

Wednesday, 15 August 2018 09:29

How to rescue SA's land reform policy

Written by



Sisa Ngebulana, founder of JSE-listed Rebosis Property Fund, says government must speed up the release of title deeds.

One of the wealthiest and most successful property investors in South Africa, Sisa Ngebulana, has endorsed the rapid release of title deeds to existing beneficiaries of government-subsidised houses and rural landowners as a way to rescue the land reform policy. This as the ANC seeks to amend the Constitution to allow for land expropriation without compensation.

“Land is an important issue but we are generalising the debate,” says Ngebulana. “The real debate about the land issue is how do we get some people to own the land. And that starts with people in village areas.”

Although Ngebulana believes the ANC has good intentions with its land expropriation proposal, he says matters surrounding the land issue must be implemented correctly – otherwise “there is no point of doing it.”

And one of the ways to implement the policy correctly is to increase security of tenure. In other words, government must fast-track the release of title deeds.

“Most people don’t have title deeds to their land, yet they have invested a lot of their money,” says Ngebulana. “What does this mean? They cannot access financing if they have an opportunity because they don’t have the land title. That’s where it starts.”

The idea is that once a title deed is released to landowners, they will be able to use the deed to build wealth by securing a loan from commercial banks. Essentially, people will use their property or land as collateral to secure loans.

“This will enable people to know they have a title and sense of ownership.”

Ngebulana heads up Rebosis, the first black-owned property group to be listed on the JSE, which owns a R19-billion property portfolio that includes Hemingways Mall in East London, Baywest Mall in Port Elizabeth and the Forest Hill City mall in Pretoria. He was speaking at the South African Institute for Black Property Practitioners’ convention on Wednesday.

Arguably JSE-listed real estate companies are substantial landowners and might be impacted by SA’s move to expropriate land without compensation.

Title deed backlog

Although government has provided 3.8 million housing opportunities since 1994 through the Reconstruction and Development Programme (RDP), now referred to as Breaking New Ground, many people don't have title deeds for the homes they live in. Deputy public works minister Jeremy Cronin recently estimated that 60% of South Africans do not have title deeds – a staggering figure which he attributes to weak policy, corruption within the state, and lack of will when it comes to land reform.

The human settlements department had set a three-year target of fast-tracking the release of more than 800 000 title deeds by 2019.

In a shocking late-night address to the nation on July 31, president Cyril Ramaphosa reaffirmed the ANC's position on land reform, saying the party had decided to amend Section 25 of the Constitution – known as the property clause – so it can push ahead with its plan to expropriate land without compensation.

The move was seen as the ANC stepping up its efforts to expropriate land as it was announced while public hearings, headed by Parliament's Constitutional Review Committee, on land were still ongoing across the country.

There is still an information vacuum about land targeted for expropriation without compensation. All government has said is that land that has been abandoned or is already owned by the state will be targeted.

Ngebulana says greater clarity is required as the absence of information creates "uneasiness and discomfort".

"The issue cuts across racial lines. Whose land are they talking about? The reality is people are very concerned about where this thing is going and how far this will go as it's not being defined as to what it means. The issue of expropriation without compensation needs to be well defined."

One of the big failures of the land reform policy is that, despite the state spending an estimated R50 billion processing land claims since 1994, many beneficiaries have failed to make their land productive or produce an agricultural surplus. This is due to government not offering any post-land-claim support – whether financial or skills transfer.

A new approach is required, says Ngebulana.

"When you give people land we have to make sure people are trained in farming the land and to continue making it productive. It leads to disaster if this is not done."