



The South African  
**VALUER**



Dec 2017

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## Welcome to the First Edition of our Online Email Newsletter!



It gives me great pleasure to introduce you to the first edition of our monthly online email newsletter. After much deliberation and investigation, we have taken the decision to change the format of how the SAIV communicates with members, affiliates and professionals within the built environment. In today's fast paced world, we are inundated with information and wanted to give you the opportunity to at a glance see what's newsworthy and if something catches your eye be able to 'Read More'.

The new format allows members, affiliates and suppliers to advertise their services with a direct hyperlink to their website – providing added value. Our events are also advertised with direct links to the registration page on the SAIV website. If you would like to advertise in this newsletter then please view the rates by visiting: [www.saiv.co.za/advertising](http://www.saiv.co.za/advertising) we look forward to having you on board. Advertising is on a first come first served basis so the quicker you book the more visibility you will receive.

We hope that you enjoy the new format and look forward to receiving your contributions in the form of adverts, industry events or articles that are of interest to SAIV members.

**Tracey Myers**  
**Vice President**

# From the President's Desk



Greetings fellow Valuers, as you read this, the close of another year is upon us. This year, not unlike the previous one, has also been fraught with some strange events at National Government level and similarly, it has been an interesting year at the SAIV. We have seen changes in our GS office and have encountered some challenges but many opportunities over the course of the year. My attendance at the RICS Africa Summit and the Transformation Indaba which was hosted by the Department of Public Works through the Council for the Built Environment has led to us acting as mentorship agents in association with other industry associations.

You will all remember the resignation of our General Secretary, Ms. Melanie Vallun. I wish to re-iterate my sentiment as communicated to you via e-mail in September of this year, in that life carries on as normal at the GS office until we appoint a replacement for this position. The GS responsibilities will be shared amongst Anne-Marie Delpont and Penny van Dalen for the short term and this shall be closely overseen by both myself and Tracey Myers, the Vice President of the SAIV. We expect to have the matter of a new appointment wrapped up for discussion at our mini-Natex meeting over the 10th and 11th of November and a new person in employment by March 2018.



This year in the SAIV has had its challenges, but at the same time I have truly enjoyed the opportunities presented by being in the “hot seat”. To this end, I am referring to my invite and subsequent attendance at the RICS Africa Summit held in February this year and more recently, the Transformation Indaba which was hosted by the Department of Public Works through the Council for the Built Environment. This was a most interesting indaba which was well attended by all the Built Environment Professional Councils and

two Voluntary Associations of which we were one. Most interestingly, all of the Professional Councils are experiencing difficulty in achieving the transformation levels as indicated in our demographic mix in South Africa. All parties there present, have willingly thrown their commitment 100% toward effecting the transformation needed within the Property Industry in the form of working together in the area of Mentoring of young professionals. To this end, the SAIV together with the Black Professional Valuers Association (BPVA) and the Professional Valuers Association (PVA) have entered into an agreement with the South African Council for the Property Valuers Profession (SACVPVP) to act as their Mentorship Agents in the market place. I have every confidence that this is the first step in the right direction and that many more will come.

Colleagues and friends, as the year draws to an end, I thank you for your commitment to the SAIV and wish you well for the holiday period. If you indeed plan any travelling, please do so safely and enjoy the break. I have every belief that the new year is going to be an exciting one filled with wonderful opportunities for us in the Valuation Profession.

**Patrick O'Connell**

## **NATEX**



NATEX was held at a guesthouse in Lynwood, Pretoria and also at the General Secretary's office from the 9th to the 11th November. In attendance was the SAIV National Executive Committee (NEC) comprising Réne Snyman, Trevor Richardson (co-opted), Mark Bakker, Tracy Kuyk, Patrick O'Connell, Derrick Griffiths and Tracey Myers. The first part was to strategize the replacement of the General Secretary and other pertinent issues. The balance of the time was dealing with institute business in preparation for the annual NATEX meeting being held in May 2018.

# Roshinee Naidoo wins 2017 SA Woman in Property Awards - Professional of the year Award Public Sector



At a gala dinner held on the 18th October 2017 in Sandton, Roshinee Naidoo was announced winner in the Professional of the year Award Public Sector category at the 2017 National SA Woman in Property Awards. During August Roshinee won the KZN Regional Award at a function held in Durban on the 22 August 2017.

The SA Women in Property Awards is a collaborative platform dedicated to recognising outstanding leadership, inspiration, vision and innovation in organisations that have stepped up and shaped women's roles within the private and public sectors.

The Awards categories reflect a wide spectrum of work these deserving women, from the public and private sectors are involved in. This includes CEOs, executives and leaders in corporate South Africa, SMMEs, government departments and agencies, as well as entrepreneurs.

Roshinee has worked within the Property Valuation profession for the past 20 years operating in a professional male dominated environment. She has gained substantial experience within the Municipal environment as the first female registered professional valuer of colour and has managed and supported large valuation and acquisition projects during her career, working for the Ethekwini Metro.

In 2007, Roshinee started her business called Roshinee Naidoo Property Consultants cc and since January 2007, she has extended her knowledge and experience base and has provided expertise and consulted to the Kwa-Zulu Natal Department of Co-Operative Governance and Traditional Affairs (KZN COGTA) in the monitoring and implementation of the Municipal Property Rates Act to all municipalities within the Province of KZN. It is a very specialised and technical field.

Running parallel to these activities, she has also undertaken valuations for various State Departments; served on Valuation Appeal Boards in the capacity as Professional Valuer member and served in an Advisory Capacity to the previous MEC of the previous Department of Government and Traditional Affairs for a year.

She has served on two Professional Bodies, the first being the South African Institute of Valuers (SAIV) for over 10 years, the last year as the Vice Chair and currently on the statutory body for the valuation profession - the South African Council for the Property Valuers Profession (SACPVP) where she chairs the Public Relations and Marketing Committee and serves on the Education and Standards Committee.

In March 2017, she was appointed Deputy Director: Municipal Finance Directorate of KZN COGTA.

### **Dedication to the Profession**

As early as 2006, Roshinee was awarded the Woman achiever award by the eThekweni Metro and as she progressed in her career, she managed to make remarkable achievements.

Roshinee has been part of a Team responsible to carry out the MEC's mandate in terms of the MPRA legislation to have 11 Valuation Appeal Boards established and orientated in the Province of KZN. The function of these Boards is to hear and decide on valuation appeals. Running parallel to that, she continues to monitor the Boards activities and ensures compliancy.

In June 2013 she together with her Team co-hosted a Mass Appraisal Valuation Symposium together with the African Tax Institute and the SA Institute of Valuers at the Hilton Hotel at which the MEC: KZN COGTA delivered the keynote address. The symposium featured international and local experts discussing timely issues relating to local government finance, property rates/tax and property valuations as well as focusing on other local issues affecting South Africa.

In August 2014, the Team presented a paper at the IAAO Conference in Sacramento, California. The focus was to bring back best practice from American 'municipalities' (counties) and align them to South Africa. She was inaugurated by the Deputy Minister of Public Works as a Board member to the South African Council for the Property Valuer's Profession in 2014 – the very board that identified her achievement back in 1997.

In 2015, she was nominated by the President; Vice President and Registrar of the SA Council for the Property Valuers Profession (SACPVP) to attend the IAAO Conference in Indiana owing to her commitment to bring best practices to SA and to attend the AfRES Conference in Ghana.

### **Working towards addressing the shortage of Valuers**

She currently serves on the LGSETA Working Group developing the Municipal Assessor Qualification with the key aim of addressing the Valuer shortage in the country. By developing this qualification which is endorsed by the SA Council for Valuers, the Municipalities across SA will employ those interested in pursuing a career in Valuations. The framework of the qualification has been completed.

The key initiative and current focus is to grow capacity in municipalities and to address the skills shortage in implementing the municipal property act legislation in municipalities. Hence to facilitate and support the development of a municipal assessor's programme; mass valuation programmes and to support continued professional development of both municipal and government officials involved in implementing the legislation.

Roshinee considering studying towards a Master's degree, with the focus of addressing the Valuer shortage in South Africa. She is passionate about being a Professional Valuer and directing her energies and resources towards transforming and growing the profession.

Roshinee Naidoo winner of the Regional Award: KZN Region, 2017 SA Women in Property Awards

Sandi Mbutuma; Roshinee Naidoo; TC Chetty and Nonhlanhla Mayisela at the 2017 SA Woman in Property Awards & Gala Dinner

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## UCT Research: Feedback on Winning Participants!



Reducing the Property Appraisal Bias with Decision Support Systems: An experimental investigation of South African property market was carried out during 2015/2016. A total of 1,345 property valuers and 183 property valuation students were officially invited to participate in the study and winners from the random draw announced!

The invitees were incentivised to participate in the research with the offer of an iPad and three iPods to be given away to those completing the experiment, based on a random draw. Prof. Dr Carsten Lausberg from the Nürtingen-Geislingen University in Germany, with whom we were collaborating for this research, enabled this offer.

Forty-two valuers and forty-six students completed the experiment, a response rate of 3.12% and 25% respectively.

The research has been completed and Mr Jesse Sui Sang How, supervised by Mrs Kathleen Evans has graduated with his MSc in Property Studies. The random draw was done and the “winners” have received their promised items.

The recipients are :

iPad – Riann Viljoen

3 iPods – Nina Vass, Emma Cornelius & Farrell October

A very big thank you to all valuers who completed the experiment. The work is currently being prepared for publication and once this is completed, the link to the Open Source Journal will be circulated to all participants.

# Prominent Industry Leaders at Central Branch Agri Seminar



The Central Branch of the SA Institute of Valuers hosted an Agri Seminar in Bloemfontein on the 24th and 25th of August at which a number of prominent industry leaders gave presentations. Presenters included Dean Ward a Professional Valuer from Cape Town; Professor Manya Moosa from the University of Cape Town and Dr PC Zietsman from the National Museum in Bloemfontein.

Dean Ward, a Professional Valuer from Cape Town gave a presentation on the Practical Approach to Residential Valuations. He said the primary purpose of a valuation report is to convey information to the client and the secondary purpose is to provide enough information to enable the client to arrive at his/her conclusion. Ward said based on the content of the valuation report, if the client should reach the same conclusion as the valuer has, the valuer has succeeded in achieving both the primary and secondary purpose of the report. Ward noted some comments from judgements in litigation cases which stated that market research has to be impeccable as the valuer may be called on later to substantiate any aspects of his/her report. Valuers also should not take short cuts in their valuations as it is not only their personal reputation at stake but the profession's as well. He also stated that the valuer is not only expected to estimate value, but the processing of his/her valuation should be carried out according to ethical standards which underwrite his/her credibility, efficiency and honesty.

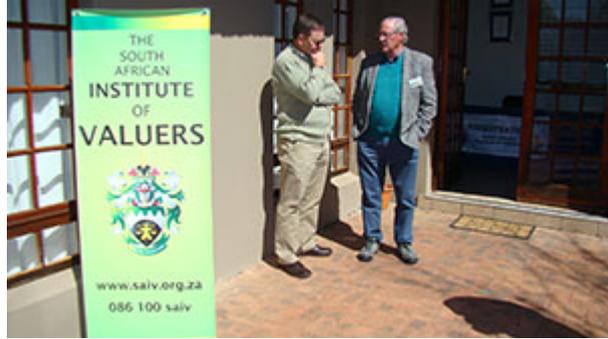
Associate Professor of Property Studies at the University of Cape Town, Prof Manya Moosa, gave a presentation on the Regulations to the Property Valuation Act (PVA). of 2014. He said the purpose of the regulations was to provide for powers of the valuer-general, to prescribe how value is to be determined to PVA and to provide for process for receiving instruction for valuations for client departments. Prof Moosa also stated that according to the PVA, to arrive at a value they need to take into consideration the current use of the property, history of the acquisition and its use, market value, extent of direct state investment and subsidy in the acquisition and the purpose of the acquisition.

The discussion on Contemporary Issues in International Property Valuation was presented by Associate Professor of Property Studies at the University of Cape Town, Prof Manya Moosa. He said valuers are clueless on challenges faced by their counterparts around the world which are quite similar to what we are facing in South Africa. He also stated that the vantage point they bring as academics has to do with research and observing trends which give them insight on what's happening in the profession. Contemporary issues he identified include valuation reliability, disruptive technology, green building/ the environment and new or advanced valuation methods/techniques.

Botanist at the National Museum in Bloemfontein, Dr PC Zietsman's presentation was titled Does Biodiversity add value to a farm. He regarded biodiversity as the variability among living organisms from all

sources, including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. Dr Zietsman said only you can make biodiversity pay and the use of experts is recommended because a tick box exercise might be very expensive in the end.

Earn CET points by purchasing the DVD containing the full set of presentations by emailing [gsassist@saiv.org.za](mailto:gsassist@saiv.org.za)



# Northern Branch Country Seminar Keeps Delegates Abreast of Industry Trends



The Northern Branch of the SA Institute of Valuers hosted a Country Seminar at the Faircity Roodevallei Hotel in mid-September at which a number of prominent industry leaders gave presentations. Presenters included Robrecht Tryhou from Investec; Professor Susan Bouillon from the Delacon Group; Jerry Margolius from Jerry L Margolius and Associates; Busisiwe Radebe from Nedbank; Annelize Crosby from Agri SA; Theuns Behrens from Real Insight; Pierre Venter from the Banking Association of South Africa; Ben Espach from Rates Watch; Nathan Theron from Spectrum Valuations and Asset Solutions; and Derrick Griffiths from Griffiths Evaluations.

Investec's Robrecht Tryhou gave a presentation on The Effect of Electric Vehicles (EVs) on Fuel Filling Stations. He said we are at the beginning stage of EVs taking over the internal combustion engine car which together with many other emerging technologies will change the car landscape. Tryhou said it is possible that by 2025 a lot of new cars sold in South Africa will be electric vehicles and this will reduce fuel sale volumes at fuel stations. He mentioned that where in the past we could generally assume that a fuel station in 10 years' time, after the necessary revamp, could continue pumping the same turnover, this could dramatically change with the increasing number of EVs and hybrids. He suggested valuation methods could be amended for this disruption through discounted cash flow or a reversionary method being used to take future reduction in volumes and income into consideration. Another option is dependent on location, existing leases and other factors for valuation calculations.

The discussion on Historical Buildings and Market Value was presented by Delacon Group's Professor Susan Bouillon. In South Africa, heritage is managed by means of the National Heritage Resources Act 25 of 1999 (NHRA). Prof Bouillon said it is often difficult to estimate the monetary value of heritage conservation on the value of a property. She said this is because a heritage resource may have a differing or conflicting meaning or value to different interest groups and heritage controls do not prohibit development, subdivision or demolition of a heritage resource but requires that approvals for these actions be obtained. She said an individual may attach more value to the cultural aspect of a heritage resource, while someone else may prefer the aesthetical aspect.

Jerry Margolius from Jerry L Margolius and Associates, gave a presentation on Legislative Changes and Court Cases. He focused on new legislation introduced such as the Sectional Titles Schemes Management Act No. 8 of 2011 and the Community Schemes Ombud Services Act No. 9 of 2011. Margolius commented that when it comes to the Council for the Built Environment (CBE), no changes have been introduced since inception in 2000 and it needs to position itself more effectively to meet current demands. The CBE also needed to promote transformation initiatives in order to implement a sector charger to promote access and advance historically disadvantaged persons within the built environment profession. As for the South

African Council for the Property Valuation Profession (SACPVP), Margolius said the last amendments were the 6th amendment rules and the council is now looking to consolidate everything whilst a publication is due to follow.

Nedbank economist, Busisiwe Radebe's presentation was on the Economic Climate. She gave three possible ideas on how to get out of the mess South Africa finds itself in. She attributed agriculture as a major contributor to South Africa coming out of a depression while also acknowledging that most industries fared better in Q2 of 2017 while there are still a few signs of real economic momentum. Amongst the key reasons behind South Africa's disappearing growth rate, Radebe counted uncertain and inconsistent economic policies, a dysfunctional labour market and corruption. She did however state that financial conditions are slowly improving as inflation rapidly recedes.

Agri SA's Annelize Crosby's presentation was on Land Reform and Compensation where she touched on the Property Valuation Act, Expropriation Bill, Regulations in terms of Property Valuation Act and the Msiza Act. Annelize said land is an essential component of farming and also serves as collateral when farmers borrow money. She said the land reform debate has become politicized and as a result there are now calls for the scrapping of the property clause and for expropriation without compensation. If that were to happen, she says valuers would no longer be required in the agricultural space. Annelize also acknowledged that there are attempts to drive land prices downward, a clear example being the Regulations that were recently published in terms of the Property Valuation Act. Another example is the Msiza Judgement by the Land Claims Court.

Theuns Behrens a Professional Associated Valuer with REAL INSIGHT, gave a presentation of the Requirements for a Technical Due Diligence. He said the benefits of Technical Due Diligence include gaining and understanding the condition and design of the property, establishing the suitability for its intended use, understanding the need for and quantifying future costs and other liabilities. More benefits include providing a level of protection for institutional investors and providing a solid foundation for price negotiations and risk. Behrens also stated that unless the seller expressly promises something about the physical condition of the property, he/she does not warrant anything in relation to its condition. However, the party acquiring must take reasonable steps to discover as much about the acquisition as possible before committing to a commercial transaction.

Pierre Venter, a Housing Specialist at the Banking Association of South Africa, gave a presentation on Banking Institutions' Views on the Property Valuation Act No. 17 of 2014. He said we currently sit with economic and political uncertainty as a result of issues surrounding unemployment, economic ownership, land and resources. Pierre also said climate change will become important in a property and valuer perspective while the power of technology will result in people working from home, which will have an impact on office and retail space. He said growth over the next 5 years will be below inflation because prices are still very high in real terms, consumers are under unrelenting stress, banks' increased aversion continues and all of this will result in prices reverting to the mean in the medium. Pierre said there are multiple pieces of legislation that are going to change the face of property considerably.

Ben Espach from Rates Watch gave a presentation on the International Valuation Standards (IVS). He said the first IVS was introduced in 2007 with an update following in 2011 which was succeeded by the 2017 version. Ben said the objectives of the IVS were to advance quality in the valuation profession while also building confidence and public trust. According to IVS 2017, where more than one approach and method is used, or even multiple methods within a single approach, the conclusion of value based on those multiple approaches and/or methods should be reasonable and the process of analysing and reconciling the differing values into a single conclusion, without averaging, should be described by the valuer report. Ben also mentioned 3 cost approach methods, namely the replacement cost method, the reproduction cost method and the summation cost method.

Spectrum Valuations and Asset Solutions' Head of Commercial in the Northern Region, Nathan Theron's presentation was on Plant and Machinery Valuations. He said his topic was prompted by the fact that plant and machinery valuations will be in high demand in the future. He also mentioned that machinery can be defined as an asset class in its own right, with its own separate line item in the balance sheet for financial reporting instances. The South African Council for the Property Valuers Profession (SACPVP) does not currently accredit plant and machinery valuation for the route to becoming a professional valuer – asset valuation should cover both movable and immovable assets.

Derrick Griffiths from Griffiths Evaluations gave a presentation on the Case Study of Game Farm Evaluators. He described a wildlife game farm as a large extensive wildlife production unit that is fenced or unfenced on which wildlife is extensively managed for the direct utilisation of wildlife-related products, such as hunting and live animal sales and for indirect utilisation such as eco-tourism. He said the size of private game farms exceed national parks by up to 10 times and it is a huge investment. Griffiths cautioned valuers to be aware of some factors when valuing game farms such as region, biome, biodiversity, disease control areas, size, shape and others.

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# Northern Branch Hosts High-Level MPRA Seminar



The Northern Branch of the SAIV hosted a high-level seminar at Bytes Conference Centre early in November at which a number of prominent industry leaders gave presentations. Presenters included Ben Espach From Rates Watch; Adv. Allen Liversage from Circle Chambers; Mrs Joey Krishnan, Chief Director: Municipal Finance Directorate from the KZN Department of Co-operative Governance and Traditional affairs (CoGTA); Isaac Lehobye, Municipal Valuer from the City of Tshwane; Sadesh Ramjathan from National Treasury; and Professor Susan Bouillon from the Delacon Group.

Ben Espach From Rates Watch kicked the session off by giving a presentation on the latest developments in MPRA. His presentation touched on the valuation roll which he believes is regarded as a tool to collect rates by municipalities while also using a cheap version as opposed to a reliable one. The first observation he made included the number of red flags on the valuation roll where there was missing owner information, unrelated categories, the extent of the property and separators. More observations were made on discrepancies in the inclusion and omission of extensions which was confusing. Espach said the solution for this predicament is to standardize the valuation roll. According to Regulation 2, a Sectional Title Scheme must appear at the end of the roll in alphabetical order. Espach also said valuers should devise a plan to have a unique property description. Municipal valuers were also encouraged to speak to their municipalities to ensure they accept the data from their valuation roll.

Circle Chambers' Advocate Allen Liversage presented a discussion on Share Block Valuations. He stated that due to limitations in the early 70s, a typical share block scheme was developed without any specific act in the early days, an example is the Pennington Selbourne Golf Estate. Liversage said it was only in 1981 when the share block control was enacted mainly driven by consumer protection. He said evaluators need to determine whether the share block scheme qualifies as a property in the sense that it is either shares, a right registered against the irremovable property, would it be any land tenure registered against the property or simply land registered in the name of a person or entity in the deeds office. Liversage said valuers have debated on the annual subject of valuations such as valuing the models proposed for share block schemes. The debate included whether to value shares, the property upon which the share block scheme has been erected while limiting the value of the property to the value of unsold shares. A 3rd proposal is valuing the potential income only to be derived off unresolved shares while the 4th includes utilizing the minimal value of the property after having taken into account improvement claims by shareholders.

The City of Tshwane's Isaac Lehobye, a Municipal Valuer, gave a presentation on the General Valuation Process Municipal Property Rates Act No. 6 of 2004 MPRA, 2004 – as amended. His presentation gave an introduction to the GV process as a project, the critical compliance provisions implementation plan for the GV Process and the processing of objections. He ended with any adjustments or additions made to the Valuation Roll, must take effect on the effective date of the Valuation Roll; that the establishment of the

Valuation Appeal Boards, is by the MEC for Local Government by notice in the Provincial Gazette. Lehobye stated that when an Appeal Board gives its decision, it may issue an order with regard to costs it regards as just and equitable; and when making an order of costs in this regard, an Appeal Board may order any person whose appeal or opposition to an appeal is in bad faith or frivolous, to compensate the Municipality in full or in part, for costs incurred by the Municipality in connection with that appeal.

The Delacon Group's Professor Susan Bouillon's presentation on the Impact of Land Use Rights and Zoning on Property Rates aspects that she covered included the Local Government: Municipal Property Rates Act 6 of 2004; the Zoning of Property; the Impact of Land Use Rights and Zoning on Property Rates; and Municipal valuation vs Market value. She concluded that it is clear that the zoning or, in some instances, the land use of a property, has some value for valuation and rating purposes that can have a positive or negative impact. The responsibility to ensure that a property's value has been captured correctly is that of the property owner. Bouillon stated that the property owner must examine the valuation roll and lodge an enquiry at the municipality if not satisfied with the information on the valuation roll.

Mrs Joey Krishnan, Chief Director: Municipal Finance Directorate from the KZN Department of CoGTA gave an insightful presentation on the MPRA implementation challenges and role of the valuer and that of the profession. Krishnan's presentation started with a MPRA overview including the legislative framework followed by an overview of MPRA professional development and then the qualification outline for the Municipal Property Assessor. Krishnan then discussed municipal implementation support including roles and responsibilities, presentations included a number of case studies. Delays by municipalities in appointing municipal valuers, lack of municipal capacity and the quality of valuation rolls were highlighted as challenges. Once municipalities are identified as requiring intense support, contact sessions are scheduled and meeting held on a continual basis, meeting are held with the Mayors; Municipal Managers and CFOs together with other relevant stakeholders and hands on support is provided to these municipalities.

Sadesh Ramjathan from National Treasury delivered a presentation entitled Maximizing the revenue generation potential of the municipal rates base. He started his presentation with the Local Government's Budget Analysis (LGBA) and what it is responsible for including Local Government Budget Reforms; Supporting the development of credible, funded and sustainable LG budgets; Monitoring the implementation of LG budgets and conditional grants – publish information; Ensuring compliance and oversight with conditions of DoRA (annual); and support the Implementation of the MFMA and MBRR. The request to the SAIV was that from a valuation perspective, ensure that all properties within the municipal boundaries are valued as categorization and tariff setting would be better informed with this completeness of information. He stated that it is likely that the municipality provides a point of departure for what must be valued. He asked if valuers were able to confidently say that this information is correct and asked if there is indeed a 'gap' which we can all contribute to thus ensuring a credible valuation system that fulfils the requirements of being able to be integrated with mSCOA as an Excel spreadsheet is not adequate. He stated that the issue is that municipalities are not maximizing the revenue generation potential of their revenue base; and failing to protect and grow their revenue base. He concluded his presentation by asking the audience "What is it that you as Valuers will want to see improve on the side of the municipalities?"

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# Research shows Principles for Effective Land Reform ignored



The director of the Bureau for Economic Research (BER) at Stellenbosch University, Professor Johann Kirsten, has criticized government's handling of the land reform process over the past 2 decades. He says despite his team's recommendations for a fast and efficient process for the transfer of land to beneficiaries, the contrary happened. "Mistakes were made from beneficiary selection, to farm support, to bureaucratic delays and in addition overdependence on the state was the order of the day," he said.

In the same year South Africa's first democratically elected president was inaugurated, Professor Johann Kirsten travelled to the United States to join Prof Johan van Zyl to initiate the process of writing a book on the land reform process in South Africa. They documented key principles for a successful land reform programme in South Africa which materialized into a book published in 1996 titled *Agricultural land reform in South Africa: markets and mechanisms* (Van Zyl, Kirsten & Binswanger, 1996).

According to Kirsten, now the director of the Bureau for Economic Research (BER) at Stellenbosch University, the book supports the notion of substantial land reform and advocates a market-assisted approach to achieve this goal. "We strongly argued for the market-assisted approach, as the international experience has clearly shown that the state is very good at acquiring land for land reform but very bad in redistributing land to the rightful beneficiaries," says Kirsten.

It is for this reason that we argued that if the state assisted the beneficiaries through a grant and allowed them to conclude the land purchase transaction themselves, land reform would be fast and effective in providing real empowerment to many people who never had access to secure land rights.

In addition to this overarching argument, we also presented five salient lessons of international experience with land reform. The conclusion from these lessons is that market-assisted land redistribution programmes tend to perform better than those administered by the public sector. This argument stems from the observed weakness of non-market-oriented programmes that typically vest too much control in public sector bureaucracies, which tend to develop their own set of interests that are often in conflict with the rapid redistribution of land. Nonetheless, a well-functioning land market is not a sufficient condition for the subdivision of large, mechanised and relatively inefficient farms into smaller family farms, specifically where economic and institutional distortions favour large farms. Therefore, non-market interventions in the form of grants and post-settlement support are necessary.

Kirsten says despite their recommendations for a fast and efficient process for the transfer of land to beneficiaries, the contrary happened. Delayed processes, political influence and corruption with land prices were the order of the day. "More than 20 years after that research and write-up it is quite

frightening to see how every possible thing that we argued could go wrong, did. It is almost as if the design features we presented and motivated were completely ignored. Mistakes were made from beneficiary selection, to farm support, to bureaucratic delays and in addition overdependence on the state was the order of the day.”

Kirsten concluded by stating that there is much goodwill and considerable expertise that the state could leverage from the commercial farming sector to deliver land to the majority. “All that is needed is a solid commitment, honest engagement and some smart incentives,” he said.

## Employment opportunities



The following new career opportunities are available. Please click on the links for more information.

**Rabie Property Group**

Cape Town

Professional Valuer

Click [here](#) for more information

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**Nexus Property Group**

Cape Town

Property Analyst / Valuer

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