The real reason why black commercial farming is not succeeding

Credit: Researched, written and compiled by Tony Stone



Photo Credit: Lily Zaballos

The African National Congress (ANC), Economic Freedom Fighters (EFF) and uMkhonto weSizwe Party (MKP) are gaslighting the people of South Africa and using the land issue as a political football. For those who are not familiar with the term “gaslighting”, it means it is a form of psychological manipulation where someone repeatedly distorts facts or denies reality, causing you to doubt your own perception and/or understanding of a particular issue. An example of this is the claim that 72% of South Africa’s land is owned by white people when in truth white South Africans own approximately 22% of the country's total landmass, which equates to roughly 26.6 million hectares. This comes from the ANC government’s 2017 land audit. However, looking strictly at privately owned agricultural land (farmland), that figure rises to roughly 72% of the total of that subsector. This is the figure that the ANC, EFF and MK propagate and have used to motivate for and pass the Expropriation Without Compensation Act. But, as history shows, and what is an indisputable fact, is that the real truth always comes out. Here, we take a look at the real reason why black commercial farming is not happening.

The South African government is the single largest institutional landowner in the country with roughly 24% of the land. A significant portion of land consists of former "reserve" or homeland territories that were converted into state-administered trusts with approximately14% of the land. Non-white individuals who are legally registered owners of urban or agricultural land own around 8.25% of the land. Private Companies, Investment Trusts, & Churches own approximately 32,25% of the land.

The question of whether the ANC. EFF and MKP use land reform as a "political football" is a central, highly polarized and inaccurate false statement of fact in South African politics. Critics and political opponents argue that these parties rely on populist rhetoric around land ownership to deflect from their own governance failures (at least 8 prominent former national ministers and deputy ministers, alongside dozens of former provincial and metro leaders defected to MK). Conversely, proponents and party defenders maintain that focusing on ownership is the only way to undo the lingering structural inequalities left by apartheid. This assumed claim is based on the inaccuracy that whites stole every acre of land in Sout Africa, which is not true at all. The 1913 Natives Land Act didn't seize land through sudden, active physical confiscation; instead, it restricted Black land ownership to designated "reserves" amounting to just 7% of South Africa's total land area. However, in 1936, this was expanded to about 13% through the 1936 Development Trust and Land Act.

In 1913, the total population of South Africa was determined by census to be approximately 6.15 million people. Black Africans accounted for 4 million people (nearly 68% of the total population). Whites accounted for 1.3 million people (roughly 21% of the total population). Coloureds and Indians accounted for the remaining 11% of the population combined (approximately 500,000 Coloured individuals and 140,000 Indian individuals).

Regardless of this historical foundation, we have two primary perspectives that highlight different aspects of where the "real problem" lies.

Critics, opposition parties like the Democratic Alliance (DA), and independent agricultural economists frequently argue that changing the constitution or seizing land is a political tool used to secure votes rather than fix the sector. They argue that highlighting the emotive issue of white land ownership distracts the public from state corruption, rising unemployment, a failing power grid, and a lack of local government delivery. Farmland already purchased by the state or transferred to black communities frequently collapses commercially. Government audits, including data presented to Parliament's Standing Committee on Appropriations, reveal immense financial waste, poor oversight, and a lack of basic technical training for beneficiaries. Opponents point out that the EFF's policy actually advocates for the state to own *all* land, meaning ordinary citizens would only lease it. Critics argue this denies black farmers the very thing they need most: private property title deeds to use as financial collateral. And, while politicians promise massive agrarian reform on public stages, the national treasury continually slashes budgets for the Department of Land Reform. Land reform receives less than 1.5% of the national budget, showing a disconnect between political promises and actual fiscal priorities because they see expropriation without compensation (EWC) as a necessary means around the budget shortfall and as a legal tool to force rapid structural transformation.

Then reality kicks in when considering how much of South Africa's food is produced by white commercial farmers.

White commercial farmers produce the vast majority—roughly 80% to 90%—of South Africa's commercial agricultural output and national food supply. This production predominantly stems from an estimated 40,122 formally recognized commercial farms and 2,600 mega farms in South Africa. According to the National Agricultural Marketing Council, black farmers account for approximately 10% of total commercial agricultural production, with white farmers responsible for the remaining bulk of commercially sold grains, livestock, and produce. Out of the tens of thousands of farming units, roughly 12,000 of the largest and most well-capitalized commercial farms generate about 80% of the total agricultural output. The broader agricultural landscape is highly dualistic. Alongside commercial farming, there are over 2.3 million smallholder or subsistence households farming primarily for home consumption. Widespread EWC, as in Zimbabwe, would destroy South Africa's food security and add an additional 960,000 unemployed to the country's catastrophic 43.7% unemployment problem.

The 10% commercial contribution of black farmers in South Africa is the result of entrenched historical legislation, limited capital access, and structural barriers. Prominent agricultural economists, like FNB's Wandile Sihlobo in his book *A Country of Two Agricultures*, refer to this phenomenon as a highly fragmented system. The primary factors keeping Black production share low include the historical dispossession of Blacks through the 1913 Native Land Act that legally barred black South Africans from owning or leasing farmland across the country. However, the 1913 Natives Land Act was officially repealed on June 19, 1991. While white commercial farming families benefited from 78 years of government subsidies, institutional backing, and inherited wealth, black farmers had to build commercial capacity from scratch post-1994, which is a fault of the ANC government. And, currently, a major portion of black-owned agricultural land exists in communal areas or is leased from the state. Without a private title deed, commercial banks will not accept the land as collateral. Because of this lack of security, emerging farmers cannot access production loans or working capital to scale up operations.

A key reason as to why the government is the biggest land owner is because of and across the National Restitution Programme, roughly 92% of settled land claims have historically opted for financial compensation (cash settlements) rather than physical land restoration. So, while the vast majority chose cash, the overall progress and breakdown details of South Africa's land reform show that, of the total claims settled, over 83,700 land claims have been successfully settled nationally. The state has paid approximately R27.6 billion in financial compensation to qualifying beneficiaries and approximately 3.9 million hectares of land have been restored to beneficiaries through the restitution process. The heavy preference for cash over land is largely driven by claimants in urban areas (who make up about 80% of all claims) preferring to receive a payout rather than relocate. Furthermore, a lack of post-settlement support and agricultural skills has influenced many rural claimants to opt for financial compensation instead of taking on commercial farming. Again, this is a failure of the ANC government.

The shortages in post-settlement support of the Land reform programmes more than frequently followed transfer of the land without the necessary follow-up machinery, inputs, or financial backing. Government advisory and extension services are often stretched too thin to provide crucial technical training for high-yield farming due mainly to budgeting limitations. Paying out land claim settlements is a lot simpler and cheaper that providing post-settlement support. In analysing the total financial structure of farming` in South Africa, the macroeconomic capital footprint reflects roughly 62.9% land and fixed improvements, 19.1% capital equipment and machinery, and 17.2% livestock. However, on an annual operational cash-flow basis, operational costs dwarf everything else, accounting for roughly 70% to 80% of a running farm's annual expenditure. Farm Feeds take up 34,5% of the operational pool (the dominant cost for livestock and poultry farms). Fertilisers and agrochemicals: 16,3% combined (critical for field crops and orchards). Labour and Services cost 10,2% for outsourced farm services, plus direct employee wages. Fuel and Electricity take up 8,6%. Annualized capital equipment depreciation/financing takes up 12% to 20%, and direct land costs (rent or land taxes) comprise just 5% to 10%.

Approximately 20% of all lodged land claims in South Africa involved rural farmland, while the remaining 80% were urban claims. Even though farmland makes up a smaller portion of the total number of individual claims, it represents the vast majority of the physical geographic space, accounting for roughly 3.9 million hectares of land successfully restored. Roughly 80% of claims were lodged by individuals or families displaced from cities and townships (urban claims). The 20% of rural claims often represent large communities claiming expansive commercial tracts, forestry land, or conservation areas.

Separate from the *restitution* claims process (reversing forced removals), the state has separately bought and redistributed over 5.5 million hectares of commercial farmland (around 5,500 farms) directly to black farmers under its *redistribution* programme. Because urban claims dominate the numbers, the overall restitution statistics lean heavily toward cash compensation. Urban claimants almost universally choose money over returning to city plots that have since been heavily built over with infrastructure.

Processing claims on farmland is a far slower and more complex process than urban claims. Farm claims face structural challenges such as proving historical community boundaries on large farms from decades ago causes deep legal deadlocks. Protracted negotiations occur between the state, the claimant community, and existing land owners regarding market value versus "just and equitable" compensation. Many farm claims require co-management or agricultural skills transfer, meaning rural claims take years to finalise to ensure the commercial farm does not collapse after transfer.

Approximately 25**%** of the redistributed farms are estimated to be fully operational commercial enterprises. Independent agricultural audits, university studies, and oversight reports from the Department of Agriculture, Land Reform and Rural Development (DALRRD) consistently show a high 70% to 75% failure or underproduction rate across state-acquired land reform projects. Data tracking the outcomes of the government's *Proactive Land Reform Strategy* (PLAS) and related redistribution initiatives reveals a clear structural bottleneck. Out of those roughly 5,500 redistributed farms, about 1,375 farms remain highly productive, while the remaining 4,125 farms are either entirely stagnant or operating strictly at a low-output, subsistence level. About 68% (around 3,740 farms are active but only produce enough food to feed the immediate beneficiary families or supply highly localized informal markets, completely dropping out of the national commercial food supply. Around 7% (385 farms) produce zero agricultural commodities, with infrastructure often falling into complete decay or stripping.

Primary causes for the operational collapse

Under the redistribution framework, the government often retains ownership of the land and leases it to black farmers. Without a formal title deed, these emerging farmers cannot use the land as collateral to secure production loans from commercial banks. While billions have been spent buying the physical land, the state's recapitalization grants for tractors, seeds, fertilizer, and irrigation systems are routinely delayed by months or years. South African commercial farming is highly technical and exposed to severe climate volatility. Beneficiaries are frequently handed complex, large-scale commercial operations without the intensive mentor-matching, management skills, or global export network access required to keep the business afloat. Because of this low operational conversion rate, a sharp imbalance persists in national output. Even though black South Africans now own or hold state leases to nearly 25% of all available freehold farmland through various pillars of land reform, black commercial farmers still command only about 10% of South Africa's total agricultural market output

High barriers to entry

Modern commercial farming requires highly expensive technology, precise irrigation, and costly fertilizers. Many emerging farms lack the cold-chain storage facilities, reliable electricity, or nearby transport infrastructure needed to move high volumes of perishable food to major retailers.

The outstanding claims model

The Commission requires R60 billion to R80 billion to resolve remaining claims. A cost sets the farm land value at R14 billion. Capital equipment requires an injection of R4.25 billion. Livestock capitalization requires R3.83 billion giving a total capital asset pool requirement of R22.26 billion. In addition, the baseline historical capital footprint also requires R19.11 billion. In total, that is R121.37 billion, which the ANC government could have allocated but it's been too busy spending R521 billion bailing out and taking over the debt of state-owned enterprises (SOEs). Then there are annual operational agricultural costs for these farms. It takes an average of 3 to 7 years for a commercial farm to achieve consistent profitability. This timeline varies heavily depending on whether the enterprise focuses on fast-cycling annual crops, slow-maturing perennial orchards, or livestock breeding cycles. So, for how many years is the government expected to pay for operational support.

How quickly a farm becomes self-sufficient is dependent on how quickly agricultural knowledge and experience of black farmers is acquired and is a key reason why only 25% are productive. The lack of commercial agricultural knowledge and specialized technical education is a critical, foundational barrier, but academic consensus and economic audits show it does not act in isolation. Rather, it acts as the first link in a chain of structural failures. In South Africa's highly mechanized, high-risk agricultural economy, a lack of operational training quickly triggers a cascade of other failures—such as an inability to secure credit or navigate strict corporate supply chains.

The shortage of Black commercial farming expertise is a direct consequence of the ANC government failing to address historical apartheid engineering where, under the 1913 Natives Land Act and subsequent laws, which systematically prevented black farmers moving beyond subsistence farming to commercial farming. Today, only determined and entrepreneurial black farmers, of whom there are too few, actually succeed.

Farming in South Africa is intensely unforgiving due to climate volatility and scarce water resources. Running a contemporary commercial farm requires complex competencies that go far beyond basic crop planting: Beneficiaries frequently struggle with cash-flow forecasting, debt structuring, and managing high inflation on inputs

like fertilizer and diesel. Without these skills, initial government grants are spent rapidly, leaving no operational capital for the next planting season. To be highly profitable, farms must access major retail networks or export markets. Black farmers are routinely locked out of these spaces because they lack the technical knowledge required to meet stringent Global G.A.P. (Good Agricultural Practices) certifications, phytosanitary standards, and cold-chain logistics protocols. Meeting these compliance standards requires heavy upfront investment. Established commercial networks and auction houses can be incredibly difficult to penetrate without long-standing industry relationships. Modern commercial farming relies on precision agriculture—including computerized irrigation, soil chemistry profiling, and automated machinery. A gap in technical education results in infrastructure being underutilized or falling into disrepair due to incorrect maintenance. While a lack of education is a massive problem, agricultural economists stress that even a highly educated farmer will fail under South Africa's current land reform framework – due to the lack of land ownership and capital.

The Real-World "Business Mindset" Barrier

Research shows that the black emerging and commercial farmers in South Africa appreciate that farming is a business. There is a widespread, explicit desire to move away from the trap of subsistence farming and transition into highly profitable "agripreneurship". But the core issue is not a lack of *appreciation* for agribusiness principles, but rather a lack of structural enablement. Industry analyses, farmer forums, and academic studies highlight that black farmers are fully aware of what agribusiness fluency requires, but they face systemic ANC government bottlenecks when trying to execute that functional knowledge.

When agricultural bodies (like AgriSA or the African Farmers' Association of South Africa) survey emerging farmers, the feedback confirms that the lack of business execution is rarely due to a casual attitude. Instead, it stems from distinct operational realities:

- Black farmers understand that a agribusiness requires working capital and credit lines to manage seasonal cash flows. However, because the state routinely holds the title deeds to redistributed land, these farmers lack the formal collateral required by commercial banks. A business mindset cannot overcome a structural inability to secure a bank loan.
- Operating a successful modern farm business requires integrating into lucrative corporate supply chains (such as Woolworths, Shoprite, or international export markets). Black farmers heavily understand this, but they face steep institutional compliance barriers, such as the high costs of achieving Global G.A.P. certifications or securing cold-chain transport logistics.
- Most commercial farming models rely on economies of scale to absorb low margins. Many black farmers are allocated pieces of land that have not been properly subdivided or lack basic bulk infrastructure (like electricity and commercial dams). No amount of accounting knowledge can make an under-resourced, sub-scale plot financially viable.

To bridge this gap, private sector agribusinesses, banking institutions, and commodity groups have aggressively shifted their training paradigms. Programs are no longer just teaching how to fertilise crops or vaccinate livestock; they are actively treating farmers as corporate executives. Banks like Nedbank and Absa routinely partner with agricultural unions to fund "Agripreneur" accelerators. These focus heavily on financial forecasting, tax compliance, labour law, and risk management (such as hedging commodity prices on the SAFEX market). Organizations in the grain, citrus, and sugar sectors run developmental programs specifically designed to transition passionate, land-access farmers into fully corporate entities by matching them with commercial supply chains and technical mentors.

Ultimately, characterizing the 75% failure rate as a simple failure of black farmers to "realize farming is a business" shifts the blame away from severe institutional bottlenecks. The drive, passion, and business awareness are highly prevalent. However, until the land reform framework provides secure property rights (title deeds), reliable state extension support, and fair market access, even the most business-savvy entrepreneur will find it nearly impossible to keep a commercial farm afloat

The Collateral Chokehold

In South Africa, the state's Proactive Land Reform Strategy (PLAS) has historically bought commercial farms and kept ownership of the land, giving black farmers medium- to long-term leases instead of title deeds. This single policy decision breaks the fundamental mechanic of modern commercial agriculture.

Commercial farming requires massive upfront seasonal capital for diesel, seed, fertilizer, and wages. Commercial banks (and even the state-owned Land Bank) cannot lend millions of Rands to a farmer who does not own the land, because there is no asset to use as collateral.

Because farmers do not own the property and worry their leases might not be renewed or could be cancelled by the state, they are understandably reluctant to invest their own money into fixed, long-term infrastructure like

building dams, installing pivot irrigators, or planting permanent orchards (like citrus or macadamias) which take years to become profitable.

Buying the land is only about 20% of the cost of setting up a successful farm, yet the government has historically spent the vast majority of its budget on acquisition, leaving the post-settlement phase deeply underfunded and mismanaged.

The state provides capital grants (like the Comprehensive Agricultural Support Programme - CASP) to help farmers buy tractors and equipment. However, these bureaucratic processes are plagued by severe delays. Receiving a fertilizer grant three months *after* the planting season has passed renders the capital useless, ruining an entire year's harvest.

Government extension officers are meant to bridge the knowledge gap by visiting farms, offering technical advice, and auditing production. In reality, the Department of Agriculture is severely understaffed. The few active extension officers are often overwhelmed, lack modern commercial farming expertise themselves, and lack transport to visit remote farms regularly.

Because of these two foundational issues, the barrier to entry into South African commercial agriculture is artificially high for black entrepreneurs.

In a normal economy, a businessperson with a solid business plan can borrow money against an asset to start production. In South Africa's land reform framework, a black farmer is expected to run a high-risk, multi-million Rand enterprise with zero credit, delayed state grants, and no secure ownership of the ground beneath their feet. Under these conditions, the 75% failure rate is not an indictment of the farmers' capabilities, but rather a predictable outcome of a structurally flawed system.

Finally, the ANC government woke up

Historically, 0% of the 5 500 farms redistributed by the government under the Proactive Land Acquisition Strategy (PLAS) had their property title deeds transferred to black beneficiaries. Instead of outright ownership, the state has historically kept the title deeds and required black farmers to operate on short-term leaseholds (typically 3-to-10-year leases). However, this policy has explicitly shifted. Following intense economic pressure, President Cyril Ramaphosa and the Department of Land Reform announced a policy reversal to begin converting these agricultural leases into outright title deeds.

The breakdown of the title deed situation over the last two years reveals critical shifts.

For nearly two decades, the South African government actively bought the commercial farmland (amounting to those 5,500 farms). But, under its asset-holding strategy, the state deliberately chose not to transfer ownership to the black farmers. The state remained the legal owner, treating the farmers as tenants. As a result, these farmers could not use the land as collateral to secure bank loans, stalling their growth.

Then, in the 2024 to 2026 period**, r**ecognising that keeping black farmers on leases was bottlenecking agricultural growth, the government pivoted. While a single national percentage for completed transfers has not yet been codified into a final report, the rollout has begun in targeted phases.

The Department of Land Reform began handing over the first batches of freehold title deeds to farmers who had successfully leased state land for over 10 years.

Symbolising this shift, the government has executed localized handovers, such as issuing 58 title deeds to farmers in Bethlehem (Free State), and executing the outright transfer of 38 commercial farms (totalling nearly 20,000 hectares) to local farmers in the North West.

The vast majority of the 5,500 farms are still bottlenecked in the state's administrative pipeline. The transition from 0% toward full privatization is a live, highly bureaucratic process that independent agricultural experts project will take years to fully clear.

So, this confirms the "Political Football" claim

The ANC, EFF and MKP's propaganda, in creating the perception that Whites own the majority of land, is totally without merit. Expropriation Without Compensation is a false flag, a political football, an excuse to deflect attention away from their own corruption, alternate priorities and incompetence. This analysis reveals and validates the truth of the debate. While political parties argue on TV about EWC and amending the Constitution to take land from white people, the state is actually sitting on millions of hectares of agricultural land, land it already owns. It uses black people as pawns by feeding them disinformation to sustain their covert political campaigns to carry themselves as the liberators, the saviours of Black people. Their campaigns are deliberately designed to deceive

Black people by making it appear that Whites are still the villains, the enemy, who own and control agriculture and thereby deny Black people deserved opportunity.

They do what they do best – lie!!