

# Expropriation goes beyond the realm of agriculture

**AGRIBUSINESS PERSPECTIVE** by Wandile Sihlobo

In October last year, President Cyril Ramaphosa announced South Africa's Economic Reconstruction and Recovery Plan (ERRP). The agriculture section of that plan was not set out, as the Department of Agriculture, Land Reform and Rural Development (agriculture department) was expected to provide the details.

The department, agribusinesses and various social partners have been hard at work for months creating the requirements of an economic recovery plan in what is called the Agricultural and Agro-processing Master Plan and, separately, blended finance instruments. These are aimed at igniting growth and expansion in South Africa's agriculture sector as part of the broader ERRP.

Both of these initiatives are set to be launched in the coming months, while the first phase of the blended finance instrument has begun, as evidenced by the recent launch of the R1 billion Agri-Industrial Fund by the Industrial Development Corporation, in partnership with the agriculture department.

These programmes have the potential to ignite growth and transformation in the sector. Agricultural organisations allocate the majority of their time and resources to pursue these goals. But sadly, much of this good work takes place behind the scenes, while other major policy developments grab the attention of social partners and the media.

## THE SECTION 25 PROBLEM

A case in point is the renewed debate about Section 25 of the Constitution and the draft Expropriation Bill. In the last week of March, the Portfolio Committee on Public Works hosted public hearings on the bill, while the committee tasked with "[making] explicit what is implicit" in Section 25 of the Constitution continued with public hearings.

The outcome will have implications for public sentiment. I certainly hope that it won't detract from the two initiatives mentioned here driving growth in the country's agriculture sector.

## PARTNERSHIPS ARE THE KEY

The success of these programmes depends on the private sector and other social partners jointly implementing government's proposals. Because of this, policy actions that might be perceived as not aligned with the broader stakeholders' interests present a risk and could lead to a lack of participation in and stalling of the master plan and the blended finance implementation.

The discussion of Section 25's potential amendment has gone beyond the realm of agriculture, as various stakeholders are engaged in Parliament's national debate. Yet, its outcomes are likely to have direct implications on the success of the department's work programmes. Hence, it is prudent for Parliament to decide on Section 25.

Land reform is an important policy imperative. However, I don't believe that an amendment of the Constitution will lead to the country's desired outcome of prosperity; therefore, I do not support it.

It is imperative that Parliament finalises the Expropriation Bill. It provides the procedural guarantees required to bring government and an expropriated owner or bondholder onto an equal footing if expropriation occurs.

While not in favour of the Section 25 amendment, I broadly support the need for legislation to regulate expropriation. However, I oppose the provisions relating to 'nil' compensation. Expropriation should always be used as a last resort and cannot be a substitute for well-formulated programmes to effect transformation in the sector. There are various private-public partnerships (PPPs) for land reform that

government could utilise to accelerate land reform; some were highlighted in the Presidential Advisory Panel on Land Reform and Agriculture, and Chapter 6 of the National Development Plan. There is also an ample supply of land that government has not distributed efficiently or transferred to potential beneficiaries, with estimates placing such land at over two million hectares.

We are also bombarded daily by news headlines of corruption and inefficiencies at local government level, some of which threatens the same black farmers that government intends to support. I favour the PPP approach to land reform.

## AN AMENDMENT TO THE CONSTITUTION WILL NOT LEAN TO THE COUNTRY'S DESIRED OUTCOME OF PROSPERITY

The master plan is designed in the spirit of the joint venture, and a continuation of this approach towards policy implementation would potentially yield positive results for expansion in agricultural production and, following that, job creation in the sector.

There is some level of unity between agriculture and agribusinesses, and stakeholders are working towards the successful implementation of the master plan, anchored by blended finance and regulatory support that the agriculture department and other departments would provide. However, the approach taken in Parliament with Section 25 of the Constitution could sway stakeholders away from these necessary economic reconstruction plans. *Wandile Sihlobo is chief economist at Agbiz. Email him at wandile@agbiz.co.za.*

