farm advantage, count for more in developing, capital-scarce places

# COMPARATIVE INSIGHTS

- EXPECTED OUTCOMES
  - Expected to benefit tenants who work on the land i.e. fuller utilization of land and labour;
  - Improved productivity;
  - Re-aggregation of land concentration;
  - Improved land distribution;
  - Enhanced equity and efficiency
  - Equitable income distribution; and
  - Poverty alleviation.

# COMPARATIVE INSIGHTS

- ACTUAL OUTCOMES
  - Fragmentation of agricultural land;
  - Adverse impacts on productivity;
  - Neutral or negative effects on poverty;
  - Efficiency-losses;
  - Costly and hard to administer processes;
  - High levels of policy circumvention, contestation, corruption and litigation;
  - Poorly crafted legislation;
  - Tenure insecurity; and
  - Discouragements in land-related investment.



# ALTERNATIVES?

- There would appear to be more effective and simpler policy instruments and strategies to effect the same political, social and economic objectives such as:
  - Broadening the scope for BEE in agriculture;
  - Expanding the scope and adapting and refining equity-sharing models in the sector;
  - Focusing energies and resources towards increasing and implementing current land reform initiatives and improving service delivery and support for smallholder farmers.

# ANALYSIS OF ALPF

- Constitutional compliance
  - S 25
  - Co-operative governance
- Complex structure
  - Implementation in all districts
  - Institutions envisaged
  - Monitoring and enforcement
- Sustainability
- Economic impact
- Support in implementation

# IN CONCLUSION

- Target for land redistribution over the next six years is 8 million hectares. Half to be allocated to *smallholders*.
- The decline in the agriculture sector must be reversed, food production must be promoted, and rural income and employment must be raised.
- Major thrust must be towards:
  - agriculture,
  - food security
  - redistribution
- Proper implementation paramount

# IN CONCLUSION

**ANY QUESTIONS, COMMENTS?**

Thank you