Agbiz responds to parliament’s land expropriation resolution

In a press statement issued on 28 February this year, Dr John Purchase, CEO of Agbiz, said the organisation noted “with deep concern” the principle resolution on expropriation of land without compensation that was agreed to in Parliament the day before, on 27 February.

This comes after a prior statement in which Agbiz strongly welcomed the State of the Nation Address (SONA) by newly elected President Cyril Ramaphosa, and especially the general thrust of his SONA, which focused on revitalising the economy and the commitment to root out corruption.

Purchase remarked at the time that “all the good intentions in the SONA will be in vain if property rights are not dealt with within the ambit and context of the current Constitution of South Africa.”

Reacting to Parliament’s decision on 27 February, Purchase said that “while the principle decision has been taken within the context of ‘ensuring food security, economic growth and radical economic transformation’, it effectively erodes property rights that are the very foundation of the values and principles related to individual liberty and economic freedom.

An uncertain future
“These are the drivers of a country’s prosperity and are internationally accepted as fundamental rights. The resolution essentially goes against the ethos and spirit of the current South African Constitution, which is built on the founding principles of freedom, equality and human dignity.

“The open and competitive South African agro-food system, and by implication the excellent national food security we as a country experience, is fundamentally based on secure property rights to leverage financing for investment and production.”

Purchase said that erosion of these property rights creates uncertainty, which will inevitably divert potential investment away from the agro-food sector and the country.

“South Africa will in effect become a net importer of food as opposed to our current status as a net exporter, and food prices will essentially be based on import parity and not export parity as is currently the case. This will result in food prices escalating considerably and the affordability of food, a key component of food security, will be compromised.”

Property rights and growth
As indicated in the 2017 International Property Rights Index, a strong property rights system is conducive to fostering economic growth, human capabilities, research and innovation, environmental performance, and the creation of social capital.

“Property rights are a key ingredient for the prosperity of society. It has therefore been a failure to extend property rights to the majority of our citizens, which has amplified inequality in South Africa and not the institution of property rights.

Secure property rights can act as a catalyst for the economic emancipation of the poor and marginalised in society.

“While the chief concerns are clear and fundamental, we still need to ascertain the exact nature of the envisaged amendments to especially Section 25 of the Constitution (the property clause), as well as other clauses thereof.

“Exactly what the potential implications and impacts will be are thus largely uncertain at this stage. As these envisaged amendments become clear, Agbiz will make substantive submissions to the Constitutional Review Committee,” Purchase said.

Model for land reform
During his SONA, President Ramaphosa called on financial institutions to partner with government in mobilising resources to accelerate the land redistribution programme, as increased investment is required in the sector.

Purchase remarked in reaction to the SONA that Agbiz, together with the Banking Association South Africa (BASA), had developed such a commercial model for accelerated land reform more than two years ago. Yet, despite repeated efforts by Agbiz and BASA to implement this co-financing model, adopted in principle by the minister and the Department of Rural Development and Land Reform (DRDRL), nothing has come of the private sector initiative.

“How this is now suddenly going to be turned around remains to be seen.”

For more information, send an email to Dr John Purchase at john@agbiz.co.za.