LAND RESTITUTION IN THE SUGAR INDUSTRY

a partnership model between the South African Sugar Association (SASA) and the Commission on Restitution of Land Rights (CRLR).

Industry position on land reform

The sugar industry had long acknowledged the importance of land reform for the future security of South Africa and the sustainability of the sector.

The sugar industry has therefore embraced government's policy on land reform and <u>availed resources</u> towards its sustainable implementation.

Industry Context

- Limited investment in planting or replanting of cane or soil nutrition due to land claims.

- Decreasing prices and increasing production costs (in real terms).

- Decreasing cane production putting pressure on mill sustainability.

- Ineffective import duty administration and implementation (import tariff).

- Implementation of a sugar tax on health promotion levy (sugar-sweetened beverages) in South Africa.

Small scale growers and restitution growers will go out of production first

Relevant Statistics

Total ha transferred to date	**76 538 ha (22.3 %)**
Total hectares transferred under restitution programme	**46 896 hectares**
Total area under cane gazetted.	**148 664 ha (40%)**
Approx funds spent on acquiring restitution farms	**R 2,3 billion (@average price of R 50 000/ha)**
Communal property institutions (Trusts &CPA)	**231**
Direct industry jobs	**79 000 (11% of agri employment)**
Indirect jobs	**350 000**
Dependent rural livelihoods	**Approx.1 million people**

Restitution challenges (2011/2012)

- Insufficient co-ordination between Commission and sugar industry.
- Timing of land transfers.
- Inadequate links between pre-and-post settlement.
- Insufficient capacity building programme.
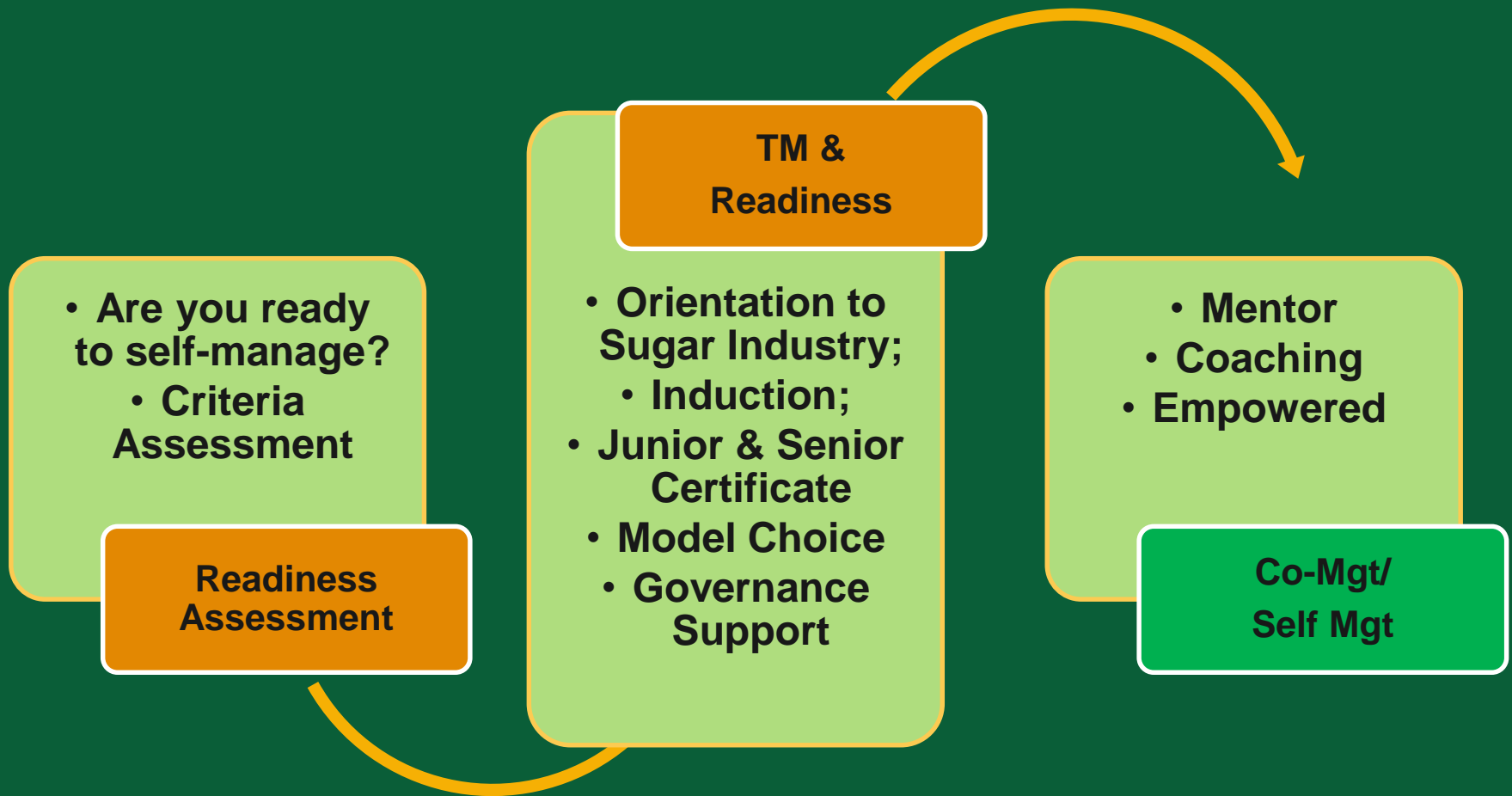- Governance challenges confronting CPI's

Partakership :SASA and CRLR (2014)

MoU signed and sugar industry specific restitution business process	**Joint Annual Planning between sugar industry and CRLR**
	Roles and responsibilities between industry stakeholders and CRLR defined
Induction programme for new entrant black growers	**SASA has spent R4.3 million designing a training and capacity build programme for new entrant growers**
Governance support programme	**SASA has spent R18 million on a Governance support programme for CPI's**
Industry support	**Specialist industry and Miller extension, economic services, on-farm management support, administrative support =**
Funding for land acquisition	**KZN Office increased funding allocation for land acquisition**

Readiness assessment tool

Readiness Assessment
- Are you ready to self-manage?
- Criteria Assessment

TM & Readiness
- Orientation to Sugar Industry;
- Induction;
- Junior & Senior Certificate
- Model Choice
- Governance Support

Co-Mgt/ Self Mgt
- Mentor
- Coaching
- Empowered

Sugar industry business process

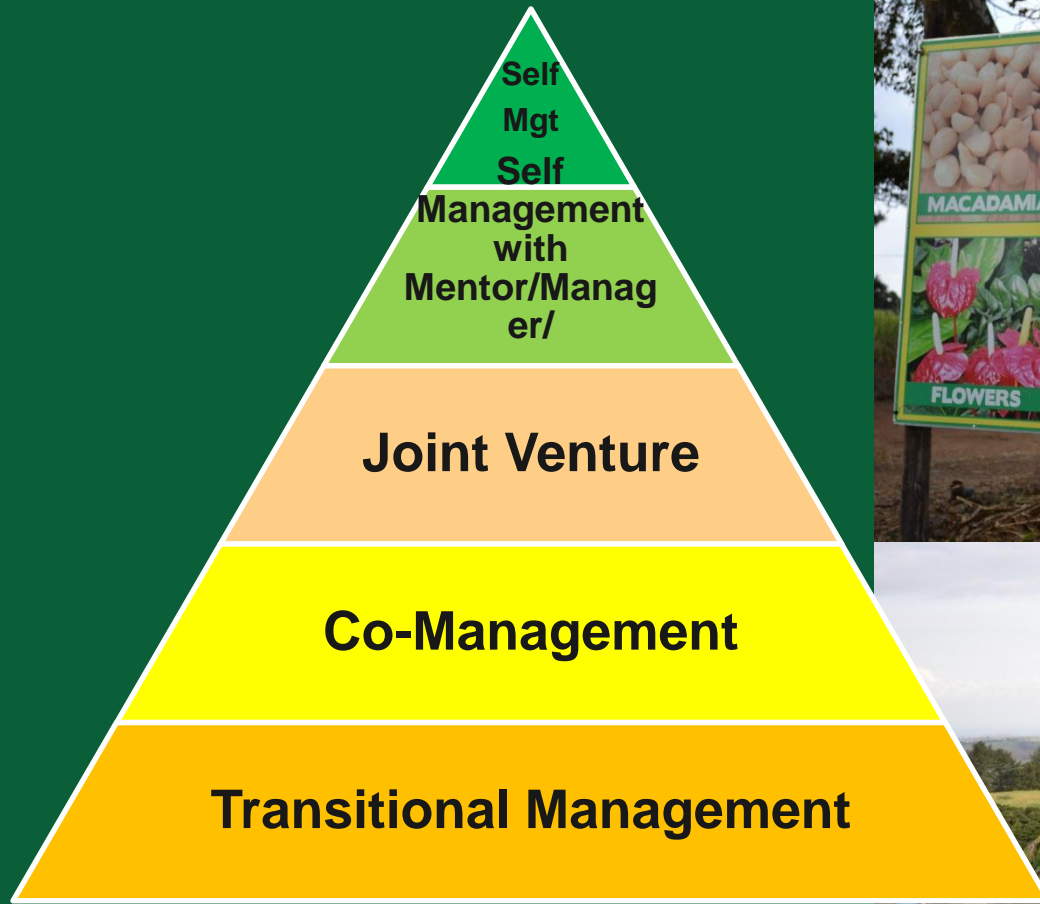| PHASE	ACTIVITIES	RESP.
VERIFICATION	Introduction of the Representative Committee to Industry Stakeholders.	RLCC MILLER INDUSTRY STAKEHOLDERS
	Orientation and Induction to the Sugar Industry and Grower Structures	CANEGROWERS RLCC INDUSTRY STAKEHOLDERS
	Linkage of appropriate members to junior and senior certificates and governance related available training.	CANEGROWERS
	Capacity Enhancement Workshop on governance of land holding entity.	CANEGROWERS RLCC
	Farm Inspections	RLCC,MILLER,SELLER,MILLER SASRI,CANEGROWERS
	Compilation of the agronomic assessment and submission to regional coordinator to submit to RLCC report and business plan as per guideline tool and methodologies.	SASRI SACGA MILLER

Sugar industry business process

PHASE	ACTIVITIES	RESP.
NEGOTIATION	**Administer the readiness assessment tool.**	**SACGA MILLER SASRI**
	Finalization of the business plan	**RLCC SACGA**
	Various Administrative Functions: Changing of Grower Code Electricity/Water Accounts changes Municipal Rates Exemption.	**MILLER** **RLCC**
	Site/Farm Inspection upon point of transfer and site inspection report submitted. Handover of Keys as per Sale Agreement	**RLCC MILLER SASRI CANEGROWERS Exiting owner New Owners**
	Setting up and convening of Joint implementation committees.(JICs)	**SASA/MILLER/RLCC Stakeholders Project Reps.**

Sugar industry business process

PHASE	ACTIVITIES	RESP.
SETTLEMENT	Implementation of business plan	RLCC,Sugar industry Stakeholders
	Joint Implementation Committee Meetings (JIC) or Project Steering Committee Meetings (PSC).	MILLER/RLCC Stakeholders Project Reps.
	Monitoring and evaluation Administer Readiness Assessment tool at predetermined intervals to enable progression.	RLCC SACGA/ MILLER and SASA

Current post settlement arrangements

Lessons learnt

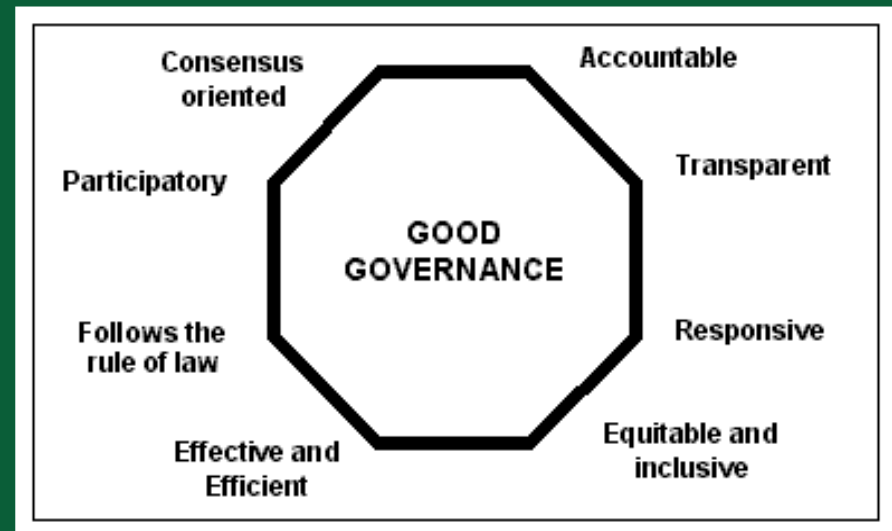Communication, planning and co-ordination processes needs constant review

Land acquisition still not taking place within the desired period   (February-March)

Post settlement models: need a hybrid arrangements for large multiple farm acquisitions.

Governance support to CPI's is ongoing and cyclical

Timeous access to working capital is essential for these are operating businesses.

Key elements of a sustainable restitution programme

Land restoration

RESTITUTION PROGRAMME

Social interface

Business entity

Good Governance octagon: Consensus oriented, Accountable, Participatory, Transparent, Follows the rule of law, Responsive, Effective and Efficient, Equitable and inclusive.

- Land restoration processes.
- Social matters – land holding entity, capacity building, communal ownership.
- Business entity - expertise, operating capital and compliance.

Proposed solutions

- Multiple and mixed land rights restoration options
- Proper verification of claimants
- Adoption of the readiness assessment tool and its incorporation to the project cycle
- "Hybrid" settlement models for large / multiple farm claims
- Seek the services of <u>transaction advisors</u> at a pre-settlement phase.
- Allocation of staff along commodity lines

Proposed solutions

- Incorporation of Development Recommendations to the Section 42d Approval Memorandum
- Phased Acquisition of farms over a planned multi-year programme
- Timing of Acquisitions (February – March)
- Continuous governance support programme
- Restitution funding : immediate access to operating capital and sustainable development finance
- Joint project between the industry and CRLR to review the status of transferred restitution projects.

Joint action plan……. 2018 onwards !

- Sugar industry and CRLR has agreed on an action plan to improve sustainability:
  - Guidelines for settlement models
  - Hybrid settlements
  - Gazettement upon a settlement agreement
  - Blended finance development facility

SIYABONGA
THANK YOU
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