

Agri SA warns on changes to land market

FARMERS' body Agri SA has objected to a controversial proposal calling for the imposition of a right of first refusal on all agricultural land sales by the state.

This emerged at a stakeholders meeting on the land reform green paper in Boksburg on Friday, with Rural Development and Land Reform Minister Gugile Nkwinti saying the proposal had the potential to create havoc on the market as it would put the brakes on speedy land sales.

The right of first refusal was among policy options tabled in a document presented by a committee that looked at how the state could acquire sufficient agricultural land to be distributed to black South Africans to achieve its 30% target by 2014.

Agri SA executive director Hans van der Merwe warned against initiatives aimed at tampering with the land market, saying any move to have the state dictate how land sales should be conducted would cause farmers to stop investing in their land. He said any manipulation of the market would also have an impact on other sectors of the economy.

"The saddest thing we can do in our generation is to lose the integrity of the value of the market ... and many farmers are worried about the impact of the office of the valuer-general on the land sales process, and whether this would reduce market related prices," he said.

The proposal pointed out that the right of first refusal would not translate to lower prices for land, and that private landowners, as willing sellers, would no longer be free "to sell to the highest bidder or to a buyer of their choice".

Mr Nkwinti expressed doubt that the state would be able to approve resources and purchases timeously. "We know that government can be very slow, there are challenges of funding and that could delay markets. Sometimes people who want to sell are under financial stress and want resources urgently for various reasons, which means any delays by the state could ruin some farmers or sink some (agri-businesses)."

Mr Nkwinti said the input of stakeholders in the debate showed that a lot of research still had to be conducted and thoroughly discussed so that the final product to be included in the green paper brought about fair processes in line with the constitution.

"Therefore we need to thoroughly debate the implications of this proposal," he said, adding that the proposal also considered a scenario where the state did not impose a right of first refusal in which the land market was deemed robust enough to create ample opportunity for agricultural land redistribution.

Also present at the meeting on Friday were representatives from government, farm workers, agribusiness, non-

governmental organisations, opposition parties and academics.

Mr van der Merwe called for the inclusion of financial institutions with agricultural finance divisions in future meetings on the green paper on proposed policy.

Such institutions often had problems providing finance for land, depending on whether it is communal land, or underpriced or overvalued.

Mr van der Merwe wondered how these institutions would respond if the state had overriding powers to purchase land on the grounds of an "equitable compensation on production land" rather than its market-related value.

Lindie Stroebel of the Agricultural Business Chamber complained that the document made additional proposals that were not even discussed by the committee members representing various stakeholders. The case in point was its proposal that the willing buyer, willing seller principle applied by the government should be replaced with "equitable compensation" to be determined by state institutions. She said even if agribusiness were to accept "equitable compensation and right of first refusal", rather than introduce unchallenged concepts, the drafters should allow adequate debate.

Source: Business Day

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