THE FUTURE OF AGRICULTURE AND THE RURAL ECONOMY IN THE WESTERN CAPE

FARE PANEL REPORT - OCTOBER 2013
Acknowledgements

The FARE Panel appreciates the invaluable contributions it received from a range of stakeholders including government (national, provincial and local), organised and unorganised business and labour groupings, and civil society organisations.

The Panel’s report is intended to serve as a basis for further discussions between various stakeholders on existing or recommended platforms.

Scope limitations

The FARE Panel had to prepare its report under extremely tight deadlines. The Panel made a concerted attempt to consult a broad spectrum of stakeholders engaged in agriculture and the rural economy, but time constraints meant it was not possible to hold discussions with all the relevant stakeholders. For these reasons, certain areas have not been as well addressed in the report as the Panel would have wanted. Quotations in the boxes are in the form given to us by the individuals.

The responsibility for initiating the implementation of the report’s recommendations resides with the FARE Steering Committee.
Executive summary

The panel deliberated many hours to reach a common agenda and a shared vision for the agricultural sector. Towards the end of the deliberations the panel realised that agreement on several key issues will assist all the stakeholders to work towards a common vision for the industry.

Key elements to work towards a common vision includes the following:

- The organisation of farm workers;
- The basis of paternalistic relations in agriculture needs to be changed;
- Negotiating forums need to be established amongst all stakeholders;
- Recognise the diversity of the rural economy;
- Ensure access to basic human rights; and
- Reaching a more equitable spread of farm ownership patterns.

The panel recognise the vested interests as well as the emotional debates amongst the players and call for urgent engagement as the current polarised positions of Government, Commercial Agriculture and Labour cannot be resolved by itself.

The report

The report to the FARE Steering Committee is based on feedback and recommendations from deliberations with various groups, representatives and individual farmworkers in the Western Cape from May to September 2013. The report consists of six chapters, namely:

1) Introduction
2) Enabling Rural Economic Development and Growth;
3) Land Reform;
4) The Rural Labour Market and Labour Relations;
5) Settlement Patterns in, and Social Dimensions of Rural Communities; and
6) Rural Development, Public Policy and Multi-stakeholder Engagement.

The chapter on enabling rural economic development and growth acknowledges that agriculture is one of the primary pillars of the Western Cape economy, and is especially important in the rural areas. The analysis recognises that the agricultural sector comprises various value chains and commodities or sub-sectors. Viewing agriculture in terms of different sub-sectors helps to create a better understanding of the relationship between, and the challenges of, commercial, smallholder and subsistence agriculture. The development of water infrastructure is a key enabler for rural economic development. South Africa is a water-scarce country. The availability of water for agriculture could be increased by constructing new storage facilities, improving irrigation methods and eliminating wastage and reticulation system leakages. Transformation of the agricultural sector is a complex and costly process which requires time, financial resources and relationships of trust. A notable challenge is finding ways of ensuring that rural economic development has a beneficial impact on broad-based black economic empowerment (BBBEE) and economic transformation. The chapter makes several recommendations to support and expand rural economic development in the Western Cape.

The chapter on land reform acknowledges land as a precious resource and an important and sensitive matter for all South Africans, especially given our history of dispossession, economic exploitation and denial of land rights on the basis of race. Although significant progress has been made in land reform, there are still major concerns. These include the slow pace of land redistribution and slow progress in land tenure reform. Many land reform projects implemented in
the Western Cape have not been successful due to a lack of adequate and appropriate post-settlement support. Progress with land redistribution does not meet the reasonable expectations of previously disadvantaged persons, and beneficiaries of redistributed land are dissatisfied with the level and type of support they are getting from government. Tenure reform is also not delivering the expected results as evictions from farms continue to take place, and those evicted struggle to secure alternative accommodation. Some farm workers living on farms are unaware of their legal rights under the Extension of Security of Tenure Act, 1997 (ESTA). As a result, some have vacated the houses they were living in even though they had no legal obligation to do so. The report contains a number of recommendations to improve farm workers’ lot in respect of access to land and housing.

The chapter on the rural labour market and labour relations begins with an overview of the circumstances in which the workers live and work and how the rural labour market has changed over the last ten years. It deals with the ways in which the parties to the labour relationships in agriculture are organised, for without effective organisation, sound labour relations between employers and farm workers are impossible. The chapter also includes a consideration of how organisational rights provided by the Labour Relations Act, 1995 are or should be applied in agriculture. It then considers the problems of relying on government to determine actual wages as well as certain adverse consequences that are likely to flow from the 52% increase in the minimum wage for farm workers with effect from 1 March 2013. Had there been effective collective bargaining in the sector, there would have been less pressure to increase the minimum wage so suddenly. The report considers what can be done to promote effective collective bargaining in the agricultural sector, in the knowledge that collective bargaining is unlikely in the near future, and bearing in mind that it is not clear how seasonal workers will be represented in sectoral bargaining. The establishment of pilot regional employment forums is proposed as a first step to facilitate social dialogue on a range of issues which includes, but is not restricted to, organised labour and employers. It is suggested that one way of overcoming the legacy of mistrust would be the adoption of some sort of code of conduct.

The chapter on settlement patterns in, and social dimensions of, rural communities deals with some critical issues that affect the well-being of rural communities such as limited access to on- and off-farm housing, public transport, health and social services, and education and training. The section on housing gives an overview of current human settlement policies and their impact, and says that it is unlikely that the housing backlog will be significantly reduced in the near future. In many municipalities, the housing supply backlog has been exacerbated by displaced farm workers. Farm worker housing and the provision of basic services on farms has been a long-standing challenge as many do not have access to basic services. There are no uniform pricing mechanisms for the provision of basic services (e.g. electricity) on farms. The existing track record of many municipalities shows that they have failed to effectively identify and take account of the needs of farm dwellers in their integrated development plans (IDPs). The section on transport confirms that an efficient, effective, safe and integrated public transport system is crucial to both the mobility of people (e.g., to travel to work, clinics, schools and government services) and the movement of goods. In some instances, municipal integrated transport plans (ITPs) have failed to take the transport needs of farm workers into account. The section on health and social services refers to the daily challenges that rural communities face (e.g. tuberculosis, foetal alcohol syndrome, limited opportunities to participate in social activities and teenage pregnancy). The education and training section explores the low levels of literacy and numeracy amongst young rural learners and the relationship between education and earnings in the labour market. It analyses the challenges and makes recommendations in respect of early childhood development, rural schools and targeted skills development programmes for adults.

The chapter on rural development, public policy and multi-stakeholder engagement develops an understanding and possible frameworks for effective social dialogue between government and
associations of citizens in the pursuit of sustainable rural development policies and practices. Despite the existence of a plethora of provincial committees facilitating the implementation of policies and plans associated with Medium Term Strategic Framework (MTSF) outcomes, the farm worker protests of the late 2012 and early 2013 highlighted how the shortcomings in the quality of relations between different spheres of government have had a negative impact on agriculture and rural development. A perceived lack of coherence, alignment and efficiency between different spheres of government with regard to the provision of services at municipal level, highlights the need for better coordination. The chapter then gives a high-level overview of associations that could aid the development of databases of stakeholders for social dialogue. It suggests the development of stakeholder analyses essential for the development of partnerships (i.e. organised business, organised labour, faith-based organisations, community-based organisations, non-governmental organisations and social movements). Social dialogue is proposed as a way to assist in strengthening relations, developing partnerships, reducing tensions, preventing and resolving disputes, all of which will have a beneficial impact on the enhancement of productivity, economic efficiency and competitiveness.
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<tbody>
<tr>
<td>AHI</td>
<td>Afrikaanse Handelsinstituut</td>
</tr>
<tr>
<td>ALARM</td>
<td>Alliance of Land and Agrarian Reform Movements</td>
</tr>
<tr>
<td>AWETUC</td>
<td>Agricultural Workers Empowerment Trade Union Council</td>
</tr>
<tr>
<td>ARC</td>
<td>Agricultural Research Council</td>
</tr>
<tr>
<td>BAWSI</td>
<td>Black Association of the Wine and Spirit Industry</td>
</tr>
<tr>
<td>BAWUSA</td>
<td>BAWSI Agricultural Workers Union of South Africa</td>
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<tr>
<td>BBBEE</td>
<td>Broad-based black economic empowerment</td>
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<tr>
<td>BCEA</td>
<td>Basic Conditions of Employment Act</td>
</tr>
<tr>
<td>BEE</td>
<td>Black economic empowerment</td>
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<tr>
<td>BFAP</td>
<td>Bureau for Food and Agricultural Policy</td>
</tr>
<tr>
<td>CASP</td>
<td>Comprehensive Agricultural Support Programme</td>
</tr>
<tr>
<td>CBP</td>
<td>Community-based planning</td>
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<tr>
<td>CBO</td>
<td>Community-based organisation</td>
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<tr>
<td>CCMA</td>
<td>Commission for Conciliation Mediation and Arbitration</td>
</tr>
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<td>CCW</td>
<td>Community care workers</td>
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<tr>
<td>COSATU</td>
<td>Congress of South African Trade Unions</td>
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<tr>
<td>CPUT</td>
<td>Cape Peninsula University of Technology</td>
</tr>
<tr>
<td>CRDP</td>
<td>Comprehensive Rural Development Programme</td>
</tr>
<tr>
<td>DAFF</td>
<td>Department of Agriculture, Forestry and Fisheries</td>
</tr>
<tr>
<td>DLA</td>
<td>Department of Land Affairs (now the Department of Rural Development and Land Reform)</td>
</tr>
<tr>
<td>DORA</td>
<td>Division of Revenue Act</td>
</tr>
<tr>
<td>DRDLR</td>
<td>Department of Rural Development and Land Reform</td>
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<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
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<tr>
<td>DWA</td>
<td>Department of Water Affairs</td>
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<tr>
<td>ECC</td>
<td>Employment Conditions Commission</td>
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<tr>
<td>ECD</td>
<td>Early childhood development</td>
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<tr>
<td>EDF</td>
<td>Economic Development Forum</td>
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<tr>
<td>EDP</td>
<td>Economic Development Partnership</td>
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<td>EJNF</td>
<td>Environmental Justice Network Forum</td>
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<td>ESTA</td>
<td>Extension of Security of Tenure Act</td>
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<td>FAS</td>
<td>Foetal Alcohol Syndrome</td>
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<tr>
<td>FARE</td>
<td>Future of Agriculture and the Rural Economy</td>
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<tr>
<td>FAWU</td>
<td>Food and Allied Workers Union</td>
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<tr>
<td>FBO</td>
<td>Faith-based Organisation</td>
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<tr>
<td>FEDUSA</td>
<td>Federation of Unions of South Africa</td>
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<tr>
<td>FET</td>
<td>Further education and training</td>
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<tr>
<td>FWES</td>
<td>Farm worker equity scheme</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GDPR</td>
<td>Gross Domestic Product per Region</td>
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<tr>
<td>IDP</td>
<td>Integrated development plan</td>
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<tr>
<td>IDZ</td>
<td>Industrial development zone</td>
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<tr>
<td>IGDP</td>
<td>Integrated Growth and Development Plan</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>ITP</td>
<td>Integrated transport plan</td>
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<tr>
<td>LRA</td>
<td>Labour Relations Act</td>
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<tr>
<td>LRAD</td>
<td>Land Redistribution for Agricultural Development Programme</td>
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<tr>
<td>MAFISA</td>
<td>Micro-Agricultural Financial Institutional Scheme of South Africa</td>
</tr>
<tr>
<td>MOD</td>
<td>Mass participation, Opportunity and access, Development and growth programme</td>
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<tr>
<td>MTSF</td>
<td>Medium-Term Strategic Framework</td>
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<tr>
<td>MTEF</td>
<td>Medium-Term Expenditure Framework</td>
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<tr>
<td>NACTU</td>
<td>National Council of Trade Unions</td>
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<tr>
<td>NAFCOC</td>
<td>National African Federated Chamber of Commerce</td>
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<tr>
<td>NDP</td>
<td>National Development Plan</td>
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<tr>
<td>NEDLAC</td>
<td>National Economic Development and Labour Council</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
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<tr>
<td>PASSOP</td>
<td>People Against Suffering Oppression and Poverty</td>
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<tr>
<td>PERO</td>
<td>Provincial Economic Review and Outlook</td>
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<tr>
<td>PLAS</td>
<td>Proactive Land Acquisition Strategy</td>
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<tr>
<td>PGDS</td>
<td>Provincial Growth and Development Strategy</td>
</tr>
<tr>
<td>RADP</td>
<td>Recapitalisation and Development Programme</td>
</tr>
<tr>
<td>SALGA</td>
<td>South African Local Government Association</td>
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<tr>
<td>SANCO</td>
<td>South African National Civics Organisation</td>
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<tr>
<td>SANRAL</td>
<td>South African National Road Agency Limited</td>
</tr>
<tr>
<td>SASSA</td>
<td>South African Social Security Agency</td>
</tr>
<tr>
<td>SAWIT</td>
<td>South African Wine Industry Trust</td>
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<tr>
<td>SEFA</td>
<td>Small Enterprise Finance Agency</td>
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<tr>
<td>SEIFSA</td>
<td>Steel and Engineering Industries Federation of South Africa</td>
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<tr>
<td>SETA</td>
<td>Sector education and training authority</td>
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<tr>
<td>SIP</td>
<td>Strategic Infrastructure Plan</td>
</tr>
<tr>
<td>SLAG</td>
<td>Settlement and Land Acquisition Grant</td>
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<tr>
<td>SIZA</td>
<td>Sustainability Initiative of South Africa</td>
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<tr>
<td>TAC</td>
<td>Treatment Action Campaign</td>
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<tr>
<td>TB</td>
<td>Tuberculosis</td>
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<tr>
<td>UIF</td>
<td>Unemployment Insurance Fund</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<tr>
<td>WCDC</td>
<td>West Coast District Council</td>
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<td>WCDoA</td>
<td>Western Cape Department of Agriculture</td>
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1 Introduction

1.1 Background to the FARE process

"Reconciliation and nation-building would remain pious words if they were not premised on a concerted effort to remove the real roots of past conflict and injustice." Nelson Mandela.\(^1\)

The farm workers’ strikes / protest actions that took place in the Western Cape towards the end of 2012 and the beginning of 2013 represent a watershed for the agricultural sector in the province and in South Africa as a whole. For a sector in which labour is largely unorganised, the strikes represented a remarkably widespread rejection of a minimum wage that decision makers thought, only a few months earlier, to be reasonable. The Minister of Labour’s decision to respond by increasing the minimum wage Sectoral Determination for the farm worker sector with effect from 1 March 2013 was unprecedented.

It is inevitable that there will be very different perspectives as to the cause of the strikes. What does seem clear, however, is that it was not only or primarily workers in full-time employment at the time that were involved, but workers who were seasonally employed on farms, or looking to find seasonal employment. It is also likely that many of those involved were and have remained unemployed. These were therefore not strikes in the traditional labour relations sense, as much as protest actions. They do not simply concern income and conditions of employment in the agricultural sector, but more broadly the rural economy and its social dimensions.

Poverty is disproportionately concentrated in the rural areas of the Western Cape and South Africa more broadly\(^2\). Poverty among farm workers in rural areas is a result of generations of deprivation – households with limited access to infrastructure and services, limited educational prospects, remotely situated, with few economic prospects. Many rural households experience ongoing food insecurity, malnutrition and unemployment.

Although some might suppose the wage increase introduced by the Sectoral Determination has resolved the matter, a sustainable long-term solution will require finding ways of addressing the structural challenges and deep fault lines within the agricultural sector and the rural economy more broadly.

The protest actions prompted the establishment of a Steering Committee to consider the future of agriculture and the rural economy in the Western Cape. This Committee is co-chaired by Andrew Boraine of the Western Cape Economic Development Partnership (EDP) and Phillip Dexter of the Economic Development Forum (EDF).

1.2 The FARE Panel and its Terms of Reference

The Steering Committee appointed a Panel of seven people with a range of experience and skills and gave them a mandate to produce a report, setting out the main challenges facing agriculture and the rural economy.\(^3\) This included identifying opportunities for economic and social upgrading, proposals for a common agenda and social compacts, with recommendations for projects, partnerships and further processes that could lead to a transformative agenda.

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\(^3\) Antonie Gildenhuys, Venete Klein, Karin Kleinbooi, Thom Thamaga, Adrian Sayers, Jan Theron and Frans van Wyk. See Chapter 7 for details.
The Future of Agriculture and the Rural Economy in the Western Cape

The Panel provided a platform for stakeholders in agriculture and the rural economy – such as farm workers, farmers, agri-businesses, civil society organisations and others – to engage with it. Through a process of listening to and engaging with stakeholders, the Panel sought to address this central question: ‘What is the future of the agricultural and rural economy over the next 10 to 20 years?’ More specifically the Panel was tasked with:

(i) Ensuring that the issues dealt with are relevant to the long-term future of agriculture and the rural economy of the Western Cape.
(ii) Where necessary, challenging claims and assumptions.
(iii) Engaging with researchers and research inputs.

Through the report, the Panel aimed to assist stakeholders to:

(i) Develop a shared vision for the future of the agricultural sector and the rural economy.
(ii) Establish a common agenda for change and joint action.
(iii) Identify possible social compacts.
(iv) Identify roles and responsibilities for implementation.
(v) Identify possible projects, resources and partnerships to help drive implementation.
(vi) Recommend any further processes that it considered to be necessary.

1.3 The process followed to produce the draft report

The FARE Panel engaged with a wide variety of stakeholders throughout the province, including national government. The Panel tried to ensure that the various stakeholders it engaged with were representative of the divergent views and interests in agriculture and the rural economy.

The Panel, however, had to operate within very tight time constraints. This meant that it was not able to meet with as many stakeholders it would have liked before submitting the final report. Also, some organisations did not want to meet with the Panel or did not respond to invitations.

The Panel also accepted written submissions. After each engagement session, stakeholder participants were given an opportunity to comment on the minutes of these meetings to ensure that all relevant concerns were incorporated.

At times the different stakeholders presented views on crucial issues that could not be reconciled. Farm workers, farmers and other agricultural producers, trade unions, non-governmental organisations (NGOs) and agri-businesses often provided bleak perspectives, based on their own views and interests. This report and the ensuing recommendations are based on these engagements. The Panel acknowledges the limitations of the process, and expresses the hope that this report will constructively contribute to the search for sustainable long-term solutions to the problems in agriculture and the rural economy that were so starkly highlighted by the strikes / protests at the end of 2012 and the beginning of 2013.

1.4 Production of the final report

The Panel presented its draft report to the Steering Committee on 6 September 2013. The Panel received several written responses from individual stakeholders and considered these in preparation for the final report.
1.5 Structure of the report

The report is divided into five chapters which highlight the key themes that emerged during the Panel’s engagements. Each chapter contains specific recommendations relating to the topics discussed.

Chapter One: Introduction provides an overview of the FARE process, and the circumstances that gave rise to this process.

Chapter Two: Enabling Economic Development and Growth focuses on economic trends in agriculture and the rural economy, and seeks to identify the policy interventions required to enable sustainable economic development.

Chapter Three: Land Reform focuses on the key components of land reform that can bring about a just and equitable transformation of land rights in the Western Cape.

Chapter Four: The Rural Labour Market and Labour Relations deals with employment trends and how labour relations in agriculture and the rural economy can be placed on a sound footing.

Chapter Five: Settlement Patterns in, and Social Dimensions of, Rural Communities deals with housing and settlements in rural areas as well as the provision of basic necessities such as health, education, housing, social welfare and public transport.

Chapter Six: Rural Development, Public Policy and Multi-stakeholder Engagement focuses on public policy and multi-stakeholder relations in rural areas. This includes the state’s response to these challenges. The chapter is informed by the national Government’s twelve strategic outcomes outlined in the Medium Term Strategic Framework (MTSF) for the period 2009–2014 (Presidency 2009) and the corresponding strategic plan adopted by the Western Cape Government. This section makes specific reference to the implementation of Outcome 7 which strives for vibrant, equitable, and sustainable rural communities with food security for all. Other outcomes and related outputs have a direct bearing on agriculture and the rural economy.

The Panel acknowledges the work that has been done and is being done on the issues raised in this report, and the importance of building on what is already in place.

The non-metropolitan hinterland is home to a wide range of forms of associational life with a rich and diverse history ranging from community-based and faith-based organisations, to farmer- and farm worker associations.

A variety of multi-stakeholder initiatives to deal with such challenges have already been implemented at local, regional, sectoral and provincial levels. These engagements have contributed to the development of a legacy of participatory development and planning practices that can be harnessed for future action.
A social compact of Western Cape stakeholders was established some eight years ago and the outcome of its deliberations were published in 2005 as “The Agriculture and Agri-business Sector of the Western Cape: A Consensus on the Desired Intervention Strategies for the Agriculture and Agribusiness Sector”. The impact of three of its 90 indicators (mentorship, extension workers and telecommunications) of the strategy were assessed in 2012 when “The 2005 Agricultural and Agribusiness Strategy: Impact Assessment” was produced for the Summit held in October 2012. This was accompanied by a report titled *Agrifutura 2012*.

A key topic that has been not yet been investigated is the rural labour market in the Western Cape.

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3 Western Cape Department of Agriculture. *Agrifutura*, 2012.
2 Enabling rural economic development and growth

South Africa’s agricultural sector is characterised by dualism and inequality. Part of the current challenge relates to emerging smallholder farmers (most of them black) having to compete against commercial farmers, many of whom have become established over generations. These emerging smallholder farmers generally lack sufficient necessary resources (e.g. land and finance) and appropriate government support to enable them to compete effectively on the local and international markets.

The rural economy is often thought of as the agricultural sector and little consideration is generally given to the relationship between agricultural production and the other aspects of the rural economy. The Western Cape has a large number of commercial farmers, many of whom could be classified as marginal or as smallholder. The province is particularly vulnerable to climate change and has frequently experienced extreme events such as droughts and floods and other environmental hazards with associated impacts on human vulnerability, including water pollution and the deterioration of rivers.

Rural areas generally lack proper infrastructure provision (e.g. public transport, housing and communication); there are large distances between settlements, local markets are limited, and there is a shortage of appropriate skills. The rural economy generally lacks a diversified economic base and depends on a limited number of generators of economic growth and development. Agriculture is one of the most important sectors of the Western Cape economy, especially in rural areas.

Over the last two decades, agriculture in South Africa has experienced heightened global competition, restructuring and job losses. The agricultural sector is confronted with increasing input costs (e.g. fuel, animal feed and fertilisers) and the influence on profitability of external factors such as the oil price and the exchange rate. Risks to the sector include scarce water resources, increasing competition from cheap, subsidised imports and climate change. The rural economy’s dependence on agriculture, given the decline of the sector, without any real other economic or employment opportunities, contributes to the unsustainability of certain areas.

Currently, primary agriculture contributes about 3% to South Africa’s Gross Domestic Product (GDP) and about 7% to formal employment. The agriculture, forestry and fishing sector directly contributed 4% to the Western Cape’s GDP per region (GDPR) in 2010 (or R13.8 billion) and employed 6.5% of the regional workforce.\(^1\) When the inter-industry linkages are considered, the agro-industry could contribute as much as 10 to 12% of Western Cape GDPR.\(^2\) The key point about agriculture in the Western Cape is the fact that while the province accounts for 14.2% of national GDP (2010), the Western Cape agricultural sector accounts for 23.2% of national agricultural GDP.\(^3\) The Cape Winelands is the dominant agricultural sub-region (accounting for 37% of agriculture value added in the Western Cape).\(^4\)

A diversified economic base is a critical component for growth, job creation and poverty alleviation in rural areas. Increased investment in key infrastructure development projects being pursued in the Western Cape rural economy includes the Industrial Development Zone (IDZ) (Saldanha), Clanwilliam Dam and the N7 upgrade, all of which are critical to leverage increased investment flows. There is no easy method of unlocking the potential of the rural economy. It requires a collective, targeted and coordinated effort from all spheres of government and the relevant stakeholders within affected localities.

\(^1\) Western Cape Government Provincial Treasury: Provincial Economic Review & Outlook 2012 (PERO), p52.
\(^2\) Ibid, p52
\(^3\) Ibid, p52
\(^4\) Ibid, p52
The National Department of Agriculture, Forestry and Fisheries (DAFF) Integrated Growth and Development Plan (IGDP)\textsuperscript{11} argues that the role of the agricultural sector lies in ensuring national and household-level food security; ensuring social and economic growth and development through job creation; and contributing to rural socio-economic development. The Western Cape’s Provincial Strategic Objective 11 addresses the priority of creating opportunities for growth and development in rural areas.

\textbf{2.1 Commodity mix and value chains}

The agricultural sector can be divided into different sub-sectors. These subsectors are significant either by virtue of their economic importance or their importance in terms of the number of people they employ, or both. Viewing agriculture in terms of different sub-sectors helps to create a better understanding of the relationship between, and the challenges of, commercial (large-scale) agriculture, smallholder agriculture, and subsistence agriculture.

Some of the economically important sub-sectors include fruit, winter grain, viticulture and vegetables. Commodity that can be classified as having growth potential include citrus, deciduous fruit and viticulture. Other attractive commodities include vegetables, milk, sheep and goats. A large majority of the commodity mix is produced by commercial agriculture rather than smallholder farmers, largely due to economies of scale. Consideration should be given to new commodities that may be suitable and economically feasible for smallholder farming. The impact of climate change on the future agricultural mix within various geographic locations should be carefully considered.

\begin{quote}
\textit{We were told:} \\
“\textsc{To export one carton of apricots would involve the employment of approximately 1 000 people throughout the entire value chain (e.g. pack houses, cold room, ships, tractors, pruners etc.) Very little people are, however, employed on the farm itself. Farmers should be more involved in the value chain. The transport of produce contributes 20\% of the costs. Economies of scale have moved forward by five years due to the strikes.”}
\end{quote}

Adding value to primary agricultural products with non-conventional methods such as biofuels and cogeneration of electricity has enormous potential. Due consideration should be given to these and other potential opportunities. A value chain analysis is concerned with how value is added to a commodity all the way to its ultimate destination, which in the case of export products, is typically the overseas retail store. Integration into the value chain plays an important role in allowing agri-businesses to obtain a higher share of consumer spending. Some of the key considerations include marketing and sales; research and development; product, service or process design; primary producers (commercial agriculture, including smallholder farmers); and secondary producers.

\textsuperscript{11} Department of Agriculture, Forestry and Fisheries (DAFF): \textit{Integrated Growth and Development Plan}, 2012.
The Future of Agriculture and the Rural Economy in the Western Cape

Figure 1: Broad farming enterprise classification  
Source: Western Cape Department of Agriculture

2.1.1 Recommendations

(i) Assess the impact of climate change and the composition of the future commodity mix for the Western Cape. This would require research and development and partnerships with industry bodies.

(ii) Assess what commodities might be suitable for smallholder farming.

2.2 Commercial agriculture

2.2.1 Consolidation of farming activities: Ownership and corporate structure trends

There have been substantive shifts in the structure of the agricultural sector. The trend, both globally and locally, is that farm sizes have grown, with big farmers buying up smaller or medium-sized farms, while farm numbers have declined. This process is intensifying and the economic viability of smaller commercial farming operations (e.g. deciduous fruit and table grapes) may not be sustainable in future, due in part to economies of scale. There is a lack of adequate information about farm size and there is a perception of a policy bias toward commercial (large-scale) agriculture.

There is an alarming lack of data about ownership of agricultural land at both provincial and local government level. This has implications for any programme of land reform and agricultural support measures.

We were told:

“Since 2003, the price of peaches per ton has declined (3.84% year-on-year growth) whilst the input cost has continued to increase by at least 5% per annum. Only in 2008 did they [farmers] receive the same price level obtained in 2003 (i.e. R1 675 per ton). The same trend is true for peaches. If a farmer plants three hectares of plums, the break-even point will only be reached after eight years. The increase in wages evidenced recently impact on the commercial viability of the venture”.
2.2.2 Recommendation

The National Department of Agriculture, Forestry and Fisheries should complete the National Agriculture Land Audit as the first priority and make the factual data publicly available. DAFF should, in conjunction with the Department of Rural Development and Land Reform (DRDRL) develop a set of monitoring and evaluation tools to ensure that political targets are met.

2.2.3 Mechanisation of farming production

Alongside the consolidation of farms is a trend towards shedding labour and mechanisation. This means that optimistic predictions about agriculture’s capacity to create jobs may be unrealistic, at least for commercial farms. This makes it critical to have a coherent policy to support smallholder farming and subsistence agriculture.

The mechanisation debate is not new to the agricultural sector. Certain commodity groups (e.g. maize and wheat) have already been focusing on and implementing increased mechanisation processes for more than a decade. The increase in the minimum wage may have accelerated the mechanisation process, especially in respect of viticulture and certain types of horticulture (e.g. deciduous fruit and wine).

However, certain sub-sectors and produce (such as table grapes, apricots and peaches) cannot be mechanised as easily and will remain dependent on labour. Marginal production lines (e.g. potatoes) may have to be reassessed to ensure the viability of these farms.

Mechanisation is not an automatic process and farmers thinking of mechanising their farming operations face high capital and borrowing costs, especially given the restrictive policies due to unstable economic conditions. Despite the increasing demand for farm machinery, it remains unclear if financial institutions have the appetite for financing equipment, especially given the escalating costs of machinery and implements.

New technologies modernise farming methods, increase production and efficiency and replace labour. We currently face a challenge of conviction because increased mechanisation will result in job losses in a sector that employs a significant number of generally unskilled workers. There is a need to enhance the viability of the primary farming operations.

We were told:

“Based on the current farming environment, it would be difficult to advise someone to invest in the agricultural sector. Other African countries have policies in place and could overtake South Africa soon. South Africa does not have good policies in place that facilitate good business practice in the agricultural sector. Good market access and market development is critical and the role of various government departments is critical in this regard.”

2.2.4 Access to foreign markets

Gaining market access is a complex and time-consuming process. DAFF and the Department of Trade and Industry (DTI) should ensure that all protocols are in place and adhered to in order to ensure continued market access for local enterprises. More than one submission to the Panel was critical of the role these departments have played, with DAFF being singled out in particular.
2.2.5 Recommendations:

(i) The Department of Agriculture, Forestry and Fisheries should ensure access to existing and new markets and agriculture should become a key priority in our bilateral agreements.

(ii) Existing market access support from DAFF is inadequate and should be expanded for both commercial and smallholder farmers.

(iii) The capacity of DAFF should be developed to attract the requisite skills (e.g. researchers and trade negotiators) to unlock markets.

2.3 Smallholder farmers

Globally, there has been increased recognition of the critical role of smallholder farmers as part of ensuring food security. This would require greater investment in and support for smallholder agriculture and rural development, creating the conditions for poor rural people to move out of subsistence farming and into the marketplace. A broad consensus is emerging that supporting smallholder farmers through land reform and agricultural development is of critical importance, although few detailed proposals about how to deliver this support in practice are available. There must be clear links along the value chain for smallholder farmers (i.e. from production to processing, marketing and, ultimately, to the consumer).

In recent financial years, there has been a growth of budgets to provide direct support to black farmers via the Comprehensive Agricultural Support Programme (CASP); loans through the Micro-Agricultural Financial Institutional Scheme of South Africa (MAFISA); the Land and Agricultural Bank of South Africa in the form of grants for infrastructure, production inputs and other items and, recently, through an extension service ‘recovery programme’. Yet evidence shows that most poor black farming households receive little if any support, largely because available resources are significantly skewed towards resourced farmers. The reality is that supporting smallholder farmers is difficult and labour-intensive.

The primary constraint in state support to smallholder farmers is not the size of budgets, but the misallocation of funds.\textsuperscript{12} As a result, available funds to support smallholder agriculture demonstrate a particular imbalance between relatively large amounts of support to relatively few ‘new farmers’ in badly conceptualised land reform projects at the expense of the many existing subsistence farmers.\textsuperscript{13}

Smallholder and subsistence farming continues to be marginalised in the Integrated Development Plan (IDP) agenda of local municipalities. Large pockets of municipal land (including land designated for commonage) are under lease agreements with commercial farmers or is prioritised for housing with no investment in smallholder (and subsistence) farming.

\begin{quote}
\textit{We were told:}

“Government purchased tractors for smallholder farmers. They were given big tractors not suited to their operations and farm size and were given no diesel to operate the tractors.”
\end{quote}

\textsuperscript{12} R Hall and M Aliber: The case for re-strategising spending priorities to support small-scale farmers in South Africa, 2010.

\textsuperscript{13} Ibid.
2.3.1 Recommendations

(i) Prioritise support for smallholder farmers and the creation of an enabling environment for them to participate in the market.

(ii) Priority access to arable municipal land, including commonage, should be given to smallholder farmers and for subsistence farming.

(iii) The Department of Agriculture, Forestry and Fisheries should, in collaboration with the Western Cape Department of Agriculture (WDoA), prioritise post-settlement support to smallholder farmers. Smallholder farmers should be involved in assessing and defining their needs before resources are directed to assist them.

(iv) The trustees of the various agricultural trusts should be called upon to assist smallholder farmer development.

2.3.2 Impact of land reform on smallholder farmers

Success stories on land transferred under the land reform programme are few and far between. The programme has generally had very little positive impact on the livelihoods of rural people. Most land reform projects are unsuccessful as a result of inappropriate project design; limited land use options; lack of support services; and a shortage of working capital, leading to the widespread under-utilisation of land. A package of appropriate post-settlement support measures should include effective access to credit, training, extension advice, transport, ploughing services and veterinary services. However, these services have often been lacking. Although some individuals and communities have undoubtedly benefited, the overall impact is largely symbolic. A clear developmental path should be mapped out that can complement land reform under the DRDLR redistribution and restitution programmes, while supporting the emergence of productive, market-orientated smallholder farmers.

2.3.3 Recommendations

(i) Consolidate, coordinate and fairly distribute all support measures available to support smallholder farmers.

(ii) Encourage commercial enterprises to enter into partnerships with smallholder farmers to ensure market access and transfer of skills.

(iii) The Department of Trade and Industry should, in conjunction with the national Department of Agriculture, Forestry and Fisheries, encourage the development of cooperatives in the agricultural sector.

(iv) Support of smallholder agriculture should include the promotion of cooperatives providing farmers with inputs and services (e.g. marketing services).

(v) Smallholder farmers should be encouraged to co-operate among themselves to become more competitive.

(vi) Special subsidies and funding to commercial enterprises should be made available to support smallholder farming.

(vii) The funding allocation to smallholder farmers should be consolidated to:

   • enhance equitable distribution; and
   • target and focus support.

(viii) Provide accredited mentoring and training programmes with mentors having a reputable track record in the industry.

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24 Under the auspices of the National Agricultural Marketing Council.
2.3.4 Access to local markets

One of the most difficult challenges for emerging black farmers has traditionally been access to markets to sell their produce. Unless they are supported and able to gain sustainable access to commodity markets, they will be saddled with produce they are unable to sell to generate capital for reinvestment into their farm operations. Retailers, such as Pick n Pay through its Patch per Store project, link smallholder farmers to retail stores. If smallholder farmers are located in a community, their food produce will be sent directly to the local retail store. However, market access on its own will not be the panacea for emerging farmers. Smallholder farming should be an integral part of the market. There is a need to consider the long-term and future sustainability of food production and the role of smallholder farmers in this area.

2.3.5 Recommendation

Retailers should commit themselves to a programme of sourcing a percentage of their produce from smallholder farmers. They should play a leading role in sensitising consumers to locally grown produce and the value of smallholder farming.

2.4 Subsistence agriculture

Existing subsistence farmers are perhaps the most neglected land reform beneficiaries. Subsistence farming takes place on land plots measuring one hectare or less and includes vegetable gardens plots, farmed individually or communally. The ability to produce in this way, however small, is a vital contribution to supplement household food requirements and add to their portfolio of multiple livelihood strategies. In the main, subsistence farming falls outside the ambit of the current small farmer support programme and generally survives without government support. Subsistence farming can make a significant contribution towards food security among farm workers and other people in rural areas. Appropriate government support for subsistence farmers can assist them to become small scale producers.

2.4.1 Recommendations

(i) Implement measures to support subsistence farming (i.e. commercial farmers should consider making land available for food gardens and grazing).

(ii) Prioritise support to subsistence farmers who have the potential to graduate into smallholder farmers and monitor the impact of such support.

2.5 Water for agriculture

The expansion of water sources to put more arable land under irrigation, particularly land owned by government departments, institutions and municipalities, is becoming increasingly important, especially in places where many jobs have been lost due to increased mechanisation and retrenchments. Water availability can potentially be increased by constructing new storage facilities (dams and canals); improving reticulation methods (e.g. drip or spitter irrigation instead of flood irrigation); and by eliminating water wastage and leakages.\(^{16}\)

This requires an investigation of appropriate models for financing the construction of new water works. One example could include loan finance, repayable over time through levies charged to water users. Subsidised levies should be investigated for emerging farmers.

\(^{16}\) It has been calculated that about 36.8% of purified water is going to waste (The Times, 7 August 2013).
2.5.1 Stakeholder impediments and frustrations

Stakeholders suffer the following impediments and frustrations in regard to their use of water:

(i) In many cases, there is insufficient water available to supply stakeholder needs.
(ii) Stakeholders experience unreasonable bureaucratic delays in the consideration and issue of water use licences.\(^{17}\)

2.5.2 Insufficient water

The volume of water currently available for agriculture and other uses is, in many areas, insufficient, not only to meet existing demands, but also to meet new demands. Smallholder and subsistence farming will not be viable unless the land on which it is located has access to water.

The volume of water available for agriculture and other important uses can be increased by implementing the following measures:

(i) Compelling municipalities to upgrade their water reticulation systems to avoid water loss through excessive leakages.
(ii) Compelling farmers to save water by eliminating leaks from their water works and replacing flood irrigation by more effective systems, such as spitter or drip irrigation.
(iii) Over the long-term, building more dams to store rainwater during winter, when the need for irrigation is low, for use during the dry summer months.
(iv) Ensuring effective policing of water extraction to ensure fairness to legal water users. Illegal extraction is being done by people without licences and by people extracting more than their licences allow.
(v) Enforce the Water Act in regard to the illegal building of dams in river catchment areas because these reduce runoff.

2.5.3 Bureaucratic delays

It appears that the Department of Water Affairs (DWA) does not have sufficient capacity to address the challenges associated with water shortages in agriculture. Many of the tasks which were meant to be undertaken in terms of the National Water Act, 1998 have not yet been undertaken. Evidence was presented to the panel that people applying for permits experience unacceptable bureaucratic delays in the consideration and issue of permits. This seriously hampers the delivery of water.

2.5.4 Recommendations

(i) Increase the capacity of the Department of Water Affairs to meet its responsibilities under the National Water Act and related legislation.
(ii) Reduce the time it takes to consider and issue water licences. In other words: reduce bureaucratic delays. A determination of the reserves required to sustain river flows is a necessary step in this process.
(iii) Build new dams or expand the capacity of existing dams to enhance the supply of water available for agriculture. The user pays system should be applied. The payments of emerging farmers should be subsidised by the state to enhance the viability of their farms, especially because their capital expenditure repayments tend to be proportionally high.
(iv) Police the illegal use of water and develop a unit of experts to identify and, where necessary, prosecute offenders.
(v) Promote the more economical use of water through reticulation methods such as spitter and drip irrigation instead of flood irrigation.

\(^{17}\) Both surface and subterranean water may, subject to some exceptions, be used only insofar as the use is authorised by a licence issued by the Department of Water Affairs.
2.6 Beneficiation of agricultural produce

South Africa and the Western Cape export many primary products in their raw or semi-processed form without beneficiation (beneficiation implies adding value to the agricultural produce). There is a clear need to develop the capacity to beneficiate from existing sources and upgrade outdated technology and production methods. Lack of capacity, combined with limited beneficiation of products like wool and mohair, and a lack of investment in good supply chain management have resulted in weak value chains in some areas of production.

Government policy supports the beneficiation of local raw materials and the development of an integrated value and supply chain. Beneficiation gives us the opportunity to use resources to produce more processed or finished products that can be sold at higher prices, creating employment opportunities in the process.

To deal with the challenges of globalisation, agri-business should position itself as part of the global value chain by adopting new and innovative technologies to focus on high value-added niche markets where South Africa has a competitive advantage. Research and development complemented by marketing and design are seen as core to supplying niche markets with high value-added clothing products.

2.6.1 Recommendation

Investigate the potential for beneficiating produce and the value of partnerships.

2.7 Strengthen the sector’s research capacity

Research and development is currently under-funded and the spending of available money is not coordinated. Although research expenditure in the Budget is expected to increase to over R1 billion in 2013/2014, it is disproportionately low in comparison to international benchmarks. Many research institutions are under-staffed, which negatively impacts on development within the sector. The Western Cape has a relatively high level of research capacity compared to other provinces in the form of research and tertiary education institutions. In addition, the private sector is increasingly undertaking agricultural research into the production of new cultivars and genetic variants of existing ones. The resultant intellectual property rights to any new innovations as a result of such research, will not necessarily benefit poorly resourced farmers.

The decrease in the number of scientists, researchers and technicians employed by the Agricultural Research Council (ARC) poses a serious concern. Veterinary capacity has declined, especially within the National Department of Agriculture (Directorate Veterinary Services and at Onderstepoort). This has made it difficult to deal with infectious animal diseases timeously.

2.7.1 Recommendations

(i) Increase the funding of institutions to enhance their research and development capacity. This will contribute to the growth and development of the sector.

(ii) Evaluate and enhance access to these research institutions to assist smallholder farmers.
2.8 The rural economy and local economic development

The agricultural sector plays an important role in the rural economy of the Western Cape. Certain district municipalities have more diversified local economies and are therefore not as dependent on agriculture, than others. Other sectors that make an important contribution are manufacturing (especially agro-processing), tourism, financial and business services, fishing and government. The provision of services to support the development of the value chain, such as fuel and transport and infrastructure, is a critically important part of economic development. Tourism has also been a significant area of economic diversification and growth.

2.8.1 Policy Framework

A recent study on recapitalising land reform projects by the Department of Rural Development and Land Reform (DRDLR)\(^{18}\) lists seven imperatives that informs the core foundation for an inclusive and integrated rural economy to emerge. These are as follows:

(i) Improved land administration and spatial planning for integrated development with a bias towards rural areas.

(ii) Up-scaled rural development as a result of co-ordinated and integrated planning, resource allocation and implementation by all stakeholders.

(iii) Sustainable land reform (agrarian transformation).

(iv) Improved food security.

(v) Smallholder farmer development and support (technical, financial, infrastructure) for agrarian information.

(vi) Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas.

(vii) Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services resulting in rural job creation.\(^{19}\)

We were told:

“The abalone farming market holds enormous potential. Funding was received from ... for cob farming. One ton of abalone creates one job and the area has the capacity to produce 10 000 tons. There are 10 farms in the area that can be created covering roughly 100 kilometres of coastline. Infrastructural challenges such as roads, electricity and water exist”.

The Comprehensive Rural Development Programme (CRDP)\(^{20}\) is premised on a proactive participatory community-based planning approach rather than an interventionist approach to rural development. The CRDP’s strategic objective is to facilitate integrated development and social cohesion through participatory approaches in partnership with all sectors of society. It aims to affirm and entrench a contextually responsive and sensitive development paradigm that targets and alleviates poverty; is demand-led; and that the rejuvenation of any given area must not be ‘projectised’, but located in the integrated development plan for the entire area.

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\(^{18}\) Department of Rural Development and Land Reform: Policy for the Recapitalisation and Development Programme, July 2013. p 10

\(^{19}\) Ibid, p10.

We were told:

“The secondary levels of the value chain such as the supply of chemicals and bottles are where companies are able to make higher profits. Plans are underway to further position company A into the secondary level of the value chain, especially given its cold storage facility which is a low-risk investment. A large portion of the costs are at the front end of the supply chain.”

The 1997 Rural Development Framework\(^{21}\) and the 2009 Comprehensive Rural Development Programme (CRDP) adopted a working definition that defined rural areas as “the sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas as well as settlements in the former homelands which are not relevant in the context of the Western Cape.”\(^{22}\)

For our purposes, we regard the rural economy as encompassing all activities taking place outside the urban edge of the metropolitan area.

We were told:

“Municipalities have a problem understanding their responsibilities especially with regard to Section 152 of the Constitution. Economic development is not recognised as a function of a municipality based on the view of the ... Municipalities have an interest to protect and grow the economy. The majority of the municipality’s income comes from economic development, provincial and local government. Local economic development is not just about infrastructure”.

2.8.2 Major rural economic initiatives

There are a number of economic activities that informed the level of economic diversity in the rural economy. A number of key infrastructure and public sector investment projects in rural areas are envisaged for the Western Cape and some are in the process of being implemented.

We were told:

“Some of the key challenges in the building industry relate to how we get black people into jobs, prevent undercutting and promote better training. The tender process of government and how it is structured and the associated criteria locks out small businesses due to the cumbersome compliance criteria. Tender documents, for example, are 100 pages long and contain three pages of drawings. This is cumbersome for small businesses which are often managed by a self-taught business people”.

One of the key drivers in the Western Cape rural economy over the next few years will be the national Government’s Strategic Infrastructure Plan (SIP 5)’s large-scale infrastructure development projects and their roll out in areas such as the West Coast. This is set to expand and transform the rural economy in that area. The value of these developments and investment is estimated to be in the region of R9 billion for the expansion of the Clanwilliam Dam and its channels; R8 billion for the

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\(^{22}\) Rural Development task Team (RDP) and the Department of Land Affairs: Rural Development Framework, May 1997.
Industrial Development Zone (IDZ) at Saldanha; and R1.2 billion for the South African National Road Agency Limited (SANRAL) N7 corridor development.

We were told:
“Bigger companies in the road freight industry do not want to assist smaller businesses and create an unconducive environment for new entrants. [They are unable to source work directly from factories or companies and are forced to work as sub-contractors at unprofitable rates for bigger companies].”

These economic drivers will bring significant investments into the regions and positively impact on the growth and development of the local economies. It is too early to ascertain what the full impact on local businesses and employment creation in these areas will be.

Another potential new development in the Western Cape that can impact on the rural economy is the extraction of shale gas through hydraulic fracturing (‘fracking’). There has been widespread public concern that fracking could have a potentially negatively impact on the environment and economic sectors such as agriculture and tourism, especially within those parts of the Karoo where fracking may take place. The use of hydraulic fracturing technology is a highly contentious issue. Further investigation is required to consider the larger economic and environmental impacts, both positive and negative.

2.8.3 The impact of foreign traders on the local economy

The trading practices of some foreign nationals in rural areas are perceived to have negatively impacted on the viability of existing local businesses and job creation for locals. Local traders feel they are negatively affected, particularly on pricing, either because of business models employed by foreign traders (e.g. they group together and buy directly from suppliers to increase their purchasing power), or because foreign traders do not comply with municipal by-laws (e.g. not adhering to various health codes), which are not enforced in practice. The majority of municipalities do not have the requisite capacity to monitor these enterprises and spaza shops, which continue to flourish in various rural areas across the Western Cape.

2.8.4 The need for transformation in the agricultural sector of the rural economy

Transformation of the agricultural sector is a complex and costly process which requires time, financial resources and relationships of trust. Many farmers have a sense of guilt about the past (inherent); and fear their farms may be taken away and with little or no compensation (subconscious fears). Many workers on the other hand had been on the receiving end of poverty. Several Human Rights Commission reports about conditions on farms were described by some stakeholders as containing sweeping generalisations that did not acknowledge the good work undertaken in the agriculture industry. Where good initiatives to promote transformation in the agriculture industry, these should be acknowledged and encouraged. The factors that should be considered to facilitate the process of change include access to sufficient land; appropriate infrastructure; market access; appropriate government support; and mentorship for emerging farmers by their successful counterparts.
We were told:
“The economy of ... is still white owned and the municipality must facilitate the transformation process. Sustainable and profitable businesses should be paired with the right BEE deal. The transformation agenda should ensure that workers are owners of the businesses through equities to be taken up, for example, via a workers’ trust.”

Many rural development projects aimed at black economic empowerment have benefited a small number of people, rather than having a broad-based black economic empowerment (BBBEE) and economic transformation impact. There is a sense of apprehension that, as in the past, traditional white-owned businesses will be awarded the lion’s share of profits from rural development projects, while black businesses are sub-contracted to work on these projects at unprofitable rates.

We were told:
“The critical question relates to what the future holds for the industry and whether there would be another 50% wage increase on a year-on-year basis. The manner in which the strikes were managed did not relay a positive message from senior Government leaders. One of the strategic questions being considered is whether we cut down on first level employment and thereby become highly mechanised. There is a lack of support from all spheres of government and the efficiency of support is lacking. Government should make it easier for farmers to produce their produce.”

Anti-competitive behaviour by white-owned construction companies, as recently reported on in the Western Cape, should be guarded against as this creates the impression that black owned companies are not awarded tenders. There is a need to ensure meaningful public participation processes and stakeholder management while ensuring tender processes involve local communities.

We were told:
“There is no political will within municipalities to advance the interest of small businesses through their supply chain (e.g., to unbundle big contracts or via their tender specifications). They send junior officials to meetings with small business organisations”.

2.8.5 Recommendations
(i) Increase the staffing and skills capacity of municipalities to develop and manage economic development opportunities within municipalities.
(ii) Strengthen partnerships with local businesses.
(iii) Establish local platforms for dialogue in which various local stakeholders (such as organised businesses, the municipality and organised labour) are able to engage with potential economic opportunities and concerns about existing practices.
(iv) Implement more effective oversight and policing of municipal practices and by-laws.
3 Land reform

Addressing the consequences of apartheid on land ownership continues to be one of the major challenges facing South Africa and the Western Cape. Land is a precious resource and an important and sensitive issue to all South Africans, especially given our history of dispossession, economic exploitation and denial of land rights on the basis of race.

Land reform is a constitutional imperative in three areas: 1) restitution of land to people dispossessed because of past racially discriminatory laws or practices; 2) redistribution of land to people denied access because of past racially discriminatory laws or practices; and 3) tenure reform for people with legally insecure land tenure on the basis of past racially discriminatory laws or practices.

3.1 The primary objective of land reform must be to bring about a just and equitable transformation of land rights in South Africa. This encompasses rural development requirements such as equitable access to resources (including land and water), food security and measures to combat growing poverty. Although significant progress has been made in land reform, there are still major concerns. These include the slow pace of land redistribution and slow progress in land tenure reform.

Section 25(5) of the Constitution provides:

“The state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis.”

The implementation of this provision has, in the past, focused on transferring ownership of available land to previously disadvantaged citizens. It was instrumental in meeting the Government’s target that 30% of all privately owned land in South Africa should be in the hands of black people by 2014.23

Land redistribution in the Western Cape has in the past been pursued along the following lines:

(i) Government purchasing land and making it available to indigent persons through various grant schemes. This has been widely criticised for forcing people to join groups to acquire land, and for a lack of post-acquisition support.

(ii) The direct purchase of land by individuals, using government grants, own capital and bank or commercial loans. Due to legal restrictions on the subdivision of agricultural land, groups of applicants sometimes pooled their grants to purchase entire farms. This system was not aimed at the poor. It was open to previously disadvantaged applicants, excluding state employees.

(iii) State purchase of land for leasing to previously disadvantaged persons. Provided the land is productively used, lessees were generally enabled to acquire ownership of the land. Since about 2006/07, land redistribution increasingly followed this route. Government support to the recipients of the land, however, remains unsatisfactory.

(iv) Farm worker equity schemes (FWES).24 Under these schemes, workers invest their land grants in farming entities that own or manage the farms where they are employed. This approach is sometimes combined with housing projects.

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23 To date, approximately seven million hectares of land has been transferred to black persons through various land reform measures (i.e. 9% of previously white-owned land).
We were told:

“The challenge around providing people with access to land is to ensure that the land is used productively. South Africa has fallen behind in terms of food production, where we only have 72 days of food left on a daily basis. Food security is more than having a plate of food; it is about having the ability to buy food from a shop that bought it from a farmer. Shop owners are making more profits than the average farmer. The farmer carries all the risk until the produce is on the market and bought. Consumers forget about the price of convenience if shops are not open any more. The price of produce is part of a vicious circle where, if farmers demand higher prices, then owners and retailers would increase their prices and consumers would have to pay more for these products.”

The slow pace of land reform has been a major cause of frustration among previously disadvantaged people in the Western Cape. The reasons for the slow pace include the following:

(i) The high costs of acquiring the necessary land because of the ‘willing buyer, willing seller’ approach. Unreasonably high prices demanded by some land owners will impede land reform. This can be avoided by acquiring the necessary land through expropriation. In this event, just and equitable compensation would be payable, as required by section 25(3) of the Constitution. A further option is to allocate land owned by state entities and municipalities towards land redistribution.

(ii) Insufficient budget to implement land reform at a faster pace.

(iii) Insufficient capacity within government institutions to implement land reform.

(iv) The lack of a local land reform strategy supported by local knowledge (what kind of land reform, for who?) and possibilities (where and how?).

It has become clear that the progress of land redistribution is too slow and does not meet the reasonable expectations of previously disadvantaged persons. In addition, beneficiaries of redistributed land are dissatisfied with the support they are getting from government.

Reasons given for the high failure rate of land reform projects include the following:

(i) The financial, technical and marketing support given by the government is often insufficient to enable recipients to use the land productively. The nature and extent of the support is sometimes not discussed with the recipient and is not always suitable for its purpose. As a consequence, properties acquired through the various land reform programmes are lying fallow or have been sold off due to the collapse of the farming ventures.

(ii) The various farm worker equity schemes which are prevalent in the Western Cape are widely perceived to have failed to empower farm workers in any meaningful way. Evidence was presented to the Panel that workers who are ostensibly shareholders in such a scheme were entirely in the dark as to how the entity operates (e.g., upon retirement, medical boarding and death, they received no benefits from their shareholding). The perception appears to be widespread that FWESs are only for the benefit of the farmer. The FWESs in the Western Cape that are perceived to be beneficial to farm workers seem to be the exception rather than the rule.

24 Although these schemes have some merit, there is widespread evidence of failure. In practice, they have little impact on the livelihoods of farm workers and on creating more equal power relations. In some cases they served to disperse risk and to recapitalise failing farm Businesses rather than enabling employees to share the profits of the enterprise. In many instances former owners continue to retain their dominant positions as if nothing had changed.
(iii) The land unit is sometimes too small to support commercially viable farming. A possible solution could be cooperative schemes for sharing implements, infrastructure and marketing among several small farmers.

(iv) Land is often given to a group of previously disadvantaged persons collectively. As already indicated, collective farming is seldom successful. The reasons for many of the failures include internal disagreements, lack of individual incentives and inadequate discipline amongst the co-owners.

(v) The use of unscrupulous consultants to manage and advise new land reform beneficiaries. Some consultants have provided farmers and beneficiaries with incorrect advice on matters such as labour relations and evictions.

Aware of these shortcomings and frequent failures of land reform projects, the Minister of Rural Development and Land Reform on 23 July 2013 approved a revised policy known as the Recapitalisation and Development Programme (RADP) of the Department of Rural Development and Land Reform. The policy seeks to provide black emerging farmers with the social and economic infrastructure and basic resources required to run successful agricultural businesses. Although the RADP is a step in the right direction, the feasibility of many of its provisions remain untested. Some of them are controversial. This RADP is closely aligned with Chapter 6 of the National Development Plan (NDP), which proposes a revised model for land reform based on a number of principles, including:

(i) rapid transfer of agricultural land to blacks without distorting the land market or business confidence;
(ii) sustainable production based on capacity building prior to transfer through incubators, mentorships and other accelerated forms of training;
(iii) development of sound institutional arrangements to monitor markets against corruption and speculation;
(iv) alignment of transfer targets with fiscal realities; and
(v) enhanced opportunities for commercial farmers and organised industry to contribute through mentorship, training, commodity chain integration and preferential procurement.

The Department seeks to advance land reform by no longer passing ownership of the land to beneficiaries of the programmes, but to acquire the land in the name of the state under the Proactive Land Acquisition Strategy (PLAS) and make it available to the beneficiaries through other forms of land holding, such as leases.

Leasing land to beneficiaries may facilitate the identification of promising farmers. It is, however, critical that the period of the lease should be adequate for the type of farming operations. The lease should also contain a mechanism through which the lessee, after he or she has demonstrated his or her ability to farm successfully, can obtain ownership or another more permanent form of land tenure. This could be achieved by giving the lessee an option to buy (not necessarily at market value), which may be exercised after a given period of time. Ownership or another form of long-term secure tenure will allow the beneficiary to obtain access to loan finance for farming operations and improvements to the land. For lessees to be motivated to make a success of the venture, they should be given the opportunity to convert the lease into ownership or another more permanent form of tenure.

Measures envisaged by RADP to ensure that land made available to the beneficiaries is successfully farmed, includes:

(i) Mentorship of recipients by established farmers. The mentorship may take the form of free support from neighbouring or local farmers, or part-time appointments with suitable remuneration and reimbursement packages. However, some scepticism was expressed to the Panel about such schemes. Some mentors are also perceived to adopt a paternalistic approach.

(ii) Co-management of the land. Co-management is an arrangement where two or more parties define and guarantee among themselves a fair sharing of the management functions, entitlements and responsibilities within a farming venture.

(iii) Share-equity arrangements, whereby farm workers acquire shares in an existing farming venture across the value chain with farmers and entrepreneurs. However, in the light of what is said about FWES above, the state should be circumspect in funding such schemes.

(iv) Contract farming (which is currently not prevalent in the Western Cape). This involves an agreement between farmers (generally smallholder) on the one hand and processors or marketing firms on the other. Under such contracts, the farmers are obliged to provide specific commodities in quantities and at quality standards determined by the processors or marketing firms. In return, the processors or marketing firms make a commitment to purchase the commodities from the farmers at agreed prices.

The Department intends to fund the policy as follows:

(i) By the fiscus, through the Recapitalisation and Development Fund, based on 25% of the baseline land redistribution and restitution of land rights budget, over every Medium Term Strategic Framework period. Such funding replaces the previous land reform grants.

(ii) Through privately-raised funding, either from strategic partners or individual farmers.

(iii) Through contributions by partners (farmers or entrepreneurs) in farming ventures established on farms made available under the various land reform programmes.

We were told:

“The new black farmers subsequently discovered that there were no water rights on the farm due to the actions of the former owner. They were not advised on the usage of the land and therefore no full disclosure. Many of the new farmers were unable to read or understand the contracts.”

3.2 Tenure reform

Section 25(6) of the Constitution reads:

“A person or community whose tenure of land is legally insecure as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to tenure which is legally secure or to comparable redress.”

This section is applicable to all situations of insecure tenure. In the context of the Western Cape, because of the dominance of commercial agriculture, it is mostly applicable to the tenure of farm workers living on commercial farms and whose rights of residence arise from their employment agreement.

A significant cause of instability in rural areas is the large number of families who live in insecure arrangements on land belonging to their employers. Should they decide to move, they may not find an alternative place to live and may not obtain other employment. Because of this dependency, the
relationship with their employers becomes paternalistic. If evicted, they will have to rely on the mercy of others for shelter and survival.

Government policy is aimed at securing tenure rights for people living on farms, but balanced with the rights of landowners. It seeks to achieve this by means of the Act of Parliament envisaged in section 25(6) of the Constitution, which is the Extension of Security of Tenure Act, No 62 of 1997 (ESTA). Its provisions apply to people, defined as ‘occupiers’, who have or have had consent to reside on the land, and whose monthly income does not exceed R5 000. Almost all farm workers fall within the definition of occupier.

ESTA provides two mechanisms to achieve an equitable balance between these divergent rights. The first mechanism is the utilisation of provision in the Act which allows the Minister of Rural Development and Land Reform to grant subsidies:

(i) to facilitate the planning and implementation of on-site and off-site developments;
(ii) to enable farm occupiers and other persons who need long term security of tenure to acquire land or rights in land; and
(iii) for the development of land occupied or to be occupied in terms of on-site and off-site developments.27

The subsidies that have in the past been granted under ESTA for the above purposes have not been significant in number or in extent.

The second mechanism comprises the procedures and limitations included in ESTA to prevent unfair and arbitrary evictions and other unfair restraints on occupiers’ rights.

Occupiers may be evicted only in terms of an order of court issued under ESTA. An eviction order will be granted if the occupier’s right of residence has been lawfully terminated, if it is just and equitable to evict him and his family, and after certain prescribed notices have been given (inter alia to the provincial office of the Department of Rural Development and Land Reform and to the municipality concerned).

The right of an occupier may be lawfully terminated where his or her employment has terminated, and the right of occupation arose solely from his or her employment. An eviction order may not be granted if there is a dispute about the termination of employment. No dispute will exist where a worker has resigned voluntarily, or has failed to refer a dispute to the Commission for Conciliation Mediation and Arbitration (CCMA) within the prescribed time limits. It may well be, however, that dismissed farm workers fail to refer disputes for reasons unrelated to the merits of the dismissal. This will obviously be prejudicial to their defence in eviction proceedings.

Where a dismissal has been referred to and upheld by the CCMA, an eviction order will generally be granted. However, the reason for dismissal, and whether it relates to misconduct, will generally have a bearing on the period that he or she is allowed to remain on the farm and seek alternative accommodation. The fact that farm workers are often unrepresented in CCMA hearings is a cause for concern, and may also be prejudicial to their subsequent defence in eviction proceedings. For example evidence presented to the Panel suggests that, since the increase in the minimum wage introduced by the Sectoral Determination, workers are being subjected to disciplinary measures for failing to meet performance targets. This is to conflate poor performance, which is a separate ground for dismissal, from misconduct.

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We were told:

“Farm worker were called into the farmer’s office and asked to sign documents, without them understanding what they were signing.”

All eviction orders granted under ESTA in magistrates’ courts must be confirmed by the Land Claims Court and are suspended pending such confirmation. This is time consuming, but provides safeguards against unfair or unjustified eviction orders sometimes given by magistrates.

The provisions of ESTA are unnecessarily complicated and time-consuming. The Act should be simplified to make it less cumbersome and more readily understandable, not only for land owners and farm workers, but also for lawyers advising them. Lawyers who do not regularly handle ESTA cases often find it difficult to give sound legal advice on its requirements and procedures.

Whether because ESTA is cumbersome and complex, or for other reasons, farm owners sometimes circumvent the requirements of the Act and achieve the removal of farm workers from their farms by different methods, some of them illegal.

There are persistent complaints about a high level of evictions of farm workers. Some farm workers are unaware of their legal rights and vacate their houses when there is no legal obligation upon them to do so. This can be a traumatic experience for them, leaving them with nowhere to settle.

There are also persistent complaints about the inability of evicted people to secure alternative accommodation. Under Section 26 of the Constitution, everybody has a right to adequate housing. A municipality is obliged, within the constraints of available funding, to provide housing. This also applies to evicted farm workers, irrespective of the reasons for their eviction. Emergency funding can be obtained under the Housing Code established in terms of the Housing Act, No. 107 of 1997.

In practice, municipalities avoid giving any input into eviction applications which come before the courts. This must change. Municipalities should be held accountable for compliance with their obligations under the Constitution, the Housing Act and the Housing Code. The Housing Code, in particular, incorporates a farm resident subsidy programme, and also contains a large range of options for off-farm accommodation.

It is accepted that many of the evictions which occur are legal under ESTA, and that the farmers use judicial procedures and mechanisms to evict the farm workers. Although eviction orders may have been sought and granted in terms of ESTA, farm occupiers do not always have access to adequate legal support to assist them in defending the eviction application and enabling them to enforce their constitutional rights. This includes the provisions of emergency support to evicted farm workers who have no alternative accommodation.

Although it is generally accepted that illegal evictions are taking place in the Western Cape, there is no agreement on the extent or number of such evictions. Concerns have also been expressed about the quality and accuracy of the statistics that detail the extent of evictions in the province. This hampers the smooth and efficient delivery of government interventions, e.g., housing and the provision of infrastructure.

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28 Republic of South Africa. 1997. Extension of Security of Tenure Act, p22. The number of eviction orders in South Africa under ESTA which have been confirmed by the Land Claims Court are as follows: 2011: 84 orders; 2012: 72 orders; 2013 (until 31 July): 40 orders.
There is a perception that the pace of evictions increased after the increase in the minimum wage for farm workers. Evictions are a regular occurrence in certain areas. The deportation of illegal workers has also escalated after the farmworkers’ strike in 2012/2013.

The movement of people on and off farms in the Western Cape, which is unmonitored, is a legacy of the historical inequalities and embedded paternalistic power relations that exist on many farms. Evictions are an emotive issue for both farm workers and farmers. There is no easy long-term solution and further constructive dialogue between stakeholders is necessary to identify appropriate options.

3.3 Restitution of rights in land

Section 25(6) of the Constitution reads:

“A person or community dispossessed of property after 19 June 1913 as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to restitution of that property or to equitable redress.”

At present, there are not many outstanding cases for the restitution of rights in rural land in the Western Cape. The position may change if Parliament amends the Restitution of Land Rights Act, 1994\(^29\) to allow the submission of new restitution claims until 31 December 2018. There may also be significant impacts if legislation is introduced to allow the submission of claims for the restitution of land rights to the Khoi and San communities.

3.3.1 Recommendations

(i) A land reform strategy should be developed for the Western Cape. Land reforms should, as far as possible, be decentralised to provincial and local level (e.g. area-based land reform strategies).

(ii) The Constitution requires the payment of just and equitable compensation for the expropriation of land.\(^30\) In cases where land is to be acquired for purposes of redistribution by means of a voluntary sale agreement, and the seller demands a price which is not just and equitable, the land should be expropriated rather than bought at an inflated price.

(iii) The government should, with the cooperation of municipalities and the private sector, conduct a comprehensive agricultural land audit in the Western Cape covering both land ownership and land use.

(iv) Municipalities should be mandated to ascertain what state-owned land, municipal land and commonage is suitable for land redistribution.

(v) Steps to make farm workers aware of their rights under ESTA should be intensified. Farm workers should have access to quality legal aid in cases where they question or dispute the

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rights of land owners to evict them. Where necessary, additional legal aid facilities should be established, and additional financial resources made available for legal aid.

(vi) The procedures prescribed under ESTA for obtaining eviction orders should be simplified.

(vii) Where land owners need to evict farm workers for reasons such as redundancy (which could result from increased mechanisation), farmers should be encouraged to pay for or to contribute towards the costs of alternative housing.

(viii) Income tax incentives to land owners for the provision of housing should be investigated. For example, by allowing them to write off the costs of supplying on-site and off-site housing to farm workers (including retired and retrenched farm workers) over a period of three years, 50% in the first year, 30% in the second, and 20% in the third. The grant should be conditional to security of tenure for a period of, e.g., 10 years.

(ix) An independent investigation should be conducted in the Western Cape to assess the state of evictions since March 2013, including the reasons for the evictions; the occurrence and frequency of unlawful evictions; the frequency of people leaving farms voluntarily at the request of the owners; and recommendations on the settlement of disputes through mediation.

(x) Proper monitoring of the efficacy of existing policies and practices relating to land reform should be done.

(xi) Contract farming should not be promoted unless smallholder farmers has access to independent legal advice as to the terms of any such contract.

(xii) There should be an investigation of farm worker equity schemes and should not be promoted until this investigation is complete. Further consideration should then be given to whether FWES should continue.

(xiii) The Proactive Land Acquisition Strategy and Recapitalisation and Development Programme policies should be reviewed in terms of effectiveness and impact, focusing on tenure security in the broader context of tenure reform.

(xiv) The stakeholders should consider placing evictions on hold for a specified period of time, subject to certain conditions, as part of a social compact and to facilitate discussions regarding long-term solutions to tenure on commercial farms.
4 The rural labour market and labour relations

The protest actions of 2012 and 2013 represented a breakdown in labour relations in large parts of the agricultural sector. To address the causes of this breakdown it is necessary to understand how the circumstances in which workers live and work have changed. This in turn makes it necessary to understand how the rural labour market has changed over the last ten years or more and is expected to change in future. This is the subject of section 4.1.

It is also necessary to consider how agriculture employers and workers are organised, because without effective organisation sound labour relations are impossible. This is dealt with in section 4.2, which considers how the organisational rights provided in terms of the Labour Relations Act, 1995 are – or should be – applied in the agricultural context.

The focus of the protest action was of course the wages paid in agriculture. For many (but not all) farm workers, the actual wages they received are the minimum prescribed in terms of the Sectoral Determination on farm workers. Section 4.3 considers certain problems associated with a reliance on the government to determine actual wages. The section also identifies certain adverse consequences that are likely to flow from the manner in which the minimum wage was increased by 52%. These include mechanisation and job losses.

The purpose of a sectoral determination in terms of South Africa’s labour relations dispensation should be to set a minimum threshold, and for actual wages to be determined by a process of collective bargaining. The primary reason why there is little or no collective bargaining is ineffective organisation. There is also what may be described as a legacy of mistrust between employers, on the one hand, and trade unions and other organisations seeking to advance worker interests on the other.

It could be argued that, had there been effective collective bargaining in the sector there would have been a less pressing need to increase the minimum wage so suddenly. In addition, if a 52% minimum wage increase had been achieved through collective bargaining, it is likely that job losses and other adverse consequences would have been mitigated.

Section 4.4 considers what can be done to promote effective collective bargaining, including measures to address misconceptions about collective bargaining. Effective bargaining needs to take place at the sectoral level. However, it is unlikely this will happen in the near future, and in any event it is uncertain how seasonal workers will be represented through sectoral bargaining.

The Panel believes there are also a range of other issues that can be more suitably addressed at a regional level. With this in mind, it is proposed to pilot the establishment of regional employment forums. We explain in section 4.5 how these forums are intended to facilitate social dialogue on a range of issues, and not exclusively between organised labour and employers.

Adopting a code of conduct should be one of the instruments for overcoming the legacy of mistrust, for promoting effective bargaining as well as social dialogue, and also addressing other issues. There are already various codes in operation in agriculture, including various ethical trade codes and others specific to a sub-sector or commodity – some of which are still in draft form. This proliferation of codes is confusing to all parties and compliance is burdensome to producers.

The code the Panel is advocating can be distinguished from others by its general application, and it is hoped that its provisions will influence the provisions of other codes.

The proposed code could be incorporated into a social compact as discussed in Chapter 6, but there is also merit in having a separate code dealing with labour matters. In this regard, it is noteworthy
that the Labour Relations Act 1995, through the National Economic Development and Labour Council (NEDLAC), makes specific provision for the publication of codes of good practice. These are not necessarily mutually exclusive alternatives. We will therefore refer to a code in various recommendations below, without prescribing a specific code or compact.

Section 4.6 deals with certain other relevant labour relations issues.

4.1 Labour market trends

Agriculture, including agri-processing, can be seen as the dominant economic activity in the rural economy, and services in the rural economy are primarily oriented towards, and sustained by, agriculture and agro-processing. The exceptions are those rural centres where there is some manufacturing or mining.

Work opportunities in the rural economy largely depend on the well-being of agriculture. By work, we refer to all forms of work including self-employment. As noted in previous chapters, agriculture must be regarded as consisting of a spectrum of activities, ranging from large-scale commercial agriculture to smallholder agriculture and subsistence agriculture. Agro-processing may take place on-farm, for example, in wine cellars, or off-farm.

There is a dearth of reliable data about employment in either smallholder agriculture or subsistence agriculture. However, it can be assumed that in subsistence agriculture, workers are self-employed or rely on family labour. Some would regard this as one of the characteristics of subsistence agriculture which distinguishes it from smallholder agriculture, where the smallholder employs workers.

Farmers in commercial agriculture employ far greater numbers of workers, and most work opportunities are in the commercial agriculture sector. However, there are insufficient opportunities for those seeking or needing work. In this regard, there is no marked difference between the situation in the rural labour market and the national labour market. The indications are that unemployment and underemployment is as high in the rural economy as elsewhere; among youth in particular.

If commercial agriculture is to be viable, innovative measures will be needed to break the cycle of poverty that results from unemployment and underemployment, and to lift farm workers and rural communities out of poverty. One example of such a measure is the Department of Health’s scheme to employ and deploy part-time community care workers. As well as providing an invaluable service, the fact that such workers are employed on a part-time basis renders the scheme fiscally sustainable. A similar scheme is the promotion of vegetable gardens on private farms and municipal commonage.

Historically, commercial farmers in the Western Cape and elsewhere have employed a limited number of so-called permanent workers who work a full week, and live on the farm in housing provided by the farmers. They rely on temporary workers to meet seasonal labour demands. Typically the permanent workers would be male, while the seasonal workers are dependants of the ‘head of the household’, and often female. In labour-intensive sectors such as table grapes and deciduous fruit, additional seasonal workers and housed in hostels.

Seasonal work is a highly vulnerable form of employment. The worker is only employed for a few months of the year, and generally not more than six months. Even in situations where she or he has worked for the same farmer for years and acquired new skills in the process, she or he has no guarantee of employment during the next season, and has no recourse in law if she or he is not employed.
In labour-intensive sectors such as deciduous fruit and table grapes, indications are that the proportion of seasonal workers to permanent workers has grown, at least on large-scale commercial farms, and stands at about 80% seasonal to 20% permanent. There is, however, considerable variation from farm to farm, with some farmers providing a greater proportion of workers with year round employment.

Perhaps the most significant change in the rural labour market has been the shift to town of workers who were formerly resident on farms, and more densified informal settlements in and around rural towns. This is particularly noticeable in towns servicing labour-intensive sectors such as De Doorns and Grabouw. Consequently, seasonal workers are increasingly drawn from towns rather than from the households of permanent workers living on farms.

It is difficult to determine to what extent evictions have contributed to the shift from farm to town, or to what extent that movement reflects farm workers’ desire for greater independence. It may be argued that the shift is consensual in circumstances where workers and their families desire greater independence and are at the same time encouraged or incentivised by farmers to move. For example, a common incentive is the payment of a lump sum toward the cost of a house.

On the other hand, unless there are tangible benefits for workers to move to town, it is likely that such incentives will be seen as inadequate afterwards. It is also clear that evictions would not be such an emotive issue if more moves were consensual. There are reports of workers and their families being deposited with their belongings on the side of the road. Chapter 3 contains recommendations in respect of tenure security and evictions.

Migrancy has contributed to this rural densification. Areas which have historically drawn migrants to work during the season still do so. Some migrants have settled permanently in town, although some farms to use hostels for workers’ accommodation.

The vulnerable nature of seasonal work and rural densification, coupled with poor services and squalid living conditions must be regarded as factors that contributed to the 2012/13 strikes.

There are no accurate statistics about the percentage of foreign migrants compared with internal migrants — migrants from elsewhere in the Western Cape or the Eastern Cape. However, foreign migrants from Zimbabwe, Malawi and Lesotho are working on Western Cape farms in both permanent and seasonal jobs. It is obvious that foreign migrants are even more vulnerable than other seasonal workers, and this renders them highly vulnerable to exploitation. There are also reports of migrants — whether foreign or internal — being housed in less than desirable circumstances in on-farm hostels.

**We were told:**

“During one week, many seasonal farm workers were taken back to the Eastern Cape with approximately 200 taxis. The intervention of a community leader persuaded the Department of Home Affairs official not to separate a mother and her child, since the child was born in South Africa.”

According to Census 2011, for the period 2001 to 2011 the Western Cape experienced local in-migration, mostly from the Eastern Cape (170 829 people) and Gauteng (74 915). The in-migration
was also seen from areas outside South Africa (113 873). The local out-migration was 128 967 and in-migration was 432 790 (i.e. net migration 303 823).31

The shift to the towns of seasonal workers, and in some instances permanent workers, has created fertile ground for intermediaries to recruit and transport workers to the farm.

One form of intermediation is where labour brokers or temporary employment services employ workers and place them with an employer, as the Labour Relations Act, 1995 and the Sectoral Determination under the Basic Conditions of Employment Act, 1997 envisages they may do. Others perform a similar function but call themselves contractors.

However, the practice in terms of which labour contractors or contractors remunerate workers who are effectively employed by the farmer is rife with abuse. Labour brokers competing with one another to place workers also gives rise to conflict. It has been suggested that this was at the root of so-called xenophobic violence in De Doorns in 2009.

The National Assembly recently approved amendments to the Labour Relations Act which circumscribed the period for which a labour broker may place a worker with a client and still be regarded as an employer. So far as labour brokering is concerned, the effect of these amendments will be that the client – in this case, the farmer – will be regarded as the employer of any worker who has been placed with him or her for three months or longer.

These provisions are clearly intended to curb what is perceived to be the abuse of labour broking. For these and other reason the practice of using labour brokers to provide seasonal workers should be strongly discouraged. This does not imply that all contracting-in of services is undesirable. For example, in agriculture, there is a long-standing practice of engaging contractors to provide pruners or shearers.

4.1.1 Recommendations

(i) Implement measures to enhance the status of seasonal work and to mitigate the vulnerability of seasonal workers. Such measures should include recognition of the skills of seasonal workers, and the promotion of employment security of workers.

(ii) Provide legal recognition that seasonal workers employed by a particular employer during the previous season have a reasonable expectation that they will be employed by the same employer the following season. This and similar measures could be addressed in a code adopted by employers and organised labour.

(iii) Implement measures to enhance the social protection of seasonal workers, including facilitating improved access to Unemployment Insurance Fund (UIF) benefits and the promotion of self-help schemes, such as savings and credit cooperatives.

(iv) Provide greater transparency regarding permission granted by the Department of Home Affairs for foreign migrants to be employed in agriculture, including consultation at a local level. Provisions to this effect should be incorporated in a code.

(v) Provide social services such as health care and care for the aged. This will shape perceptions among rural workers of how their contribution is valued. These social services would also be an important potential source of employment (see Chapter 5). Currently, there are virtually no facilities for the aged in rural towns, and there is also no model for how such services could be provided in a sustainable way in rural towns.

(vi) Promote the adoption of alternative forms of income generation or employment for seasonal workers living on or off farm during the off season. Part-time employment along the lines of the community health care workers currently utilised by the Department of Health is an example of a sustainable initiative.

31 Statistics South Africa: Census 2011
(vii) Promote measures to improve rural livelihoods, such as promoting food gardens on individual plots or a communal basis on municipal commonage.
(viii) Seek to secure agreement with farmers to directly employ the seasonal workers they require, and arrange their own transport or a transport service to do so.
(ix) Launch an investigation of the conditions of on-farm hostels.

4.2 Employer and worker organisations in agriculture

4.2.1 The representation of workers and worker organisations

No measures to address the situation of farm workers will be credible or sustainable without the support of organisations representing farm workers, whether on or off the farms. By the same token, no form of social dialogue in rural areas will be possible when a large proportion of the rural population is without a voice.

Affiliates of the Congress of South African Trade Unions (COSATU), Federation of Unions of South Africa (FEDUSA) and the National Council of Trade Unions (NACTU) are among the trade unions operating in the sector, as well as independent unions such as Sikhula Sonke and BAWSI Agricultural Workers Union of South Africa (BAWUSA). In the Western Cape the Agricultural Workers Empowerment Trade Union Council (AWETUC) has been established under the auspices of the South African Wine Industry Trust (SAWIT) to coordinate the activities of the trade unions.

Currently trade unions represent a low percentage of farm workers, despite the fact that right of farm workers to join trade unions was recognised legislatively some 20 years ago. Although trade unions must accept some responsibility for this situation, it must also be acknowledged that trade unions have to overcome a number of difficulties in organising farm workers. There are also legal barriers, which are discussed below.

Various models of worker representation have been mooted or adopted on some farms as a result of a situation in which trade unions are absent or not sufficiently represented. In terms of some ethical trade codes, farmers seeking accreditation are required to have elected worker committees on farms. More recently, the Western Cape Department of Agriculture (WCDoA) has adopted a programme to establish worker committees on farms.

In this regard, it should be noted that a workplace forum is the only alternative model of representation envisaged by the Labour Relations Act. This can only be initiated by a trade union. In addition to this, the Occupational Health and Safety Act, 1993 requires that farmers with more than 20 employees are required to appoint health and safety representatives. However, where a trade union is recognised, the farmer is required to consult with the trade union before appointing such representatives.

We were told:

“Farmers operate with impunity and are not concerned about the rights of workers in terms of the labour legislation. Farm workers are unable to access their rights or are unaware of the existence of institutions such as the Human Rights Commission.”

The reason for these legislative provisions regarding workplace representation is that although nothing precludes committees being established at the workplace – in this instance, the farm – a trade union is an independent or autonomous organisation, and workers have a constitutionally protected right to join one. A workplace committee, however constituted, lacks autonomy. Without
independence, an organisation cannot fulfil its representative function. It follows that the provincial government’s programme to promote the establishment of worker committees, could be interpreted as a violation of freedom of association and misplaced.

The same problem does not arise with ethical trade codes that promote the establishment of worker committees on farms, and the NGOs responsible for compliance with the ethical codes, or NGOs promoting the establishment of worker committees. These NGOs are themselves autonomous organisations, and are not capable of exercising undue influence over workers. They do also lend a measure of independence from any established committee(s).

However, the sustainability of donor-funded initiatives is debatable, and at best the ethical codes of conduct are only applicable to a minority of farms. There is also no substitute for a truly autonomous organisation. Accordingly, while acknowledging the validity of these endeavours, it is also necessary to address some of the legal barriers trade unions confront in organising workers. These include gaining access to workers on farms and the threshold of representivity they are required to meet to be able to exercise the organisational rights contained in the LRA.

### 4.2.2 The representation of employers

If the structural or systemic problems in agriculture are to be addressed, there should be employers association(s) with a mandate to represent employers in an area or in a sector (including a commodity group), who can engage with trade unions or worker organisations. Although commercial agriculture is extensively organised, it is not clear how far its mandate extends in relation to dealings with labour. Its structures are not visible at a local level where a process of engagement is needed. Organisations representing small growers are also not visible.

Without calling into question the membership of Agri-Wes Cape, it is on record as saying that it did not have a mandate to negotiate on behalf of farmers during the protest action and strikes of 2012/2013. One of the demands put forward by the unions at the time was for a representative employer body to negotiate with the unions.

In the same way as a trade union should be playing a role in educating its members, an employers’ organisation also has an important role to play in educating and providing guidance to its members. The problematic response of certain farmers following the introduction of the new Sectoral Determination for farmworkers on 31 March 2013, and the problematic role that labour consultants sometimes play, illustrates the need for such guidance. This is discussed below.

### 4.2.3 Recommendations

(i) **Develop a code that emphasises that the independence and autonomy of worker and employer organisations should be respected and maintained.**

(ii) **Develop a code that gives effect to the right of workers resident on farms to receive visitors, including trade union officials.**

(iii) **The LRA does not specify a specific representivity threshold that trade unions have to meet to exercise organisational rights, but many farmers impose a threshold of 50% of the workforce, which is higher than is generally accepted in an urban context. Develop a code that stipulates that for a trade union to exercise rights of access a lower threshold, not more than 10% of the workforce, should apply. Similarly, the code should recommend thresholds lower than 50% plus one for the exercise of other organisational rights.**

(iv) **Acknowledge the role of NGO labour service organisations and ethical trade organisations should be seen as complementary to the endeavours of trade unions to represent workers. A code should recognise the role these organisations play.**

(v) **Acknowledge the role that ethical trade codes play, stipulating that accredited farmers are required to grant access to any registered trade union that meets the stipulated level of**
representivity. Farmers should also identify in their audit reports any instances when requests for access were refused.

(vi) A code should emphasise the importance of organisations representing employers and workers, and of having accessible structures at local, regional level and higher levels.

4.3 Sectoral determination

The rationale for the system of sectoral determinations introduced by the Basic Conditions of Employment Act was to set minimum wages in sectors in which collective bargaining is weak or non-existent, and workers are vulnerable. It is clearly not intended as a substitute for collective bargaining, and the process by which a determination is arrived at is an administrative one.

Although there was general acceptance among all with whom the Panel engaged, including farmers, that the minimum wages set by the Sectoral Determination of 2012 were too low, this was fully appreciated only after the 2012/13 strikes. The fact that it took strikes to come to such a realisation demonstrates the importance of independent worker organisations. It also demonstrates the problems of relying exclusively on the determination of a minimum wages administratively. So too does the 52% increase awarded in March 2013.

All indications are that the manner in which the minimum wage was introduced has had, and will continue to have, negative effects. For farmers, the increase was too sudden and they were not given the opportunity to adjust to a relatively dramatic increase in costs. Consequently they have attempted to recoup their losses by whatever legal means available to them, including charging for previously subsidised or free services; changing work conditions primarily by reducing hours; reducing their seasonal workforce; and mechanising their operations, to the extent that this is possible.

We were told:

“There are farmers that continue to pay workers R85 or R89 and not the new minimum wage of R105 as specified. Many farmers argue that they are awaiting the outcomes of the exemptions process.”

The mechanism of exemption is impractical and unrealistic in most instances. Many farmers are unwilling to approach their workers to seek their endorsement for an exemption application, as they see it will jeopardise their future relationship with their workforce.

We were told:

“The 52% wage increase resulted in an increase of approximately R500 000 in their wage bill. If the wages were increased to R85, it would not have significantly impacted on farmers and the increase could have been managed. Various geographical areas are impacted on differently by price and output received.”

Evidence presented to the Panel suggests that where conditions of employment have been changed, this has been done unilaterally. The Panel was also told of deductions being made from workers’ wages without an apparent legal basis.
There was also evidence that, on the advice of labour consultants, some farmers have introduced production targets for workers. If workers fail to meet the targets, they are issued with a written warning, and will be dismissed after they receive three written warnings. Cumulatively, these measures are bound to reinforce an impression of high-handedness or arrogance on the part of the farmers concerned.

Because of these measures, workers believe that they are no better off after the increase than they were before, and in some respects they are worse off. Seasonal workers are most likely to be adversely affected in terms of work opportunities. A significant proportion of seasonal workers are women and represent the category most in need of protection. However, it is possible that seasonal workers who earn the same wage while working fewer hours have greater opportunity to generate income by alternative means.

This situation underscores the need to generate alternative income opportunities for seasonal workers, to cater for those working shorter hours, and also out of season. At the very least, every farmer that employs seasonal workers residing on the farm should be required to provide a piece of land suitable for cultivating a vegetable garden and/or grazing livestock. The recommendations in this regard are dealt with above, under seasonal workers.

4.3.1 Recommendations

(i) A panel should be established to independently assess the impact of the recent Sectoral Determination on the livelihood of households living on- and off farms, in respect of the monetary income of the household and also the social wage. This investigation should be submitted to the Employment Conditions Commission (ECC) to inform future determinations.

(ii) This investigation should encompass the conditions of work prescribed in the determination, including the adequacy and appropriateness of provisions relating to the deductions that farmers are entitled to make for housing, electricity and the like, and whether they are adequately enforced.

(iii) Submissions to this panel should be made through organisations with a mandate to represent the employers on behalf of whom the representations are made, and by trade unions or NGOs operating in the agricultural sector.

4.4 Collective bargaining

The farm worker strikes, and the 52% hike in the minimum wage, can be attributed to an absence of collective bargaining. As argued above, if there had been more effective collective bargaining in the sector, the need for such a dramatic and sudden increase in the minimum wage might not have arisen.

As it is, very little bargaining takes place in commercial agriculture, and what bargaining does take place is entirely at farm level. It also seems that such bargaining is on issues other than wages. Although this can be ascribed in the first instance to trade union weakness, it is also due to the strong resistance displayed by organised agriculture and individual farmers to the notion of collective bargaining in the sector.

This is both short-sighted and irresponsible. Commercial agriculture has suffered significant reputational damage as a result of the protest action. It cannot afford a recurrence of the protest action and strikes of 2012/13, particularly in the case of products that are exported, and where consumer perceptions will affect the market. There can be no better reputational safeguard for commercial agriculture than the fact that it bargains with credible and autonomous trade unions or worker organisations.
Collective bargaining at farm level is also not likely to have a significant impact on wage levels, although there are reports that wage increases negotiated at a farm in the Hex River valley was one of the triggers of the 2012/2013 strikes. The Labour Relations Act envisages that collective bargaining takes place at a sectoral level.

Effective bargaining on wages and conditions of work needs to take place at a sectoral level. However a sector may be more or less broadly defined. Agriculture as a whole is a very broad and diverse sector, and the viability and profitability of different sub-sectors, or commodity groups, varies considerably. It appears more likely that collective bargaining will develop in its more organised sub-sectors or commodity groups. However it would be counter-productive for the Panel to be prescriptive in this regard.

4.4.1 Recommendation

Develop a code to promote effective collective bargaining at a sectoral level. The code should provide for the certification of the members of any employers’ association that enters into a collective bargaining agreement with a registered trade union.

4.5 Regional employment forums

The farm worker strikes, and the 52% hike in the minimum wage recommended by the Employment Conditions Commission (ECC), highlighted the absence of any forums at a local level where worker organisations can engage with employer organisations. However, it is unlikely such forums will be established without third party intervention.

Aside from wages, there are a range of issues affecting the relationship between farmers and farm dwellers which are of concern are unlikely to be resolved at farm level, but that could be discussed at a regional level. These include the provision of electricity, water, sanitation, transport and other services on farms, as well as housing. Safety and security are also major issues of concern.

The forums would also provide a platform for engagement on measures to prevent or curtail job losses, whether as a result of the sectoral determination or for other reasons. More generally the platform could also address how to generate work opportunities, including opportunities in the rural economy.

Such forums could also be more inclusive than either a bargaining or statutory council. It would be possible, for example, to include residents on farms and civic organisations representing town residents. These may represent the interests of seasonal workers resident in towns, or potential seasonal workers where they are not unionised.

4.5.1 Recommendation

Engage in a process for the establishment of pilot regional employment forums in regions such as Worcester, Grabouw and Clanwilliam. The value chain approach could be used, allowing stakeholders to participate as part of the negotiation process. A part-time secretariat and staff should be engaged to facilitate the process and receive and collate agenda items.

4.6 Occupational health and safety

Farm workers are sometimes exposed to pesticides which threaten their health and livelihood. Evidence was presented to the panel that farm workers are not always provided with adequate protective clothing and equipment, or provided with a place to wash their clothing. Farm worker
accommodation on farms is sometimes located close to sprayed crops, and workers complain of breathing problems and skin lesions.

We were told:

“Women who work in the orchards must climb on the trees using a ladder. A pregnant woman had to climb on the ladder. If they do not do this, their Service Level Agreement will be cancelled.”

4.6.1 Recommendations

(i) Explore cooperation between the Department of Labour and Ethical Trade auditing bodies to monitor the implementation of the Occupational Health and Safety Act.

(ii) Promote broader acceptance of industry standards such as the Sustainability Initiative of South Africa (SIZA).
5 Settlement patterns in, and social dimensions of, rural communities

“Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life. As long as poverty, injustice and gross inequality persist in our world, none of us can truly rest. While poverty persists, there is no true freedom” Nelson Mandela.32

Poverty is multi-dimensional and can be defined as the deprivation of basic income and human capabilities. The poor face daily challenges such as having no access to proper shelter and drinkable water, food insecurity, information about disease prevention and gender inequality.

The recent strike and protest action highlighted some critical poverty-related issues that affected the wellbeing of rural communities. Limited access to housing on and off farms, public transport, health and social services were some of the issues identified in representations made to the Panel. Investment in developing human capabilities through the provision of early childhood development facilities, schooling and opportunities for skills development is also examined. Aspirations are often affected by the scourge of substance abuse (including drugs), abuse of women and children, teenage pregnancy, and diseases like tuberculosis (TB) and HIV and AIDS.

These challenges are generally more pronounced in rural areas, considering that a large proportion of the adult population is functionally illiterate. Poor people, especially women, often lack a voice and as a result are constrained in their ability to exercise their basic human rights. Providing people, especially the poor, with a basket of goods and services linked to settlement patterns is critical to human development. It addresses poverty and inequality and contribute towards sustainable communities.

5.1 Housing

Human settlements across South Africa continue to be characterised by residential areas spatially separated according to class and population groups, disparate levels of service provision and the concentration of the poor in relatively high density areas on the urban peripheries and the wealthy in the core and intermediate areas. These factors make South African human settlements inequitable, inefficient, unsustainable and expensive to manage and maintain. They also exacerbate poverty and unemployment. Although the post-apartheid government instituted a range of policies to integrate human settlements to enhance economic efficiency, facilitate the provision of affordable services and enable social development, institutional practices and market forces have tended to reinforce spatial divisions rather than assisting and promoting integration.

The in-migration into the Western Cape is increasing significantly, as is the need for housing. The housing backlog will therefore continue to grow. According to the Western Cape Department of Human Settlements, non-metropolitan municipalities experienced a 16.2% increase in recorded housing applications over the past nine months.

Due to the current housing delivery model, the declining housing development grant from the National Department of Human Settlements, the rate of in-migration into the Western Cape and high levels of poverty, it is unlikely that the housing backlog will be significantly reduced in the near future. The main obstacles are limited funding and escalating construction costs.

32 Mandela, N: *Nelson Mandela’s Africa standing tall against poverty* speech at Mary Fitzgerald Square, 2 July 2005.
The recent farm workers’ strikes/protests do not stand in complete isolation from the unintended consequences of the less than optimal implementation of the Extension of Security of Tenure Act. Despite protective legislation, the development of the institutional capabilities to carry through the obligations under ESTA and a settlement policy for farm workers have been minimal. There is an inadequate dedicated budget for tenure reform. Financial provision for the implementation of ESTA is included under the land redistribution allocation. Weighed down by large numbers of evictions, a lack of funding and bureaucratic incapacity, the abilities of municipalities to meet their obligations under ESTA have been lacking.

The majority of municipalities have failed so far to incorporate issues affecting farm dwellers into their integrated development plans. The Public Finance Management Act also restricts the use of state funding for investment in housing on privately owned land.\textsuperscript{33} The substantially higher cost of providing services to small, remote rural settlements (compared with urban settlements) has further contributed to municipalities’ inability to meet their constitutional obligation to provide basic services and housing in remote rural areas.\textsuperscript{34}

5.1.1 Housing on farms

Housing is a complex and contentious issue that affects the rural labour market and social relations on farms. Farm worker housing and the settlement of farm workers have been a long-standing challenge. Many do not have access to proper basic services (e.g., water and sanitation). Farm workers continue to be dependent on farmers for the provision of housing and other basic services. For many, access to housing is tied to their permanent employment by a farmer.

Since the recent increase of the minimum wage, farmers have begun to charge rent for housing. There are overwhelming allegations farm worker household expenses increased significantly by the imposition or increase of charges for items such as rent, electricity and transport.

\begin{quote}
We were told:

“Farm workers pay rent of R105 every fortnight (i.e. R210 per month), after the wage increase, although these figures vary.”
\end{quote}

Where a farm worker’s right of residence on the farm arises from his or her employment agreement, there is very little protection for the worker’s family. Should the farm worker pass away, the family must vacate the house within one year. This will be the case even though some of the family members may also work for the land owner, unless the employment agreement of these family members specifically provides a right to housing on the farm.

\begin{quote}
We were told:

“Quality housing is being provided to people on the farm whilst providing houses for farm workers off the farm is more complex. The challenge with providing farm workers with housing on the farm is when they reach the age of 65 or beyond. These houses cannot then be given to other workers which impact on productivity and the housing requirements of the workforce.”
\end{quote}

\textsuperscript{33} Hall et al.: Land and agrarian reform in integrated development plans, 2004.

\textsuperscript{34} Hall et al.: Land and agrarian reform in integrated development plans, 2004.
In addition, since the introduction of ESTA in 1997, employers refrained from building additional houses on farms. Many houses were demolished or upgraded to rental holiday accommodation and, where there are still houses provided on farms, many owners have long abandoned maintaining those houses. This resulted in some housing stock on farms deteriorating to the point of partial structural collapse. On the other hand, long-term occupiers or unemployed workers remained on farms which leads to the houses they occupy being unavailable for re-allocation to other workers. This may impact negatively on productivity and the provision of housing to new workers. There are also security problems that this situation could create for farmers.

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We were told:

“Farms are over capitalised and in certain instances there are more houses on the farm than what is required. In many instances, these houses are dilapidated and the occupants of the houses do not work on the farm. The ESTA makes it difficult to merely evict people from the farm. Alternative housing options should be considered in the area. Farmers and companies are willing to pay for infrastructure cost and, with the assistance of the municipality, to obtain land where houses for farm workers could be built.”
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(a) The provision of basic services on farms

Farms are categorised as private property, and the prevailing view among municipalities is that they can do little for farm dwellers as they are living on private land. The provision of basic services to farm workers on private land is generally seen as the responsibility of the land owner. It appears that municipalities only provide services up to the farm gate.

Settlement planning is fast becoming a significant area of work for municipalities and requires a new way of integrated spatial planning. Municipalities are also expected, as part of the process of integrated development planning, to take all reasonable and necessary steps within the framework of national and provincial housing legislation to fulfil a number of specific duties within their areas of competency.

There is no uniform pricing mechanism for providing basic services, e.g. electricity, on farms. Municipalities do generally not provide bulk infrastructure for services such as water, sewerage and electricity to people on farms. Some municipalities, such as the West Coast District Council (WCDC), make available financial resources for electricity and water upgrades to farm worker housing.

(b) The impact of evictions

In many municipalities, the housing backlog is exacerbated by the displacement of farm workers. Farm workers are often persuaded by farmers, who offer financial compensation, to establish homes off the farm. Although they may then be located on public land, access to certain basic services such as water, sanitation and electricity remains a critical problem.

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We were told:

“People who worked on the farm for 30 to 40 years, lose their right to live on the farm, especially when the next generation farmer takes over the farm. These workers are then accused of coming to work intoxicated or charged with theft and moved off the farm. Although some of these workers may be allowed to stay on, they lose their status as permanent workers (i.e. they become seasonal workers).”
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There are examples of quality housing being provided to workers on the farm, while the provision of housing for farm workers off the farm is more complex and not necessarily of good quality. The integration of housing developments with the associated links to transport infrastructure and economic opportunities depends on the location of housing developments. In many of these areas there is no proper public transport infrastructure, nor networks to take workers to farms or other areas of economic opportunity.

There is a lack of a long-term settlement strategy for farm dwellers, especially since existing legislation and policies do not provide clear guidance to municipalities on an appropriate role in helping to secure tenure rights for previous occupiers under ESTA. Municipalities tend to only respond reactively to threatened or actual evictions, and hardly monitor the forced movement of people.

Further consideration should be given to an appropriate apportionment of responsibility between the state and landowners. Apart from ownership, other measures should be explored to secure tenure. The relationship between farm owner and farm worker should not be a paternalistic one. There should be a wider vision for farm dwellers.

5.1.2 Agri-villages

The status of agri-villages in policy frameworks is unclear. One of the fundamental questions regarding the establishment of agri-villages is whether this is the best possible way to promote sustainable social inclusion and poverty reduction for targeted beneficiaries. These farm workers are subject to greater insecurity. Some view agri-villages as poverty pockets or labour reservoirs. Off-farm settlements also operate in a context that assumes that farm workers and occupiers can afford to pay the cost of housing and associated municipal rates and service charges incurred in most off-farm settlement options.

A number of agri-villages in the Western Cape date from the 1990s and were established with the government funding. These agri-villages were established in areas with high concentration of farm workers. These off-farm settlements were initiated in partnership with land owners with a variety of land acquisition processes and financial arrangements. A few privately funded settlements which clearly stands out above the rest were developed by land owners with minimal state involvement. These agri-villages were established in areas such as Franschhoek, Paarl, Piketberg and the Southern Cape in response to local needs and the prescriptions of ESTA. Unless this kind of initiative involves a public-private partnership, it will be difficult to continue and to duplicate.

Agri-villages could positively contribute towards:

(i) strengthening families;
(ii) sustainable job creation;
(iii) early childhood development;
(iv) youth development;
(v) making services accessible to vulnerable groups;
(vi) preventing and reducing violence; and
(vii) increasing participation in civic life.

The provincial Department of Human Settlements focuses on strengthening existing service centres, towns and villages rather than create new, less sustainable agriculturally-based settlements. Agri-villages are not considered viable because of the high costs of infrastructure and the cost of servicing remote settlements. Municipalities lacks sufficient budgets and capacity to undertake this kind of development.
The housing of retired farm workers is a complex issue and major challenge for both employer and retirees which should be addressed. On the one hand farm workers want to be located close to the area they lived in for most of their lives, while on the other hand some farm workers wants to be located in rural towns with access to facilities.

While the creation of agri-villages may create opportunities for people to obtain new homes and achieve some form of tenure security, this may fall short of achieving the vibrant rural communities envisaged in the Comprehensive Rural Development Programme. The establishment of an agri-village may be considered as part of the municipal IDP and informed by the CRDP.

5.1.3 Governance of housing / Institutional arrangements

Since 1994, government has largely been unable to sufficiently address farm workers’ housing needs. When ESTA was brought into effect in 1997, the Settlement Land Acquisition Grant disbursed through, what was then the Department of Land Affairs, subsidised the purchase of tenure security for farm workers. SLAG was inconsistently applied for off-farm settlement and, to a limited extent, for upgrading and new on-farm housing.

In both applications it fell short of the intended outcome of providing long-term tenure upgrading. When the DLA’s Land Reform for Agricultural Development (LRAD) programme started in the early 2000s, SLAG was phased out and has not been replaced by a similar type of grant. Instead the annual Division of Revenue Act (DORA) provides for the Integrated Housing and Human Settlement Development Grant (Conditional Grant) for housing programmes against the submission of approved national and provincial business plans.

Through the application of DORA funding, municipalities make temporary shelter available to evicted or homeless farm worker households while services are being installed or formal houses are being built on sites where informal structures previously stood. Such housing provision falls under the Emergency Housing Assistance Programme of the National Housing Code, 2009. The National Housing Code, 2009 requires municipalities to include a Housing Chapter in their IDPs, and these plans which are a mandatory requirement of the Local Government: Municipal Systems Act, 2000. The responsibility of subsidising farm worker resettlements was indirectly passed on to provincial governments and more substantially, by default, directly to local governments. This is clearly not sustainable.

Farm workers, especially evictees, have to apply for housing access via the already long waiting lists for municipal housing. In practice, under the weight of evictions, municipalities are unable to respond to the obligation to provide emergency shelter for lack of available land and, insufficient funds. Opportunities to obtain emergency funding under the Housing Act or the Housing Code are seldom utilised. With existing urban housing backlogs being as they are, municipalities are finding it even more difficult to respond to the pressing demands for housing. Legally, the municipality is obliged to provide housing. The reality is that neither land owners nor municipalities can individually address farm worker settlement because neither have sufficient resources to do so. The situation
requires striking a balance between identified farm worker housing needs, government policy and support, and private contributions.

5.1.4 Recommendations  

(i) Prioritise the development of a strategy for the settlement of farm workers.  
(ii) The Department of Rural Development and Land Reform should, as part of the CRDP and in conjunction with the municipalities, conduct an investigation on the provision of basic services. Following this, there should be a resolution on the provision of services on farms and some form of regulation in terms of service standards and pricing.  
(iii) Prioritise the provision of alternative accommodation for evicted farm workers. Few municipalities have put an emergency response plan or an emergency settlement plan into place. People who have been evicted from a farm should have access to housing. Municipalities should make provision for providing alternative accommodation for people evicted from farms.  
(iv) Investigate the need for, and provision of, retirement housing options and models. Municipalities should facilitate alternative housing options within available resources.  
(v) Promote the establishment of partnerships between municipalities, the provincial Department of Human Settlements and farmers/companies to facilitate the delivery of farm worker housing.  
(vi) Municipalities should ensure that the standard of farm worker housing complies with existing building legislation and regulations.  
(vii) Investigate various options for the accommodation of farm workers off farms.  
(viii) Formalise the areas where informal settlements are located.  
(ix) Explore converting existing clusters of housing on farms to agri-villages.  
(x) Where appropriate, consider options for affordable low-cost infrastructure development with adequate sustainable standards. The standards of the infrastructure need not necessarily be as high as is required in established towns.  
(xi) Municipalities should consider earmarking a reasonable proportion of their allocated housing budget for the settlement of farm workers. The budget should clearly indicate the funding allocated towards housing and in particular towards farmworker housing (Drakenstein Municipality allocates approximately 15% of its housing budget for priority farm worker settlement).

5.2 Public transport  

The lack of a proper integrated public transport system in rural areas has a negative impact on the economic and social development of an area. The rail network, especially within rural areas, has historically acted as a stimulus for economic growth and development. An efficient, effective, safe and integrated public transport system is crucial for the mobility of people travelling to and from, for example, work, clinics, school, and government services.

Municipalities do not necessarily consider transport as a priority and in certain instances they do not have the necessary capacity to develop integrated transport plans. In certain cases, there is the Integrated Transport Plans (ITP) and the IDPs of municipalities fail to take account of the transport needs of farm workers and farmers.

The good condition of the road network should be maintained. A subsidised and affordable public transport system, by taxi or bus and non-motorised transport should be put in place to facilitate better mobility for all, including isolated farm workers. The programme of providing learners with bicycles should be accelerated.
5.2.1 Recommendations

(i) Investigate options for improved access to public transport in municipalities, including the viability of public transport systems using busses and taxis to enhance mobility for farm workers and rural dwellers.

(ii) The Department of Transport should investigate using existing rail systems to provide a passenger service for isolated communities, where feasible.

(iii) Provincial government and municipalities should improve the conditions of roads under their jurisdiction also for the use of bicycles where feasible.

(iv) Rigorously enforce public and private transport safety regulations.

5.3 Health and social services

The health care system operating in rural areas makes provision for community care workers (CCWs), mobile clinics, fixed clinics, community day centres and regional hospitals. CCWs are appointed on a part-time basis to provide care directly to their communities.

Although the presence of tuberculosis (TB) is widespread across South Africa, especially in poor communities, the Western Cape and particularly farm workers in these areas have historically been disproportionately badly affected. South Africa has one of the world’s highest incidences of foetal alcohol syndrome (FAS), with the greatest prevalence reported in the Western Cape. The high incidence of FAS impacts on learners’ abilities, especially at school. The alcohol abuse among farm workers can be traced back in part to the infamous legacy of the ‘dop’ system.

We were told:

“Based on observations, R134 000 was spent over a weekend on alcohol in a poverty stricken area, amongst 15 000 people. The impact of the increase in the minimum wage resulted in an increase in the sale of food and whisky, while beer sales remained constant.”

Large distances between settlements, the lack of adequate public transport and the associated costs constrains people in rural areas from accessing health care facilities. Although farmers or farm workers are able to contact emergency medical services, physical access to farms could be challenging since these vehicles may not be suitable for rough terrain.

People in rural areas generally have very limited opportunities to participate in social activities. The idleness of people in rural areas, especially the youth over weekends, gives rise to many social ills such as substance abuse. Limited consideration is given to the social needs of farm workers when they are not working. Teenage pregnancy often leads young mothers to drop out of school. Regular social activities and recreational facilities should be established in rural areas, especially for youth, to provide them with avenues for relaxation.

We were told:

“Workers purchase their daily requirements at the farm store located on the farm. At the end of the month, the majority of their income goes towards paying off this debt. Workers are ‘forced’ to access illegal cash loans with high interest rates.”
5.3.1 Recommendations

(i) Expand the part-time community care worker initiative which provides certain basic health services and care at community level.

(ii) Encourage civil society organisations to formalise the provision of CCW services. Greater cooperation and coordination between government and the NGO sector is required to facilitate the provision of these services. Government and the private sector should assist in providing financial support to assist up-skilling staff in providing services where NGOs are involved.

(iii) Adopt measures to ensure farm workers get access to mobile clinics. Clinic visits should be scheduled in consultation with farmers and farm worker representatives. Farm workers should be offered basic first aid training.

(iv) Expand the capacity of ambulance services to respond to the needs of people in remote locations like farms.

(v) Consider weekly transport services to take patients to health facilities.

(vi) Work with schools, the provincial Department of Social Development and NGOs to develop a comprehensive programme to address substance abuse in rural areas, including impacts such as foetal alcohol syndrome.

(vii) Provide free opportunities for youth social activities and recreational facilities to reduce the risk of anti-social behaviour. Farmers should be encouraged to work with the Department of Cultural Affairs and Sport to implement it’s after school programmes.

5.4 Education and training

There is a close relationship between education status and earning potential in the labour market. There are low levels of literacy and numeracy among young learners and a substantial proportion who start school do not reach grade 12. Educational achievement is strongly correlated with race.

We were told:

“The farmer wants to keep farm workers as ignorant as possible and wants and act as their counsellor, advisor or intermediary. Farmers have possession of people’s personal documents such as identity documents.”

The quality and supply of educators, especially for subjects such as Mathematics, Science and English are a huge challenge, and even more so in the rural areas. The departments of education should be at the cutting edge of training a new generation of committed educators who can make dramatic impacts on the quality of learner results. Government has focused on developing an effective educator training programme to ensure that schools can recruit educators committed to providing quality education and training for people living on farms.

5.4.1 Early childhood development

Early childhood development (ECD) is crucial to children’s mental and emotional development e.g., acquisition of concepts, skills and attitudes that determine their readiness for school and life. Although there has been substantial progress in expanding enrolment in Grade R, the provision of centre-based care for younger children remains crucial. One of the challenges identified is that too little time is spent in the formative years on reading, writing and counting. Government should put in place an action plan to address early learning opportunities for learners, especially in rural areas.
The education and training of learners, especially in agriculture, is crucial to the future success of the sector. The sector must focus on attracting qualified black people to occupy senior management roles and ensure that there is a continuous supply of trained agricultural workers. This will require a well-developed and integrated education system, with the provision of vocational training at all levels. The training of learners to prepare them for primary school is essential, and the establishment of ECD centres in rural areas is crucial.

**5.4.2 Recommendations**

(i) The Western Cape Education Department should, in consultation with civil society, investigate what forms of ECD are feasible and appropriate in the rural context.

(ii) Increase investment in ECD services, especially within rural areas to ensure that all young children, especially those in the age group 0 to 3 years have access to ECD services.

(iii) Consider relaxing certain legislative requirements to facilitate and expedite the establishment of ECD centres within rural areas.

(iv) Provide accredited training for people on farms to act as ECD practitioners and equip them to provide emotional, cognitive, health and physical care to children.

(v) Provide specific public schools with resources for Grade R classes.

**5.4.3 Schooling**

Government intends to reduce the number of farm schools and has already closed some. However, farm schools have an important role to play because of the large distances children have to travel to get to a school in town, and because transporting learners to school remains a challenge. The Western Cape Education Department should enhance the capacity of farm schools and other schools where feasible in rural areas, with the requisite financial and human resources to provide quality education to learners.

The high learner dropout rate in rural areas has raised a concern how to provide training to those who did not complete school to make them more employable. There is a lack of schools in rural areas which provide vocational training and development. The development of such schools could assist learners to complete school or receive specific technical skills training.

**We were told:**

“There are no crèches on the farm or surrounding areas. They have to leave the children in the care of retired people on the farm. The children do not receive any proper teaching to prepare them for primary school. If there are no care givers, then the wife or partner must remain at home.”

Low-income households generally struggle to pay for uniforms, books and transport. Current policy provides bus transport for learners only if they live more than 5km away from school. Many children have to walk a few kilometres to school and back. These learners may be further disadvantaged by having to do homework in difficult conditions. Children with FAS tend to perform less well at school and slower learners tend to fall through the cracks of the education system.

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**We were told:**

“The quality of education is a challenge and educators do not pay enough attention to the learners. Children that are unable to manage with the pace of teaching (i.e. slow learners), are suddenly sent to another school, which is further away.”

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positions and transform the racial imbalance in management in the sector. There are limited numbers of entrants to the sector, black and white, with the necessary skills to work in the agricultural sector, which is a constraint on the development of the industry. Learners, especially within rural areas, have limited access to subjects that lend themselves to further agricultural study such as mathematics, science and biology.

5.4.4 Recommendations

(i) Acknowledge the potentially important role rural schools can play by providing them with the financial and human resources that will enable them to provide quality education to learners. There should be proper stakeholder consultation around the possible closure of schools.

(ii) Develop an effective educator training and development programme.

(iii) Encourage more affluent schools (e.g., private and Model C schools) in rural areas to ‘adopt’ and assist non-fee paying schools. This could include sharing resources to encourage learners to stay in school and achieve higher grades.

(iv) Improve the quality of educational outcomes to ensure that learners have a proper foundation for future employment.

(v) Ensure that agricultural schools facilitate access for everyone, especially the children of disadvantaged farm workers.

(vi) Ensure and encourage learners to remain in school for as long as possible and parents to play a supporting role.

(vii) Amend the policy on the transportation of rural school children by significantly reducing the current 5km radius provision.

5.4.5 Skills development

Targeted skills development programmes could make an important contribution to enhancing productivity and competitiveness in the agricultural sector, and in stimulating job creation and growth in the rural economy of the Western Cape. Evidence was presented to the Panel of a skills deficit, as well as the difficulties people face in acquiring skills, and a lack of formal recognition of the valuable skills that people on farms and in rural areas have acquired.

The lack of people with welding or mechanical training is an example of the skills deficit. It also illustrates the difficulty people face in obtaining these skills. There are few training facilities in the rural Western Cape that offer practical artisanal skills.

Youth are faced with unacceptable high levels of unemployment, poverty, limited access to basic services or none at all, and are vulnerable to becoming trapped in crime and gangsterism. Youth development requires more targeted investment in education and skills development which seeks enhanced qualitative outcomes. In addition to skills development programmes that focus on upskilling workers in employment, there is a need for programmes that provide people in rural communities, and in particular youth, with skills that make them more employable, or that equip them with skills that enable them to establish their own enterprises. There is also a need for adult basic education and training (ABET) to address low levels of literacy.

Youth initiatives should be designed to support and equip young people to successfully manage their lives, the complexities of a contemporary society, enhance their leadership potential and self-confidence, with the primary goal of developing character through instilling core values. Government and civil society organisations, especially those representing the youth, should collectively address these challenges and strengthen platforms where the youth are able to have their voices heard on the most important issues affecting their lives.
At the same time, programmes are needed that address the shortage of technical and managerial skills amongst farm managers and owners. Agriculture has become more specialised and sophisticated and operates in an increasingly complex economic, social and legislative environment. Poorly managed farms are less viable as enterprises, and this can affect the economic and social stability of the area.

The low quality of students from further education and training (FET) is a huge concern. Certain colleges do not provide agricultural students with the requisite practical skills and experience, e.g., on-farm work experience or support to obtain a driver’s licence once their studies are completed. Institutions such as Cape Peninsula University of Technology (CPUT) and Elsenburg College are exceptions. The West Coast College has a good mechanical training programme which provides students with requisite practical experience and skills.

In addition to skills training, educational institutions such as FET colleges should provide training on the managerial component of farming and rural businesses, such as people management, industrial relations and enterprise management.

5.4.6 Recommendations

(i) Engage with industry stakeholders via regional employment forums to assess the relevance of the learnerships and programmes offered by Agri-SETA.\textsuperscript{35}

(ii) Promote skills training courses for farm workers.

(iii) Increase the number of agricultural and technical schools providing skills training for farming.

(iv) Provide incentives to institutions such as commodity organisations and employer organisations to facilitate on-going farmer training and education, focusing on areas such as labour relations, productivity, people management and change management.

(v) Request the CCMA to present labour relations training programmes for farmers and farm workers.

\textsuperscript{35} Agricultural Sector Education Training Authority.
6 Rural development, public policy and multi-stakeholder engagement

Resolving the issues highlighted in the previous chapters requires the joint efforts of state institutions and local inhabitants, including their various associations. Most submissions expressed concern about ineffective or non-existent opportunities for social dialogue between government and associations of residents in the pursuit of sustainable rural development. The legislative frameworks that facilitate public participation in the development of public policy and partnerships embrace the use of a range of methods and results. There are opportunities for social dialogue essential in order to develop social compacts on public policy, planning, implementation, monitoring and evaluation. Unfortunately these instruments are seldom effectively used.

6.1 Government policy coherence, alignment and efficiency

The three spheres of government are ‘distinctive, interdependent and interrelated’ and they are required to adhere to principles of co-operative government and intergovernmental relations. The spheres have access to various instruments to shape agriculture and the rural economy within an overarching Medium-Term Strategic Framework (MTSF). Financial resources are provided annually in the Budget within the rolling three-year Medium-Term Expenditure Framework (MTEF). It is in this context that all the provinces were required to develop Provincial Growth and Development Strategies (PGDSs) and Strategic and Sector Plans and an outcome-based multi-sectoral performance system that involves all the relevant stakeholders.

“The municipalities’ IDPs and the provinces’ PGDSs will need to take into account the priorities identified in the MTSF, bringing us closer to the ideal of integrated and aligned planning across the three spheres of government.”

The intention of this approach is to enable a co-ordinated and integrated strategic approach towards growth and development that involves all stakeholders in public policy formation with particular emphasis on implementation, monitoring and evaluation. The CRDP, based on Outcome 11, is the overarching plan facilitating the coordination and integration of sector plans dealing with matters such as agriculture, social and economic infrastructure.

6.1.1 Inter-governmental co-operation, goal setting and integrated planning

Despite the existence of a plethora of provincial committees facilitating the implementation of policies and plans to deliver the MTSF outcomes, the 2012/2013 strikes/protest actions which arose in the agricultural sector highlighted a lack of coherence, alignment and efficiency, especially in the provision of services, between different spheres of government within a municipal area. This again highlights the need for better coordination and integration in a range of areas identified in the previous chapters of this report.

The lack of alignment is evident in the following areas of integrated planning, the implementation of plans and their monitoring and evaluation:

(i) The lack of community-based planning (CBP) to facilitate the establishment of basic needs in local areas.

36 Sections 40 and 41 of the Constitution.
(ii) The development of an effective IDP process that involves provincial and national departments in determining the needs of local areas as well as integrated responses to those needs.

(iii) Effective cooperation among various spheres of government to participate in sustainable IDP-related forums to inform development in local municipal areas.

Although a variety of laws makes provision for the participation of citizens and their associations in public policy, various spheres of government have often displayed a fractious and minimalist approach towards implementing these requirements. This has led to a poor understanding of the requirements of successful public participation processes, bordering at times on disrespecting the rights of citizens.

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\text{We were told:}
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“\text{The speed at which information is pushed between the senior and lower level staff is too slow and information is lost in the process. It would be useful to demonstrate the losses incurred due to the inaction of government.”}

Current regulatory frameworks provide for a range of methods and mechanisms to facilitate the involvement of citizens in matters of public interest. Methods used included organising imbizos to facilitating agreement among identified, affected and interested stakeholders on identified social and economic issues. Although we have a number of good examples of sustained and effective participation, e.g., NEDLAC and the Khayelitsha Development Forum (KDF), the same cannot be said about arrangements in rural areas.

There is a need for more effective CBP and IDP processes. How the CRDP’s Council of Stakeholders engages with the municipal IDP process is not clear. Arrangements that have been developed and implemented have frequently been ad hoc, uncoordinated, paternalistic and ineffective.

In part, this can be ascribed to a lack of political will, capacity and skill among public officials. It is imperative that the quality of these public participation processes be monitored, documented and that best practices be identified to inform the development of more effective processes. This should include the development of strategies to avoid duplication and wastage and improve efficiency, while not compromising on the quality and sustainability of these processes.

6.1.2 Implementation

The inability to implement programmes or projects and to transform dreams and ideas into reality is widespread within organisations, whether public or private sector. Government generally insists that the policy framework is clear and unambiguous and that what is required is effective implementation. This makes it appear that the inefficiencies are attributable to those charged with policy implementation. These officials are requested to participate in a host of initiatives all jostling for their attention, leading to overstretched financial and human resources. Policy failure is generally called bad execution and there is resistance to considering whether the real problem is bad policy.

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\text{We were told:}
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“\text{There is a lack of support from all spheres of government and the efficiency of support is also lacking. For example, to obtain water rights once land is a purchased is a cumbersome process.”}
The amount of time and skill required to consider the complexity and breadth of the challenge, the heterogeneous environment, ways of addressing inequalities and the prioritisation of certain key activities are often underestimated. Implementation plans should be flexible and not be too prescriptive. This allows for refining plans, corrective actions and the introduction of any new measures that may be required for the process to unfold successfully.

There is an acknowledgement of the gap between policy and implementation and that problems may arise with either policy formulation or process implementation or both. There is a risk of policy formulation being undertaken too hastily; or compromised by inadequate consultation with implementing agents; or of the priorities being wrong; or of the implementation timeframe being too short.

The experience in the forums has been that government merely reports on the implementation agenda of agreed policies and strategies. Currently social partners do not have the available capacity to assess and verify the reported level of programme implementation. In such cases, social partner representatives can become passive recipients of information and little real substantive and constructive debate can take place. The involvement of social partners in the development of implementation plans is crucial, but is an undefined or under-developed area of work.

### 6.1.3 Access to information

The availability of credible quantitative and qualitative information to inform the development of agriculture and rural economic policies and planning was evident in a significant number of submissions received. Some provincial departments even presented contradictory information to illustrate perspectives on economic issues. There is also a dearth of information required for local planning and impact assessment. The information that exists is not readily available and is presented in a manner that does not aid informed deliberation within state institutions, and with the local citizens.

### 6.1.4 Recommendations

(i) Comply with the letter and the spirit of constitutional and legislative frameworks to guide inter-governmental relations in the development and implementation of policies and plans.

(ii) Develop and provide a credible qualitative and quantitative information platform to aid planning and the periodic assessment of impacts of policies and plans. This involves providing regular information about the human development needs and growth potential of rural economies, including towns, corresponding at least to the planning cycles of municipalities. Each national and provincial government department and municipality should develop and update its data and monitoring and evaluation systems. The department responsible for monitoring and evaluation should oversee the execution of this mandate.

(iii) Ensure alignment of performance management evaluation systems with the remuneration of government officials.

### 6.2 Citizenship, associational life and social cohesion

A central feature of a range of submissions received involves access to public goods and services and the exercise of the range of rights that defines citizenship.

This involves basic issues such as the registration of births, the acquisition of identity documents, access to housing, social grants, health care, employment and other goods and services essential for human development.
A lack of understanding exists, particularly in the nature of associational life-groups of people organised for a common purpose and in facilitating the exercise of these rights, including social dialogue. It is useful to develop a typology of the various types of associations to aid the development of databases for use in preparation for social dialogue processes. It aids the development of stakeholder analyses essential for the development of partnerships. The following types of organisations were involved and affected by the recent protest.

6.2.1 Organised business

Various associations in agriculture and related enterprises exist in rural areas. Prominent in agriculture have been Agri-Wes Kaap / Cape and the emerging farmers’ associations. While agricultural associations tend to raise their voices about land reform, drought and market access, none of these organisations are sufficiently representative of all farmers and can be considered an employer organisations representing particular interests in collective bargaining processes with workers. Other organisations in this category include local “landbouverenigings” – local chapters of the abovementioned farmers’ organisations and commodity-based producers’ associations.

National and provincially-based business chambers such as the Afrikaanse Handelsinstituut (AHI) and the National African Federated Chamber of Commerce (NAFCOC), including local chapters such as the “sakekamers” are enterprises that operate in the non-agricultural sectors of the rural economy. They tended to forge relations with others using vehicles such as Business Cape. Sector-based affiliates such as the Steel and Engineering Industries Federation of South Africa (SEIFSA) have mandates to engage in both collective bargaining and social dialogue concerning social and economic matters.

All these organisations facilitate networking and collaborative arrangements, including lobbying on legislation, investment, procurement and markets.

6.2.2 Organised labour

The labour federations, representing a number of affiliates organised on a sectoral basis, tend to come to the fore when cross-cutting issues such as macro-economic policy and labour legislation are under discussion.

While the centres of organised labour engage in high-level policy coordination and synthesis and the development of strategic and facilitative approaches to advancing their members’ interests, it is the affiliates that deal with issues specific to sectoral mandates. Individual employees pay subscriptions to become members of such sector-based unions in return for the services that support them to exercise their occupational rights. Affiliates have the necessary capacity and infrastructure to provide this support, having historically dealt with particular issues affecting the employment and income of workers directly at bargaining council level.

Although organised labour is dominated by COSATU, FEDUSA and NACTU, their affiliates have limited representation among farm workers (less than 10%). While it has a dominant presence in the non-agricultural sector, a range of independent unions such as BAWUSA and farm worker associations tend to be more active in articulating farm worker interests on a range of issues.

6.2.3 Faith-based organisations

Faith based organisations (FBOs) have a significant role to play in bringing about positive change in relationships between farmers and farm workers. They can also play an important role in challenging those foundations of the political and economic system that undermine social justice and dignity in the rural areas.
The activities of FBOs have intensely shaped the social identity of the inhabitants of the Western Cape. A significant number of denominations and congregations subscribing to various forms of Christianity, Judaism and Islam have been organised through the Western Cape chapters of such organisations as the Muslim Judicial Council, the South African Council of Churches, the Jewish Board of Deputies, the Western Cape Religious Forum, and the Consultation of Christian Churches, to name a few. Denominations and congregations not only espouse the beliefs, mores and values of specific faiths, they have played a central role in advocacy and dialogue processes that affected public policy on issues such as culture, education, social welfare and matters of the economy. In addition to their core activities, FBOs are also associated with providing support for social welfare, social development and housing.

6.2.4 Community-based organisations

Civic associations or ratepayers and residents’ associations are the most common form of community-based organisation (CBOs) in the Western Cape. Their members include tenants, homeowners and, sometimes, the homeless in designated neighbourhoods. The general trend has been for these organisations to engage in secular activities that emphasise civic issues such as housing, land use, transport and local rights in some form or another. Some CBOs have considerable membership bases organised around sport and cultural activities. Both of these types of CBOs tended to form broader geographical associations based on common interest and interfaced particularly with municipalities.

Some CBOs developed relations with selected NGOs, FBOs and university-based institutions to augment access to resources and support networks for self-provisioning and engagement with the state. This includes facilitating skills training, savings initiatives, representation of residents on local development forums or/and project management arrangements, as well as organising protests. In a resource-starved environment, it remains an arduous task, however, to develop and sustain organisational infrastructure and networks capable of providing leadership in engagement, delivering defined outputs and outcomes and organisational growth.

6.2.5 Non-governmental organisations

The term non-governmental organisations (NGOs) usually undertake services which are not provided by the state. These include advice offices, soup kitchens, nutrition centres, social welfare centres, early childhood development organisations, providers of adult education, drug rehabilitation centres, health and disability centres. They have historically been established to provide specific environmental, social and economic services. They tend to have limited infrastructure and insufficient resources and often operate under a specific mandate operating under the auspices of a governance structure. NGO services are usually provided free of charge or for a nominal fee.

NGOs have historically provided a conduit for the funding of projects by foreign donor agencies and business corporate social responsibility programmes. Some have entered into agreements with various spheres of government to deliver services. While certain relations have been developed with the various funding agencies, their advocacy role has remained prominent.

Community advice offices have historically served as critical service delivery agencies in rural areas, including dealing with human rights matters. While organisations such as the Stellenbosch University Legal Aid Clinic have played an important role in matters such as farm worker dismissals and evictions, the rural advice offices are at the coalface of dealing with a wide spectrum of rural issues, and it may refer matters to agencies such as law clinics.

Community advice offices have dealt with issues ranging from employment rights and benefits, to social security and poverty alleviation, to human rights awareness. These offices also deal with matters such as official documentation, wills and estates, consumer protection, civil disputes,
support for migrants, enterprise and youth development. These centers are however under threat of closure primarily due to the lack of resources. The volunteerism associated with its work is commendable.

6.2.6 Social movements

Social movements are largely rooted in issue-based campaigns. Well-known movements that have recently emerged, rooted in issues such as HIV/Aids, environmental advocacy, evictions and rural development, are the Treatment Action Campaign (TAC), the Environmental Justice Network Forum (ENJF), the Anti-Eviction Forum and Alliance of Land and Agrarian Reform Movements (ALARM).

While human rights and development was a central feature of their campaigns, these movements tend to be issue-specific and exist for a limited period of time, with a significant impact on the politics of development of the time. Although a large number of protests occurred recently, no new significant social movements have been established that encompass a wide spectrum of organisations with a regional or national presence. Existing movements provide the required organisational and political leadership to engage the state on such issues as land reform and housing.

6.2.7 Key considerations

All the associations mentioned above represent some form of active citizenship focused on the exercise of corporate, occupational, and various social and economic rights. These rights provide the basis for the development of various forms of partnerships. However, the efficacy of these organisations depended on the support of the individual citizen they purported to represent, in an environment where no or limited compulsion to comply with the collective and neo-corporatist arrangements existed.

Protocol governing associational life within and among these organisations does not compel any organisation to comply with positions adopted during social dialogue processes other than in areas regulated by law.

Statutory-regulated collective bargaining institutions have a rich history of ensuring compliance with agreements. Bargaining councils are one of the oldest forums for dealing with sectoral concerns such as wage determination and industrial policy. Macro-, meso- and local economic issues have been neglected until recently.

Membership of associations did not confer singular social identities. It was not uncommon for organisations with common secular concerns, such as organized business, labour and community based organisations, to have membership that straddled ethnic or faith based constituencies. This has been compounded by social identities informed by race and class. Diverse interest informed by multiple identities is often at the root of conflict and has frequently led to the poor management of participatory processes. The benefits of acquiring inputs based on local associational dynamics embedded in neighbourhoods and within municipal boundaries, such as CBOs, NGOs, FBOs, organised business and labour has, nevertheless, been undervalued.

6.2.8 Recommendations

(i) The Provincial Government should develop a better understanding of associational life among participants by making stakeholder analyses a prerequisite for dialogue. Whenever legislation requires public participation, the implementation of the legislation must be strictly followed in accordance with proper understanding of associational life and ensuring inclusivity and representivity.
(ii) The Provincial Government needs to understand importance of using different methods of dialogue in engaging with stakeholders.

(iii) Develop appropriate databases to aid stakeholder analyses at municipal, regional and provincial levels when preparing for public participation processes

6.3 Opportunities for the development of partnerships

A number of stakeholders have acknowledged the need for a negotiation platform where stakeholders can negotiate with each other and find solutions to problems before they escalate into a crisis. This form of participation in social and economic development, referred to as social dialogue, has its roots in local traditions, albeit recent, and is an established method of multi-stakeholder engagement internationally. It is of the utmost importance that, since almost all people want to live in harmony with each other, they should talk to each other. Open lines of communication, as can be established under a social pact, can eliminate misunderstandings and tensions between the various sectors of the community, and prevent confrontations and destructive uprisings.

Globally, social dialogue and participatory development has become a central endeavour of a number of prominent agencies. International social dialogue organisations have published best practice case studies, which are available.

We were told:

“The establishment of an independent entity recognised to act in good faith as a facilitator should be clearly outlined. Government should provide the requisite funding and all stakeholders should support the initiative to ensure legitimacy. A champion, who ensures the involvement of role-players, should drive the process.”

The International Labour Organisation (ILO) has, for example, released a publication on best practices in social dialogue that provides a series of country case studies. International best practice, for example, holds that platforms for social dialogue should be legislated, institutionalised and maintained rather than resurrected during times of crises.

According to the ILO, the effects of economic globalisation have accentuated the need for social dialogue to establish and secure democracy, social justice, peace and foster transparent governance under the rule of law.

Social dialogue assists in strengthening relations and in reducing tensions between the parties. It is also a means of dispute prevention and settlement that has a welcome impact on productivity, economic efficiency, and competitiveness. The importance of social dialogue continued to be affirmed through the Programme of Action for the World Summit for Social Development and a range of United Nations Development Programme Human Development Reports and the World Bank.

6.3.1 Platform for social dialogue

Section 42 of chapter 6 of the Municipal Systems Act, 2000, stresses the importance of the community as follows:

“....must involve the local community in the development, implementation and review of the municipality’s performance management system, and, in particular, allow the
community to participate in the setting of appropriate key performance management indicators and performance targets for the municipality.”

While legislation require public participation is a critical part of government planning, this is difficult to do well in practice.

We were told:

“There is a need to create a platform for engagement to collectively, creatively and strategically shape the agenda and programme for the future. Government argues that it does not receive cooperation, but the stakeholders in agriculture (farmers) are becoming frustrated because issues are not being resolved or completed. Processes are being prolonged and derailed and there are many grey areas (e.g. property rights) that allow people to become negative.”

There may be existing platforms for social dialogue in the Western Cape, at local government level. However, these forums or mechanisms may not fully represent the local stakeholders and are generally targeted towards specific groups such as business organisations. These structures are not well supported by government.

Trade unions and civil society organisations are generally ignored in these processes, and where they are included, certain organisations are handpicked to participate at the expense of others. There is a need for a more equitable distribution of government’s time and resources to ensure that all social partners are involved in the processes.

Critical success factors include:

(i) Defining the objective, role and function of the forums, e.g., to discuss matters of mutual interest.
(ii) Criteria for the identification of stakeholders.
(iii) The establishment of an independent and credible agency to lead, coordinate and drive the process.
(iv) Establishing a source of funding for the process.

6.3.2 Social compacts

A social pact can be developed for the entire province, and/or there can be separate pacts for different geographical areas, or for different sectors of the economy. It is important to emphasise that the Panel does not purport to prescribe to stakeholders in agriculture and the rural economy what the contents of a social pact between them should contain. That should be worked out and agreed to between the stakeholders themselves. The above remarks are intended to be guidelines only. Such a pact could, by way of example, contain the following:

(i) A joint vision statement. The vision statements of forums, including the Franschhoek Valley Transformation Charter can serve as an example.
(ii) A record of the challenges and problems in the area or sector. Again by way of example, the following are recorded in the Franschhoek Valley Transformation Charter: ethnic segregation, extreme disparities between different stakeholders, and entrenched cycles of inequality.
(iii) Codes of conduct. Codes of conduct for different interest groups in an area or sector can be included in a social pact. For example, in the agricultural sector there can be codes of conduct for landowners, for farm workers and for government departments.

(iv) Monitoring compliance with and enforcement of codes of conduct. The codes of conduct of a social pact will, in all probability, not be legally enforceable. Compliance can be monitored by other stakeholders or, for example, in a protest march, by persons acting as monitors in terms of the pact. Non-compliance with codes of conduct can be exposed on a ‘name and shame’ basis. There could also be a sanction in the form of withdrawal of certain benefits under the pact from the non-compliant stakeholder(s).

(v) Measures to facilitate socio-economic reconstruction and development. The National Peace Accord lists the following, which could serve as an example:

a. Reconstruction and development projects must actively involve the affected communities. Through a process of inclusive negotiations involving recipients, experts and donors, the community must be able to conceive, implement and take responsibility for projects in a coordinated way as close to the grassroots as possible. In addition, reconstruction and development must facilitate the development of the economic and human resources of the communities concerned.

b. Projects at a local level require the cooperation of all members of the community irrespective of their political affiliation. The people within local communities must see local organisations working together on the ground with common purpose. Parties with constituency support in an area must commit themselves to facilitating such an approach to development projects.

c. Reconstruction projects must work on the ground at local level. This requires a combined effort by all political organisations and affected parties to raise the required level of capital and human resources for development. Public and private funds will have to be mobilised for this purpose.

d. Sustainable development implies that all individuals must be assisted and encouraged to accept responsibility for their socio-economic well-being. Each actor must define and accept his or her role and there must be an acceptance of co-responsibility for and co-determination of socio-economic development.

e. The parties to this process commit themselves to facilitate the rapid removal of political, legislative and administrative obstacles to development and economic growth.

(vi) Platform/forum to implement the pact and to discuss difficulties. Committees can be established, at provincial and/or local levels, for stakeholders to meet on a regular basis to facilitate the implementation of the pact and to discuss and find solutions to difficulties and disagreements between them. The forums established under the pact can be used to resolve practical labour issues, but cannot replace the existing institutions and procedures established in terms of labour legislation.

(vii) Resolution of disputes. If disputes between stakeholders cannot be resolved through the relevant committees, the pact can prescribe dispute resolution procedures such as facilitation or mediation, for which a panel of facilitators will be required.

Consultative processes related to compact formulation, implementation, monitoring and evaluation have a chequered history of successes and failures, conflict-ridden and arduous. Departments, municipalities and public entities used various methods of engagement ranging from the organisation of an imbizo as a form of participation to social dialogue through the use of mechanisms such as IDP forums.

These methods are not necessary diametrically opposed but have produced a variety of results. The emphasis is to ensure an improved understanding among stakeholders about the various methods of engagement and the rights and obligations of engaging parties. This is, however, fundamentally different from devising a communication and marketing strategy to communicate government
successes. The former aids the empowerment of active citizens, while the latter is more prone to manipulative practices.

6.3.3 Recommendations

(i) The strengthening of existing and the establishment of local and provincial forums to facilitate social dialogue and the development of agreement between affected and interested stakeholders.

(ii) The specific recommendations contained in the aforementioned chapters could be agenda items for deliberations about the substantive nature of social compacts.

(iii) Consider using such platforms for self-regulation of the labour market and labour legislation issues. These will not replace existing labour legislation or legislative processes.

(iv) The FARE Steering Committee must be tasked to facilitate the establishment of such an inclusive provincial forum. See Annexure 1 for a more detailed outline of the recommendations.
7  Annexure 1

7.1.  Concept proposal for the establishment of Local / Regional or / and Provincial forums

The proposal to establish local and provincial forums is based on the consideration that no particular sphere of Government operative in the province can alone overcome the challenges agriculture and rural communities are faced with as detailed in the aforementioned report. There are no credible structured engagements through which various spheres of Government and its social partners can continuously reflect and act jointly on matters of the future of agriculture and the rural economy in the Province.

A FARE Steering Committee has been established with a particular mandate. Its current and future mandate should include facilitating the establishment and/or strengthening of inclusive local and provincial forums to deal with the core recommendations made in this report. This should involve:

(i)  The expansion of the composition of the steering committee to ensure all the affected and interested parties are involve in the design and implementation of the agreed sustainable institutional arrangements to facilitate partnerships in agriculture and the rural economy.
(ii) The attainment of agreement about the future sustainable institutional arrangements for facilitating dialogue and partnerships.

7.1.1.  The key principles underpinning the establishment of local and provincial forums

The key principles that should underpin the construction of a vision, mission and work programme of forums should involve:

(i)  Justice
(ii) Human dignity
(iii) Equality

7.1.2.  Strategic Issues and the roles and responsibilities of the Forums

A number of strategic issues have been identified for urgent, medium and long-term deliberations and action. The most urgent issues are, among others:

(i)  The Rural Labour Market and Labour Relations
(ii) Security of tenure and human settlements
(iii) Land Reform and Support for Smallholder and subsistence farming
(iv) Human Resource development
(v) Constructing a rural development plan

It is proposed that the forums deal with the urgent issues through the establishment of appropriate structures that afford affected and interested parties to engage in social dialogue.

The development of responsibilities of all the forums should be guided by the need to:

(i)  Enhance social partnership formation through seeking cooperation and social dialogue with partners;
(ii) Facilitate joint analysis and assessment as well as research on economic, social, environmental and other development realities;
(iii) Facilitate discussion on priorities, identify opportunities and facilitate participation, as required in generating required consensus and resources for effective implementation of programmes and projects; and
(iv) Institutionalise a results-based monitoring and evaluation system in order to assess performance of the above.

(a) **A Provincial Forum**

(i) To facilitate the development of a social compact that address the issues raised by the recommendations of the FARE Panel. Particular attention should be given to the most urgent issues

(ii) To develop a framework for the development of local and regional deliberations of the Panel recommendations to inform the Provincial Forums deliberations.

(b) **Local and/or Regional Forums**

The current regulatory provisions and some local arrangements in relation to integrated planning provide an opportunity to engage and develop multi-stakeholder approaches towards development. The prioritisation of agriculture and rural economic issues in local integrated planning processes could augment the development of relations between all social partners and public institutions. Hence, the discussion of issues identified by the panel should involve the use of existing structures and forums and/or the establishment of new forums where appropriate.

Although local and regional conditions and dynamics vary, a provincial framework can be development to assist local organisations and municipalities to facilitate these local/regional deliberations.

**7.1.3. Composition and membership of the local and Provincial Forums**

The principle of promoting equal and inclusive representation of the main categories of social partners should apply. The appointments of representativeness will be done by representative interested and affected parties in each of these constituencies. Typically therefore the Forum will have representation from each of the main categories:

(i) Organised business;

(ii) Organised labour;

(iii) FBOs;

(iv) Social Movements;

(v) NGOs; and

(vi) Government.

**7.1.4. Legal Status of the Provincial Forum**

A decision should be taken in its finding articles whether there is a need to institutionalise the Forum as either a statutory body combined with a public entity or as a non-profit entity (Section 21 Company). The preference would be a formalised arrangement to ensure buy-in, accountability and that all parties adhere to the same set of rules or criteria.

**7.1.5. Institutional support to the Provincial Forum**

The operations of the forum be facilitated, coordinated and managed by sufficient administrative (including secretarial support), logistical and content support staff. In the establishment phase, the support could be provided by the Steering Committee.
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**STEERING COMMITTEE**

- Revise the composition of the existing Steering Committee to include organisations essential to the design and implementation of a more sustainable institutional arrangement
- Develop and facilitate the implementation of a more sustainable institutional arrangement that involve the establishment of local/regional and provincial forums

**PROVINCIAL FORUM**

- Establish a Provincial Forum to consider the future of Agriculture and the rural economy
- Facilitate the establishment of the relevant structures to deal with the immediate, medium and long term strategic issues

**LOCAL AND REGIONAL FORUMS**

- Use existing forums or pursue a new initiatives to consider and act on recommendations
- Integrate recommendations with the IDP and its sectoral policies and initiatives

**STAKEHOLDERS OF PROVINCIAL SIGNIFICANCE**

- Organised business
- Organised labour
- FBOs
- Social Movements
- NGOs; and
- Government

**LOCAL/REGIONAL STAKEHOLDERS**

- Organised business
- Organised labour
- FBOs
- Social Movements
- NGOs; and
- Government

**STRATEGIC ISSUES**

- Rural Labour Markets and Labour Relations
- Land Reform
- Settlement
- Social Dialogue
8 Panel members’ profiles

Antonie Gildenhuys recently retired as a judge of the South Gauteng High Court and of the Land Claims Court. During the transition period (1991 to 1995) he served as chairperson of the National Peace Secretariat. Before his appointment to the bench, he practised as an attorney in Johannesburg and Pretoria.

Venete Klein is a retired banker who now runs her own business, Kleininc Management Consultants. She retired from Absa Bank in 2010, where she served as Executive Director of Absa Retail Bank. She now serves on various Boards, which include SA Bureau of Standards, PG Group, Old Mutual Wealth, and The Institute of Directors (IoDSA), where she serves as deputy Chairman. She is also a trustee of the Community Impact Trust.

Karin Kleinbooi holds an MPhil in Land and Agrarian Studies and has researched existing and emerging land policy issues which provide a critical assessment and monitoring of land reform implementation and outcomes and land policy developments. She continues studying developments in agriculture.

Thom Thamaga is Senior Pastor at Without Walls Christian Family Church. He is also a transformational life coach, and a radio personality. He served in various structures such as CCC (Consultation of Christian Churches), Transformation Africa. He is an affiliate of Breakthrough Partners International and also serves as a Board member of Breakthrough Partners Africa. Thom travels extensively as a conference speaker in Africa, the United States, United Kingdom, Europe and the Middle East.

Adrian Sayers (PhD) is a development and labour researcher/practitioner and part owner and Director of Tri DEV Worx AFP Pty Ltd. He is a former Regional Education Officer (Free State, Western and Northern Cape), Western Cape Regional Secretary, NEC and CC member of NUMSA, COSATU Regional Economic Development Working Group Co-ordinator and co-chair of the Western Cape Economic Development Forum (1989-1994). A founding Executive Director of the Western Cape Provincial Development Council (1996-2008), he consulted to the Mpumalanga Premier’s Office and GIZ facilitating dialogue on growth and development (2008-2012.)

Jan Theron is the coordinator of Labour and Enterprise Policy Research Group (LEP) at the University of Cape Town. He was formerly General Secretary of the Food and Canning Workers Union and Food and Allied Workers Union. As well as the research he has undertaken for LEP, he practices as an attorney and has served as part-time senior commissioner for the CCMA.

Frans van Wyk worked at PricewaterhouseCoopers for over 20 years, most recently as a partner at PWC Advisory Services responsible for Sustainable Agribusiness in Southern African. Before that, he was a partner at PWC responsible for Black Economic Empowerment Services in the Agriculture sector. He is currently self-employed, working as Director of FPR van Wyk (Pty) Ltd.
**Back row:** Barbara Hogan (Board Chair, EDP), Karin Kleinbooi (Panel Member), Andrew Boraine (Co-chair FARE Steering Committee), Frans van Wyk (Panel Member), Thom Thamaga (Panel Member), Adrian Sayers (Panel Member), Jan Theron (Panel Member), Phillip Dexter (Co-chair FARE Steering Committee), Kamalasen Chetty (EDF Board).

**Front row:** Deputy Minister Marius Fransman, Venete Klein (Panel Co-chair), Antonie Gildenhuis (Panel Co-chair), MEC Gerrit van Rensberg.

The Panel was assisted and supported by a research coordinator (Joshua Wolmarans) and a secretariat. The secretariat consisted of a representative from the EDP (Lyndon Metembo) and the EDF (Wesley Douglas). Initially the Panel was also assisted by two additional secretariat members from the EDP (Ashraf Adam) and the EDF (Anzil Adams)
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