

**THE SOCIO-ECONOMIC CONSEQUENCES OF THE AGRIBUSINESS MODEL
ON THE LAND REFORM BENEFICIARIES IN GREATER TZANEEN
MUNICIPALITY, SOUTH AFRICA: THE CASE OF ELANGENI PROJECT**



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ABSTRACT

This study is situated in the field of land and agrarian reform. It explores the possible socio-economic consequences of the large-scale commercial farming (LSCF) model on the land reform beneficiaries in Greater Tzaneen Municipality (GTM), South Africa. While the land reform programme seeks to reduce poverty, unemployment, and income inequality, *among other things*, the South African government has enforced the LSCF model in the land reform projects. The features of the model that the government is imposing on land reform beneficiaries are those of the agribusiness model. The agribusiness model is the current and dominant model of agrarian capitalism which increasingly organises agricultural production in the form of monoculture on an ever-increasing scale with the intense use of agricultural machinery and toxic chemicals along the growing use of genetically modified seeds (Stedile and Leon, 2014). Farm production, alongside upstream and downstream agricultural industries, is dominated by a decreasing number of large agribusinesses (Movement of Landless Rural Workers (MST), 2013:9-10). The concept, the agribusiness model, is used in the study to refer to the LSCF model.

The study challenges the perspectives associating success or even the viability of land reform projects with the agribusiness model. It demonstrates a) the difficulties of the beneficiaries to follow the business model autonomously; b) the limitation of the state apparatus to support a costly agribusiness model; and c) the social distance of certain market-driven policies from the context and everyday lives of the beneficiaries and their families. The works of Ben Cousins, the MST and Archie Mafeje on the efficacy of the agribusiness model and the merits of the alternative small-scale model for the beneficiaries of agrarian reform influenced this study. Of the three, Archie Mafeje was more influential, and it is of academic interest that those writing on the LSCF model in the context of land reform in South Africa do not seem to take Mafeje's work more seriously especially that he is also against the LSCF model.

While proponents of the agribusiness model view it as productive (Bernstein, 2007), profitable (Economist Intelligence Unit, 2010) and efficient in its use of land (see Byres, 2004), the model does not suit the capabilities of land reform beneficiaries (Aliber and Cousins, 2013). Its characteristic capital-intensive production affects the small farmers'

ability to invest in agricultural production (Mafeje, 2003) in the context of limited post-settlement support.

The study uses the Elangeni case study from Limpopo province to illustrate the complexities regarding the enforcement of the agribusiness model in the land reform projects in South Africa and its effects on the livelihoods of the land reform beneficiaries. Although land reform beneficiaries at Elangeni may have better resources (from off-farm jobs and pension) compared to many other beneficiaries, they struggled to make the agribusiness model work. Because the model is costly, the beneficiaries' off-farm income was woefully inadequate to sustain subtropical fruit production. The agribusiness model is a very costly option even for the government (given the financial support provided for the implements needed for subtropical fruit production) and not very efficient (Mafeje, 2003). Its choice questions the financial feasibility of opting for the agribusiness model. The model may indeed not be feasible at all for other beneficiaries, and will probably not result in a new class of commercial farmers.

The study argued that in the present context of land reform, given the difficulties of accessing capital and/or support (Hall, 2009b), it is important to take into consideration that using the off-farm income to invest in agriculture is an important strategy (Ncapayi, 2013; Mabandla, 2015). However, when an agribusiness model with capital intensive crops is enforced upon the beneficiaries that strategy does not work.

The difficulties experienced by the land reform beneficiaries when using the agribusiness model makes the call for small-scale farming more important. As a response to problems with the agribusiness model for subtropical fruits, the land reform beneficiaries at Elangeni introduced small-scale organic vegetable production using their off-farm income. Because the small-scale model has fewer costs (Mafeje, 2003), they had better success in organic vegetable production. Thus, the fewer costs associated with the small-scale model could enable small-scale farmers with limited resources and/or own off-farm income to produce more in the context of limited post-settlement support. While Cousins (2010; 2013; 2015) has argued that only a small class (constituted by successful petty commodity producers and wealth worker-peasants) can succeed into capitalist farming this study argues that the fewer costs of the small-scale model can allow many small-scale farmers to produce successfully using their limited resources and/or off-farm income. Although significant resources are

welcome and needed, it is the small-scale model's ability to positively amplify the effect of limited investments in agriculture that is important (Mafeje, 2003). Supporting small-scale production may also be favourable to the government since it requires less financial support, and it may be easier to provide training and extension in this domain.

Although income and job creation were negatively affected by the agribusiness model (Lahiff et al., 2012; Aliber et al., 2013) at Elangeni, the beneficiaries' decision to also use land outside the agribusiness model facilitated benefits for them. Using land outside the agribusiness model facilitated access to more food, natural resources, and valuable physical assets. Despite the challenges, the beneficiaries faced land was important in their livelihoods (Chitonge and Ntsebeza, 2012; Ncapayi, 2013). Thus, the land is not only important for a minority of rural people who live without alternative sources of income as argued by the Centre for Development and Enterprise (CDE) (2005:14). Even households with off-farm income from professional jobs can benefit from access to land by supplementing their budgets with both income and food produced on their farms (see Mabandla, 2015). Regardless of the types of jobs they hold, some Africans regard combining land and off-farm jobs an important strategy in their lives (Arrighi, 2009; Arrighi et al., 2010).

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GLOSSARY

ACB	African Centre for Biosafety
ANC	African National Congress
BDOCA	BioDynamic and Organic Certification Authority
BRC	British Retail Consortium
CASP	Comprehensive Agricultural Support Programme
CC	Close Corporation
CDE	Centre for Development and Enterprise
CHDM	Chris Hani District Municipality
CIPRO	Companies and Intellectual Property Registration Office
CIS	Cooperative Incentive Scheme
CPA	Communal Property Association
DAFF	Department of Agriculture, Forestry and Fisheries
DC	Distribution Center
DLA	Department of Land Affairs
DoL	Department of Labour
DRDLR	Department of Rural Development and Land Reform
DTI	Department of Trade and Industry
FFV	Fresh Fruit and Vegetables
GLOBALGAP	Global Good Agricultural Practices
GTM	Greater Tzaneen Municipality
HACCP	Hazard Analysis and Critical Control Points
IFAD	International Fund for Agricultural Development
LCP	Letaba Citrus Processors
LED	Local Economic Development
LIBSA	Limpopo Business Development Agency
LRAD	Land Redistribution for Agricultural Development
LSCF	Large-scale Commercial Farming Model
MRL	Market Access Regulations
MST	Movement of Landless Rural Workers
NAMC	National Agricultural Marketing Council
NFPM	National Fresh Produce Market

NPC	National Planning Commission
NRC	Native Recruitment Corporation
NSCA	Native Service Contract Act
PLAS	Pro-active Land Acquisition Strategy
RADP	Recapitalisation and Development Programme
SAAA	South African Agri Academy
SAI	Sustainable Agriculture Initiative
Seda	Small Enterprises Development Agency
SLAG	Settlement and Land Acquisition Grant
SNA	Sub-Native Commissioner
TIL	Trade and Investment Limpopo
USDA NOP	United States Department of Agriculture National Organic Program
VOC	Dutch East India Company

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CHAPTER ONE

Introduction and methodology

The policy seeks to provide black emerging farmers with the social and economic infrastructure and basic resources required to run a successful agricultural business. It is the intention of the policy that black emerging farmers are deliberately ushered into the agricultural value-chain as quickly as is possible, through this state intervention...The following focus areas are particularly strategic in this context: rekindling the class of black commercial farmers destroyed by the 1913 and 1936 Land Acts; combating poverty, unemployment and income inequality (Department of Rural Development and Land Reform (DRDLR), 2013a:10-11).

1.1. Focus and problem

This study explores the possible socio-economic consequences of the large-scale commercial farming (LSCF) model on the land reform beneficiaries in South Africa. It specifically concerns itself with the model's effects on the land reform beneficiaries' income, access to food, physical assets, natural resources and job creation. Since 1994 the South African government has been redistributing formerly white-owned land to black South Africans aiming at reducing poverty, unemployment and income inequality, *inter alia* (African National Congress (ANC), 1994; Department of Land Affairs (DLA), 1997). In recent years the government also expected land reform to help create a class of black commercial farmers (Department of Rural Development and Land Reform (DRDLR), 2013a) similar to the successful black peasantry of the late 19th and early 20th centuries described by Bundy (1979). The study looks at the land reform beneficiaries in Greater Tzaneen Municipality, Limpopo Province, who acquired land through the government's land reform programme. The land reform beneficiaries under consideration had access to off-farm income and had no land before the acquisition of their current farm.

To achieve the key objectives noted above the government has enforced what others have called the large-scale commercial farming model in the land reform projects (Aliber and Cousins, 2013). What that model does is that it preserves the large-scale, capital-intensive production patterns of the former land owners in the land reform projects (Hall and Cliffe,

2009; Lahiff et al., 2012). The government has attributed the limited success of many land reform beneficiaries thus far to a lack of adequate and appropriate post-settlement support (DRDLR, 2013a:11). Instead of changing the LSCF model, its position is that what is needed is to provide “social and economic infrastructure and basic resources required to run successful agricultural business” as well as deliberately ushering beneficiaries into the agricultural value-chains¹ as quickly as possible (ibid:10). Against this backdrop, various programmes such as mentorships, joint ventures, and co-management were introduced where established commercial farmers and/or agribusiness become strategic partners of the land reform beneficiaries (ibid:12-14). The strategic partnerships are expected to capacitate the land reform beneficiaries with skills and the necessary productivity required to succeed as commercial farmers (Nkwinti, 2010). What these steps achieved was the entrenchment of the LSCF model in the land reform projects.

The features of the model the government is imposing on land reform beneficiaries are those of the agribusiness model. The agribusiness model is the current and dominant model of agrarian capitalism which emerged towards the end of the 20th century (Baer and Filizzola, 2005). It organises agricultural production in the form of monoculture on an ever-increasing scale with the intense use of agricultural machinery, toxic chemicals and genetically modified seeds (Stedile and Leon, 2014). A central feature of the model is the domination of farm production and upstream and downstream agricultural industries by a decreasing number of large agribusinesses with interlinked interests in the supply of inputs, agricultural production, marketing and/or processing of farm products (MST, 2013:9-10). While commercial agriculture is indeed large-scale (Aliber and Cousins, 2013) the concept LSCF model conceals a lot that has changed in commercial agriculture which distinguishes it from what it was before the era of neoliberal capitalism. Indeed Hall and Cousins (2015:3) have rightly observed that it is large companies that are expanding operations and land holdings thereby causing land concentration in South Africa. In this study, the concept agribusiness model is used to refer to what has been referred to as the LSCF model.

While the agribusiness model is said to promote efficient use of land (Byres, 2004; Bernstein, 2007) and offset high costs and tight margins of farming through increased scales of

¹ The value chain describes a range of activities required to bring a product or service from conception, production, and delivery to final consumers to final disposal after use (Kaplinsky and Morris, no date:4).

production (Economist Intelligence Unit, 2010) its characteristic capital-intensive production is very costly for many farmers (Mafeje, 2003; MST, 2013). In fact, between the 1650s and the 1980s, many white farmers in South Africa failed to succeed while using the mainstream, large-scale models of agrarian capitalism despite the various forms of state support and political intervention rendered (Mafeje, 1988; Schirmer, 1994; Bernstein, 1996). The reduction of state support and political intervention due to processes of deregulation and liberalisation since the 1980s caused many large-scale farming businesses to become insolvent and subsequently sold leading to land concentrations (Hall, 2009a). If many white farmers failed with all the state support and political intervention they received historically, how then can the beneficiaries of land reform succeed using the agribusiness model in the context of limited external support? Even if the government desires to support all the land reform beneficiaries, it does not have the budgetary capacity, with Hall (2009b:262) estimating that such a task would require the capital budget lines to increase six-fold.

While land was important in the lives of many blacks, historically it was used outside the mainstream, large-scale models of agrarian capitalism. The successful peasants of the late 19th century, described by Bundy (1979), produced for both household consumption and the markets combining family and hired labour and adopting modern farming methods and technology. Despite increased proletarianisation, since the turn of the 20th century (Wolpe, 1972), many Africans invested off-farm income in agricultural production (Ncapayi, 2013; Mabandla, 2015). The combination of off-farm income and land was an important strategy for many Africans (Arrighi, 1970; 2009) since the beginning of the 20th century. Against this backdrop, this study explores the possible consequences of the agribusiness model on the socio-economic conditions of the land reform beneficiaries.

The study challenges the perspectives that associate success or even the viability of land reform projects with the agribusiness model by demonstrating the difficulties of the beneficiaries to follow the agribusiness model autonomously. While the beneficiaries at Elangeni had off-farm income from jobs and pension which they invested in production, in the context of limited external support they struggled to make the agribusiness model work. Because producing subtropical fruits using the agribusiness model was capital-intensive the beneficiaries' off-farm income was woefully inadequate thereby undermining their ability to generate income and jobs. Even for the government, the agribusiness model was a costly option (Mafeje, 2003) given the substantial financial resources required for the implements

needed for subtropical fruit production. With many land reform beneficiaries having fewer resources to support production using the costly agribusiness model (Anseeuw and Mathebula, 2008; Lahiff et al., 2012; Aliber et al., 2013) it means they will be even less likely to succeed.

By contrast, the land reform beneficiaries at Elangeni had better success in small-scale organic vegetable production which they introduced using off-farm income as a response to their difficulties to produce fruits using the costly agribusiness model. Because the small-scale model requires fewer capital resources (Mafeje, 2003) the beneficiaries were able to produce more using off-farm income as production capital, something not possible under the costly agribusiness model.

Although the agribusiness model has affected income and job creation (Lahiff et al., 2012; Aliber et al., 2013) at Elangeni, the production of organic vegetables outside the agribusiness model has facilitated access to food. The ownership of land also provided the beneficiaries with unlimited natural resources and valuable physical assets. The study challenges the view that land is important only for a minority of rural people who live without alternative sources of income (Centre for Development and Enterprise (CDE), 2005:14). It shows that even households with off-farm income from professional jobs can benefit from access to land by supplementing their budgets with both income and food produced on their farms (see Mabandla, 2015) regardless of the types of jobs they hold. Thus, the combination of land and off-farm jobs is an important strategy for some African households (Arrighi, 2009; Arrighi et al., 2010).

The study argues that in the present context of land reform, given the difficulties of accessing capital and/or support (Hall, 2009b), it is important to take into consideration that using the off-farm income to invest in agriculture is an important strategy (Ncapayi, 2013; Mabandla, 2015). That strategy does not work when an agribusiness model with capital intensive crops is enforced upon the land reform beneficiaries making the call for a small-scale model of less capital intensive crops more important. While Cousins (2010; 2015) is of the view that only a nascent class of small- to medium-scale, market-oriented farmers with significant resources to invest on their farms can succeed as small capitalist farmers this study argues that the fewer costs associated with the small-scale model can enable those with own off-farm income and/or resources to invest in agriculture with better effect. The desirability of the small-scale

model is in allowing even those without significant resources to produce better using their resources and/or off-farm income, where available, given the low costs associated with the model. Although not all small-scale farmers will succeed as capitalist farmers (Cousins, 2010; 2013), it is likely that many, including those without significant resources, will succeed because of the low costs of the small-scale model (see Mafeje, 2003). Supporting small-scale production may also be favourable for the government as it may be easier to provide training and extension in this domain.

1.2. Research design and methodology

This study utilises a qualitative research design. The qualitative methodology emphasises description and analysis based on the point of view of those studied (Bryman, 1988:45). The methodology is important given the need to understand how the enforcement of the agribusiness model on the land reform projects affected the socio-economic conditions of the beneficiaries. As argued by Murray (2002), the qualitative methodology reveals and highlights differences and variety within a range of human experiences in areas studied.

The study focuses on a single case study. It employed the following qualitative methods for data collection: in-depth interviews; archival research; conversations; participatory observation; and review of secondary material – academic and government sources.

During proposal writing the focus was on the effects of what the researcher called the 'commercial model,' on job creation in the land reform projects. The term commercial model was used to refer to the agribusiness model. The interest in the topic stemmed from what seemed to the researcher to be a tension in government policy when it seeks large-scale employment through land reform (DLA, 1997) while enforcing an agribusiness model which perpetuates the shedding of agricultural jobs which started in the mid-20th century (see Marcus, 1989). The study proposed to employ a qualitative methodology focusing on three land reform projects as case studies.

The research committee members of the Department of Sociology raised two main criticisms. The first was that narrowing the focus on jobs alone was limiting. Land plays a broader role in beneficiaries' livelihoods rather than just creating jobs. The suggestion was that focus

should be on livelihoods. The second criticism was a methodological one. The committee suggested that the study should select more than three projects to understand how the agribusiness model affects the livelihoods of land beneficiaries in Greater Tzaneen Municipality (GTM).

The revision of the proposal involved spending a month between mid-June and mid-July 2012 in Tzaneen familiarising oneself with the dynamics of land reform in the area. The visit served two purposes. The researcher identified and built relationships with potential respondents such as land beneficiaries, government officials, and agribusiness agents. Government contacts included officials at the DRDLR Polokwane offices, Limpopo Department of Agriculture (LDA) (Tzaneen) and the GTM. The DRDLR implements land reform with the LDA and GTM providing varying forms of agrarian support to the land beneficiaries. The researcher also visited land reform projects to familiarise with project activities, the organisation of production, who the beneficiaries were, their goals and the support received. The letter of introduction from the NRF Research Chair in Land Reform and Democracy in South Africa (located at the University of Cape Town) facilitated access to government officials. The LDA officials introduced the researcher to the land beneficiaries.

Although the researcher was in possession of the Mopani land reform database, he sought the assistance of the LDA (Tzaneen) officials to understand more about the land reform projects in Tzaneen. The database listed all the redistribution projects implemented in the district up to December 2011. However, it only contained basic details such as the physical location of the projects, type of sub-programme used (e.g. the land redistribution for agricultural development [LRAD]), local municipality, land uses, number of land beneficiaries and sizes of projects. The discussion with two extension officers and the Value Chain Manager helped the researcher to identify projects that were operational and where the agribusiness model was enforced. The officials provided services to the land reform projects. The focus was on the LRAD projects in GTM. LRAD was described as seeking to create a class of black commercial farmers (Hall, 2004). Although in the final analysis a single project was selected, the preliminary fieldwork focused on seven projects selected from the database to broaden the researcher's familiarity with the land reform experiences in GTM.

Basic data from the seven projects focused on production, employment, marketing and project acquisition. The data revealed that the seven projects had different experiences. Some

focused on vegetable production alone while others produced subtropical fruits only with different levels of success. However, there were others such as Vahlave and Elangeni where beneficiaries used the off-farm income to introduce small-scale vegetable production as a response to the difficulties they experienced when using the agribusiness model for subtropical fruits. After analysis of the preliminary data, a decision was made to focus on one of the two projects which had both the agribusiness model and the small-scale model - Vahlave and Elangeni.

The choice was influenced by the fact that the introduction of the small-scale model was a response to the problems with the agribusiness model. In the context of limited external support, the beneficiaries were willing to invest their off-farm income in production. Also, they reasoned that they had better success in the small-scale model than in the agribusiness model. It became apparent that not only would the study learn about the effects of the agribusiness model, it would also learn about what makes the small-scale model attractive for the beneficiaries. Vahlave was selected because it was closer to Nkowankowa, where the researcher was residing. However, when the beneficiaries of the project asked the researcher to look for another project due to time limitations, Elangeni was selected.

Research based on a single case study has its limitations. The results have little general applicability. However, the choice of a case study with two parallel models, where beneficiaries use their off-farm income in the context of limited external post-settlement support, helps us to understand the experiences of the land beneficiaries under the agribusiness model. Mafeje (1981) stresses the importance of understanding the local context and in-depth analysis of the specific issues in case studies to engage in the general debates.

1.2.1 Choice of the Case Study

A case study “pertains to the fact that a limited number of units of analysis...are studied intensively” (Huysamen, 2001:168). The case study approach allows one to examine empirically how the enforcement of the agribusiness model has affected the socio-economic conditions of the land beneficiaries at Elangeni. The case study method enables the researcher to interrogate the relationship between the general (theoretical) and the specific (empirical) (Mafeje, 1981; Mkhize, 2012).

The vibrancy of large-scale commercial agriculture in GTM played a role in the choice of the case study area. The municipality has a long history of established commercial agriculture dating back to the late 19th century (Klapwijk, 1974; Hilton-Barber, 2011). Subtropical fruits are the main cash crop in GTM. GTM is a key agricultural area in Limpopo and South Africa. It contributes 43 percent to Mopani's agricultural gross domestic product (GDP) (Draft GTM IDP, 2012:92). In 2010, Mopani contributed 63.3 percent of citrus exports in Limpopo (DAFF, 2011:47). In its Census for Commercial Agriculture, Statistics South Africa (Stats SA) classifies Tzaneen under Letaba magisterial district (Stats SA, 2009). Stats SA (2011) and the DAFF (2012) reported that Letaba produced 72.5 percent of Limpopo's total tomato output, 51.6 percent of oranges and 58.7 percent of bananas. Letaba is also a major producer of mangoes and avocados. As the government is keen on continuity with the agribusiness model when transferring land to the beneficiaries (Hall and Cliffe, 2009) projects in this municipality were likely to use the agribusiness model, especially for subtropical fruit production.

As noted earlier, Elangeni was selected because it has two production models running alongside each other – agribusiness and small-scale. The former was enforced by the government while the latter was introduced by the beneficiaries using their off-farm income, as a response to their difficulties of producing using the agribusiness model. Also, the beneficiaries were investing their off-farm income in production. The researcher thought more could be learned from a project with features such as those at Elangeni, regarding their experiences with both the agribusiness model and the small-scale model.

Selecting Elangeni was also beneficial for the researcher at a personal level. One of the beneficiaries, Sophie, is a member of the Maluleke clan. This researcher also comes from the same clan but from the Zimbabwean side. With a shoe-string budget available for the fieldwork, the researcher appreciated the regular free transport between Tzaneen and the farm. The beneficiaries commute every day from their Tzaneen home to the farm. Additional benefits included free lunch and generous access to project records, except those managed by the land beneficiaries' absent children who are also members of the project. The land beneficiaries spoke freely about their life, farming experiences and the project.

Apart from free transport, the researcher had free accommodation from a family relative, Mr. Lethas Mzamani Maluleke, a Land Liaison Officer at GTM.² Mr. Maluleke introduced the researcher to the GTM's Local Economic Development (LED) Officer, whose office assists land beneficiaries in infrastructure projects. He also provided the GTM spatial map and sometimes provided free transport to meet local contacts. The map and Mr. Maluleke's guidance familiarised the researcher with the spatial features of the municipality.

1.2.2 Selection of Respondents

The purposive sampling technique was used to select most respondents. Neuman (2006) defines purposive sampling as a method in which the researcher depends on subjective or background knowledge when selecting cases. Others were identified by the respondents through snowball sampling during the interviews (Noy, 2007). The interviews with the key informants at Elangeni provided the main guiding framework regarding who to target for interviews. They pointed the researcher towards various stakeholders linked to the project. These included government officials, Nkomamonta Organic Cooperative, of which Elangeni is a member, and agribusiness agents. The researcher followed up on the suggested contacts and gathered the data.

Sophie Mlangeni and her husband Samuel were the key informants for this study. Attempts to interview the beneficiaries' children, who are also members of the project, were unsuccessful. They were absent as a result of their professional jobs in cities. Additionally, the beneficiaries argued that Sophie handled all the communication on behalf of the group. Had the children been interviewed valuable data on how the youth with off-farm jobs view agriculture could have been gathered.

The beneficiary category included two members of Nkomamonta Organic Farmers' Cooperative. They corroborated data gathered at Elangeni on production and marketing. Nkomamonta members market their products as a group. The researcher also met a land

²The researcher, who is Zimbabwean, is a member of the Maluleke Clan. His great grandfather migrated from Botsoleni (in Mhinga Community) in Thulamela Municipality of Limpopo Province, South Africa, to Zimbabwe. He met Mr Maluleke in December 2009 when the Maluleke from South Africa visited their relatives in Chiredzi District of Zimbabwe. The Maluleke have established a non-profit organisation known as Vanwanati Clan Association. It spearheads the search and unification of all the Maluleke in several southern African nations. The Vanwanati Clan Association has since facilitated visits by the Maluleke to Zimbabwe, South Africa, Mozambique, Malawi and Swaziland.

beneficiary who supplies his produce to the National Fresh Produce Markets (NFPMs) in Pretoria and Johannesburg at a workshop hosted by the University of Pretoria in November 2014. He was interviewed to corroborate data on marketing at the NFPMs.

Government officials included extension officers, land reform officers, a value chain manager, LED officer and an officer from the Small Enterprises Development Agency (Seda). They all play roles in the land reform programme. Agribusiness representatives came from juice and achar processors, supermarkets, a subtropical growers association, an organic certification body, Nkomamonta cooperative, pack house, market agencies and a compost company. They play integral roles in the agricultural value chains that beneficiaries participate in.

1.2.3 Data Collection

The methods used to collect primary data from respondents were in-depth interviews, conversations, archival research and participant observation. Secondary data were generated through the review of documents. Data collection at Elangeni started well until the beginning of August 2013 when porcupines destroyed Elangeni's vegetables on the 3rd of August. The beneficiaries responded by retrenching their three workers on the 5th. They stopped coming to the farm for a few weeks. It was difficult to reach them for interviews during that period. The research process was still underway, and the collected data were not adequate. The researcher was stressed and contemplated switching to another project. Starting over had cost and time implications. One day the researcher went to the farm with the 'faith' that he will find the beneficiaries there. Indeed, that was the case, and that is how the data collection process resumed.

1.2.3.1 Interviews

The semi-structured individual interviews, which allowed respondents to narrate their experiences in their words, were used to gather the data (Slim and Thompson, 1993). Thirty-seven interviews with twenty-five respondents were conducted. Few interviews were carried out in June/July 2012 with the bulk done between May 2013 and January 2014. Interviews were in Tsonga and English. Sophie and Samuel were the key informants around whom other interviews were anchored. Each interview focused on specific topics to allow in-depth

coverage of issues (Slim and Thompson, 1993:64). It could also cover other issues of interest that arose during interviews.

At Elangeni, the interviews were conducted at the project. Both beneficiaries and the workers spent their weekdays there. The researcher was able to observe participants in their environment (Slim and Thompson, 1993). However, it was difficult to find time to sit down with respondents for interviews, except during lunch breaks. The researcher joined participants in their daily chores, asked questions and recorded the interchanges using the tape recorder. Field notes were recorded in the evenings. The main interviews were conducted during the lunch hours.

Sophie and her husband were sometimes interviewed together, especially at lunch time. One would join in the discussion even if the questions were directed to the other. They corroborated each other, especially when recalling events. The bigger challenge was in interviewing the workers. They were interviewed in the absence of beneficiaries to ensure their freedom of expression. The researcher chose moments when beneficiaries were busy with other tasks to go and work with the workers. Thus, at times the workers were interviewed in the presence of their colleagues. In such circumstances, the researcher focused on areas that were less sensitive. Sensitive issues were dealt with when he had opportunities to interview them privately during lunch hours. The data collected were of great quality.

The life histories of the beneficiaries were recorded. Data were gathered on the land acquisition process, the organisation of production, resource mobilisation, marketing experiences, labour, and income generation. The questions also sought to establish the ways in which land contributes to the beneficiaries' livelihoods other than income and job creation. Questions for beneficiaries included: Which land-uses do you engage in? How do you finance your production? Where do you market your produce and what are your experiences in those markets? In what ways do you benefit from the land? For the workers, questions aimed at understanding their work experiences, the nature and contribution of their jobs in their lives, and relations with the beneficiaries. The questions also sought to understand the other ways the project contributed to their livelihoods.

Interviews with government officials focused on understanding the government's position regarding the role of the agribusiness model in beneficiaries' production and socio-economic

conditions. The roles of government agencies in land reform were investigated to understand their influence and the support provided. Questions also focused on the government's vision regarding land-use and market access for the beneficiaries.

Market agents were interviewed to understand the relationships and conditions that govern market accessibility for the farmers. The researcher was able to understand how the agribusiness model operates, the power relations involved and the model's effects on production. Questions for market agents included: What conditions govern market access for the farmers?

Data were also collected from other agribusinesses linked to Elangeni. Elangeni markets its produce through the Nkomamonta Organic Cooperative. Questions focused on how the cooperative identifies and negotiates with market agents on behalf of its members. Nkomamonta interacts with agribusinesses to procure services, resources, and markets. The organisation's experiences as a small cooperative interacting with large agribusinesses are important in understanding how the agricultural value chains operate. Data on organic certification were collected to understand the conditions beneficiaries operate in as organic farmers and the implications for their operations and income generation.

Nkomamonta farmers have a joint partnership to produce organic compost with a local company called Compost Maker. Data on the nature of the partnership and how beneficiaries benefit from the joint venture were collected. Data were also gathered from a representative of the South African Subtropical Growers Association (Subtrop) to understand the support offered to projects like Elangeni and their views on production and marketing of subtropical fruits.³

1.2.3.2 Conversations and interactions

Conversations and interactions were important methods of collecting data. New respondents and topics of interest were identified during conversations. Given the time limits at Elangeni, the researcher directed some discussions towards topics of interest whenever he had the opportunity. Examples included the life histories of the beneficiaries and why they left

³Elangeni is affiliated to Subtrop and receives technical support from the association in times of need.

teaching for agriculture. The researcher tape-recorded the conversations with field notes written in the evenings.

1.2.3.3 Archives

The study has a historical component that analyses the experiences of white farmers when they produced using the mainstream, large-scale models of agrarian capitalism in South Africa. Archival work was done at the National Archives in Pretoria to understand the emergence of commercial agriculture and its entrenchment in Tzaneen. The data shed light on the conditions of both Africans and white farmers in large-scale agriculture.

Archival work at the Deeds Office of the DRDLR in Pretoria provided data on the ownership history of portion 40 of Grey Stones 469 LT, which is now Elangeni. The data include ownership of the farm from 1998 up to the present, farm prices whenever ownership changed and title deed numbers, among other things. Attempts to gather data on the farm before 1998 were fruitless. There is no entry for the farm in the Farm Book containing information predating 1975. From 1975 to date the farm entries are digitised even though portion 40's start from 1998. It could not be established with the Department's staff why that was the case. The data were used in Chapter Four which introduces the case study.

1.2.3.4 Participant Observation

Bryman (1988:45) defines participant observation as the sustained immersion of the researcher among those whom he/she seeks to study with the view of generating a rounded, in-depth account of the group. The researcher spent six months in Tzaneen. Most of the time was spend on the project. Observations focused on the production activities on the farm, the responsibilities of beneficiaries and workers, working conditions, the nature of the jobs, safety issues and relations between beneficiaries and workers. Some issues, especially those concerning working conditions and relations, are sensitive. While the researcher asked about them, the observation corroborated such data. Observations were recorded in the field notebook afterward. An in-depth understanding of how the project operates and the dynamics of production, labour, and marketing was gained.

1.2.3.5 Secondary Sources

Government policy documents and speeches, research reports, books, journal articles, and newspaper articles were used in the framing of the research focus, literature review and to corroborate primary data. Government reports and publications provided details regarding the government's aims and strategy to improve beneficiaries' socio-economic conditions. Academic publications were important in understanding the debates on the efficacy of the agribusiness model and land's contribution to rural livelihoods in South Africa. They also provided information on the case study area.

1.2.4 Data Analysis

Qualitative data analysis methods guided the analysis of data. Marshall and Rossman (2006:154) define data analysis as a search for general statements about relationships and underlying themes. The recorded interviews and conversations were transcribed (Slim and Thompson, 1993:85). The analysis was based on the experiences and narratives of the respondents. Themes, recurring ideas, patterns of belief and categories of meaning with internal convergence and external divergence in the data were identified. The themes reflected the common issues but also the differences that existed in the data, as the purpose was not to be selective but to report data in full (Ncapayi, 2013:25).

Themes were generated using NVivo electronic software for qualitative data analysis. Narrative analysis was used to reflect on the quality of lived experiences of the respondents within the context of production and marketing in the agribusiness model, as well as land's contribution to the beneficiaries' livelihoods.

After coding the data were interpreted, with meaning drawn on how it relates to the focus of the study and its argument. The interpretation also included searching through data for themes that oppose the argument of the study and possible explanations for such data. The process of data analysis included reading and analysing primary and secondary material. The study was able to understand the production and marketing experiences of the beneficiaries under the agribusiness model. It was also able to understand how beneficiaries benefit from land apart from income. The case study is dealt with in detail in Chapters Four to Eight.

1.3 Significance of the study

This study challenges the assumption that the programmes of land and agrarian reforms could be considered a complete failure and the associating of success or even the viability of the programmes with the agribusiness model. It mainly does this by providing empirical evidence on the complementarity between land reform and off-farm income, specifically where the nature of land reform is not agribusiness. The study points out that the efficacy of the agribusiness model should be understood within the long history of agrarian capitalism in South Africa. That history shows that between the 1650s and the 1980s many white farmers were not successful in using the large-scale models of agrarian capitalism despite the various forms of state support and political intervention rendered (see Ross, 1986; Mafeje, 1988; Schirmer, 1994). Unsurprisingly, when the neoliberal policies curtailed state support and political intervention since the 1980s, many large-scale farmers became insolvent and left agriculture (Hall, 2009a). Indeed, internationally and locally agriculture is dominated by agribusiness entities which control production, input supplies and marketing and processing of products (Fernandes, 2009; Hall and Cousins, 2015) with many farmers driven out of business due to competition and production costs. The wisdom of enforcing the agribusiness model on the land reform beneficiaries is, therefore, questionable.

The study's main point is not that there is no way land can benefit black Africans. Its position is that using land outside the mainstream agrarian model facilitates the improvement of livelihoods. As shown in Bundy's (1979) study, the successful African peasants of the late 19th century produced for both household consumption and the markets using family and hired labour as well as modern farming methods and technology. Furthermore, since the turn of the 20th century migrant workers/labourers invested off-farm income (from salaries and wages) in agricultural production (Ncapayi, 2013; Mabandla, 2015) to successfully combine land and labour as a livelihood strategy (Arrighi, 1970; 2009). The combination of land and off-farm income was not restricted to wage labourers only. Even middle-class households with salaried professionals invested in the land as an important livelihood strategy (Mabandla, 2015). This study argues that in the context of land reform, where beneficiaries face difficulties of accessing capital or support, households with off-farm income from jobs can successfully produce using off-farm income if the right models of agricultural production are implemented.

The case study of the Elangeni project is presented to demonstrate the difficulties that beneficiaries had in following the agribusiness model autonomously. The case study is important in that it presents two contrasting models in one farm where off-farm income is an important production capital in the context of limited external support. Not only is the agribusiness model a costly option for both the beneficiaries and the government (Lahiff- et al., 2012), it also made the strategy of investing off-farm income in agriculture less effective due to its substantial capital requirements. Despite having better off-farm resources, the beneficiaries were not able to produce subtropical fruits effectively due to the model's high costs (Karriem, 2005). Thus, the beneficiaries are not able to improve their income and create jobs using the agribusiness model (Anseeuw and Mathebula, 2008; Aliber et al., 2013; Aliber and Cousins, 2013). This model may not be feasible at all for other beneficiaries who do not have resources such as those at Elangeni. By extension, it may probably not result in a new class of black commercial farmers as envisaged by the recapitalisation and development programme (DRDLR, 2013a).

However, the decision by the beneficiaries at Elangeni to introduce small-scale organic vegetable production using off-farm income produced better results. Because the model has fewer costs (Mafeje, 2003), the beneficiaries were able to produce more using off-farm income. The study suggests that supporting small-scale production may be favourable to both land beneficiaries and the government. Its low costs may allow the beneficiaries, including those with off-farm income, to improve their lives using their limited resources as capital. Even the government can support many land beneficiaries from the same resources that are currently supporting a few under the costly agribusiness model. This study, like Mafeje (2003) and Cousins (2013), argues that the small-scale model can enable land beneficiaries to improve their livelihoods. In particular, it argues that the small-scale model can allow those with off-farm income to invest in agriculture effectively, thereby improving their ability to benefit from the land irrespective of limited post-settlement support.

Although income and job creation have been negatively affected by the agribusiness model (Lahiff et al., 2012; Aliber et al., 2013; Aliber and Cousins, 2013) the beneficiaries' decision to use land outside the mainstream model enabled them to benefit from their land. Apart from improved access to food, the land has also facilitated the beneficiaries' access to natural resources and valuable physical assets. Thus, despite the challenges faced land contributed to the beneficiaries' livelihoods (Chitonge and Ntsebeza, 2012; Ncapayi, 2013). The study

challenges the view that land is only important for a minority of rural people who live without alternative sources of income (CDE, 2005:14). It shows that even households with off-farm jobs appreciate access to land and use it to produce food and generate income to supplement their off-farm income. For some Africans, the combination of land and jobs is an important livelihood strategy (Arrighi, 2009; Mabandla, 2015) regardless of the types of jobs they hold.

1.4 Limitations of the study

This study is based on a single case study. The core of the data was collected from one family (land beneficiaries) on one project. Mkhize (2012:28) has argued that studies on farms need to “recognise the particularity of the local, and the variation in experience at the micro-level from farm to farm.” The study cannot claim to represent all the experiences of land beneficiaries where the agribusiness model has been enforced in South Africa, let alone in Limpopo province.

Also, the researcher was not able to interview the children who are members of the Elangeni project due to their absence and unavailability to provide their perspectives on the experiences at the project. As key contributors to the off-farm income at Elangeni, their views would have been helpful in understanding their perspectives on land, jobs and the complementarity between the two. Further, due to poor record keeping and the loss of farm records to fire the production data available provides limitations. It makes it difficult to state with certainty in quantitative terms the extent to which the agribusiness model has affected the beneficiaries’ income. However, the study makes an important contribution to debates on agricultural models and land reform by providing a critical discussion that can challenge the existing paradigms on the topic.

1.5 Ethical Considerations

The following ethical issues were taken into consideration.

Permission/Access: The first step towards conducting research for this thesis was the clearance from the University of Cape Town that the researcher could go to the field. The

NRF Chair in Land Reform and Democracy in South Africa provided a letter which the researcher presented to government officials (DRDLR Polokwane and LDA Tzaneen). Permission to conduct research in GTM was granted by the respective offices. The LDA officials in Tzaneen introduced the researcher to the land beneficiaries which facilitated his entry into the field. All respondents voluntarily participated in the study.

Informed Consent: To ensure that participation was voluntary the researcher explained the goals and objectives of the study to the prospective respondents. Their rights were explained. As demonstrated by Vahlave, the respondents could voluntarily withdraw from participation. Each respondent was made aware of his/her rights before the interview.

Anonymity and Confidentiality: The researcher explained to respondents that they had the right to remain anonymous if they wished and promised to safeguard their confidentiality. One participant requested anonymity. A pseudonym is used to represent his real name. Information that respondents requested to be kept private was treated as confidential and not used in the study.

Reliability: To ensure the accuracy of the data multiple sources were used to complement one another. The interviews from the beneficiaries at Elangeni were complemented with data gathered from fellow members of Nkomamonta cooperative. The beneficiaries of Elangeni market together with other beneficiaries belonging to that secondary cooperative. Additionally, interviews were recorded (with the permission of the respondents) and the researcher used other methods such as photos, observation, and analysis of farm records to ensure that the data gathered were reliable.

1.6 Thesis outline

Part One: Conceptual, historical context, and methodology

Chapter One introduces the study. It sets out the focus and background to the study, research methodology, significance, and limitations of the study. The thesis chapter outline is also presented.

Chapter Two provides the conceptual and theoretical framework for the study. It discusses the key concept, agribusiness model, and draws lessons for its application in the context of land reform in South Africa. The chapter discusses the debates on the efficacy of the agribusiness model to understand its effects on the livelihoods of land beneficiaries in South Africa. The resolutions of the critics of the agribusiness model are also critically analysed. The chapter argues that the agribusiness model is not suited the capabilities of the land reform beneficiaries, even those with off-farm income. This makes it more unlikely that the model can facilitate livelihoods for the land beneficiaries.

Chapter Three traces the origins and development of agrarian capitalism in South Africa up to the current agribusiness model which started towards the end of the 20th century. This is done to show that since the 1650s, when white farmers began farming in the Cape, many farmers struggled to succeed using the mainstream agrarian models despite state support and political intervention. Furthermore, after state support and political intervention were reduced due to neoliberalism since the 1980s, many white farmers have failed and exited agriculture leading to land concentrations. Despite this, the chapter shows that when Africans used land outside the mainstream agrarian models, they succeeded to improve their livelihoods. Since the turn of the 20th century some combined off-farm income with land to produce and improve their livelihoods.

Part Two: Case Study

Chapter Four introduces the Elangeni case study. It argues that the choice of the small-scale model at Elangeni was a response to the beneficiaries' difficulties with producing using the agribusiness model in a context of limited external support. The chapter highlights how the agribusiness model was enforced at Elangeni and the responses of the beneficiaries, notably the introduction of small-scale vegetable production using off-farm income. It pointed out that such decisions to use land outside the agribusiness model were critical in facilitating benefits from the land despite the negative effects of the agribusiness model.

Chapter Five discusses the production experiences at Elangeni project. It demonstrates how the costly agribusiness model for subtropical fruits has provided problems for the beneficiaries as their off-farm income was too little to support the requirements of producing using this model, especially in the context of limited post-settlement support. Furthermore,

the chapter discusses the experiences of the beneficiaries in small-scale vegetable production funded through off-farm income. It shows that the low costs associated with the small-scale model allowed the beneficiaries to produce better using their off-farm income, something not possible under the agribusiness model.

Chapter Six shows how the effects of producing using the costly agribusiness model have affected the beneficiaries' ability to access the lucrative markets controlled by agribusiness. It argues that the difficulties beneficiaries experience when trying to access the lucrative markets complement the agribusiness model in undermining their agricultural income. While alternative markets such as hawkers were important and easily accessible, they had limited impact on beneficiaries' income due to low prices offered.

Chapter Seven analyses the project's contribution to the socio-economic needs of the beneficiaries. It shows that the agribusiness model has negatively affected the beneficiaries' agricultural income. The chapter also demonstrates the roles of both land and off-farm income in the beneficiaries' livelihoods. It shows that although agricultural income has been negatively affected by the agribusiness model, ownership of land facilitated access to food, natural resources, and valuable assets. The main point is that using land outside the agribusiness model enable land to contribute to the beneficiaries' livelihoods.

Chapter Eight shows that the agribusiness model has negatively affected the quantity and quality of jobs created at Elangeni. With production affected by the agribusiness model, the beneficiaries did not have the adequate capability to invest into job creation. However, despite the poor working conditions at Elangeni, the beneficiaries continued to access cheap labour fuelled by a combination of poverty in workers' households and the general decreasing employment opportunities in the commercial agriculture sector.

Chapter Nine provides the key findings and conclusions of the study. The study concludes that the agribusiness model has negatively affected the socio-economic conditions of the beneficiaries. However, it argues that the beneficiaries' decision to introduce alternative land uses outside the agribusiness model has facilitated benefits from the land. In addition to increased access to food, the beneficiaries had access to natural resources and valuable physical assets. The thesis challenged the view that land is important only to a minority of rural people without alternative sources of income (CDE, 2005:14). It showed that even

households with off-farm jobs could use the land to produce food and generate income to supplement their off-farm income. In the context of limited post-settlement support, the small-scale model enabled those with off-farm income to produce effectively using it as production capital. Thus, the combination of land and jobs is an important strategy for some Africans (Arrighi, 2009) regardless of the types of jobs they held. Indeed, as shown in the study by Mabandla (2015), even middle-class households can use the land to produce for consumption and sale using off-farm income as production capital.

CHAPTER TWO

The agribusiness model of agriculture: conceptual and theoretical considerations

A class alliance was formed between the bourgeoisie of the transnational corporations, bankers (financial capital), the bourgeoisie of owners of mass media companies, and large landowners in order to control the production and circulation of commodities (standardized agricultural goods). As an expected result, they control prices and volumes of commodities in circulation, and therefore they receive the majority of agricultural profits and revenue...This model of agricultural production was adopted en masse by rural capitalist companies and became known as the agribusiness model (Movement of Landless Rural Workers (MST), 2013:9-10).

2.1 Introduction

This chapter discusses debates on the efficacy of the agribusiness model to understand its possible socio-economic consequences for the land reform beneficiaries in South Africa. The emergence and rapid expansion of agribusiness complexes, towards the end of the 20th century, which dominate land ownership, agricultural production and international trade in food products have rekindled debates around agricultural models suitable for the beneficiaries of land reform (Griffin et al., 2002; Byres, 2004). As noted by Fernandes (2004), the proponents of the agribusiness model argue that agribusiness produces more and generates more wealth while contributing towards the payment of national debts. They view agribusiness as efficient in its use of land (see Azevedo, 2016) while the increased scale due to agricultural consolidation and mechanisation enables producers to circumvent trade barriers in international markets as well as global competition (Economist Intelligence Unit, 2010:14). Also, farmers stand to benefit from increased integration into agricultural value chains controlled by agribusiness (Department of Rural Development and Land Reform (DRDLR), 2013a), which are important markets for the producers (Reardon et al., 2009; Chikazunga, 2013). Overall, the argument is that commercial agriculture is viable in its large-scale, capital-intensive form promoted by the agribusiness model (see Centre for Development and Enterprise (CDE), 2005:11) while farmers can benefit from accessing the lucrative value-chains controlled by agribusiness.

The critics have questioned the efficacy of the agribusiness model on the basis of several points. Mafeje (2003) argued that mechanised large-scale production demands heavy investments and extensive operating capital which many farmers cannot afford. Furthermore, an agribusiness model is also a costly option for the government as more investments are required to support a few large farmers, yet those resources can support many farmers under the small-scale model.

The beneficiaries of agrarian reform are marginalised from access to productive land when agribusiness concentrates land, power, wealth and engage in intense productivity (Fernandes, 2004). While production has increased under agribusiness, the intensive use of agrochemicals and mechanisation has contributed to rural depopulation (MST, 2013) and deteriorating biodiversity (MST, 2010).

For Aliber and Cousins (2013:141), the capital-intensive agribusiness model “fails to take into account social realities, not least the abilities and aspirations of rural dwellers, and results in ‘land reform projects’ that are intrinsically unworkable and prone to collapse.” Their view is that where the agribusiness model is enforced on land beneficiaries the “poverty reduction benefits are typically insignificant” (ibid.).

The beneficiaries of land reform are also marginalised in lucrative agribusiness-controlled markets due to their failure to satisfy the costly food quality controls (Louw et al., 2008). In light of the critiques mentioned above, some have argued that the land beneficiaries’ livelihoods can improve under a different model - the small-scale model (Mafeje, 2003; Cousins, 2013; MST, 2013).

The argument in this chapter is that with the beneficiaries of land reform largely struggling to access capital and/or support it is important to take into consideration that using the off-farm income to invest in agriculture is an important strategy (Ncapayi, 2013; Mabandla, 2015). That strategy, though, is not effective when a costly agribusiness model is enforced on the land beneficiaries. Further, the chapter argues that because of its low costs (Mafeje, 2003) the small-scale model can enable those with off-farm income and/or resources to invest in agriculture with better effect. Indeed, the low costs associated with small-scale production make it even more favourable for the government as it can support many small-scale farmers

using its limited budgets, something not possible under the capital-intensive agribusiness model. Thus, the small-scale model would allow those with off-farm income to combine it with land for production and improvement of their livelihoods (Arrighi, 1970; Arrighi et al., 2010).

The chapter first discusses the agribusiness model and its features. It then discusses the arguments for and against the agribusiness model. An assessment of the debates and their applicability in the context of South Africa then follows.

2.2 The agribusiness model

As the forces of globalisation gained momentum in the 1990s and the early years of the 21st century, large agribusiness complexes emerged and rapidly expanded while dominating the agricultural sectors of many developing countries, including international trade in food products (Baer and Filizzola, 2005; Amanor, 2012). Bernstein (2013:28) defined agribusiness as “corporate activity upstream of farming (supply of seeds, fertilizer, agrochemicals, machinery) and downstream (milling and other processing, marketing, and distribution).” The definition shows increased domination of corporations over agricultural value chains but also gives the impression that agribusiness is not involved in agricultural production. As Feder (1977) rightly noted “[g]iant or medium-sized ‘food corporations’ are now engaged in farming on a large scale directly through ownership and operation of land; or they control output and distribution through the production contract system” (ibid:559). Writing in the context of Latin America, Fernandes (2009) stated that the region has the highest land concentrations in the world with their territories tightly controlled by agribusiness corporations. Indeed, in this era agricultural production is dominated by agribusiness (Baer and Filizzola, 2005).

In that regard, Louw et al.’s (2008) definition better reflect the extent of agribusiness’ influence on commercial agriculture and its related value chains. They define agribusiness as “all market and private business-oriented entities involved in the production, storage, distribution, and processing of agro-based products; in the supply of production inputs; and in the provision of services, such as extension (and) research.” Thus, corporate firms are “engaged in all activities – production, processing, distribution of food or fibre, plus

manufacture (or assembly) and sale or distribution of inputs – simultaneously” (Feder, 1977:563). Agricultural organisation and production, in this era, is dominated by agribusiness.

Although the MST’s definition of agribusiness is close to that of Louw et al. (2008), the former shows the relations between various stakeholders who form a powerful class alliance that constitute agribusiness. For the MST, agribusiness is a model of agricultural organisation and production. It emerged in the 1980s marking the “hegemony of finance capitalism and transnational corporations, which have gained control of the production of the principal commodities and world trade, generating structural change in agricultural production” (MST, 2010). The agribusiness model is a culmination of a class alliance formed between transnational corporations, global financial capital and large landowners to control the production and circulation of commodities (Fernandes, 2009; MST, 2013). This alliance also controls prices and volumes of commodities in circulation.

The duty of the business arm (upstream and downstream elements of agribusiness) in the alliance is to supply inputs, buy materials, control the market and influence the prices of agricultural products. The financial system provides financial capital in the form of rural credit which is used to acquire inputs in the markets and more land (MST, 2013). Land concentration is achieved through various ways such as direct purchase, long-term leasing or partnerships with large landholders (Fernandes, 2009; MST, 2010; Hall, 2011). Thus for Fernandes (2009) and the MST (2013), agribusiness is a broad group of interlinked systems championing the agro-export model. It is the current mainstream model of agricultural organisation and production.

In sum, the agribusiness model’s key features include the control over agricultural goods by global financial capital. As a result, agribusiness dominates the control over natural assets such as land, water, energy, and minerals (Stedile and Leon, 2014). This has caused an enormous concentration of property in land, natural assets, and food in agribusiness. Also, agricultural production is increasingly organised in the form of “monoculture on an ever increasing scale, with the intensive use of agricultural machinery and toxic chemicals, along with the growing use of GM (genetically modified) seeds” (ibid.). The production patterns employed requires very small workforces resulting in rural depopulation. Despite opposition to the agribusiness model, especially by rural movements representing the poor, the model is

entrenched in agricultural sectors of many developing countries thanks to the political and financial backing of post-colonial states which view agribusiness as important generators of revenue (Karriem, 2005; MST, 2013:12). Thus, in this study agribusiness is viewed as the hegemonic model of agricultural organisation and production that is driven by finance capital and corporate organisations, as articulated by the MST and Fernandes. The chapter's position is that such a model, with its characteristic capital-intensity large-scale production, has fewer chances of improving the livelihoods of beneficiaries of agrarian reform when enforced.

The next sections discuss the arguments for and against the efficacy of the agribusiness model as a vehicle for improving the livelihoods of land beneficiaries.

2.3 The arguments for the agribusiness model

The proponents of the agribusiness model base their arguments on various points. Production under the agribusiness model is perceived to be profitable and an important earner of foreign exchange for the developing countries (Baer and Filizzola, 2005; Economist Intelligence Unit, 2010). Features such as large-scale production and the professional management exhibited by agribusiness are said to help offset the high costs and tight margins of farming leading to increased agricultural production and productivity. Thus, agribusiness uses land in efficient ways thereby contributing to growth in the agricultural sector (Azevedo, 2016). Further, the agricultural value chains controlled by agribusiness are viewed as presenting market opportunities for integrated farmers to improve their income (Chikazunga, 2013). Overall, the argument is that the agribusiness model has more positives than problems for the farmers. Their views are discussed below.

2.3.1 The agribusiness model is efficient, productive and contributes to national revenue

Proponents argue that agribusiness' advanced know-how and technology contribute to increased agricultural efficiency and production even where conditions are not favourable (Economist Intelligence Unit, 2010). As noted by Azevedo (2016), the proponents argue that the efficiency of agribusiness has contributed to the growth of agricultural production to meet export demands in countries such as Brazil. Further, they argue that even where climatic

conditions are not suited for agricultural production agribusiness uses its know-how and the technology at its disposal to extend the frontiers of agricultural production.

The advantages of agribusiness are attributed to its ability to access cheaper global lines of credit to finance agricultural expansion and production. As argued by the World Bank (2011), agribusiness can access global financial markets where funds are often obtained at lower costs than in domestic markets. Elaborating on this point, the World Bank argued that “as markets for agricultural inputs and outputs often are highly concentrated, large operators are reported to be able to reduce cost on either side of the market by 10 to 20 percent, giving them an edge in highly competitive global markets” (ibid:32). The view is that agribusiness can override market imperfections and increase production and job creation. The suggestion seems to be that agriculture can be more profitable if organised along the capital-intensive, large-scale form which is perceived to be competitive. This kind of thinking seems to have strong influences on the choices made by countries such as South Africa where land beneficiaries are encouraged to do partnerships with agribusiness corporations and large farmers (DRDLR, 2013a) despite evidence that most partnerships are not producing encouraging results (Lahiff et al., 2012).

Even agricultural concentration under agribusiness is viewed as positive as it creates economies of scale that offset tight margins and the high cost of agricultural production (Economist Intelligence Unit, 2010:5). According to the Economist Intelligence Unit, the economies of scale enable agribusiness to compete and circumvent trade barriers in global markets. The result is increased foreign exchange which is beneficial for the host countries as well (see Baer and Filizzola, 2005:2). It is this ability to generate revenue which has endeared the agribusiness model to governments of developing countries thereby becoming a beneficiary of public funding (Karriem, 2005).

Also, capital-intensive large-scale production and professional management brought into farming by agribusiness is said to be central to producers’ ability to offset high costs of production and make a profit even under difficult conditions (Economist Intelligence Unit, 2010:2). According to the World Bank (2011:31), large-scale production allows producers to meet the “importing countries’ increasingly stringent requirements on product quality and food safety throughout the supply chain.” The point by the World Bank is that large-scale production enables producers to meet the food quality and volume standards now

characteristic of modern food markets. The implication is that the beneficiaries of agrarian reform can benefit more under the agribusiness model given the stated advantages. In the context of land reform, given the difficulties of accessing capital and/or support, it is not clear how such a capital-intensive model can benefit land reform beneficiaries drawn from social groups with limited disposable resources for investment. Even those with off-farm income to invest in agriculture, an important strategy historically among smallholders (Ncapayi, 2013; Mabandla, 2015), they can struggle to produce under the costly agribusiness model.

In its critique of the South African land reform programme, the Centre for Development and Enterprise (CDE) (2005:11) has suggested that commercial agriculture is only viable in the large-scale, capital-intensive form. It argued that commercial agriculture “cannot be ‘transformed’ into a large-scale anti-poverty or unemployment relief mechanism except indirectly, by flourishing as a secure, non-racial, and modestly important economic sector” (ibid:11). It is important to note that the current sector referred to is highly concentrated and dominated by agribusiness (Hall, 2009a). The argument is that with farming becoming increasingly knowledge-intensive, only large farmers with adequate managerial and professional inputs can succeed. It argued for a deracialised agricultural sector without disturbing the scale of production – large scale. It is not clear though how the beneficiaries of agrarian reform can succeed in the model where many white farmers have failed (Hall, 2009a).

Bernstein (2007), in his engagement with the proponents of the inverse farm size-productivity relationship, has espoused the idea that large-scale production is efficient and productive. Those scholars have argued for agricultural sectors dominated by small family farms which they view as more productive than large-scale farms (Griffin et al., 2002). Their argument is that rural poverty and unemployment can be reduced if large-scale farms are replaced with small-scale, family farms. The basis for their argument is that output per unit of land is often higher on small-scale farms than on large because labour is abundant while land and capital are scarce (ibid:286). The small family farmers utilise their resources more efficiently (Van den Brink et al., 2007).

Bernstein argues that where the capitalist social property relation was established through destroying pre-capitalist landed property and its predatory appropriation of rent, there is no rationale for redistributive land reform (2007:38). If that has delivered the “anticipated

productivity gains, any notion of redistributive land reform that advocates the division of larger, more productive enterprises (capitalist and/or rich peasant farms) into small-scale (family) farms is ipso facto both reactionary and utopian” (ibid.). The argument is that redistributive land reform will not increase productivity, rural employment and income through an egalitarian agrarian structure of family farms. Cousins contended that Bernstein’s view, in the context of South Africa, means that the “concentration, scale and productive capacity of capitalist agriculture are clear evidence that the agrarian question of capital has by now been resolved via ‘accumulation from above,’ i.e. the Prussian path” (2007:227). Implicitly this means that farmers benefit more in the agribusiness model characterised by large-scale farming, which, for Bernstein, should be preserved for its productive capacity.

Bernstein concurs with an earlier view by Byres (2004:36) who also contended that large-scale farms are efficient. Byres was also in the debate with Griffin et al. (2002; 2004) regarding the efficacy of the small family farms for the land beneficiaries. He argued that “[w]here the ‘new technology’ has spread and, as part of that, mechanisation has been adopted, then the economies of scale associated with that have given large farmers a clear advantage” (ibid:37). The conclusion is that large-scale production, which is promoted by agribusiness, facilitates the improvement of land beneficiaries’ socio-economic conditions.

As summed up by Azevedo (2016), the proponents of the agribusiness model are of the view that the agrarian question has been resolved as highlighted by agricultural modernisation and the neoliberal restructuring of the agricultural sectors. The position stresses that agrarian reform is not necessary as the above processes have set in place a profitable and efficient system that generates much foreign exchange – agribusiness (ibid.). However, the suitability of this model for the beneficiaries of agrarian reform, most of whom receive limited external support, is questionable. Even those with own household off-farm income, the model makes it difficult for them to invest it successfully in agriculture. The consequence is that a historical practice among Africans, of combining land with off-farm income in agricultural production and livelihoods (Arrighi, 1970) is disrupted by the enforcement of the agribusiness model with detrimental effects.

2.3.2 Agribusiness provides lucrative markets for land beneficiaries

With agricultural value-chains downstream of farming (such as marketing) part of the agribusiness model, there is a view that the enforcement of the model on land beneficiaries can create benefits through market opportunities availed by agribusiness (Department of Rural Development and Land Reform (DRDLR), 2013). One way of achieving that is through the strategic partnerships between land beneficiaries and agribusiness entities which already have access to such markets (ibid.). The other dimension of the argument focuses on the fact that once farmers meet the quality and volume standards in agribusiness-controlled markets, they can improve their income (Louw et al., 2007). The key point emphasised is that agribusiness provides abundant and lucrative market opportunities for farmers, including smallholders (Chikazunga, 2013).

Contract farming is identified as one way in which farmers can benefit from agribusiness. Deals with agribusinesses downstream of farming can facilitate access to production resources, in addition to output markets (Feder, 1977; Minot, 2007). Agribusiness provides the farmers with support ranging from technical assistance, inputs (on credit) and a guaranteed price for the product(s). Such kind of support can play a big role in improving the production capacity of small farmers (Louw et al.; 2008). On the other hand, agribusiness benefit from better control over quality, volume, food safety and consistent supply (Sartorius and Kirsten, 2006). Thus, the benefits of the agribusiness model are not limited to production efficiency and increased revenues. The model's food markets help farmers to achieve significant growth in agricultural income. However, this impression that agribusiness food markets are neutral and open to all ignores the fact that agribusiness markets favour procuring from large suppliers (Sartorius and Kirsten, 2006).

Overall, the proponents of the agribusiness model make assumptions that it can benefit all farmers yet the model has a tendency to benefit the large producers while marginalising many farmers, especially the smallholders. It is this particular feature of the model that has contributed to land concentrations in the developing countries (see Hall, 2009a; Fernandes, 2009). With access to capital and/or support limited for many land beneficiaries it is difficult to comprehend that this capital-intensive model can benefit many of them.

The views of the critics of the agribusiness model are discussed next.

2.4 The arguments against the agribusiness model

The critics of the agribusiness model highlight three main points. At the level of agricultural organisation and production, the model does not suit the capabilities of land beneficiaries and operate in ways that exploit and dispossess the small farmers (Fernandes, 2009; MST, 2010). Its features such as capital-intensive, large-scale production affect the small farmers' ability to invest in agricultural production (Mafeje, 2003; Cousins, 2013). Also, the markets controlled by agribusiness operate in ways that marginalise many farmers thereby negatively affecting their ability to generate income.

2.4.1 The agribusiness model undermines agrarian reform in developing countries

Although agribusiness has improved agricultural productivity enormously, the model has generated some negative consequences as well. One such consequence is the model's tendency to promote the concentration of land, natural assets, and food in agribusiness (Stedile and Leon; 2014). According to Fernandes (2004) agribusiness, as a form of capitalist agriculture, "cannot overcome what belongs to its logic: concentration and exploitation." In other words, agribusiness reproduces the same characteristics historically associated with large capitalist agriculture. As productivity and efficiency improve agribusiness expands its production through concentrating land. In the process, indigenous people are sometimes dispossessed or pushed to lands unsuitable for their reproduction needs. As argued by Karriem (2005), in some areas this has led to violent conflicts over land.

The subsequent rural dispossession undermines the indigenous ways of life as the victims can be forced to re-engineer their lives in different environments such as urban areas. In some instances, it is agribusiness' production of crops traditionally produced by small farmers that pushed them into poverty (Feder, 1977). The small farmers are out-muscled from production and markets given their limited production capabilities. This has detrimental effects on national food security as agribusiness focuses mainly on supplying export agricultural markets (Mafeje, 2003; MST, 2009).

With production mainly organised in the form of capital-intensive large-scale monoculture (Stedile and Leon, 2014), the agribusiness model contributes to massive job shedding and

rural depopulation (MST, 2013). The agribusiness model stimulates the migration to towns by many rural people, including the youth, as they lose their rural-based livelihoods. Thus, the model undermines the work of many social movements concerned with the promotion of agrarian reform in developing countries. This seems to negate objectives of agrarian reform such as the creation of rural employment (Department of Land Affairs (DLA), 1997). However, as noted by Baer and Filizzola (2005), the proponents of the agribusiness model view the decline of rural employment as a phenomenon which most advanced industrial countries experienced which must be compensated by the growth of employment in the service sector. To them, the “migration from the countryside to large cities should be viewed as a positive phenomenon in the long-run” (ibid.). The view is that the service sector will contribute to substantial gains in living standards as was the case in many advanced industrial countries. However, with high unemployment rates characteristic of many cities in developing countries the expected compensatory employment is not happening.

Another problem with the agribusiness model is its demand for heavy investments and large operational capital (Feder, 1977). The negative effects associated with this include the following. While large producers can raise the needed capital for mechanised large-scale production (Economist Intelligence Unit, 2010) many small farmers, including land beneficiaries, may not have the capacity to do so. Indeed, in countries such as South Africa where the agribusiness model has been enforced on land beneficiaries many struggles to produce and improve their livelihoods due to failure to raise the adequate capital needed (Aliber et al., 2011; Lahiff et al., 2012). As rightly pointed out by Azevedo (2005) and Karriem (2005), the success of many farmers under the agribusiness model depends on the political support and large public subsidies. Writing on Brazil, Karriem (2005) observed that millions of small farmers were recipients of only 15 percent of the massive billions worth of subsidies from the government to farmers with the remainder spent on a tiny agribusiness elite. Thus, the agribusiness model is expensive for the government to support and requires more financial support.

The agribusiness model also has environmental consequences due to the farmers’ heavy reliance on agrochemicals when producing. Such agrochemicals negatively affect biodiversity and contribute to changing the environmental balance and climate while also having effects on human health (MST, 2013). Further, the agrochemicals affect the quality of the food produced. They also combine with mechanisation to reduce the number of jobs

created in the agricultural sector. While large farmers may have the resources to deal with the effects of agrochemicals' usage, many small farmers, including land beneficiaries, suffer the environmental consequences such as water and air pollution.

The MST also takes issue with the agribusiness model's heavy dependence on genetically modified seeds which rely on the large-scale use of chemicals (MST, 2013). While the seeds were developed so that they could produce under difficult circumstances, like the prevalence of certain pests, they were modified so that they could cope with the chemicals that attack those pests, which renders farmers dependent both on buying the seeds and the chemicals. While agribusiness makes a profit from both seeds and chemicals, many small farmers suffer increased production costs and environmental vulnerabilities. Also, the genetically modified seeds endanger, and in some instances, eliminate the native seeds (MST, 2010). As noted earlier, the agribusiness model undermines the indigenous ways of living.

Against the above backdrop, the agribusiness model is a huge obstacle to agrarian reform in the developing countries (Fernandes, 2009). Consequently, an alternative model based on small-scale family farmers was proposed. The view is that whereas agribusiness focuses much on export markets, family farmers produce the majority of food consumed locally (MST, 2014; see also Mafeje, 1988). Further, the increased use of family labour in their operations contributes to job creation. These arguments are important. However, the chapter draws attention to the fact that with land beneficiaries having difficulties to access capital and/or support, the small-scale model can enable those with own off-farm income and/or resources to invest in agriculture and improve their livelihoods.

2.4.2 The critique by Archie Mafeje and Ben Cousins

Archie Mafeje does not use the concept agribusiness in his writings. His views contest the efficacy of the large-scale commercial farming (LSCF) model. What he calls the LSCF model in Southern Africa is what is referred to as the agribusiness model in this study. Large-scale production is a key feature (see Section 2.2 for details). Thus, his views on large-scale production and its socio-economic consequences on farmers are relevant for this study.

Mafeje situates his critique of the agribusiness model in the political economy of land and agrarian reform in the three former settler societies of Southern Africa: Zimbabwe, Namibia,

and South Africa. Of note is that the publications reviewed in this chapter (Mafeje, 1988; 2003; 2004) show that his views have remained largely consistent. Despite fundamental differences between South Africa and its regional neighbours, especially that the former is not primarily an agrarian society (Ntsebeza, 2006:8), similarities are found. The three countries experienced extensive land dispossession of the blacks in favour of white settlers. Except for Zimbabwe after the fast-track land reform programme (from 2000), most of the land is utilised within the agribusiness model (Chimhowu, 2006; Moyo, 2007).

His argument is that Sub-Saharan Africa at large has only an agrarian question (Mafeje, 1988; 2004). However, the former Southern African settler societies have both the agrarian and land questions. His view is that Sub-Saharan Africa, outside the former settler societies, never experienced permanent alienation of indigenous land by imperialists (Mafeje, 1988:97). On the contrary, the former settler societies of Southern Africa experienced extensive alienation of land unknown in other regions of Africa, except Kenya. Outside Southern Africa, agrarian reform deals with how to create conditions for the improvement of productivity of people who already have access to land (Mafeje, 2003). In Southern Africa, the land question is a problem of inequitable distribution between whites and blacks (Mafeje, 2004). While the fast-track land reform programme in Zimbabwe has altered the agrarian structure in favour of land beneficiaries (Scoones et al., 2010), land concentration remains an issue in South Africa and Namibia (Chimhowu, 2006; Aliber and Cousins, 2013). The land question is a component of the agrarian question in Southern Africa (Moyo, 2007:60).

The development strategy based on large-scale farming has failed in sub-Saharan Africa, says Mafeje (2003). In Southern Africa, large-scale farming as a model for agrarian transformation has caused suffering and chronic rates of unemployment among the land-starved blacks (ibid:23). From this, we learn that the agribusiness model may not be suitable for the land beneficiaries to improve their livelihoods for the reasons stated above.

Mafeje (2004:11-12) draws attention to the fact that in the past white farmers in Southern Africa required forced cheap labour provided by the dispossessed Africans to produce using the agribusiness model. He questions whether farmers can still succeed within this model given the changed political circumstances - democratic rule, which undermines the use of forced labour. Therefore, many farmers can struggle to succeed when the agribusiness model is implemented.

Part of his argument is that the marginal capital to output ratio is higher on large farms than on small-scale farms (Mafeje, 2003). Large farms require more capital resources to improve productivity whereas modest investments are needed for small-scale farms (International Fund for Agricultural Development (IFAD), 1992 cited in Mafeje, 2003). Investment in the large-scale sector generates fewer returns because its diminishing returns on capital are higher. Consequently, Mafeje (2003:28) argued that Africans could benefit more in a small-scale model which is less costly. Although his focus is not on the current land beneficiaries, his views suggest that the agribusiness model may not improve their socio-economic conditions. For him, the small-scale model is suitable as it mobilises smallholders' household labour (Mafeje, 2003).

The ability of Africans to succeed within the small-scale model also depends on the role of the state in creating conditions that facilitate agrarian transformation. Such conditions include state investment in agriculture, rural development, technology, infrastructure, water resources, energy, markets and human capital development (Mafeje, 1988). While these are key arguments, it is important to note that the neoliberal policies have curtailed state support for the beneficiaries of land reform. In the context of limited access to capital, this study argues that it is important to note that the small-scale model of agriculture may also enable those with access to off-farm income to combine it with land for production and livelihoods (see Ncapayi, 2013; Mabandla, 2015).

Ben Cousins' work is clear that he prefers the small-scale model of production. Although he critiques what he calls the LSCF model, his focus is on explaining why small-scale production is desirable. Cousins (2013:119) has argued that the high levels of productivity achieved by capitalist agriculture have not eliminated hunger. He pointed to the co-existence of high levels of waste and the under- or malnutrition of hundreds of millions of people, including in the rural areas of the global South. Cousins' focus seems to be that increased productivity and more food from large capitalist farmers do not benefit the majority of the poor. This relates to a point by the MST that agribusiness' production is mainly for affluent and export markets while the majority of people remains food insecure.

Moreover, the majority of the poor remain landless where the agribusiness model is dominant as it promotes land concentrations. The ability to produce food for household consumption is undermined, hence the persistence of hunger.

The disadvantages of the agribusiness model are well articulated in an article co-authored with Michael Aliber. In their assessment of the land reform programmes in South Africa, Zimbabwe and Namibia, Aliber and Cousins (2013) argued that, where the land beneficiaries have adopted the agribusiness model, the poverty reduction benefits are insignificant. They stated that the model's capital-intensive nature does not suit the land beneficiaries' capabilities. This, combined with the model's failure to take into consideration the aspirations of the rural people, has resulted in unworkable land reform projects that are prone to collapse. Their point is that the enforcement of the agribusiness model contributed to poor livelihoods outcomes for the land beneficiaries.

Aliber and Cousins (2013) also take issue with the fact that the enforcement of the agribusiness model in land reform projects undermines employment creation due to its capital intensity nature. It then becomes a paradox that some governments seek to achieve massive rural employment creation through land reform while at the same time enforcing an agribusiness model (see Department of Land Affairs (DLA), 1997 in South Africa). Against this backdrop, Cousins (2013) argued that large-scale farms should be subdivided and allocated to land beneficiaries to improve their socio-economic conditions. He argued that small-scale production creates conditions for petty commodity production where full "capitalist agriculture emerges through class differentiation from within the ranks of family farmers" (Cousins, 2013:119).

For Cousins, the small-scale model is just part of the solution. He argued that conditions such as access to fertile soils, irrigation water, markets and other resources, like production capital, should be made available (2013). However, he believes that only a "nascent class of small- to medium-scale, market-oriented farmers...are able to engage in agricultural accumulation from below" (Cousins, 2015:250). He identified what he called successful petty commodity producers and wealthier worker-peasants as better placed to benefit from agrarian reform interventions than other groups of small-scale farmers (Cousins, 2010:17). These groups are said to be capable of fully utilising the productive potential of the scarce land and water resources in the country. Also, they can significantly invest in their farms. The argument is that this group can replace the large-scale commercial farmers to produce for both the domestic and international markets. Thus, this class is likely to succeed as petty commodity producers or to transition to capitalist farming (Cousins, 2013:136). It seems their possession of wealth is a significant factor in their likely success.

Also, Cousins' (2015:250) view is that agrarian reform should target the unproductive large-scale farmers first while retaining the productive core for a few decades so that they can stabilise agricultural production. Thus, in the short- to medium-term, Cousins favours the co-existence of the agribusiness model for the 'large productive farmers' and the small-scale model for land beneficiaries. The anticipated outcome is that with time, the small-scale model will gradually dominate the agribusiness model whose farms are targeted for redistribution purposes. However, it is important to note that the retention of the agribusiness model may undermine agrarian reform as observed by Fernandes (2009) in the context of Latin America.

At the level of markets, Cousins (2015) thinks that, while small-scale farmers struggle to access the lucrative markets controlled by agribusiness, there are other markets which can be supplied effectively by the former. He argued:

Informal markets for smallholder produce should be actively supported by municipalities, for example by providing improved road access to farms and supporting auction sales of goats. Market-oriented smallholders could also be contracted in to supply public institutions such as schools, hospitals, and prisons. Over time, as experience develops and their farms become more capitalised, some small-scale producers will begin to supply formal markets and tight value chains as well, and thus begin to compete with large-scale farmers (2015:266).

The argument is that the problem in tight value chains (such as retailer supermarkets) is inherent, that is, "quality and reliable quantities, rather than 'exclusion' based on other non-market factors, for example, established social networks" (Cousins, 2016, Email Correspondence on 20 May). Cousins argue that the non-market factors can be reformed through policy, but probably not the quality and unreliable quantities. He doubts if land beneficiaries can meet the quality and quantity requirements. For this reason, Cousins has argued that land beneficiaries should develop capacity through supplying alternative markets, such as informal markets and public institutions, and graduate to compete with large farmers in tight value chains (Cousins, 2015). He also thinks that wholesale markets such as fresh produce markets (FPMs) can be "intermediate' between loose and tight value chains, and become a stepping stone for accumulating smallholders who begin to increase the scale of their production, some becoming small-scale capitalist farmers" (Cousins, 2016, Email Correspondence on 20 May). Cousins is not suggesting that the tight value-chains operate in perfect ways that benefit the small-scale farmers. The problem, however, is that he places

more focus on how small-scale farmers can benefit from tight value-chains, when they finally acquire the necessary production capacity, while neglecting the need for such markets to be reformed given the fact that they tend to operate in ways that favour large producers (Sartorius and Kirsten, 2006). In addition to his valid points on the desirability of the small-scale model, such a model would also enable those with access to off-farm income to invest it in agriculture with better effect given its limited costs (see Mafeje, 2003). Indeed, the small-scale model can allow the beneficiaries of agrarian reform to combine land and labour for better livelihoods (Arrighi, 1970; Arrighi, 2009; Mabandla, 2015).

2.4.3 The market marginalisation argument

The main tenet in this critique draws attention to how the lucrative agricultural markets controlled by agribusiness operate in ways that make them less accessible to small farmers. Two developments in agribusiness markets – centralisation of procurement systems and food quality control systems - are identified as the major contributors towards the difficulties of small farmers in accessing and benefiting from these markets (Reardon et al., 2001; Berdegue et al., 2005). It is important to note that while these standards originated in Western Europe and the United States of America, they have since become global (Ramabulana, 2011). The following sections discuss how these two developments marginalise some farmers from the lucrative markets.

2.4.3.1 Centralised procurement systems

Berdegue et al. (2005) noted a shift in agribusiness' procurement from the old model toward the use of four methods in Central America. The old model sourced fresh fruit and vegetables (FFV) from traditional wholesalers and wholesale markets. The four adopted methods are:

- specialised procurement agents (specialised wholesalers) as opposed to traditional wholesalers;
- centralised procurement through Distribution Centres (DCs);
- assured and consistent supply through preferred suppliers; and
- high quality and increasingly safe product through private standards imposed on suppliers.

These methods have been widely applied agribusiness throughout the world, including in South Africa (Louw et al., 2007).

The shift in procurement models was driven by supermarkets' dissatisfaction with the quality of traditional wholesalers' supplies (Berdegue et al., 2005). Traditional wholesalers do not enter into long-term production relationships with the farmers. They buy products from spot markets (day-to-day sourcing). Small-scale farmers make use of the wholesale markets because they have limited standards which make them more accessible (Chikazunga, 2013). Thus, when traditional wholesalers are bypassed by agribusiness small-scale farmers are affected (Sartorius and Kirsten, 2006).

In Latin America, agribusiness has been setting up its own DCs to have centralised procurement of FFV (Berdegue et al., 2005). Even in Southern Africa agribusiness makes use of “increasingly centralised and vertically integrated procurement systems, focused around [its] own distribution centres and a relatively small number of suppliers” (Van der Heijden and Vink, no date:9). Nevertheless, both smaller and bigger agribusinesses in Southern Africa continue to participate in spot markets. For the smaller ones, the centralisation process is costly and for the larger ones, to supplement their supplies (Louw et al., 2007). Writing in the context of South Africa, Vermeulen et al. (2008:219) have shown that although small-scale farmers are contracted in many sectors, their supply is very insignificant as a percentage of the total volume procured. Agribusinesses procure mainly from large farmers at the expense of small-scale farmers such as many land beneficiaries.

For agribusiness, centralisation reduces transaction costs relating to coordination, inventory management and supervision (Berdegue et al., 2005). It also allows agribusiness to upgrade its supplier base, as larger suppliers are attracted to supplying larger volumes to central areas rather than delivering to many stores spread about. Agribusiness is attracted by the prospects of purchasing in bulk from one place and the associated economies of scale and better bargaining with suppliers (ibid.). The advantages for the suppliers are reduced transaction costs relating to transport as they no longer supply to widely dispersed stores. However, such advantages depend on conditions such as the size of the country, which influences the distance travelled to deliver the produce. This means that where markets are far from the land beneficiaries, the transaction costs can increase thereby deterring their participation in lucrative markets (Chikazunga, 2013).

2.4.3.2 Grades and standards (G&S)

The standards specify technical characteristics of a product, specific processes and producing methods, quality traits, and safety (Bolwig et al., 2011:24). Since the 1980s markets shifted from homogeneous commodities toward differentiated products (Reardon et al., 2001). This was driven by rich consumers, especially in the northern hemisphere, who demanded the guaranteeing of product quality and safety and introduction of private standards. The performance or process element of G&S specifies the characteristics the product should have when it reaches a certain point in the agri-food chain. The second element pertains to quality, safety, authenticity and the goodness of the production process. The G&S can be formulated by a private or public entity and its enforcement can either be mandatory or voluntary.

To protect the consumers agribusiness demands that suppliers meet grades and standards requirements before buying the products (Berdegue et al., 2005). In developing countries, there is often convergence between the export and domestic market standards because some local suppliers also export their products (Ramabulana, 2011:107). Greater investments are required to comply with the standards (Vorley et al., 2009). Reardon et al. (2001) observed in Latin America that the introduction of standards accelerated industry concentration. Many small-scale farmers exited commercial agriculture because they could not meet the quality and safety standards for their products (ibid.). In countries such as Argentina and Brazil, Reardon et al. (2009) observed that agribusiness shifted from sourcing from small-scale farmers to medium/large farmers in the 1990s. Overall, the changes were aimed at improving food quality and safety but they made the markets less accessible to the poor farmers – with larger farmers being the main beneficiaries. The cost implications associated with market standards make it difficult for farmers, especially those with limited access to capital, to succeed. The consequences can be worse for those producing using the capital-intensive agribusiness model.

2.5 Assessment of debates on the efficacy of the agribusiness model

The argument by the proponents of the agribusiness model that consolidation of land ownership and agricultural production creates the necessary economies of scale is problematic. It ignores the negative consequences associated with the model such as land

consolidation, job shedding and rural dispossession (Feder, 1977; MST, 2013). In fact, the model's track record has shown that it is only perfect for the creation of a tiny and elite group of large and successful farmers (see Hall, 2009a; Economist Intelligence Unit, 2010). With more capital required to create such a tiny group of farmers (Mafeje, 2003; Karriem, 2005) using the agribusiness model, it is clear that the model antagonises the objectives of broad-based agrarian reform given the prevailing limited budgets (Fernandes, 2009). It is an enemy of small farmers and agrarian reform. Given its track record, its choice by governments in the south is motivated by reasons other than the belief that it can facilitate broad-based accumulation from below. It is clear that the model's adoption stems from a combination of pure economic reasons – profit and revenue, and political pressure from powerful institutions such as the large commercial farmers' unions, the World Bank and the International Monetary Fund (IMF).

Mafeje's contention that no land question exists outside Southern Africa is problematic. It fails to account for the land struggles African people face as a result of 'land grabs' by agribusiness (Cotula et al., 2009; Hall, 2011). New land questions are emerging outside Southern Africa driven by global financial capital's hunger for new farmland (Moyo, 2004). However, his critique of the agribusiness model is very influential. This study especially finds his ideas on the cost implications of either the agribusiness model or the small-scale, on the beneficiaries of agrarian reform and the government, very important. Although he does not take into consideration the importance of off-farm income in agriculture in the context of limited external support (see Ncapayi, 2013) his ideas shows that because of the low costs associated with the small-scale model many small-scale farmers can successfully use land in this model.

Cousins' (2013; 2015) critique of the agribusiness model is important. His suggestion that small-scale farmers can develop capacity to compete with large farmers in agribusiness markets, which operate in ways that favour the latter (Sartorius and Kirsten, 2006; Reardon et al., 2009), is less convincing. The point about reforming the agribusiness markets to address issues such as concentration of power and preference for larger suppliers is not entertained in his critique.

His suggestion that a small-scale model is more suitable for land beneficiaries is very important. However, the view that only successful petty commodity producers and wealthier

worker-peasants are capable of transitioning to capitalist farming on the basis of their ability to do significant on-farm investment is problematic. This makes success dependent on possession of significant resources. It ignores the fact that because the small-scale model has fewer costs many small-scale producers may farm effectively using their limited resources (Mafeje, 2003). In addition, those with off-farm income, whether significant or not, may also produce successfully using their off-farm income. Indeed, when Africans combined land and jobs (Arrighi, 1970; 2009) using off-farm income as production capital (Ncapayi, 2013; Mabandla, 2015) they produced for consumption and markets. For some, their wage/salary income was less (Ncapayi, 2013) but it played a role in successful production for the markets (Mabandla, 2015). Possession of significant resources is necessary but not sufficient. It is the argument of this study that since the small-scale model has fewer costs then it is likely that many small-scale producers can succeed despite not having greater wealth (Mafeje, 2003). Consequently, this study finds Mafeje's ideas of much influence. Against this backdrop, it is of academic interest that those writing on the LSCF model in South Africa do not seem to take Mafeje's work seriously despite his critique of the LSCF model.

The critique by the MST and its allies offers a comprehensive assessment of the agribusiness model. It indicates how the various stakeholders are integrated into a powerful class alliance that controls land ownership, production, marketing and the supply of agricultural inputs (MST, 2010). Their work indicates how the land beneficiaries face difficulties in all levels of the agricultural value chains such as production and marketing, which reduces the chances of success where the agribusiness model is enforced.

The suggestion by Mafeje, Cousins, the MST and its allies that the small-scale model is suitable for the beneficiaries of agrarian reform is illuminating. They all raise valid points as to why the model suits the beneficiaries of agrarian reform more than the agribusiness model. Although this study builds on their arguments, it points out that using off-farm income to invest in agriculture is an important strategy for black Africans (Ncapayi, 2013; van den Berg, 1987). The small-scale model can help those with off-farm income to invest it in agriculture with better effect because of its low costs. Further, the small-scale model can also be easier for the government to support as it requires less financial support (Mafeje, 2003). Thus, when using the small-scale model the beneficiaries of agrarian reform can combine land and labour to improve their livelihoods (Arrighi, 1970; Arrighi et al., 2010).

2.6 Conclusion

This chapter has taken issue with the view that the objectives of agrarian reform can be achieved using the agribusiness model. It pointed out that because of its capital-intensity (Karriem, 2005), in the context of widespread budgetary constraints to support agrarian reform; the agribusiness model undermines the chances of an agrarian reform programme which can improve the livelihoods of many beneficiaries. Its propensity to create a tiny and elite group of farmers make it unsuitable for agrarian programmes aimed at uplifting the lives of many rural people. Thus, the chapter found the suggestion by Mafeje (2003), Cousins (2013; 2015), the MST (2013) and its allies (Fernandes, 2009) of the suitability of the small-scale model more compelling. However, it advances the argument that the small-scale model is also favourable because it can enable those with off-farm income to invest it in agriculture with better effect given its low costs. The chapter argues that using off-farm income to invest in agriculture is an important strategy among Africans (van den Berg, 1987; Ncapayi, 2013; Mabandla, 2015). With combining land and labour important in some Africans' lives (Arrighi, 1970; Arrighi et al., 2010) adopting the small-scale model would catalyse production using off-farm income.

CHAPTER THREE

Tracing the history of agrarian capitalism in South Africa

This production model that capital is now establishing in the whole world is known as agribusiness, and this basically involves organizing agricultural production in the form of monoculture on an ever increasing scale, with the intensive use of agricultural machinery and toxic chemicals, along with the growing use of GM seeds (Stedile and Leon, 2014).

3.1 Introduction

This chapter traces the origins and development of agrarian capitalism in South Africa up to the current agribusiness model which entrenched itself towards the end of the 20th century. The aim is to understand how the subsequent mainstream models of agrarian capitalism impacted on rural livelihoods from the 1650s up to the present. Although many black South Africans were introduced to the mainstream model of agricultural production post-1994 (Department of Rural Development and Land Reform (DRDLR), 2013a), comprehending the socio-economic consequences of the mainstream models of agriculture on white farmers is important for the analysis of the effects of the agribusiness model on land beneficiaries' livelihoods. The agribusiness model introduces on the land beneficiaries ways of agricultural organisation and production similar to those utilised historically by white farmers in South Africa. Despite the various forms of state support and political intervention rendered to the white farmers from the 1650s until the 1980s the majority of white farmers did not succeed to improve their socio-economic conditions using the large-scale agrarian models (Schirmer, 1994). Indeed, many large-scale farming projects collapsed when state support and political intervention were reduced from the 1980s due to the adoption of neoliberal economic policies (Hall, 2009a).

How can the beneficiaries of land reform succeed using a model which has historically failed to improve the conditions of many white farmers? If many white farmers failed with all the state support and political intervention they received, how then can the less supported beneficiaries of land reform succeed using the agribusiness model?

While many white farmers struggled to produce using the large-scale models some Africans, including the successful peasants described by Bundy (1979), improved their livelihoods using land. However, they used land outside the large-scale agrarian models. As Bundy (1979) shows, a class of successful peasants producing for both household consumption and the markets even emerged in the late 19th century combining family and hired labour and adopting modern farming methods and technology. Although proletarianisation increased since the turn of the 20th century (Wolpe, 1972) many Africans used the off-farm proceeds to invest in agricultural production (Ncapayi, 2013; Mabandla, 2015). Thus, the combination of off-farm income and land has been an important livelihood strategy for many Africans (Arrighi, 1970; 2009) since the beginning of the 20th century.

The chapter starts by reviewing the period 1658 to the 1830s. During this period agriculture was concentrated in the Cape. It relied on slave and Khoisan labour, but the latter insisted on having access to land in return for their labour services. Agriculture in the four Colonies between the 1830s and 1913 is discussed next. Agricultural production expanded on white-owned farms while encroaching on African lands. However, land remained important to African livelihoods, with a class of successful African peasants emerging in the late 19th century. The period 1913 to the 1940s is discussed next. According to Bundy (1979) and Wolpe (1972), many Africans were forced into wage employment following the Native Land Act (1913). The 1940s to the 1980s witnessed increased state support to white farmers and continued dispossession of Africans' land. However, many white farmers continued to struggle to succeed despite the support. Lastly, the chapter discusses the period from the 1980s to the present when the agribusiness model emerged following state deregulation and market liberalisation.

3.2 The foundations of commercial agriculture and labour mobilisation strategies in the Cape: 1658 - 1830s

Before the mid-19th century, white farming was concentrated in the Cape Colony where it started in 1658. This section discusses the establishment of commercial agriculture in the Cape and the processes adopted for labour mobilisation. The two predominant sources of labour up to the 1830s were the slaves and the Khoisan. For the latter, the process involved the dispossession of their land. At this stage, according to Morris (1982), agriculture was pre-

capitalist because surplus labour was directly appropriated rather than incorporated into commodities. Morris argued that the capitalist mode of production in agriculture emerged from a semi-feudal mode of production in the 1920s. A mode of production is defined by Laclau (1971 cited in Wolpe, 1972:431) as “an integrated complex of social productive forces and relations linked to a determinate type of the means of production”. The 1830s mark a period when slavery was abolished. The Khoi Codes, which facilitated the exploitation of Khoisan labour, were also repealed through Ordinance 50 of 1828 (Ross, 1986). The section shows that most white farmers relied on state support and political intervention for labour mobilisation. Further, the livelihoods of labourers without access to land were affected. However, some Khoisan negotiated access to grazing land in return for their services.

3.2.1 Slave and Khoisan-driven commercial agriculture

Large-scale production in South Africa can be traced to the beginning of white settler farming in the Cape established by the Dutch East India Company (VOC) in 1658 (De Kock, 1924). From the beginning, farming by whites was aimed at supplying the markets. However, the white farmers faced labour shortages. On one hand, the company imported slaves beginning in 1658. The slaves came from the East Indies and later India, Ceylon (now Sri Lanka), Mozambique and Madagascar. On the other, the Dutch fought and subjugated the Khoisan between 1659 and 1677. The Khoisan lost their claim to the Cape pastures, 800 head of cattle and 900 head of sheep as loot (Clift, 1995). Further, the Company demanded 30 head of cattle per annum as tribute. By the end of the 17th century, most of the Khoisan could no longer practice an independent mode of production in the Cape (ibid:6). However, many worked on settler farms for the right to keep and graze their livestock (Worden, 2006).

The farmers preferred the slaves because they were easier to control than the Khoisan. The latter contested with whites for access to land in the Cape peninsula and its hinterland (Worden, 2006). The slaves also cost less than the wages demanded by white farm workers. Whites were reluctant to work in agriculture, a job they associated with slaves (ibid.). They preferred farming because the land was abundant (De Kock, 1924). Since the early settler farmers did not generate sufficient surplus capital to hire wage labour (Worden, 2006) the slaves became an important source of labour.

By 1787, there were 15 612 slaves in Cape agriculture (Clift, 1995). The slaves were concentrated in the Cape District (40 percent), Drakenstein District (37 percent) and Stellenbosch District (12 percent), with numbers reducing as one moved away from Cape Town (ibid.). In the early 19th century, slaves and prize slaves formed the majority of labourers on some farms in the Western Cape (Host, 1992). Prize slaves were Africans captured by the British at sea and apprenticed on the farms for fourteen years following the abolition of the British slave trade in 1807 (Saunders, 1984:36-7). Most came from Mozambique and Madagascar. Saunders (1984) has argued that some farmers reduced them to formal slavery. Thus, slavery became the mainstay of the labour force of Cape agriculture (Worden, 2006:186). From the beginning many white farmers did not have the capabilities to independently produce without state support and political intervention. Despite exploitation by the white farmers, land remained important in the livelihoods of some Khoisan who insisted on accessing grazing land.

Most farmers in the Western Cape produced wheat and wine using slave and Khoisan labour (Mkhize, 2012). From the 1730s Dutch settlement expanded to the east of Cape Town. Mkhize (2012) argued that the free burghers who settled in the eastern districts faced unfavourable climatic conditions and labour shortages. They developed a pastoral economy rather than producing crops as those in the Western Cape (ibid.). The majority of the settlers struggled and lived in extreme poverty in the latter half of the 1700s (Dooling, 2007 cited in Mkhize, 2012).

In response to their difficult conditions, the settlers “turned on the indigenous populations with extraordinary ferocity” (ibid:74). The Khoisan were dispossessed of their land in the 1770s in areas such as Graaff-Reinet and Cradock (Mkhize, 2012). In spite of the Khoisan’s resistance towards settler encroachment on their land, the settlers executed males and captured women and children in bondage as farm servants. By 1795 upwards of 1 000 Khoisan had been taken captive and made to work as farm servants (ibid.).

The Khoisan “lived in conditions that increasingly came to resemble slavery, even though, legally speaking, they were not slaves” (Storey, 2008:39). Some farmers beat and cut their servants with sjamboks (Malherbe, 1978). Others fired small shots into the legs and thighs of the Khoisan while some were flogged using pipes (Barrows, 1806 cited in Malherbe, 1978). Where the Khoisan were promised payment in cattle, many farmers rarely kept the promises

(Clift, 1995). In fact, some farmers appropriated the labourers' stock and produce. Malherbe (1978) argued that, despite signing contracts committing them to payments, often the farmers did not honour their obligations. Upon the expiration of the contracts, some farmers detained the wives, children and livestock of the Khoisan to prevent them from leaving. In some instances, the Khoisan were presented with accounts of debts which were payable through working for the farmer until he/she was satisfied (ibid:71). Thus, many white farmers struggled to produce using the large-scale agrarian model without access to cheap forced labour. That some Khoisan still kept cattle in the late 18th century demonstrates that land remained important in their livelihoods. However, their reproduction needs were not met using the large-scale agrarian model.

The state continued to play a role in facilitating the farmers' access to cheap labour. The local magistrates approved the use of the children of Khoisan mothers and slave fathers (Bastard Hottentots) and the indenture of captured Khoisan children on the farms (Worden, 2006). Legislation was passed in 1775 for the retention of male Khoisan children on the farms until they were twenty-five years old. This controlled the movement of the mothers of the children because they could not leave them behind (Worden, 2006). In 1809 and 1812, the Khoi Codes were introduced to tie down the Khoisan on the farms (Ross, 1986). They indentured Khoisan children from the age of eight years for up to ten years (Clift, 1995). In 1814, all the orphans were added to this category. Thus, state support and political intervention was important in the farmers' production using the large-scale agrarian model.

The repeal of the Khoi Codes through Ordinance 50 of 1828 and the emancipation of slaves in 1834 affected the white farmers' access to cheap labour. To minimise the effects, the state allowed farmers to indenture destitute and vagrant children as long they could prove them as such (Rousset, 2007). Additionally, the state apprenticed the emancipated slaves to the farmers between 1834 and 1838 to prepare them for the new wage labour economy that was emerging. The law also indentured children born to slave mothers after 1834 until the age of 25 years (Worden, 2006).

In sum, between 1658 and the 1830s commercial agriculture thrived on exploited slave and Khoisan labour. Although many of the Khoisan were forced to provide cheap labour services to the white farmers, the links to land were maintained through access to limited grazing lands. However, they did not use the mainstream agrarian model for livestock production. On

their part, the white farmers struggled to independently produce without state support and political intervention.

3.3 Expansion of commercial agriculture and the emergence of successful African peasants: 1830s - 1913

This section discusses the expansion of agricultural production in both white and African rural areas between the 1830s and 1913. Although slaves and the Khoisan had been emancipated agrarian development in white rural areas continued to rely on exploitation of cheap labour, with the state playing a key role in its mobilisation. Most white farmers expanded the scale of production, especially after markets emerged following the discovery of minerals. However, the majority did not have the capabilities to independently succeed in large-scale production. At the centre of the strategies to improve access to cheap labour was the dispossession of African land and conversion of Africans into tenants and wage labour in white-claimed areas, especially towards the end of the 19th century (Keegan, 1985). Africans, on their part, continued to fight for access to land. In the late 19th century a class of successful African peasants emerged in some reserves (Bundy, 1979). While land was important for the Africans, they were not using the large-scale model.

The first two sub-sections focuses on the former white rural areas with the third focusing on the former African reserves.

3.3.1 Agricultural expansion in white rural areas and mobilisation of labour

The emancipation of the slaves and the Khoisan in the 1830s caused much dislocation and difficulty for the farmers in the Cape (Feinstein, 2005). Many ex-slaves and the Khoisan had settled on mission stations where they accessed land. The shortage of land in the stations forced many to provide casual labour on the farms (Clift, 1995). However, despite their proletarianisation they maintained their use of land in the mission stations especially through the wives.

In the Cape, the state intervened through the Masters and Servants Act of 1841 and its amendments (1856, 1873, 1874 and 1875) to address farm labour shortages (Ross, 1986).

Many ex-slaves and the Khoisan were reabsorbed into the colonial process. The persistent intervention by the state was a sign that white farmers needed to exploit cheap labour in order to produce using the large-scale model.

The changes brought by the emancipation of the Khoisan and slaves bothered some Boer farmers in the Cape. Many moved to the north in their quest to retain independence from British rule in the 1830s and 1840s (Brandt, 2013). They established the Boer Republics of Natal, Orange Free State, and Transvaal.⁴ Natal was annexed by the British in 1843. The Boers found Africans using land for crop and livestock production (Richardson, 1986). They dispossessed Africans of their land and drove some into unfavourable lands. Measures were put in place to secure cheap labour in conditions similar to those under slavery.

With limited concentrations of African populations, the Western Cape experienced labour shortages up to the 1870s. In the 1870s labour was brought from the Eastern Cape, Zanzibar, Mozambique and Damaraland (Namibia) (Wilson, 1975). Other sources included poor whites who worked on farms on shares and coloureds from the mission villages.

In Natal, the newly established sugar cane plantations suffered labour shortages from the 1850s as the colonial state had failed to completely force Africans to depend on low wage employment alone (Richardson, 1986). The Africans preferred to produce on their land. The state introduced a system of *isibalo* (forced labour) to force African chiefs to supply men as labourers at relatively low wages (Wilson, 1975). Despite this, Africans continued to use land for their livelihoods, but outside the large-scale model. They combined land and wages in their livelihoods.

The persistent labour shortages compelled the Natal government to begin, from 1860, to recruit indentured Indian and Tsonga labourers to work in sugar cane plantations (Richardson, 1986). By 1911, 150 000 Indians had been imported into Natal under five-year contracts demanding nine hours' work each day, except Sundays (FOSATU Worker News, 1984). Some labourers were forced to work seventeen-to-eighteen-hour days during peak

⁴ The Transvaal Republic, also known as the South African Republic, was a Boer Republic established in 1852 by Trek Boers who had left the Cape Colony to retain their independence from British colonial rule. In this thesis the two names are used interchangeably.

seasons to get their full monthly payment (ibid.). Thus, exploitation of labour was a key factor in production using the large-scale model.

In the Transvaal, the government allowed white farmers in 1850, in cases where they could not recruit workers for contracts of at least one year, to use African labourers for fourteen days without compensation (Bergh, 2010). The farmers were obliged to provide enough food. The Apprentices Act of 1851 allowed white farmers to indenture African children captured by Boer Commandos until the age of twenty-five years (ibid.). That Act promoted the trade in human beings because it allowed for the transfer of the indentured servants (Giliomee, 2009). The captured children were either traded or indentured by the burghers (ibid.:184-185). Indentured children became a key source of cheap labour in the Boer Republics in the 1850s and 1860s. Rousset (2007) argued that the main purpose of apprenticeship in the Republics was procurement of labour rather than caring for the orphans.

The Zoutpansberg District, in northern Transvaal, was a key supplier of indentured 'black ivory', as the children were called. By 1855, the Boers in the district supplied children throughout Transvaal and exported some to the Orange Free State and Cape Town (Boeyens, 1994). The apprentices were each sold at ten to fifteen pounds. According to Morton, the apprentices constituted ten percent of the Boer community in the Transvaal (1994).

The indentured children were captured in hostile situations and apprenticed for long periods against their wishes, or those of their families. Some, such as the BaTswana chiefs in the Rustenburg district, were forced to pay tribute through supplying labour or children for indenture (Morton, 1994). The AmaSwati raided their neighbouring communities and supplied children to Boers for indenture in the Transvaal in order to conclude or confirm political alliances against other African groups (Boeyens, 1994). This was done also to acquire horses, cattle, and dogs (Morton, 1994). In the Zoutpansberg, chiefs such as Xikwalakwala included children as part of their tribute to remain on good terms with Joao Albasini of Spelonken. The trade in, and use of, bonded humans involved higher state officials, such as President M. W. Pretorius in the Transvaal (Boeyens, 1994). Despite political pressures to supply bonded labour to the farmers, many Africans continued to depend on land for their livelihoods.

The apprentices were not paid for their services and worked under atrocious conditions. This prompted Boeyens (1994) and Morton (1994) to label them ‘slaves’. Thus, production using the large-scale model instigated human suffering among the exploited Africans and labourers.

3.3.2 The position of African dwellers in white rural areas before 1913

Africans dispossessed of their land in the British Colonies and Boer Republics in the second half of the 19th century were forced either to move into African reserves or enter into tenancy arrangements in white claimed areas. In the Eastern Cape, Ncapayi (2013) noted that from 1847 some Africans pushed off white-claimed land settled in British Kaffraria (now Ciskei) with others remaining in the Transkei. This marked the emergence of African reserves.

In all the colonies, those who remained on white-claimed land were forced into tenancy arrangements with white farmers. Under sharecropping, white farmers received a half share of African tenants’ produce. Some farmers did not concern themselves with labour and inputs costs, which the tenant provided (Keegan, 1983). Under rent tenancy, Africans paid cash (rent) to access farmland (Claassens, 1988:21). Labour tenancy required Africans to provide unpaid labour to farmers for the right to live on the land (De Kock, 1924).

In the Cape Colony, Mkhize (2012:77) stated that “[f]rom emancipation in 1834 into the 1850s, some labour tenancy arrangements arose alongside wage payments within certain parts of the south-western Cape”. She cited people like Adam Kok, the famous leader of the Griqua, who had grazing rights on a farm 170 km north of Cape Town in the 1850s. African tenancy was not as prevalent in the Cape as in the Boer Republics and Natal. However, tenancy arrangements ensured that land remained part of African livelihoods despite the land dispossessions.

In northern Transvaal, land conquests took place towards the end of the 19th century. The Transvaal government introduced ‘occupation farms’ in 1886, where whites were provided with land in return for military services. The beneficiaries were required to reside on the land for most of the year to ensure territorial integrity (Aliber et al., 2013:33). Within five years, 4 000 farms in the Zoutpansberg district had been beaconed and demarcated by the government up to the Limpopo River (Hilton-Barber, 2011). In Letaba region, where Tzaneen is located,

whites received permits to occupy the demarcated lands following the defeat of local chiefs in the 1890s (Sub-Native Affairs (SNA) 225:111). Letaba region used to be part of the Zoutpansberg District. The defeated chiefs were relocated to reserves set aside for them, where they experienced land shortages. In Tzaneen, the remnants of the tribes of Makgoba, Tsolobo, Mmamathola, Letsoalo and Mashuti were relocated to Hammanskraal near Pretoria (Hilton-Barber, 2011).

Land dispossession created conflicts between settler farmers and the African groups subjected to dispossession. In some instances, the conflicts turned violent as shown in the correspondence by Chief Matabata of Letaba region, in 1904, to the Sub-Native Commissioner:

The Dutchmen are building a house in front of my kraal. How can I live with a farmhouse in front of my kraal? ... That house is fallen down. Now the Dutch say that I have sent my men to smash it, and I told him that I didn't and he says that you did, and he is punishing my men, women, and children. Many of them are lying sick on bed. Please, will you tell me what am I to do with that? (SNA 225:124).

The appeals of the Africans for state protection were mostly ignored as the state's goals were to establish a viable agricultural sector controlled by white settlers. In Letaba, the state went on to set up many commercial farms for the whites returning from World War One, until the 1920s (Klapwijk, 1974; Hilton-Barber, 2011). As was the case in other parts of the Republic, many Africans remained on the farms as tenants.

While large landowners pressed their African auxiliaries to pay rent in cash and livestock after the mid-1860s (Morton, 1994), many relied on their tenants for production. Alfred Barlow, a white farmer from the Heilbron District in the Orange Free State, clearly demonstrates the degree at which whites depended on their tenants for production. He argued that "if the government were to pass legislation 'stopping natives from ploughing for white men', the output of the maize... 'would not be a third of what it is at present'" (Keegan, 1983:205). Africans were the main producers even though they did not use the large-scale model. Despite land dispossession, Africans in white rural areas continued to use land in their livelihoods.

The dispossession of Africans intensified following the discovery of minerals in the 1860s and 1880s. Demand for food in urban centres that developed around the mines increased (Keegan, 1985). White farmers demanded more labour to increase production while some Africans responded to the new market opportunities (Bundy, 1972). The two groups also competed for markets and transport services. In the Transvaal and the Orange Free State, the governments intervened through the Squatters' Act of 1887 and the Squatters' Law Act of 1895, respectively, to address labour shortages (Wilson, 1975). The laws prohibited the settlement of more than five families on one farm except under special circumstances. The aim was to distribute African labour evenly among white farms. An independent black tenancy was seen as obstructing the development of commercial agriculture, and availability of labour and markets (Keegan, 1985).

Although capitalised farmers and large land companies opposed the laws (Mabin, 1985; Krikler, 1993) most farmers supported them. This, together with state intervention is evidence that many white farmers were not succeeding in large-scale production. Further evidence is that while rich farmers and large landowners opposed the labour laws the majority of farmers favoured them.

Many tenants resisted the laws. Krikler (1993) observed that many of those forced to leave the farms refused to relocate themselves on the farms of landlords who demanded more of their labour power. They moved to farms that demanded less labour. This led to the concentration of African tenants on some farms and labour shortages on others. Land continued to be important in African livelihoods despite dispossession and proletarianisation. It was combined with labour for social reproduction (Arrighi, 1970; 2009).

3.3.3 African production in the reserves in the late 19th and early 20th centuries

Hendricks *et al.* (2013) have argued that in the Cape Colony there were initial attempts in African areas to create a group of African farmers and peasants. In the Eastern Cape, African groups who collaborated with the British in wars against local chiefs (1778 to 1878) were rewarded with the land of the subjugated chiefs (Bundy, 1979; Ntsebeza, 2002). The collaborators, together with those who accepted western Christian values and education, received the support of the colonial state and missionaries from the 1820s (Ncapayi,

2013:42). That support included access to land and western agricultural techniques, which improved production and accelerated their incorporation into the colonial capitalist economy.

The beneficiaries included the amaMfengu who, apart from collaborating with the British against the amaXhosa, did not participate in the cattle-killing incident of 1856-7 which affected the latter group (Ncapayi, 2013). They purchased the cattle of the starving amaXhosa at reduced prices and profited from selling produce at the market that emerged when the colonial government decided to feed the affected groups (Bundy, 1979). The cattle-killing incident forced many amaXhosa to seek wage employment on white farms and those owned by peasant Africans from the 1860s (Ncapayi, 2013). Some Africans produced mainly for the market, hired labour and adopted new crops like wheat and maize as well as modern equipment such as ploughs, hoes, axes and harrows (Bundy, 1979). Bundy (1972:374) argued that “[t]hroughout the Ciskei, North-Eastern Cape, and western Transkei, peasants gained a foothold as landholders and cultivators, selling grains, forage, stock, and animal products” in the 1860s. Land played a significant role in African lives. Moreover, as the amaXhosa undertook wage employment it means that some Africans combined land and labour in their livelihoods (Arrighi, 1970).

The innovation and diversification that took place following the mineral discoveries created a group of small African commercial farmers in the 1880s (Bundy, 1972). The African peasants preferred to produce from their land than to engage in low wage labour. At first, their participation in produce markets was favoured by colonial authorities, missionaries and settlers because they became a buffer against hostile tribes and advanced economic activity, especially in the Eastern Cape (ibid.). Commenting on the peasants, Mabandla (2015:78) stated:

They reinvested their profits in equipment, livestock, and crops, as well as in the education of their children, who became clerks, teachers, priests and even interpreters. This education represented a qualitative shift from the functional training their parents had received. The children had marketable skills – in the sense of Weber (1968) – that could be exchanged on the emerging capitalist labour markets, and they reinvested their salaries from these occupations in agriculture.

This group of African producers improved its livelihoods through a mixed model of subsistence and commercial agriculture (ibid.). In addition, the combination of land and off-farm income was important in its production and livelihoods.

In the Transvaal, out of a total of 71 million morgen the Boers set aside 860 000 morgen of land as treaty areas and government locations for African occupation (Bundy, 1972). However, Africans continued to occupy and use whites' land in numbers and their ability to subsist was not greatly altered in the 1870s (ibid.). Their participation in the market economy was largely discretionary. The peasants remained less fully integrated into the capitalist economy than elsewhere because of the existence of weaker coercive structures in the Transvaal before the Anglo-Boer war (Bundy, 1972). Where Africans lost their land, some bought it back through methods such as using missionaries as 'dummy purchasers' (Bundy, 1972). Bundy argued that "[o]n mission stations and near those town markets which existed, Transvaal peasants raised and sold quantities of grains, fruits, and animal products" (ibid:380).

In the Orange Free State, the commercial economy was firmly established by 1886 (Bundy, 1972). The peasants exchanged and sold grain and stock. Peasant production was quickened between 1886 and 1899 following the discovery of gold in 1886 (ibid:381). The demand for cheap labour by mining groups created competition for African labour with white farmers.

In Natal, the peasants' income and access to land were suppressed by the colonial government through statutes such as the amended Squatters' Rent Act of 1903 (ibid.). Nevertheless, land remained important for Africans' livelihoods.

Despite the various challenges African peasants faced, Mafeje (1988) argued that between 1860 and 1900 Africans were the most dynamic agricultural producers in South Africa. Only Western Cape sheep and fruit farmers and sugar plantations in Natal were competitive, largely achieved through exploitation of African labour. The volume of food produced by Africans by far exceeded that of whites in all the colonies (ibid.). This was achieved by using the mixed model of subsistence and commercial production (Mabandla, 2015) rather than the large-scale model.

Bundy's contention that a prosperous peasantry emerged, especially in the Eastern Cape, was critiqued by Lewis (1984). Lewis argued that Bundy considered as surplus all commodities brought to the market, which was not the case. The "product retained for consumption often declined to such an extent as to cause malnutrition and hunger" (ibid:11). Lewis argued that "many Mfengu producers were stampeded into selling because of the high prices and because they had no other source of money to meet the hut tax" (ibid:12). However, Lewis does not dispel the view that African farmers responded to market opportunities or that land was important in their lives.

Bradford (2000) accuses Bundy of overestimating the figures for peasants' marketed produce in the Eastern Cape. She argued that "every census from 1865 to 1921 indicates sub-subsistent food crops: severe sub-subsistence, reaching, at most, half" (ibid:109). Additionally, she argued that the only evidence that peasants marketed surplus – "the 30,000 bags allegedly sold in 1873 - derives from a misprint in a published report: a misprint obvious to anyone investigating typical peasant producers, who were wives. A tax on wives, and male needs, often explained why crops women needed for consumption were being sold" (ibid.). Like Lewis, Bradford disputes the quantities presented by Bundy. However, she, too, does not deny the importance of land or that peasants responded to market opportunities following the mineral discoveries.

Thus, many Africans continued to pursue land-based livelihoods despite widespread land dispossession. Their success was achieved not through the large-scale model. They practised mixed agriculture producing for both household consumption and the markets on their limited landholdings (Mabandla, 2015).

The success of African farmers created tension with white farmers who relied on cheap labour (Keegan, 1985). White farmers petitioned the state which launched an assault "upon the peasant's participation in the cash economy on his own terms - i.e., as a seller of produce rather than as a seller of labour" (Bundy, 1972:372). Cecil Rhodes summed up the state's vision:

It must be brought home to them [Africans] that in the future, nine-tenths of them will have to spend their lives in daily labour, in physical work, in manual labour (Claassens, 1988:21).

As argued earlier, the complaints by white farmers confirm their struggles in large-scale production. They constantly required state support and political intervention.

3.4 Continued expansion of commercial agriculture and increased proletarianisation of Africans in South Africa: 1913 - 1940s

The Union of South Africa was established in 1910. In 1913 the Native Land Act was applied to the rest of the country. The Act allocated 7 percent of land for use by Africans in the reserves (Ncapayi, 2013). This was extended to 13 percent by the Native Trust and Land Act of 1936. Wolpe (1972) has argued that, between 1913 and the 1940s, African reserves' ability to subsidise the capitalist sector deteriorated due to land shortages and degradation. Morris (1982) also argued that capitalist agriculture emerged from semi-feudal agriculture in the 1920s thanks to the Natives Land Act (1913). He argued that the Act transformed labour tenancy into wage labour. The period is important in understanding why, from the 1940s, the National Party government supported the mechanisation of commercial agriculture. During this period, Africans' access to land and produce markets was greatly reduced.

The Native Land Act prohibited Africans from purchasing, hiring or occupying land outside the reserves (Ncapayi, 2013). Labour tenancy became the only legal form of rent payment to white landlords by African tenants (Keegan, 1985). Sharecropping and rent tenancy were abolished. The abolition of sharecropping and rent tenancy aimed at increasing white farmers' access to cheap labour (Mafeje, 1988). Bundy (1972:84) argued that the Act "effectively put the brake on the process of class differentiation in African rural areas, thus inhibiting the growing group of small commercial farmers". All these interventions were aimed at assisting white farmers who struggled to succeed using the large-scale model.

Wolpe (1972:432) argued that between the 1870s and the 1930s the development of capitalism in South Africa "depended upon the maintenance of the pre-capitalist relations of production in the reserve economy which provided a portion of the means of reproduction of the migrant labour force". Because the relations between capitalism and the reserve economy are contradictory, with time the pre-capitalist relations were dissolved in favour of capitalist relations of production. Wolpe argued that, in the 1920s, the African reserve economy could not compete with white farmers (ibid:433). It had been undermined by capitalism and the

political interference of the colonial states. The reserves were reduced to reservoirs of cheap labour for the capitalist sector. They subsidised the low wages paid in the capitalist sector by catering for the reproduction needs of the migrant worker's family (ibid:435). Thus, land remained part of Africans' livelihoods.

From the 1920s, there was a crisis in the livelihoods of Africans in the reserves because of land shortages. Wolpe (1972) concluded that, from the 1920s, land lost its significance in the livelihoods of many Africans. Many households depended on remittances from migrant labour. This created pressure for the capitalist sector to improve the subsistence wage so it could cater for migrant workers and their families. For Wolpe, apartheid came in as a new basis for the control of cheap African labour in the context of the deteriorating African reserve economy.

Ncapayi's (2013) and Mabandla's (2015) studies in the Eastern Cape have shown that despite increased proletarianisation some sections of Africans continued to combine land with wage income for production and livelihoods. Ncapayi (2013) has argued that not all members in African households undertook wage employment. Others, especially women continued production in the reserves. The migrant workers invested their wage income in land (where possible) and livestock in their villages. Ncapayi argued that at the end of their wage employment, the Africans settled in the villages and continued their land-based livelihoods. Even the black middle class succeeded on the basis of combining land with salaries from the beginning of the 20th century. Mabandla (2015:81) argued:

The success of the first generation of Mthatha's black middle class lay in their unique combination of education, employment, and land ownership. A mixed model of subsistence and commercial farming, combined with salaries from professional jobs, formed the basic mode of reproduction for this class (ibid:81).

While proletarianisation increased, some Africans continued to use land in their livelihoods. In fact, income from wages and salaries was used to enhance production on their limited landholdings (Ncapayi, 2013). It was the combination of land and off-farm income which was the basis for stable livelihoods (Arrighi, 1970; Arrighi et al., 2010). The impact of off-farm income is likely to have been greater given the small-scale nature of production due to limited landholdings in the reserves.

In white rural areas, Morris (1982) argued that the Native Land Act of 1913 transformed many squatters into labour tenants. He argued that while tenants received land and grazing rights before 1913, this form of tenancy was dying in the 1920s (*ibid.*). Furthermore, the continuous yearly bondage of the tenants ceased after 1913. The labour tenants provided service for 3 to 6 months of the year, for which they received wages. From the 1920s, tenants no longer used their implements for farming the farmer's land as before (*ibid.*:251). The farmer's implements were used even for tenants' small plots. In the light of this, Morris argued that by the 1920s capitalist agriculture had emerged from feudal agriculture. He argued that the extraction of surplus labour was achieved by way of labour incorporated into commodities, that is, the creation and monopolisation of surplus value (*ibid.*:254).

The contribution of labour tenancy and wage labour varied between and within provinces (*ibid.*:250). However, Morris argued that from the 1920s wage labour was the predominant form of labour utilisation in production. The implication is that many Africans had cut ties with land and depended on wage labour for survival, especially in the white rural areas. Mafeje (1981) challenged Morris' views that many Africans became full wage workers. When the road to capitalism was closed for Africans on white farms through state intervention they clung harder to the idea of a patch of land and grazing rights for their livestock (*ibid.*). Even Morris (1982:254) himself acknowledges that labour tenants had small plots which were farmed using the landlord's implements from the 1920s. Thus, despite the development of capitalist agriculture land continued to play a role in African livelihoods. Indeed, labour tenancy was the predominant form of labour in the Transvaal, Orange Free State and Natal in the 1930s and 1940s (*ibid.*).

In addition, sharecropping and rent tenancy persisted in the 1920s and 1930s because most farmers found them useful (Duncan, 1997). McClendon (1997) observed that some farmers in the Transvaal, Orange Free State, and Natal continued to require tenants to work half the time in return for access to agricultural land. The farmers also exploited the labour of the tenants' extended family members even though wages and benefits were paid to the kraal head alone (Mather, 1997). This caused the young to migrate to towns to seek opportunities for themselves in the 1920s and 1930s. As will be shown later, the state attempted to empower kraal heads to sign contracts on behalf of their unmarried children under the Native Service Contract Act (NSCA) of 1932 (McClendon, 1997). Their participation in wage labour also means that they combined land with wage income for production and livelihoods. After the

1920s, some Africans in the white rural areas continued with their land-based livelihoods. However, the persistence of sharecropping and rent tenancy on white-owned farms attests to their struggles with producing using the large-scale model.

Other sources of labour were exploited by the white farmers. In the 1920s, the large farmers in the Bethel District of Transvaal also utilised northern immigrants who were captured by labour recruitment agencies and sent to work on farms (Bradford, 1990). In the 1930s, white farmers hired prisoners for a daily fee of six pence per prisoner (Wilson, 1975). The fee went to the Department of Prisons. At the end of 1953, 32 500 African pass violators in urban areas had been sent to work on the farms (Schirmer, 2004).

The white farmers' failure to satisfy their tenants and workers resulted in industry recruiting from agriculture between the 1920s and the 1940s (Morris, 1982). The industry paid better than commercial agriculture. In northern Transvaal, the Tzaneen Farmers Association tried unsuccessfully in the 1930s to have the government close Letaba district to labour recruitment by the Native Recruitment Corporation (NRC). The NRC recruited for the Witwatersrand mining companies. The argument was that agricultural development in the district was taking place at a greater scale than anywhere else in the Union (Tzaneen Farmers Association, 1933). Furthermore, agriculture could absorb all local labour. The application was opposed by the NRC. Its counter application reveals the conditions of African labourers on commercial farms. The workers were paid low wages of 25 shillings per month, which were fifty percent of mining wages (NRC, 1935). The farmers did not cater much for the workers' food and housing. The NRC argued that Africans worked for "practically nothing for the benefit of the farmers, who even today, do not like paying any wages" (ibid:1). In addition, African tenants paid rent and grazing fees amounting, in most cases, to 3 pounds per head. The NRC's argument was that the shortage of farm labour was a product of the unjust wages.

Although Morris (1982) argued that sharecropping and rent tenancy were phasing out after 1913, in places like Tzaneen they persisted. They facilitated some Africans' access to land. That created conditions where Africans combined both land and off-farm income in their lives (Arrighi, 1970).

Morris (1982) has noted that farmers complained that they subsidised the workers in mines by keeping their families on the farms. Not all Africans were converted into full wage workers in the white rural areas. Some continued to use land, combining it with wage income for production.

The government attempted to boost farmers' access to cheap labour through the Native Service Contract Act (NSCA) of 1932 (McClendon, 1997). The Act sought to empower African kraal heads to sign contracts on behalf of their children. Pass restrictions were tightened. Whipping of labour tenants was authorised as a judicial punishment for the breach of contracts. Whipping occurred frequently on Natal's sugar cane farms towards the mid-20th century (Beinart, 1997). Districts were authorised to impose a 5 pound tax on all able-bodied adult male Africans who did not render at least 6 months service to the land owner (McClendon, 1997). The Act was not successfully implemented but some farmers implemented its terms on their tenants to boost labour supply.

The Great Depression of the 1930s worsened the conditions of many white farmers who struggled with large-scale production. The state began to put in place structures to support the white farmers. The Land Bank, which was established in 1912 (Moll, 1988), was complemented by agricultural cooperatives (established through the Cooperative Societies Acts of 1922 and 1939) and marketing control boards (established through the Marketing Act of 1937) (Piesse et al., 2005; Ortmann and King, 2007). From the 1930s, the Land Bank distributed credit to farmers through cooperatives whereas the government channelled disaster assistance through them (Ortmann and King, 2007). The cooperatives also purchased and sold agricultural inputs and equipment; purchased, stored and sold agricultural commodities and offered transport services. All these mechanisms were necessitated by the white farmers' failure to succeed through the large-scale model.

3.5 Mechanisation of commercial agriculture and the persistence of land-based livelihoods in the African reserves: 1940s - 1980s

In the reserves, Ncapayi (2013) argued that from the mid-20th-century education played a major role in the livelihoods of the rural people. A black middle class with university education emerged, but this group also invested in the land because the salaries were little.

This allowed the group to build its livelihoods on diversified strategies that combined income from salaries (facilitated through education) and land. The black middle class was part of the migrant workers. When this group was away (mainly men but also women), the wives remained in the rural areas cultivating the land. Mabandla (2015) made similar observations for the black middle class in Mthatha between the 1950s and 1976. He argued that the class combined land, university education and income from salaries. Although agricultural production was declining, land continued to be combined with off-farm income with the wives playing a major role in organising agricultural production on family farms. There was a division of labour – wives managed farm production and household activities while the husbands held professional jobs. Even those in wage employment used their off-farm proceeds in production and livelihoods. The combination of land and off-farm income continued to be important in African production. While Africans made livelihoods from land, they were not using the large-scale model dominant in white rural areas.

In white rural areas, farmers began to demand settled labour on their farms in the 1940s. They argued that labour tenancy was hindering the progressive development of commercial agriculture (Morris, 1982). The farmers argued that settled wage labour facilitated mechanisation which was viewed as increasing production efficiency. However, the various factions within the farming block differed regarding the pace of abolishing labour tenancy. Some farmers' production was dependent on tenant labour. The farmers differed also with the United Party government regarding solutions to the labour question in commercial agriculture. They wanted the government to force Africans to work on the farms. The government suggested that farmers needed to improve the working conditions to attract labour. This tension caused many farmers to support the National Party in its victorious 1948 general election. The latter reciprocated by supporting farmers in their struggle against black Africans.

Although material state support started in the 1930s, it increased after 1948. It intensified the mechanisation of commercial agriculture (Bernstein, 1996). Despite increased state support some white farmers remained poor. They, together with black tenants, were dispossessed of their land through competition with large farmers. In Lydenburg district, in the Transvaal, Schirmer (1994:1) noted that many farmers “did not become capitalist farmers, nor did they fully participate in an agricultural revolution”. They remained dependent on state aid and cheap tenant labour as they failed to independently make a profit. These, together with labour

tenants, resisted the rural transformations that took place. A growing number of white farmers sold their land and moved to urban areas. Thus, mechanisation made large-scale production costly beyond the ability of many white farmers.

Competition in the sector caused land and capital to be concentrated in the hands of a decreasing number of large white farmers (Cooper, 1987). The number of farm units decreased rapidly after 1969 (Marcus, 1989). Richer farmers were accessing generous tax concessions and Land Bank loans previously reserved for poor farmers (Cooper, 1987). According to Marcus (1989), the average farming income for 20 percent of the farming units was R146 200 per unit compared to an average of R9 100 per unit for the other 80 percent in 1981/2. While state support and political intervention had increased, many white farmers were not successful using the large-scale model.

The cultivated area in commercial farms increased by 4.95 percent between 1945 and 1960 (Schirmer, 2004) stimulating the demand for harvesting labour. The number of permanent workers was reduced but seasonal and casual workers increased (Atkinson, 2007). Casualisation caused job insecurity, reduced income and affected the livelihoods of workers' households. According to Natrass (1977), before 1970 mechanisation was yield-increasing rather than labour-replacing. It mainly affected the cultivation operations (through the tractor) (Lipton, 1974 cited in Crush, 1993). Harvesting was still done by labourers. Although combine harvesters were introduced in the 1960s, they became more available to farmers in the mid-1970s (De Klerk, 1984; Vink et al., 1998).

De Klerk (1984) has argued that the 1970s experienced a steep decline in real interest rates amid inflation. This made borrowing cheaper resulting in farmers buying more land and machines including combine harvesters (Bernstein, 1996). Spending on machinery and implements increased by 165 percent between 1965 and 1970, and by 322 percent and 295 percent for the periods 1970 to 1975 and 1975 to 1980, respectively (Unterhalter, 1987).

Labour tenants were being replaced by wage workers after the 1950s. 740 000 labour tenants and squatters were evicted from commercial farms between 1960 and 1974 (Morris, 1977 cited in Crush 1993). Simultaneously, by 1970 commercial agriculture had absorbed 278 000 people from the former homelands and 32 000 immigrants (Natrass, 1977). However, the black population on the farms was declining. Absolute employment declined from 1.35

million in 1970 to 0.9 million in 1980 (Marcus, 1989). Mechanised large-scale production was not beneficial to the poor. It contributed to rural depopulation. Nonetheless, the wages were used by some Africans for agricultural production on their plots. Land and labour complemented each other in African livelihoods (Arrighi et al., 2010).

Forced removals from commercial agriculture constituted one-third of the 3.5 million blacks subjected to removals between 1968 and 1983 (Bernstein, 1996). Most evicted workers and farm tenants were moved to South African Bantu Trust (now South African Development Trust) lands in the reserves (Unterhalter, 1987). They were restricted to one-quarter-acre plots where they could not keep cattle. Overcrowding in the reserves caused land deterioration and affected food production (Ncapayi, 2013).

3.6 Land concentration and the agribusiness model: 1980s to the present

Ncapayi (2013) has shown that since the 1960s problems with access and deterioration of land in the reserves caused a shift from crop to livestock production. In the 1980s some migrant workers in areas like Lusikisiki in the Eastern Cape invested in cattle (Kepe, 2002 cited in Ncapayi, 2013). In most areas of the Transkei livestock numbers remained unchanged up to the 1990s (Ncapayi, 2013). Ncapayi's study has shown that livestock accumulation was made possible through the investment of wage and/or salary income by the black middle class and other migrant workers. Despite the economic challenges land continued to play a role in African livelihoods. It was combined with off-farm income for agricultural production.

The neoliberal policies towards the end of the 20th century catalysed the rise of agribusiness (and large farmers) which dominated commercial agriculture and input and product markets. This model called agribusiness brought together many players into a strong inter-linked alliance with a foothold in the input and product markets while dominating agricultural production on concentrated land (Fernandes, 2009; Bernstein, 2013; MST, 2013). Land concentration which had started in the 1950s continued (Hall, 2009a). With competition for financial resources and markets also increasing alongside the spiralling production costs, many farmers became insolvent and sold their farms – with agribusiness being the main beneficiary. Thus, many farmers are struggling to succeed using the agribusiness model.

3.6.1 Deregulation of commercial agriculture and market liberalisation

The deregulation of commercial agriculture started in the 1980s (Vink and van Rooyen, 2009). The government committed itself to greater market-oriented reforms, including the phasing out of subsidies to commercial farmers (Bernstein, 1996). The policies sought to create competitive markets and foster domestic and foreign trade in agrifoods (Jacobs, 2009). Budgetary allocations to commercial farmers declined by 50 percent between 1987 and 1993 (Vink et al., 1998). The real producer prices for commodities such as maize and wheat declined by over 25 percent since 1984 and 1986 respectively (ibid.).

Post-1994, the African National Congress (ANC)-led government continued on the trajectory of deregulation. The Marketing of Agricultural Products Act No. 47 of 1996 extended the scope of deregulation and liberalisation to all spheres of the agricultural sector (Jacobs, 2009). The Act set up the National Agricultural Marketing Council (NAMC) tasked to dismantle the marketing control boards and control and monitor state intervention in the sector (Vink and van Rooyen, 2009). This created a free market in the marketing of agricultural products and exposed the sector to global markets.

The reforms facilitated the emergence of agribusiness and its dominance of agricultural value chains (Bernstein, 2013). The increased competition and costs in commercial agriculture, since the 1980s, causes many farmers to become insolvent and exit commercial agriculture (Hall, 2009a). The land is concentrated in a decreasing number of large farmers. The number of farm units, which totalled 116 848 in 1950 (Marcus, 1989), has decreased to fewer than 35 000 currently (Cousins, 2015). Further, 51 percent of the farming units earned a gross income below R300 000 a year in the first decade of this century while eight agribusiness companies had a turnover of over R1 billion a year (Hall, 2009a). According to Cousins (2015) the top 20 percent, about 7 000 large farmers, produce about 80 percent of all marketed produce in South Africa. Many farmers are failing to succeed using agribusiness model.

Production under the agribusiness model is costly. While commercial farmers spend around R20 billion in 1993 expenditure jumped to around R123 billion in 2009 (Stats SA, 2011). Only rich farmers can cope with the rising cost of production under the agribusiness model.

The workers have also suffered from the use of the agribusiness model by the farmers. Between 1984 and 2004 almost 1.7 million people were evicted from commercial farms (Wegeriff et al., 2005). Employment on commercial farms has continued to decline post-1994. The number of paid employees declined from 1 093 265 in 1993 to 849 782 in 2009 (Stats SA, 2011).

In addition, many farmers have challenges with accessing both input and product markets. Both are dominated by agribusiness. The African Centre for Biosafety (ACB) (2009) noted that South Africa's non-genetically modified seed market is dominated by six seed companies: Pannar, Monsanto, Syngenta, Du Pont/Pioneer Hi-Bred and Sakata Seed, with Pannar being the biggest. Bernstein (2013:30) stated that “[b]y 2002, Monsanto, Pannar and Pioneer between them shared 90 percent of the market for grain seeds (maize, wheat, and sorghum)”. Moreover, “[i]n 2009, by its own account, Monsanto had a 50 percent share in the maize seed market” while the fertiliser industry is dominated by three companies; Sasol Agri, Omnia, and Yara (ibid.).

In the marketing of agricultural products, Shoprite, Pick n Pay, Spar and Woolworths control 50 to 60 percent of food retail in South Africa (Louw et al., 2007). To safeguard food quality and safety, the supermarkets and other agribusinesses impose strict food quality standards on produce from the farmers (ibid.). Although the quality controls are aimed at protecting the consumer, it is those farmers with better resources who can afford to access such lucrative markets. The resource-poor farmers are marginalised from these markets due to failure to comply with the required food standards. Although “black farmers are contracted in many sectors ... they supply less than 5 percent of the total volume procured” in South Africa (Vermeulen et al., 2008:219). Heijden and Vink (no date:12) argued that:

[t]he current structure of the South African food retail sector and the procurement practices of local supermarkets can and has created effective barriers to entry for smaller producers...Even niche markets such as organics, often presumed to offer opportunities for smallholders, are being taken over by big producers.

Thus, many farmers' socio-economic conditions are not improving under the agribusiness model. In the context of land reform, it is not clear how land reform beneficiaries can succeed using this model which many farmers, with better resources, have struggled with.

3.7 Conclusion

This chapter has shown that since 1658 many white farmers have struggled to succeed while using the large-scale agrarian models. They failed despite the various forms of state support and political intervention they received until the 1980s (Schirmer, 1994). The situation of many farmers worsened when state support and political intervention were reduced due to the adoption of neoliberal policies since the 1980s, with many commercial farming projects collapsing. Although large agribusinesses have increased their production capacities on concentrated lands, the agribusiness model has proved to be unsuitable for many farmers.

While many white farmers struggled with production using the large-scale models, many Africans were able to improve their livelihoods using the land. A class of successful African peasants even emerged in the late 19th century (Bundy, 1979). The successful peasants produced for home consumption and markets using adopted modern techniques and technology. As proletarianisation increased since the turn of the 20th century, those who maintained access to land used income from their wages and/or salaries as production capital (Ncapayi, 2013; Mabandla, 2015). They managed to stabilise their livelihoods by combining land and labour (Arrighi, 1970; Arrighi et al., 2009). Thus, land remained important in African livelihoods since colonial contact. However, its successful use was achieved outside the large-scale models of production.

CHAPTER FOUR

The enforcement of the agribusiness model at Elangeni project: introducing the case study

Once someone is there you would want to up production on the farm. But where a farm has actually been on commercial basis before transfer we would like to maintain that standard, the commercial basis (Victor Moloje, interviewed on 22 May 2013).

4.1 Introduction

This chapter introduces the case study of Elangeni project to illustrate the complexities regarding the enforcement of the agribusiness model in the land reform projects in South Africa, and its effects on the livelihoods of the land beneficiaries. The case study indicates that in the context of limited external support some beneficiaries with off-farm income use it as production capital, a point largely neglected in the current debates. It shows that despite the government's preference and efforts to enforce the agribusiness model in the land reform projects (Hall, 2004; Aliber and Cousins, 2013), the beneficiaries at Elangeni responded to the problems and limitations of the agribusiness model by moving towards the small-scale model of production. Given the unavailability of the required substantial capital resources for the large-scale production of subtropical fruits, and the limited effect off-farm income has on production under the costly agribusiness model, the beneficiaries diversified their production by adding small-scale vegetable production supported from off-farm income. Small-scale vegetable production was aimed at generating capital which could be used to support the capital-intensive production of subtropical fruits. The small-scale model was chosen for its low production costs (Mafeje, 2003) and its ability to amplify the effect of off-farm income on production, something which the costly agribusiness model cannot do.

Different positions have emerged in relation to the contribution of land and its significance to rural livelihoods in South Africa, even in the context of land reform. The Centre for Development and Enterprise (CDE) (2005:14) have argued that while land is important for a minority of rural people who live without alternative sources of income, the majority of rural

people consider jobs and housing in urban areas as more important priorities. There are few rural people who want to farm for a living, meaning that rural agricultural opportunities are not keynote expectations (ibid.)

Although different in their arguments, the second group acknowledges the importance of land to rural livelihoods but argues that the enforcement of the agribusiness model has limited the benefits beneficiaries draw from their land (Lahiff et al., 2012; Aliber and Cousins, 2013; Aliber et al., 2013). Because the beneficiaries struggle to produce using the agribusiness model land has contributed little to their livelihoods.

Without focusing on the agribusiness model Chitonge and Ntsebeza's (2012) study observed the effect of land on the livelihoods of both land beneficiaries and non-beneficiaries. They argued that because of access to land under the land reform programme the beneficiaries had more income, access to food and livestock compared to the non-beneficiaries. Apart from confirming the contribution of land to beneficiaries' livelihoods, Ncapayi's (2013) study also argued that contrary to the view that group-based production has failed (Hall, 2009b) the beneficiaries in his case study managed to improve their livelihoods by mixing group and individual production. Thus, these studies argued that land contributes to the beneficiaries' livelihoods.

This chapter argues that the choice of the small-scale model at Elangeni was a response to the difficulties of producing using the agribusiness model in a context of limited external support. Furthermore, where land beneficiaries with access to off-farm income adopt the small-scale model and invest their off-farm income in production land can contribute to their livelihoods.

The chapter starts by discussing the land reform programme in South Africa. That is followed by the debate on the contribution of land reform projects to rural livelihoods. It then discusses the processes of land acquisition, implementation of the agribusiness model and the introduction of small-scale vegetable production using off-farm income at Elangeni.

4.2 The land reform programme in South Africa

The South African land reform programme which started in 1994 aimed, *inter alia*, at reducing poverty and contributing to economic growth (African National Congress (ANC), 1994; Department of Land Affairs (DLA), 1997). Rural poverty, alongside income inequality and rural unemployment, are some of the problems expected to be solved through the land reform programme (National Planning Commission (NPC), 2011:219). Between 1995 and 1999, the government made available Settlement and Land Acquisition Grants (SLAG) (R16 000 per household) to poor households for the acquisition of land (DLA, 1997; Hall, 2004). Because of challenges such as the complex group dynamics that resulted and the failure to link land acquisition and production support which affected the generation of livelihoods, the SLAG programme was replaced by the Land Redistribution for Agricultural Development (LRAD) in 2001. LRAD aimed at establishing a class of black commercial farmers in land reform projects (Hall, 2004). Although LRAD has been replaced with the Proactive Land Acquisition Strategy (PLAS) as the primary programme for land redistribution since the appointment of Minister Gugile Nkwinti in 2009, the vision of a class of black commercial farmers has been maintained until now. Indeed, the Recapitalisation and Development Programme (RADP) aims, *inter alia*, at rekindling the class of black commercial farmers destroyed by the 1913 and 1936 Land Acts (DRDLR, 2013a:11).

To achieve these objectives, the government implements the agribusiness model in the land reform projects. The agribusiness model preserves the capital-intensive production patterns of the former land owners in the land reform projects (Hall and Cliffe, 2009; Aliber and Cousins, 2013). In the past few years, those beneficiaries alleged to have failed in their agricultural operations were threatened with losing their land under the '*use it or lose it principle*' (Department of Land Affairs (DLA), 2008:3). To preserve the agribusiness model, the government desists from subdividing the large farms (Van den Brink et al., 2007) into sizes suitable for the beneficiaries' capabilities (Aliber and Cousins, 2013). As will be shown in Chapter Five, given the difficulties of accessing production capital and/or support those beneficiaries with household off-farm income can struggle to produce in this model as it requires more resources.

To assist beneficiaries to succeed using the agribusiness model, the government has introduced a variety of programmes such as mentorships, joint ventures and co-management arrangements (DRDLR, 2013a). A mentor's responsibility is to transfer knowledge to the beneficiaries in a coaching role. A strategic partner is a business partner who takes the leading role in the management and production activities of the project (Nkwinti, 2010). The project is registered as an agribusiness company with partners owning shares. Accepting a mentor or strategic partner is a condition for beneficiaries to receive funding under RADP (DRDLR, 2010a). These arrangements entrenches the agribusiness model in the land reform projects (Aliber et al., 2011). The strategic partners promote the continuity of large-scale production in the land reform projects (Lahiff et al., 2012).

The aim of the RADP is to provide beneficiaries with the necessary support required to run successful agricultural businesses (DRDLR, 2013a:10). In a sign that shows government commitment to the agribusiness model, the RADP allocates business planning duties to the strategic partners. Strategic partners are mostly agribusiness entities and large-scale farmers (Lahiff et al., 2012). While there are still many projects that have not benefited from the RADP, the agrarian policies of the South African government promote the agribusiness model in land reform projects.

The assumption in the RADP policy is that various forms of support will make the beneficiaries improve their production and livelihoods using the agribusiness model. This contradicts the historical record of the subsequent mainstream models of agrarian capitalism in South Africa. As shown by Schirmer (1994; see Chapter Three) writing about the 1930s, many farmers operating within the mainstream agrarian model failed despite substantial state support availed. Even if the government wishes to support all beneficiaries monetarily, it does not have the budgetary capacity. Hall (2009b:262) has estimated that such a task would require the capital budget lines to be increased six-fold. Against this backdrop, it would be beneficial for both the beneficiaries and the government to adopt a small-scale model which has fewer costs.

4.3 The debate on the contribution of land reform projects to rural livelihoods

There are contestations regarding the contribution and significance of land in rural livelihoods in South Africa. Arguments from three groups of scholars are discussed in this section.

In its report titled *Land Reform in South Africa: A 21st Century Perspective*, the Centre for Development and Enterprise (CDE) (2005:14) acknowledged that many South Africans in the rural areas are strongly attached to land in general. However, it argued that such an attachment “should not be equated with wanting to farm for a living”. “Far fewer black South Africans want to farm than is commonly supposed; most regard jobs and housing in urban areas as more important priorities”, argued the CDE. The report further argued that only 9 percent of black people who were not farmers had clear farming aspirations. It stated, though, that land is important for a minority of rural people who live without alternative sources of income. For such people, the CDE argued that “aspirations involving land or additional land can reach high levels and become very intense” (ibid.). Despite this, for the CDE their needs constitute a localised policy challenge. Its overall conclusion was that for the majority of rural black South Africans agricultural opportunities are not keynote expectations.

The views of the CDE suggest that rather than emphasising large-scale redistribution of land for agricultural production, focus should be on job creation and releasing land for housing in urban areas. While these are important priorities, the report underplays the contribution of land and agriculture to rural livelihoods. It should be noted that preferences do not necessarily mean that those issues ranked lower are not important. After all, rural Africans prefer diversified livelihoods which include the production of their own food. In addition, the CDE’s study focused on people’s perceptions not assessment of the livelihoods of people who already have land. Thus, it has limitations in terms of informing us on what contributions land is currently making to the livelihoods of rural people.

Aliber and Cousins (2013) assessed the impact of land reform on the beneficiaries’ livelihoods in Limpopo province. They provide a nuanced assessment of land reform across the three main project types – restitution, LRAD and SLAG projects. Their study highlights

the diverse experiences across and within the project types. Unlike the CDE report, the authors are clear that land is important in black South Africans' livelihoods. However, they argued that "the more fundamental problem is the South African state's stubborn commitment to the LSCF model of agriculture" which they attributed to the insignificant poverty reduction benefits they observed in their study (ibid:141). They argued that "the characteristic capital-intensity of the LSCF model is out of sync with South Africa's rural unemployment crisis". For them, the agribusiness model "fails to take into account social realities, not least the abilities and aspirations of rural dwellers, and results in 'land reform projects' that are intrinsically unworkable and prone to collapse" (ibid.). Nonetheless, Aliber and Cousins noted that in instances where beneficiaries managed to work outside the restrictions imposed by policy some were able to improve their lives thanks to land reform (see also Aliber et al., 2013:287).

In the context of the SLAG projects, Aliber and Cousins observed that the agribusiness model was mainly enforced in a bid to preserve the previous owner's approach to production (p.149). The consequence was the "unworkable 'projects' that either adapt or die". The continuity with the agribusiness model which relies on less labour meant that most beneficiaries were redundant from the outset. The study observed that those "SLAG projects that adjusted and survived, a few former farm workers did benefit, and might in future develop and benefit further" (p.157). However, the study stated that the "dominant pattern is the loss of farm-worker jobs, and virtually no new livelihood opportunities for residents of communal areas" (ibid.).

Despite the intensification and diversification of land-uses in some LRAD projects, the continuity with the agribusiness model ensured that LRAD projects contributed little to poverty reduction. The projects "were elite-oriented, which the very modest labour intensification observed on some projects did little to compensate" (p.158).

In the context of restitution projects, many have taken on strategic partners which maintained the agribusiness model on the projects. No alternative land uses suitable to the needs and capabilities of beneficiaries were implemented which undermined livelihoods creation (ibid.). However, in projects such as Mavungeni where some invaders implemented individual small-scale farming for home consumption and sale livelihoods were improved. Aliber and Cousins (2013:158) concluded that "it is apparent that poverty reduction benefits are mainly available

to those who fall outside the intended project plans” with such opportunities “concentrated in restitution where the main design parameters of ‘which land for whom’ are beyond the reach of policy-makers and implementers”. The authors suggested the “need to consider a land redistribution process based on the subdivision of large farms and support for small-scale, part-time farming as one of many livelihood sources” (p.162).

Similarly, Lahiff et al. (2012) investigated the impact of the agribusiness model on joint ventures on restitution projects in Limpopo province. They observed that the agribusiness model is capital-intensive and demands more resources which the partners could not afford. The agribusiness model also required sophisticated technical expertise which both beneficiaries and strategic partners lacked. They concluded:

Alongside the major commercial difficulties being experienced by all the projects discussed here, the most obvious weakness is the lack of material benefits reaching the great majority of community members. Twelve years after the lodgement of their restitution claims, and five years after the return of the first lands, most households have yet to see any positive impact on their livelihood (Lahiff et al., 2012:52).

Lahiff et al.’s (2012) study reveals that strategic partnerships entrench the agribusiness model in the projects. Commenting on the strategic partnerships, Hall and Cliffe (2009:8) have argued that the track record of some suggests that some beneficiaries may benefit very little, if at all. They argued that beneficiaries are more often restricted from settling on the projects, using or making decisions about their land. Against this backdrop, Mayson (2003:1) argued that some strategic partners may be using land reform to “spread the risk of engaging in an increasingly complex and capital-intensive sector, while gaining market and political credibility in the process”. Thus, the main point is that while land is important, the continuity with the agribusiness model has limited its contribution to the beneficiaries’ livelihoods.

In their study in Mole-mole Municipality, Limpopo province, Anseeuw and Mathebula (2008) stresses the point that the livelihoods of land beneficiaries were not improving in many projects. Although land is important the design of the land reform projects has affected their ability to contribute to livelihoods. Unlike Aliber and Cousins (2013), references to the effects of the agribusiness model are implicit rather than explicit. For them, the projects have been affected by macro-economic difficulties that make it difficult to develop viable agricultural activities. In addition, the projects were economically unfeasible given the large

numbers of beneficiaries they were supposed to support, especially SLAG and restitution projects. Another main problem identified was the acquisition of unsuitable land for redistribution purposes. These, together with inherent group problems affected the projects' contribution to beneficiaries' livelihoods.

Chitonge and Ntsebeza (2012) did a study in the Chris Hani District Municipality (CHDM) of the Eastern Cape Province. The projects they evaluated produced within a mixed model where production was for both consumption and sale. They also used the household as the unit of analysis in order to capture even the smallest contribution land made which could have been missed at the project level (ibid:93). The authors argued that "an average non-beneficiary household has a monthly income which is almost half that of an average beneficiary household" (ibid:98). Moreover, "levels of productivity within these households do suggest that having access to land through land reform may account for the large part of this difference". Land beneficiaries were also found to have had more cattle and sheep on average than other groups (ibid:102). The figures for growth in livestock numbers over the previous 10 years suggested that households with land recorded the "highest growth in livestock numbers, with land reform beneficiary households recording the highest numbers with respect to cattle, sheep, and goats, while those without land recorded the lowest growth in all livestock categories" (ibid.). With regard to maize production, beneficiary households produced almost five times more on average than non-beneficiary households. Chitonge and Ntsebeza (2012) concluded that access to land made a difference to the lives of rural households in general (see also Chitonge, 2013). They also argued that those with land were far better off than those without land. Chitonge and Ntsebeza's study does not focus on the agribusiness model and its consequences on the socio-economic conditions of the land beneficiaries. However, it shows that when Africans do not use the agribusiness model their livelihoods can be improved.

Ncapayi's (2013) study, also in the Eastern Cape Province, argued that despite the continuing challenges beneficiaries face, land improved their lives. His case study of Delindlala project indicated that sheep had increased from 345 in 2001 to 969 in 2006 (Ncapayi, 2013:209). The cattle belonging to individuals also increased from 154 to 262 over the same period. He noted that when the project introduced livestock for the group, the number also increased. Although crop production had more problems than livestock production, overall land contributed to the lives of the beneficiaries. Like Chitonge and Ntsebeza (2012), Ncapayi's study focused on a

project practicing mixed agriculture, where production was for both consumption and sale. Moreover, the study also argued that contrary to the view that group-based production has failed (Hall, 2009b) the beneficiaries in his case study managed to improve their livelihoods by mixing group and individual production. However, the study shows that when beneficiaries do not use the agribusiness model land can contribute to their livelihoods.

All the studies reviewed above provide important insights. However, as case studies they have limitations in terms of providing a general picture about the country. What they show, though, is that the experiences of land beneficiaries differ between places and also from project to project. This study argues that while the enforcement of the agribusiness model negatively affects the beneficiaries' livelihoods, where the beneficiaries introduces land uses outside the agribusiness model land can contribute to livelihoods. It points out that the adoption of the small-scale model for organic vegetable production, alongside the agribusiness model for fruits, enabled the beneficiaries at Elangeni project to produce more using off-farm income. Because the small-scale model has less costs (Mafeje, 2003), it facilitated the effective combination of off-farm income and land in production. Thus, the small-scale model positioned the beneficiaries to effectively combine land and labour in their lives (Arrighi, 1970; Arrighi et al., 2009). In addition, the assessment of land should be broadened beyond the narrow economic/monetary criterion in order to better capture the role of land in beneficiaries' livelihoods (Rosa, 2015). As will be shown in this study, land also facilitates access to food, natural resources and valuable physical assets (see Chapter Seven).

The following sections focus on the acquisition of Elangeni project, the implementation of the agribusiness model and the introduction of new land uses supported with off-farm income.

4.4 The acquisition of Elangeni project

4.4.1 Swapping the pen for the hoe: from teaching to farming

The establishment of Elangeni project owes much to Sophie Rhulani Mlangeni's loss of interest in teaching and her desire to start a business. She taught for twenty-two years before resigning in 1999 to open a fruit and vegetable shop at Mooketsi near Tzaneen. She bought a

Nissan bakkie which she used for the procurement of products from the surrounding farms to sell at her market store. While conducting this business, “an idea struck her that she needed to acquire a piece of land in the form of a farm” to sell her own products (Elangeni Farm Profile, 2013). Unlike many applicants elsewhere who were mobilised by landowners, former employers, other applicants (Songelwa, 2009; Aliber et al., 2013) and rural organisations (Ncapayi, 2013) her motive was to expand her business and generate income.

Initially (in 2004), Sophie wanted a joint venture with her local Pastor, Mrs. Ndala. She said:

She is the woman with whom we encouraged each other and went around looking for farms. We did not know that the government buys farms for people. We went to the Land Bank ... and told them that we want to buy a farm. We wanted to buy it jointly, the two of us. We wanted a farm to produce as women (Interview with Sophie on 18 July 2012).

The Land Bank (Tzaneen offices) referred the two to the then DLA so they could apply through the land reform programme. The slow pace of land redistribution in the Greater Tzaneen Municipality (GTM) may have contributed to the women not having heard about the land reform programme, 10 years after it had commenced. Between 1998 (when the first projects were redistributed in Mopani District) and the end of 2004 there were only eight projects redistributed in GTM and 13 in Mopani District (DRDLR, 2011).⁵ The pace of land redistribution has been slow (Andrews, 2007; Ncapayi, 2013).

4.4.2 Formation of Elangeni Family Trust and its members

Sophie and Mrs. Ndala were discouraged from buying the farm jointly by the DRDLR. They were advised to mobilise their family members. It would seem the department wanted to avoid the problems associated with group projects (see Hall and Ntsebeza, 2007). While in the context of SLAG beneficiaries were encouraged to ‘rent the crowds’, in a way the emphasis on family-based projects was tantamount to asking the applicants to ‘rent their families’. It should be noted that not all members of the household had expressed interest in land, but the Department encouraged Sophie and Mrs. Ndala to mobilise them as applicants.

⁵ The database has all redistribution projects implemented between 1998 and December 2011. It does not include restitution projects.

Sophie mobilised her household members in 2004 to form Elangeni Family Trust to enable the application under LRAD. A trust is one of the legal entities used to hold land on behalf of beneficiaries in South Africa (DRDLR, 2010b).⁶ Other legal entities are communal property associations (CPAs) and close corporations (CCs). The Mopani land database states that Elangeni Trust has ten members (DRDLR, 2011) but Sophie, the key informant, said there are nine. They are herself, her husband Samuel, their six children (Bongani Nick, Bryan, Rirhandzu, Kulani, Katekani, and Hlamulo) and her mother (Granny Alina who passed away in 2009). Initially, Sophie said ten members applied for the farm. When asked to identify the members she came up with the nine mentioned above and insisted that they were nine. It is difficult to verify the numbers as some farm documents were destroyed in a house fire in 2008. It is possible that the number registered with the DRDLR was inflated to leverage for a bigger grant from the government.

The composition of the Trust also suggests that there was the motive to raise adequate grants for the farm. Sophie and Samuel are the only full-time resident members on the farm. Five of their children have professional jobs in towns. The last born, Hlamulo, was studying for a Bachelor of Accounting degree at the University of Pretoria at the point of data collection. From the beginning, the membership of Elangeni Trust was not going to allow all members to reside on the farm. Nevertheless, the inclusion of the children is important given the limited post-settlement support from the state. As will be shown later (and in Chapter Five), the children's salaries are an important production capital at Elangeni.

Sophie and Samuel do not expect their children to be physically involved at the farm. This raises an interesting question regarding why the children are members yet they are not expected to be involved full-time. On one hand, since the beginning of the 20th century a pattern developed among black South Africans were households combined jobs and land in their livelihoods (Arrighi, 1970; 2009), with off-farm income invested in agriculture (Ncapayi, 2013). On the other, the LRAD application process forced Sophie to rent her household members to raise an adequate grant for the farm. This was made necessary by the government's reluctance to subdivide the farms (Van den Brink et al., 2007) to suit the capabilities of the applicants.

⁶ In this study the legal entity is referred to as Elangeni Trust.

Hlamulo and Granny Alina's inclusion backs up the point that some members were brought in to leverage for a bigger grant. Hlamulo started her university studies in 2011, seven years after the Trust was formed. She was too young to contribute any labour or resources to the project in 2004. Also, Granny Alina could not contribute labour or resources to the project because she was old and under the care of her children. Explaining an incident in 2008 in which Granny Alina was rescued from a house fire, Sophie said:

My mother was in one of the houses and she was elderly. One of the workers remembered that granny was in one of the houses. He ran to the houses and picked her into his arms and got out. He said 'Granny, the house is on fire. Let's go outside.' She was not aware (Interviewed on 12 June 2013).

This shows that Granny Alina was so advanced in age that she needed to be carried in someone's arms to escape the house fire. Secondly, it seems her awareness abilities had diminished such that she needed someone to inform her of the fire. Despite all this, she was a member of the Trust who guaranteed voluntary labour as own contribution towards the LRAD grant. It appears her inclusion was meant to boost the grant.

Irrespective of the reasons for the inclusion of the children in the project, their membership means that the beneficiaries have access to off-farm income for use as production capital. Indeed, from 2010, the children have contributed capital towards production through their forum called the Task Team. Their contributions are used to support production in cases where the farm cannot sustain itself. Although Sophie and Samuel manage the day-to-day activities on the farm, the Task Team is an important organ of the project. The beneficiaries' profiles below supports the argument in this chapter that the beneficiaries have access to off-farm income which they use as production capital. Given that the use of off-farm income is less effective under the agribusiness model emphasising capital-intensive production of subtropical fruits, a small-scale model of less capital-intensive crops funded through off-farm income may contribute to the improvement of the beneficiaries' lives.

4.4.2.1 Sophie: "I initiated the project."

Sophie was born on 27 December 1955. Her father worked in Duiwelskloof (now Modjadjieskloof), 20 kilometres north of Tzaneen. The household lived in the black township of Ga-Kgapane. Her father died when she was young. Her household, headed by her mother

Granny Alina, later relocated to Olifantshoek in Makhado Municipality. Before the move, Sophie often worked on the commercial farms alongside her mother to help generate income for the household. In spite of this, her mother helped her to keep focused on education.

After completing her primary and secondary studies in Olifantshoek, her uncle, who worked in Johannesburg, supported her further studies. She trained as a primary school teacher at Tivumbeni College of Education in Nkowankowa Township of Tzaneen, from 1975 to 1976. Tivumbeni College was part of Gazankulu Homeland before 1994. Between 1977 and 1999, Sophie taught at five primary schools in Tzaneen (Curriculum Vitae, July 2013). She furthered her education, including two certificates on agricultural markets which she acquired in 2008 after obtaining the farm.

The certificates on agricultural markets focused on export and market readiness for emerging black farmers (South African Agri Academy (SAAA) course outline, 2014). Sophie was nominated by the Department of Agriculture, Forestry and Fisheries (DAFF) to undergo training with the SAAA in Cape Town soon after acquiring the farm. Her training on EU Fruit and Vegetable markets signals that beneficiaries are also expected to supply foreign markets. This is evidence that beneficiaries require sophisticated technical skills to produce using the agribusiness model. For those beneficiaries who lack the resources, failure to acquire these skills may put them at a disadvantage in the agricultural markets controlled by agribusiness. It appears the DAFF was preparing Sophie to fit into the agribusiness model.

According to the Farm Profile, Sophie is the General Manager. However, she identifies herself as the Chairperson of Elangeni Trust. In practice, Sophie and Samuel manage the daily operations of the project in the absence of the children. The roles described in the Farm Profile differ from what Sophie actually does. It is possible that the Farm Profile was designed as a marketing tool to capture the interest of prospective clients. Like her husband, Sophie is on pension and she invests her money on the project. Production benefits from off-farm income at Elangeni. Thus, given the difficulties of accessing capital and/or support the beneficiaries can benefit from a small-scale model rather than the agricultural model where their off-farm income becomes woefully inadequate.

4.4.2.2 Samuel: “My husband supports me very well.”

Samuel did his primary and secondary studies in Olifantshoek before moving to Johannesburg for further studies. He taught at Tivumbeni College of Education and also had a part-time lecturing job at the University of Limpopo until 2000. Samuel left teaching in 2000 when the Department of Education restructured some institutions of higher learning to address the legacy of apartheid. The department wanted to transfer him to Mpumalanga, which did not go down well with him. Sophie said:

He left in 2000. I left teaching first. It was that time when they started reshuffling and closing colleges. They wanted to transfer him to Mpumalanga. It did not go well with him as he did not want to leave his family behind to go and start over. That is what discouraged him (Interviewed on 18 July 2012).

Samuel travelled with Sophie throughout GTM during the three years they looked for a farm to buy. He co-manages the farm with Sophie in the absence of the children. Samuel keeps the records of the programmes financed by the Task Team. He also manages the subtropical fruit orchards while Sophie manages the organic vegetables. He maintains the farm equipment and provides driving services (both car and tractor). The division of labour between Samuel and Sophie largely follows typical masculine patterns where tough tasks are assigned to Samuel. He also invests his pension money into the farm. As pointed earlier, these capabilities should have been considered before imposing the agribusiness model on the beneficiaries. They suggest that the beneficiaries’ off-farm income can be more effective in a less costly small-scale model (Mafeje, 2003).

4.4.2.3 The Task Team

The six children are members of the Task Team, which is a component of Elangeni Trust. The Task Team structure was created in 2010 to coordinate the children’s involvement in the project. The children contribute funds which are used for production at the project. All members are equal and decisions are reached through consensus. None of the children are involved physically at the project because of their other professional commitments. Three of the children, Bongani Nick, Bryan, and Rirhandzu are listed in the Farm Profile as having management roles at the farm.

According to the Farm Profile (2013) Bongani, the first-born, is the Financial and Operations Manager. The profile noted that he has a Bachelors Honours Degree in Law and specialises in tax law. It states that

Bongani has worked in the public and private sectors in various roles, including being a Tax Consultant in a Big 4 Audit firm and Tax Manager for a JSE listed multinational company.

As for Bryan, who is a marketing manager at Bidvest, the Farm Profile states that he has a National Diploma in Marketing Management from the Tshwane University of Technology. He also has a certificate in Customer Service and Effective Communication. Furthermore, “Bryan has extensive experience in the sales and marketing management area and customer relations management across a wide variety of industries including agriculture” (ibid.). Rirhandzu, the third-born daughter who works at Standard Bank, is the marketing, sales and brand manager of the farm. She and Bryan seem to have overlapping, if not the same tasks, as outlined in the farm profile.

The official organogram of the farm suggests attempts by the beneficiaries to present the project in a professional way that draws the interest of prospective clients, funders, and potential partners. The farm profile was done through the Small Enterprises Development Agency’s (Seda) support to agricultural cooperatives. On 22 July 2010, Elangeni registered as a primary agricultural cooperative in accordance with the Cooperatives Act of 2005 (Elangeni Cooperative Registration Certificate, 2010). As such, the beneficiaries received training and other non-financial support services from Seda.

Bryan worked with Seda in designing the marketing boards, business cards, farm profile brochures, banners and the website, *inter alia*. There are two marketing billboards on the way to the farm from the main road. One is along the Tzaneen-Tarentaalrand road and the other is located near the farm entrance. Sophie said:

And the marketer, he is marketing. You see the boards? Those boards, he worked together with Seda. They are all his designs, everything... It is the marketer’s ideas. We are on the website already (Interview with Sophie, 18 July 2012).

Elangeni was helped to produce official banners and corporate profiles with details such as email addresses and websites which are not yet functional.⁷ Compliance with the demands of the agribusiness model has transaction costs. The official titles for farm officials and the detailed description of their profiles reflect the effort required to fit into the agribusiness model.

In practice, the three do not stick to the roles in the farm profile. Bongani's actual role is to provide legal advice to the Trust and handle the tax-related business of the project. Likewise, Bryan liaises with agents at the national fresh produce market (NFPM) in Pretoria where Elangeni sends some of its products. Sophie claimed that the agents are not trustworthy. Therefore, Bryan monitors the marketing of the products. Thus, the children play important roles at the project.

Rirhandzu, whose husband Mooken is white, plays a limited role besides contributing to the Task Team Fund. Her husband was co-opted into the Task Team to provide social capital as a white person. Whenever the farm needs supplies such as equipment, Mooken is sent to procure them from local white farmers because his race guarantees cheaper prices. Sophie said:

We tell them [Task Team] we want this and that. They chat on the internet and discuss our reports... Then they will make a decision to release some money for the project that needs to be undertaken... Mooken is close-by as he lives in Tzaneen. So they send him to service providers to get quotations. He has an advantage as a white person in that he can go to other white farmers and get cheaper quotations compared to what a black person may get (Interviewed on 5 June 2013).

Additionally, all the finances released by the Task Team for projects on the farm go through Mooken who does the payments. Sophie and Samuel only receive the purchased products or services. While Mooken is not an official member of Elangeni Trust, his role is important. However, his co-option suggests that the beneficiaries struggle to access certain agricultural value chains which have a history of serving white farmers' interests.

Although the other three children are not mentioned in the Farm Profile, Kulani, the fourth-born son and auditor at the Department of Mineral Resources in Pretoria, audits the Trust's

⁷ Elangeni banners state that the website address is www.elangenifarm.org.za. The email address is info@elangenifarm.org.za.

accounts to meet prospective funders' expectations. He also liaises with the DTI on the R350 000 grant Elangeni got from the department under the Cooperative Incentive Scheme (CIS). The CIS is a 100 percent grant for registered primary cooperatives whose objective is to improve the viability and competitiveness of cooperative enterprises (DTI, 2011). Kulani follows up with the DTI whenever the beneficiaries submit claim forms for the grant.

In sum, the profiles of the beneficiaries reveal that this is a household with access to off-farm income which it uses as production capital. Although not all land reform projects have beneficiaries with salaried professions as is the case at Elangeni, the fact that many South African households have access to off-farm income (be it social grants) suggests that the less costly small-scale model can improve their livelihoods. Others may argue that the Mlangeni household has better resources, judging from the professions of the children, and can sustain production under the agribusiness model. However, the children have their own nuclear families to take care of first. Add to that the high costs of commercial production and the small profit margins in the business (Lahiff et al., 2012). That makes it unlikely that the beneficiaries can succeed using the agribusiness model depending on off-farm income alone. As will be shown in Chapter Five, the project usually takes time to resume production after disruptions such as veld fires due to the inadequacy of production capital.

4.4.3 Application and searching for the farm

According to the Mopani land database, Elangeni Trust submitted an application to the DLA on 15 October 2004 (DRDLR, 2011). Eight months later, on 13 June 2005, the application was approved by the District Screening Committee as shown in Table 1.

Table 1: Application process for Elangeni farm

Application date	District Screening Committee Approval Date	Approval Date	Transfer Date
15/10/2004	13/06/2005	05/05/2009	18/12/2009

Source: DRDLR, 2011.

The database states that the application was then approved by the DRDLR on 5 May 2009, with the farm transferred to Elangeni Trust on 18 December 2009 in terms of the LRAD grant. This suggests that beneficiaries occupied the farm starting 18 December 2009.

Sophie's account differs from the data in the Mopani land database. According to Sophie, between October 2004 and December 2007 (when the beneficiaries first occupied the farm under PLAS terms), the beneficiaries were searching for a farm without success. The search started soon after the submission of the application. According to Victor Molohe of the DRDLR (Polokwane), because LRAD was demand-driven it was the beneficiaries' responsibility to search for the farm that suited their needs (Interviewed on 22 May 2013).⁸

Some farms were under claims through the land restitution programme. Before the government buys any land for the purposes of land redistribution, its property description is sent to the Land Claims Commission to make sure the land is not under claim. Mr. Mthombeni, an official of the Limpopo Department of Agriculture (LDA, Tzaneen), explained:

The Department (DRDLR) is buying these farms from those willing farmers but if that farm is under claim it cannot be sold. So they first check with the Land Claims Commission. Is this farm under claim? No, it is not, and then they purchase it. Any land, even if it is not a farm, as long as it is under claim they are not allowed buying it. And you must be careful because the Land Claims Commission may still be working on the claim. You name the property description to the Land Claims Commission (Interviewed on 2 July 2012).

Some farms were isolated and the beneficiaries feared for their safety. Over the years, there have been reports of farm murders in South Africa.

⁸ Victor Molohe was the land reform officer for Mopani District.

By 2006, the beneficiaries were tired of searching for the farm. They handed over the task to Shandukani Khumela (known as Shandu to the beneficiaries), a DRDLR official based in Polokwane. Shandu sent them to view a farm in Tarentaalrand, 15 km east of Tzaneen. They liked it. The purchase process was initiated and was to be funded by a grant from the DRDLR and a loan component from the Land Bank. The beneficiaries' own contribution was a pledge to provide labour to the project. The purchase process was not completed because the mango trees began to dry up without explanation. Sophie said:

When we asked workers what happened to the mangoes they said they were also shocked by what happened... He (white farmer) had killed them (Interviewed on 18 July 2012).

There is no evidence that the white farmer deliberately poisoned the mango trees as claimed by Sophie. This may be reflecting Sophie's distrust of white farmers and the frustration that had accumulated as years passed without getting a farm. This may also explain why the beneficiaries use Mookan (the white son-in-law) as an intermediary when procuring from white suppliers. If Sophie is right, this may be pointing to the challenges the beneficiaries have in accessing the agricultural value chains dominated by large white farmers. The Land Bank refused to finance the purchase of the farm. It argued that the beneficiaries were not going to benefit. If the purchase had gone through, the beneficiaries were supposed to repay the Land Bank loan.

Farm prices also played a part in delaying the purchase of a farm. Sophie said that "[w]hen they [sellers] realised that there were many people looking for the farms they raised the prices" (Interviewed on 12 June 2013). Having given up on looking for a farm Sophie went back to selling vegetables and fruits. In December 2007, Sophie got a call from the DRDLR (Polokwane) instructing her to go and view a farm in the Deerpark area of Tzaneen. She said:

I was surprised when the people from the DLA called me. They said there is a certain farm in Deerpark. The white farmer was growing fruits and rearing cattle. "Go and see it and tell us what you think about it." We came here. We drove here with my husband. Would you say you are not interested? We viewed it and saw that food was there and we could work here. So we told them that we wanted it. We completed the forms. In December (2007) they transferred the farm to us (Interviewed on 18 July 2012).

The farm had already been registered to the state under PLAS terms. It took three years for the beneficiaries to get a farm. Their experiences show that asking applicants to search for the farms delayed the process of land redistribution. While they had better resources compared to most land beneficiaries, Sophie and Samuel struggled to find a farm in the competitive land markets.

Although some people buy farms for lifestyle purposes (see Mkhize, 2012), in the quote above Sophie stresses that they accepted the farm on the basis of its potential to produce food and as a place of work. Despite having pensions (and remittances from the children) Sophie and Samuel viewed the farm as a source of livelihood as they were no longer teachers.

4.5 The Elangeni Project

The farm owned by Elangeni Trust is portion 40 of Grey Stones 469 LT which is 165 hectares in size (DRDLR, 2011).⁹ It is located in the Deerpark area, about 15 km north-east of Tzaneen. The beneficiaries inherited approximately 10 000 mango trees on 17 hectares and about 3 000 avocado trees on 10 hectares (Elangeni Farm Profile, 2013). The inherited land uses inclined the beneficiaries towards the agribusiness model. The government did not allow them to change the main land use – subtropical fruit production. Due to their difficulties in supporting large-scale fruit production using off-farm income the beneficiaries introduced small-scale organic vegetable production. They organic vegetables were aimed at generating capital for investment in the agribusiness model for subtropical fruits.

About 130 hectares of grazing land has never been used because the beneficiaries do not have livestock (Elangeni SWOT Analysis Document, 2013). When the beneficiaries occupied the farm in December 2007, there were two thatched houses which were destroyed by fire in 2008. Fixed structures on the farm include two sheds, one storage facility, two fowl runs, a borehole and two small earth dams. No movable assets were bought with the farm. The land facilitated access to valuable physical assets for the beneficiaries.

⁹ In this study, the hectares are rounded off to the whole number and portion 40's actual size is 165.3277 hectares.

Ownership records for portion 40, from the Deeds Office of the DRDLR in Pretoria, start from 1998 to the present, as shown in Table 2.¹⁰

Table 2: Transfer History for Portion 40 of Grey Stones 469 LT: 1998 – present

Previous Title	Previous Owner	Transferred to	New Title	Amount (R)
T73569/1998	Boet Booyesen Trust	Coastal and Inland Investment Pty Ltd	T73570/1998	380 000
T73570/1998	Coastal and Inland Investment Pty Ltd	Aanbreek Beleggings Pty Ltd	T27403/2000	325 000
T27403/2000	Aanbreek Beleggings Pty Ltd	National Government of the Republic of South Africa	T17232/2007	2 150 000
T17232/2007	National Government of the Republic of South Africa	Elangeni Family Trust	T82954/2009	2 150 000

Source: DRDLR, 2013b.

Portion 40 changed hands twice in 1998. It was first bought by the Boet Booyesen Trust before being sold in the same year to the Coastal and Inland Investment Pty Ltd for R380 000 (DRDLR, 2013b). The latter sold the farm to the Aanbreek Beleggings Pty Ltd for R325 000 in 2000. The farm was then sold in 2007 to the Government of the Republic of South Africa for R2 150 000. In 2009, the farm was transferred to Elangeni Family Trust for R2 150 000. The Trust leased the farm between December 2007 and December 2009.

The farm's price in 2000 (R325 000) constitutes 15 percent of the price (R2 150 000) the DRDLR paid to the Aanbreek Beleggings Pty Ltd in 2007. In only 7 years, the Aanbreek Beleggings Pty Ltd received a fee almost seven times what it paid for the farm in 2000. That

¹⁰ The farm record book 8 LT 469 – 479 contains the ownership history for each particular portion of a farm listed in it. Its entries include the date the portion was acquired, title deed, size of the portion, transferor and transferee. The details are listed from the first owner to the last person to own it in 1975. Digitised entries for farms start from 1975 to present. However, portion 40's entries start from 1998 to present.

fee excludes movable assets. It is not clear what improvements were made to the farm during those 7 years. However, the price hike seems to confirm Andrews' (2007) view that the government is charged extremely high prices for the farms.

That the farm changed ownership three times between 1998 and 2000 may be highlighting the argument in this study (see Chapter Three) that many farmers are failing and exiting commercial agriculture under the agribusiness model (Hall, 2009a). Reasons for ownership changes are not clear. However, the drop in the price paid by the Aanbreek Beleggings Pty Ltd in 2000 may suggest that the Coastal and Inland Investment Pty Ltd could have become insolvent. Again, this is evidence that many farmers are struggling under the agribusiness model.

All the owners of the farm before 2007 were registered companies. Thus, agricultural organisation and production is organised around agribusiness. We are currently in the agribusiness model.

4.6 Conversion from PLAS to LRAD: the implementation of the agribusiness model

The Mopani land database lists Elangeni project as an LRAD farm. However, as shown in Table 4.3 above, the farm was acquired and registered under the South African government under PLAS terms. It was then transferred to the beneficiaries in terms of the LRAD grant. The beneficiaries did not undergo the PLAS selection process before occupying portion 40. The process is described by Victor Molohe of the DRDLR as follows:

We normally match people according to the farms that they are looking for. For instance, in the database, we have 3 000 applicants. Now if you have a grazing farm, because you cannot shortlist all those people, you go through the database and look for the applicants who are looking for grazing farms in a particular local municipality. Then based on the parameters that you would have set for grazing farmers or cattle farmers, you would actually shortlist those people and interview them (Interviewed on 22 May 2013).

The beneficiaries may have been exempted because of the working relationship with the DRDLR, established over the three years they searched for a farm. However, the DRDLR registered the farm in the state rather than allowing the beneficiaries to acquire it via LRAD.

The department knew that the beneficiaries had been looking for a farm for three years. They even asked Shandu to assist them. One cannot rule out the fact that PLAS gave the DRDLR more control over beneficiaries' land use models, unlike LRAD which transferred land into beneficiaries' names.

Therefore, the farm was leased to Elangeni Trust beginning December 2007. Sophie said:

During that time they would transfer it (the farm) to the government. We were leasing from them. They first gave us one year, then six months and then three months. We thought they were now taking the farm away from us yet they were processing the transfer of the farm to our names (Interviewed on 18 July 2012).

The shorter lease periods created tenure insecurity for the beneficiaries. In the context of commercial farming, such insecurities can affect farm investment (Mkodzongi, 2013:10).

The beneficiaries at Elangeni were not deterred by the tenure insecurity. However, their immediate problem was the inadequacy of resources to support large-scale fruit production. They decided to invest Sophie and Samuel's pension money in small-scale organic vegetable production. They wanted to use income generated from vegetables to fund operations in large-scale fruit production. The beneficiaries felt that off-farm income was not enough to sustain large-scale production when invested directly. In the context of limited external post-settlement support, the agribusiness model did not suit their capabilities. On the contrary, the small-scale model allowed them to effectively produce using their off-farm income.

The government maintained its influence over land uses through the farm inspections during the lease period. Inspections, done by both DRDLR and LDA officials, were aimed at determining if the beneficiaries qualified to get the farm. Sophie explained:

The government officials used to come in numbers. They found very healthy green beans here. They asked if we have got a tractor and we said no. They asked what we use to clean our farm. We told them we hire people to help us. They asked where we get the money to do this. We told them we use our own personal money. We use our pension money. They were writing the reports. One day we had a workshop in Polokwane. I met Victor (Molope) and he asked whether they had given me the farm or not. He said I qualified to get that farm... He said: "You will get the farm. We have given our superiors the reports" (Interviewed on 12 June 2013).

The narrative indicates that when invested in the small-scale model off-farm income had better effects. In addition, the questions from the government officials demonstrate their surprise at the success achieved by the beneficiaries in vegetable production despite the state having not provided adequate production support.

As revealed by Victor Molohe below, the inspections by state officials were also aimed at ensuring the implementation of the agribusiness model at the project:

Once someone is there you would want to up production on the farm. But where a farm has actually been on a commercial basis before transfer we would like to maintain that standard, the commercial basis (Interviewed on 22 May 2013).

Mr. Mthombeni of the LDA (Tzaneen) concurred with Victor Molohe arguing that the beneficiaries should maintain the agribusiness model at the farm:

They are running commercial farms. That is why we try to appoint the people who are skilled. The most important thing is to establish the international market because depending on the quality of the farm produce, say you are producing bananas and mangoes, you must produce quality (Interviewed on 2 July 2012).

It is clear that the various government agencies prefer the continuation of the agribusiness model in the projects. Mr. Mthombeni is unequivocal that the beneficiaries should also produce for the international markets.

Because the government held the title to the land during the lease period, the officials had influence in beneficiaries' decisions and production. During the inspection visits the government officials communicated different messages to the beneficiaries. While the DRDLR did not have a problem with the beneficiaries introducing small-scale vegetable production, it wanted them to maintain the large-scale subtropical orchards. However, some LDA officials from Polokwane had different opinions during the inspection visits. Sophie narrated one visit by LDA officials:

They said the farm is a game farm hence the CASP (Comprehensive Agricultural Support Programme) money would not have been properly spent if it was invested here. “What will we do here? This is a game farm.” They said it would be better for me to transform the shed into a structure for rearing chickens. I was just starting as a farmer. I just listened because I thought that is how things work. They left. The following day in the morning I got a phone call from Shandu from the DRDLR. It was still DLA. They said they heard that I said I do not want this farm because it is a game farm. I said, “Did they say I said that?” They said, “Yes, you are saying it is a game farm and therefore you are no longer going to get CASP money”. They asked me where I was going to get another farm if I rejected this one. I said, “Shandu, I do not know what they are saying. I do not even know what a game farm is. I only heard them when they were here talking about a game farm.” She said I must be careful. They already had people on standby to take over... I think they were planning on building their Nkandla¹¹ here (Interviewed on 12 June 2013).

Government interference can confuse and disturb the beneficiaries’ production. The officials seemed not to know what was suitable for the beneficiaries: game, chicken or crops.

The tenure insecurity of the beneficiaries was exploited by government officials to impose the land uses they preferred. Further, it was used to exclude them from CASP resources. Although there are 130 hectares of livestock pastures, there were also 32 hectares of subtropical fruits and organic vegetables. This kind of tenure insecurity may generally discourage beneficiaries from investing their resources.

Nevertheless, the DRDLR transferred the farm to Elangeni Trust in December 2009 under title deed number T82954/2009 (DRDLR, 2013b). The beneficiaries’ successful production of vegetables using off-farm income played an important role in the government decision to transfer the farm to them.

4.6.1 The title deed, tenure security and production decision-making

The title deed is perceived to have reversed the power relations in favour of the beneficiaries. Sophie said:

¹¹ Nkandla is used symbolically to refer to alleged nepotism by DAFF officials in the allocation of resources. This is inspired by the belief among some South Africans that the spiralling costs for the upgrade of President Zuma’s rural homestead in Nkandla were due to the misuse of state resources by officials who want to please him.

Since the farm was transferred to our names we have not seen them bothering us again. The farm is now registered in our name so we do whatever we want. We are the farmers and have a title deed for the farm (Interviewed on 18 July 2012).

The title deed provides more perceived tenure security than the lease. Beneficiaries tactically exploit the security provided by the title deed to limit officials' interests and influence on the project. Workshops and advice from government agencies are questioned and evaluated on the basis of possible expected gains before participating. For instance, in 2013, beneficiaries refused to attend a workshop organised by the DRDLR (Polokwane) on the recapitalisation and development programme. Sophie said:

If someone tells me that they want me to attend a workshop I want to know what they will be teaching us. Because if they want to spend government money they take us and spend days with us so they get something. They will remain with the balance or maybe they agree with the caterer. I just refused to attend a workshop organised by the DRDLR. They called and said they were inviting us to a workshop in Polokwane. They gave us the date. Mr. Mlangeni asked them what the workshop will be dealing with. They said it was about the recapitalisation and development programme. We did not go (Interviewed on 3 June 2013).

Advice from LDA extension officers is also entertained on the basis of its perceived value to the farm as the incident below highlights. Sophie said:

One day I found the cars parked here on the farm. The green beans were very healthy. When I saw them I asked them what they wanted... It was Eunice and another guy by the name Mr. Mathebula. I said, "What do you want and what are you doing on my farm?" I told them not to get into the farm when I am not around. She said they wanted to tell me about the weeds and what should be done. I said: "Eunice, do not joke with me. You want me to ask you about the weeds?" I asked her whether she was around when I planted my crops. How then could she tell me about the weeds? I, the owner, knew when I was going to remove the weeds. I told her that she now wanted to take some pictures and then claim that she assisted me. I said, "Eunice, you want to go and lie that you advised me to plant green beans." I said, "What did you do since you arrived here on the farm?" Since that incident, they never came here again. Another one called me and said she was from the national office and was supposed to have met with me... I asked her what she wanted me to do in that particular regard. She said there was training and she wanted me to tell her about my beneficiaries who needed training and their qualifications. I laughed and said, "You know that will not help me with anything." She asked what I was saying. I said, "I think that is not going to help me". I said "I thought you wanted to say something important" and then I dropped the call (Interviewed on 5 June 2013).

The title deed has emboldened the beneficiaries to make decisions even those contrary to what the government officials preferred. It is this same perceived tenure security that allowed the beneficiaries to continue with the land uses that enable them to benefit from the land, such as vegetable production.

The beneficiaries' hostility towards government officials reflects their frustration regarding the limited material support from the government. They accuse government agencies of discrimination against them in favour of PLAS farms when allocating resources. The view is that the state holds title to PLAS farms and does not want those farms to be unproductive. For Sophie, this is the reason why her neighbours on PLAS farms have benefited from the recapitalisation and development programme even though they acquired farms after she did.

Data on the recapitalised farms in Mopani District contradict Sophie's assertion of government bias. As of October 2013, there were 23 recapitalised projects in the district (DRDLR, 2013c). Thirteen of those projects were redistributed before December 2011 and 10 of them are LRAD projects with three being PLAS projects.¹² Since the beginning of 2012, all projects are registered to the state under PLAS (DRDLR, 2011; Nkwinti, 2012:9). As stated above, Sophie's view may have been influenced by the limited material support from the government, yet the recipients she knows occupy PLAS farms. The title deed invokes contradictory feelings for the beneficiaries depending on the situation at hand. In expressing their frustration, the beneficiaries risk losing valuable training and knowledge required for successful commercial production. They resist the support they do not want but they do not get the support they want.

Beneficiaries also suggested that banks, and in particular the Land Bank, have a problem with the title deed registered in the Trust. Sophie said:

¹² The data from the recapitalisation database was cross-referenced with the Mopani land database, which has projects up to December 2011, to get information on whether the projects were acquired through PLAS or other grant forms.

If we go to the Land Bank right now to apply for a loan, they will deal with us as individuals. As Elangeni, they will want my husband's assets, my assets, my son who is a lawyer, Bryan's, Mookan's, Katekani's, Hlamulo's; all of us as individuals. They do not treat you as Elangeni, as a group. They will want my son's assets and he has a wife there. They will fight. These sons have houses. Can you attach your son's house as security for the farm? He has a wife and a child. Will his wife agree? You see, the house says Nick and Phindile, husband and wife. They will fight. This is what they do. You will not get help there (Interviewed on 5 June 2013).

The bank's scepticism may have been fuelled by the reported loan repayment defaults by some projects (Aliber et al., 2013). However, it is a norm that lending institutions demand collateral for loans provided. The beneficiaries' shock at such demands shows lack of experience with banking and taking out loans - which are linked to the agribusiness model.

Despite the independence in decision-making facilitated by the title deed, the beneficiaries seek dependence on the state for production support. They navigate a difficult relationship with the officials. For instance, the orchards were burnt in a veld fire in August 2012. The beneficiaries sought assistance from the DRDLR through the recapitalisation and development programme. They were asked to write a motivational letter to support the application. The beneficiaries brushed off that advice on the basis that the officials had personally seen the damage done. They argued that the officials were not supposed to ask them to motivate in writing. Consequently, the beneficiaries did not follow the advice and were not assisted. The beneficiaries have an uneasy relationship with the government officials. However, the beneficiaries have demonstrated that they want independence in production, where they invest off-farm income.

4.7 Conclusion

The chapter made the point that in the context of limited external support, and the presence of off-farm income in the Mlangeni household, a small-scale model was supposed to have been implemented given its low costs (Mafeje, 2003). As shown by their introduction of the small-scale model following difficulties with producing using the agribusiness model, the small-scale model can allow beneficiaries to produce more using off-farm income. Thus, despite the government's enforcement of the agribusiness model at the project the beneficiaries introduced alternative land uses outside the mainstream model which allow them to benefit from the land.

CHAPTER FIVE

The dynamics of agricultural production at Elangeni project

We have challenges with machines for pruning these fruit trees. It is very expensive to hire the guys with the machines for pruning the trees. It is R300 per hour. For this row from here to there he will take 6 hours. Already it is R2 000, one day. When he finishes the whole farm it will be over R100 000. The trees need pruning for them to produce the quality fruits (Samuel, interviewed on 15 August 2013).

5.1 Introduction

This chapter use detailed empirical data on production to show the inappropriateness of the agribusiness model for the beneficiaries' production at Elangeni project. In the context of limited external sources of production capital and/or support, and the beneficiaries' primary dependence on household off-farm income for production, the high production costs associated with the agribusiness model (for subtropical fruits) negatively affected production and income generation. However, the small-scale model, adopted for the organic vegetables when the beneficiaries struggled to produce using the agribusiness model, facilitated successful production using household off-farm income because it has less costs (Mafeje, 2003).

While the agribusiness model undermined production, and therefore income generation through subtropical fruit production, the introduction of small-scale vegetable production supported primarily with household off-farm income created conditions for the land to contribute to the beneficiaries' livelihoods. The chapter argues that even where the agribusiness model has been enforced, when the beneficiaries use land outside that model their chances of improving livelihoods through agriculture increase. Thus, given the difficulties of accessing capital and/or support, and the problems with the agribusiness model, adopting the small-scale model can enable those with household off-farm income to successfully invest it in agricultural production and improve their livelihoods.

Firstly, the chapter discusses how the beneficiaries diversified their production to include small-scale organic vegetable production. It then discusses the production of both organic vegetables and subtropical fruits respectively, showing the beneficiaries' experiences in both. The production challenges and differential impacts of off-farm income in the two models are highlighted.

5.2 Diversifying from subtropical fruits and introduction of organic vegetables

When the farm was acquired it only engaged in large-scale mango and avocado production. The policy of the Department of Rural Development and Land Reform (DRDLR) required the beneficiaries to continue with those land uses (Interview with Victor Molope on 22 May 2013). The beneficiaries were restricted from implementing radical land use changes that would have removed the fruit orchards.

To ensure continuity, the Department of Agriculture, Forestry, and Fisheries (DAFF) sent Sophie to attend a Market Development Programme at the South African Agri Academy (SAAA) in Cape Town immediately after the farm was allocated to Elangeni Trust. She received her certificate on 28 February 2008 (SAAA Certification Programme, 2008). The course targeted “emerging black farmers focused on export and market readiness” (SAAA Course Outline, 2014). Farmers learned about global good agricultural practices (GLOBALGAP), the hazard analysis and critical control points (HACCP), the British Retail Consortium (BRC), Market Access Regulations, MRL's/Quality Standards/Phytosanitary Requirements, tracking and tracing which are prerequisites for the supermarkets and export trade chain.¹³ These are some of the minimum standards that products supplied to markets controlled by agribusiness must satisfy. They have to be integrated into the production process under the agribusiness model.

Although the course empowered the beneficiaries with knowledge, this shows that production using the agribusiness model is knowledge-intensive. Given the limited external support most beneficiaries receive (Aliber et al., 2013), it is likely that many lack the skills required for

¹³ MRL stands for maximum residue limits for pesticides which farmers should comply with. Traceability and tracking entails measures put in place to trace the product from the market to the farm gate in cases where risks have been detected in products, such as unwanted chemicals.

successful production using the agribusiness model. In addition, the course contents confirm the government's preference of the agribusiness model.

From the beginning, the beneficiaries had problems with the capital-intensive production of subtropical fruits. Its capital demands did not suit their financial capabilities, given the difficulties of accessing external capital and/or support. It should be noted that the first monetary support from the government, a balance grant of R500 000, was only made available to the beneficiaries in 2011 despite their having been at the project since 2007. The problem was exacerbated by the fact that subtropical fruits are harvested once a year. It was in this context that alongside subtropical fruits Sophie and Samuel introduced small-scale organic vegetable production on a four hectare plot using off-farm income (from the pension). The aim was to generate income throughout the year as organic vegetables have a three-month production cycle. Sophie said:

It is because if we wait for the mangoes and avocados which come once in a year, what will sustain us throughout the year? The cash [vegetables] crops help us. If you wait for the fruit trees you harvest in November and December only and they get finished. The avocados you harvest in February and March and they get finished. What will you do this other time? It [vegetable production] is helping and we are able to pay the workers' wages (Interviewed on 15 August 2013).

Samuel added:

You harvest mangoes and they are finished in November. What next? Even if it was six months, thereafter, what next? Were we supposed to be here folding our arms together with the children waiting for the mangoes to flower? While you are still waiting the fire comes and burns everything (Interviewed on 26 July 2013).

These narratives highlight the problems for the beneficiaries of focusing on a limited range of annual crops. In addition, the capital-intensive production of subtropical fruits does not suit the capabilities of the beneficiaries. Their main production capital, off-farm income, could not sustain large-scale production.

Sophie and Samuel highlight the risky nature of focusing on crops with an annual production cycle. They show that given their limited capabilities, large-scale subtropical fruit production makes them vulnerable when affected by disasters such as veld fires. In such circumstances, the loss of investment is greater and, since they depend mostly on off-farm income for

production, the agribusiness model makes it difficult for them to recover given its costliness. Against this backdrop, they introduced small-scale vegetable production.

The next section discusses the beneficiaries' experiences in small-scale organic vegetable production.

5.3 The production of organic vegetables at Elangeni

Although the beneficiaries decided to produce vegetables alongside subtropical fruits, producing them organically was not the initial choice. As stated earlier, the main motivation was to generate operational capital for the farm. However, the lack of adequate resources to buy conventional chemicals and other inputs influenced the beneficiaries to adopt organic farming. Sophie explained:

When we started, we had nothing. We did not have money to buy chemicals, manure, and fertilizers and to spray chemicals needed. I sat down and decided that if we practice organic farming it will be cheap. We have the grass here on the farm. We have dry leaves. We can do that on our own without buying chemicals... When we realised how cheap it is to practice organic farming we decided to produce this way... If we had found the resources we may have ended up in conventional farming because it is quick and you get money quickly. But you are killing the nation (Interviewed on 18 July 2012).

Sophie reveals that the beneficiaries did not have adequate resources for even small-scale conventional vegetable production, hence the adoption of organic farming. While the profiles of the beneficiaries may suggest that they are better-resourced, their failure to support even small-scale conventional agriculture point to the limited off-farm income available for investment in agriculture. This downplays any suggestions that beneficiaries' off-farm income can be used to support the capital-intensive production of subtropical fruits.

Sophie highlights the key factors behind the adoption of organic vegetable production. However, the Elangeni farm book gives an impression that, from the beginning, organic agriculture was adopted for its perceived advantages. It states the reasons as being to:

- improve the farm's soil through composting and crop rotation;
- keep the environment safe to live in by not using chemicals;

- ensure that people eat healthy food;
- control pests, diseases, and weeds by crop rotation, weeding and using natural herbs (e.g. garlic, chillies, and products advised by an agronomist);
- protect natural enemies of pests through hedges, mulching and release of predators; and
- avoid the use of chemicals, fertilisers, pesticides, treated seeds and herbicides on the farm (Elangeni Farm Book, 2013).

Farm record-keeping is a key requirement for the agribusiness controlled markets. As will be shown in Chapter Six, Elangeni has contracts to supply agribusiness markets. Thus, the farm book was designed to satisfy the inspectors from those markets and organic certification agencies.

As shown by Sophie above, the perceived affordability of organic farming (see United Nations, 2008:3) was the main reason for its adoption at the project. The view was that the beneficiaries could use their limited off-farm income in production. However, where the objective is to supply to agribusiness controlled markets there are standards that should be followed which make even organic farming expensive. Joachim Schuckmann said:

Most of these farmers [black farmers] do not have the money to buy expensive pesticides. They do not have that kind of money so they tend to be more organic than white farmers. This is by default because they cannot afford certain chemicals. The problem is that to be certified organic needs more than just not spraying. You need organic seeds. You need to know which cleaning materials you can use and what is allowed and what is not allowed (Interviewed on 14 January 2014).¹⁴

The producers are required to integrate certain organic standards in their production to conform to the food quality standards. Although commercial organic production increases transaction costs for the beneficiaries (Gadzikwa, 2008), the small-scale model allowed the beneficiaries to produce using off-farm income given its low costs (Mafeje, 2003).

The perceived profitability of organic agriculture also played a role in the beneficiaries' continuity with organic vegetable production. The profitability comes from the price premiums that organic products get at the commercial markets. Price premium refers to

¹⁴ Joachim Schuckmann is a manager at Ecocert Southern Africa, an organic certifying organisation based in Wynberg, Cape Town. Its head office is in France.

higher prices paid for organic products compared to conventionally produced products (Post and Schahczenski, 2012:3). Joachim Schuckmann concurs with the beneficiaries:

For producers, it might be worth doing organic agriculture because the retailers are interested in buying the products and selling to consumers. So, if you have small farmers in a cooperative for example and everybody has five hectares of land and they grow the vegetables, they are going to get more money for those vegetables that are organic than if it is not organic...because 30 cents, 50 cents more per kg; if you can imagine 10 kg, if you are doing 100 kg with 30 cents, 50 cents that is a lot of money, more that they can have for the family (Interview on 14 January 2014).

As will be shown in the next sections, to get the price premiums farmers should satisfactorily meet the production conditions set for organic products by commercial markets. Mainstreaming such conditions in the production processes increases costs. However, the reduced production costs under the small-scale model have allowed the beneficiaries to grow the vegetables using household off-farm income. The next sections discuss production conditions and how the beneficiaries produce using off-farm income.

5.3.1 Organic certification

Production of organic products for markets controlled by agribusiness requires organic certification. Certification is “a third-party written assurance that a clearly identified process has been methodically assessed such that adequate confidence is provided that specified products conform to specified requirements” (United Nations, 2008:x). The process ensures conformity with set organic standards. It is carried out by an organic certification agent.

Because of the costs and demands of organic production, the beneficiaries joined a local cooperative of organic producers called Nkomamonta in 2008.¹⁵ By having membership in a group, the beneficiaries aimed at reducing the fixed production and transaction costs (see Gadzikwa, 2008:41). Nkomamonta consists of sixteen farms and a total of 1 221 hectares of land, producing vegetables, subtropical fruits and livestock (Nkomamonta Corporate Profile, 2013). Although registered as a primary cooperative with the Department of Trade and Industry (DTI), Nkomamonta operates as a secondary cooperative. Its members own farms

¹⁵ The name Nkomamonta represents the names of places where its members have farms. These are Nkowankowa – Nko; Mamitwa – Ma; Modjadji – Mo; Nkuna – N; Tarentaalrand – T and Afcolaco – A (Nkomamonta Corporate Profile, 2013).

registered as primary cooperatives which produce independently. The members only market together as Nkomamonta.

Contrary to the beneficiaries' perception that organic farming is cheaper, it has hidden costs when products are targeted at agribusiness markets. Regarding joining Nkomamonta, Sophie said:

They said I could join them if interested. Joining fee was R3 000 and annually you pay R1 200 and monthly it is R100. I joined them (Interview on 10 June 2013).

Over six years (2008 – 2013), the beneficiaries spent R10 200 on joining and subscription fees. In addition, the beneficiaries pay certification costs annually. The certificate allows products to access commercial organic markets. Generally, organic certification costs are high in South Africa (DAFF, no date). They average around R15 000 for a small individual farming operation (Interview with Joachim Schuckmann on 14 January 2014). In comparison, this is higher than the European average of R10 000. The high costs in South Africa are attributed to the absence of domestic standards for organic farming. Local producers apply European standards. The costs are also influenced by the small size of the local organic market. Moreover, the certifying organisations are either based in Europe or have to travel long distances to conduct inspections in parts of the country (ibid.).

However, membership in Nkomamonta reduces the amount contributed towards the certificate. All Nkomamonta members are issued one group certificate which annually costs R25 000 to renew. The amount is divided among the 16 members making organic certification affordable for the members (Interview with Nodiah Mhangwana on 15 July 2012).¹⁶ Thus, on average the beneficiaries pay around R1 500 annually for certification. This translates to R9 000 over the six years between 2008 (when production started) and 2013 (when data was collected).

Group certification reduces certification costs for small-scale farmers (Barret et al., 2001). The beneficiaries are able to meet the reduced certification costs through their limited savings and/or off-farm income. The limited scale of production (four hectares) plays a big role in reducing the costs which could be higher under large-scale production.

¹⁶ Nodiah Mhangwana is a member of the Nkomamonta cooperative.

The inspection process involves checking farm records and testing soil and crop samples for contamination. The inspectors ask clarification questions but farm records and the samples are their main sources of information. All inspected farms should get approval before Nkomamonta is certified. At one point the issuing of the certificate was delayed because one member went away without leaving the farm records behind (Interview with Sophie on 10 June 2013). Without certification, the produce cannot be sold as organic.

In 2006 and 2007, Nkomamonta was inspected and certified by the BioDynamic and Organic Certification Authority (BDOCA) (Nkomamonta Corporate Profile, 2013). Its products were packaged at Sue Jackson's pack house in Pretoria. Sue Jackson's husband, Tim, was a founding member of BDOCA and they also supply organic products from their farm. When Nkomamonta signed a standing growers' agreement with Woolworths in 2008, to supply organic vegetables, the retailer saw a conflict of interest in the BDOCA/Sue Jackson arrangement. Dan Mushwana stated that

Woolworths said this certifier, BDOCA, is the certifier and also the marketer of products. Then they will not accept the certificate (Interviewed on 20 August 2013).¹⁷

Woolworths introduced the cooperative to BCS OKO-GARANTIE GMBH (Nkomamonta Corporate Profile, 2013), a German company licensed to implement the European Union (EU) regulation on organic production (BCS Corporate Profile, 2014). Woolworths requires "internationally recognised certification by ISO accredited certifying agencies" (Barrow, 2006:20).

Since November 2008, Nkomamonta has been certified by BCS with annual audits done by international inspectors (Lekgau, 2011:13). The switch to BCS introduced new requirements to the beneficiaries. Joachim Schuckmann noted that such requirements can affect the local farmers. He said:

¹⁷ Dan Mushwana is the founding member and chairperson of Nkomamonta Organic Farmers Agricultural Cooperative.

It is difficult to apply those regulations [European] here in South Africa. And the further problem is that the people that enforce these regulations sit in Europe. So they do not understand how things are in South Africa. They are also not as flexible and say these are the rules. These are what you have to apply and there are no exceptions, which is understandable for producers who want to export to Europe... But in South Africa, if you are only selling locally it becomes more difficult. So those are the main challenges that you face in South Africa (Interviewed on 14 January 2014).

As long one wishes to produce for the markets controlled by agribusiness, their production is influenced by agribusiness' standards. While BDOCA offered lower rates than BCS, Woolworths compelled the beneficiaries to get certification from the latter. Despite these problems, the beneficiaries' membership in Nkomamonta and the limited costs under the small-scale model made production, supported with off-farm income, possible.

5.3.2 Specialised and costly organic inputs

Organic production requires approved inputs to obtain certification, market access, and price premiums. Organic inputs cost more than conventional inputs (Post and Schahczenski, 2012:6). Sophie said:

500 grams of butternuts seeds is over R500. Green beans 25 kg is over R2 500. Those seeds are very expensive... There is a white farmer who sells seedlings for the sweet potato to us. The 80 kg bag with sweet potato seedlings cost R150. And you do not know how many have been put inside (Interviewed on 10 June 2013).

Joachim Schuckmann concurred with Sophie:

They [organic seeds] would be slightly more expensive just because there is more effort; more work that goes into creating organic seeds than in conventional seeds. But yes, it is slightly more expensive (Interviewed on 14 January 2014).

With production done on only four hectares, the beneficiaries could use their off-farm income to produce despite the limited external support.

Some organic seeds are difficult to acquire. In such circumstances, farmers can wash conventional seeds to remove chemicals and grow them as organic. Nodiah Mhangwana said:

But we are still having a problem with the seeds and seedlings. There are no special seeds for organic. If you buy some seeds you must put them in water and wash them. You wash them before you plant (Interviewed on 28 August 2013).

Washing the seeds is permissible but the right liquids, such as water, must be used. Where special cleaning aids or chemicals are used, the farmer has to seek permission from the certifying agent first because chemicals can enter the seed's DNA and contaminate the final product. Before using washed conventional seeds the farmer should also first seek permission from the certifying agent. Joachim Schuckmann said:

If there are no organic seeds available what an operation needs to do is to apply to Ecocert, to inform Ecocert that they cannot find any seeds. They should get an attestation, confirmation from two seed suppliers to confirm that there are no organic seeds available. Then we can give a concession and the farmer can use organic but untreated seeds, that is, conventional but untreated seeds. That means the seeds were not treated with any harsh chemicals before they were sold to the farmer (Interviewed on 14 January 2014).

This means that, without the attestation of two seed suppliers, the farmer cannot get permission to use untreated seeds. This puts pressure on farmers to obtain organic seeds wherever they may be found in the country, regardless of cost or distance. Thus, despite the advantages of the small-scale model commercial organic farming has higher transactional costs.

The demands in agribusiness markets influence production at Elangeni. Although the small-scale model and off-farm income facilitate production, streamlining the production standards raises the costs of production. Some agribusiness markets even prescribe which inputs should be used by the farmers. From 2008 to 2012, Nkomamonta had a standing growers' agreement with Woolworths to supply organic vegetables. Since 2012, it has a contract with Pick n Pay. Pick n Pay introduced a host of fertilisers and chemicals to farmers which were not used during the Woolworths programme.¹⁸ Because South Africa has no national standard for organic products retailers introduce different private food quality standards, mainly European standards.¹⁹ The consequence was increased production costs which threatened the

¹⁸ Informal conversation with Sophie recorded in the field notebook by the author.

¹⁹ Johann Kirsten's contribution at the Workshop on the impact of private standards on smallholder farmers in South Africa held at the University of Pretoria, 10 – 12 November 2014.

sustainability of production given the inadequacy of production capital at Elangeni. For instance, Table 3 below shows that in 2008 Elangeni's expenditure was R25 898.20.

Table 3: Total Inputs Expenditure for 2008

Expenditure	Cost
Petrol	R3 500
Electricity	R4 490
Beans/seeds	R2 450
Baby marrow/seed	R1 384
Gem Squash	R284.50
Sweet potato	R299
Sweet corn	R290.70
Labour	R13 200
Total	R 25 898.20

Source: Elangeni Farm Book, 2013

Table 4 below shows some of the recommended inputs Elangeni received from Pick n Pay in 2012. Dolomitic lime, Vita veg 6 3 4 (16) and Biotrissol (liquid) are fertilisers while Dipel and Kanguard are some of a host of chemicals used for organic vegetable production. When the compulsory costs of electricity, labour and fuel (R21 190 in 2008) are added to the input costs presented in Table 4 it becomes clear that the production regime introduced by Pick n Pay increased the production costs. Such costs could have been much higher if production was done on a large-scale. Given the difficulties to access capital and/or support, the data suggests that the beneficiaries may struggle to sustain large-scale production.

Table 4: Inputs from Pick n Pay in 2012

Input (Name)	Quantity	Estimated Price (February 2017)
Dolomitic lime	1 100 kg	R11 792*
Vita veg 6 3 4 (16)	1 100 kg	R35 750**
Butternut seeds	428 g	R860**
Green beans seeds	25 kg	R2 500***
Garden beans seeds	2 kg	R1 200**
Dipel	2 kg	-
Kanguard	5 litres	-
Biotrissol	5 litres	R1 000**
Sweet potato seedlings	6 bags	R900***
Estimated Total Cost		R54 002

Source: List of inputs from Pick n Pay; *PBD Lime Price List – February 2017; **Interviews with Sophie; ***Prices of products on www.seedsforafrica.co.za as of February 2017.

To address the new production demands and costs, Nkomamonta negotiated with Pick n Pay on behalf of all its members for an advancement of resources and inputs at the beginning of each season. The retailer recovers its costs when the beneficiaries supply the produce. Thus, the buyer's preferences and prerequisites affect production at Elangeni. In spite of the above, production of vegetables using off-farm income and other resources has continued at Elangeni. Because vegetables are produced on four hectares only, the limited available resources were used with better effect.

5.3.3 Land preparations

Elangeni grows the following vegetable crops; green beans (the main crop), pumpkin, sweet corn, sweet potatoes, hubbard squash, and butternuts. Baby marrow and gem squash were only grown in 2008. Initially, land preparation was done using hoes with wheelbarrows used to apply the compost. The beneficiaries did not have the implements needed for land preparation. Coupled with the limited resources available to hire adequate labour, the production process was slow. Production was funded through Sophie and Samuel's pension money.

The inadequacy of off-farm income affected the beneficiaries' ability to meet the Planting Programmes provided by Woolworths. A Planting Programme is an agreed schedule specifying the crops and dates on which they should be planted throughout the season. One of the programmes in 2008 required Elangeni to plant its crops on the following dates: 6th and 24th of October; 3rd, 5th, and 17th of November; 1st, 8th, and 30th of December. No crops were planted on those dates. Another programme in 2009 had the following dates: 15th and 29th of January; 13th and 26th of February; 12th and 26th of March; 9th, 16th and 23rd of April; and the 16th of June (Elangeni Farm Book, 2013). Only four of the scheduled dates were met.

The rationale behind planting programmes is to ensure the consistent supply of products as new crops are planted while others are harvested. Where farmers have contracts with agribusiness markets, they have pressure to satisfy the demand and volumes required. Although the beneficiaries failed to meet all the planting dates, production was taking place funded primarily from off-farm income resources. As highlighted by the closeness of the

planting dates, the demands of the agribusiness markets do not take into consideration the production capacity of the beneficiaries.

Although beneficiaries at Elangeni are better-off compared to many beneficiaries of land reform, their failure to meet the planting dates points to the inadequacy of household income raised for agricultural production. Such failure to meet the planting programmes can affect their access to the agribusiness markets.²⁰ To address the problems associated with failure to plant at the required time, Nkomamonta requires its members to inform the organisation in writing so that other members can produce more.

The agribusinesses also influence land preparation which is supposed to satisfy certifying agents and auditors from the retailers. For instance, crops should be planted on ridges/rows with standardised distances between them (Elangeni Spraying Programme for Vegetables, 2013). The significance of rows is seen when applying fertiliser and chemicals during planting, and when compiling records. For instance, when growing green beans on one hectare, rows should be two metres apart. Rows also facilitate easier record keeping. This standardisation of production adds financial and transactional costs to the beneficiaries, which can be quite substantial where production is done on a larger scale. Given the difficulties of accessing capital and/or support in South Africa (Hall, 2009b), those beneficiaries depending on household off-farm income for production may struggle under the agribusiness model due to its huge costs (Mafeje, 2003).

In the few instances where state support was availed, poor decision-making on the part of the state and the influence of the agribusiness model affected how capital was spend on the project. The DRDLR only released the balance of the grant, totalling R500 000, four years (in 2011) after the beneficiaries started producing. The balance of the grant is the money that remains after the cost of the farm has been subtracted from the total allocated grant (Jacobs, 2003). With little flexibility on how the money should be spend, the DRDLR used the grant to buy a few implements including a tractor that cost R400 000 and a bakkie (that cost R70 000). Although the beneficiaries successfully applied, in 2012, for a grant worth R350 000 from the DTI under the Cooperative Incentive Scheme (CIS) the grant's conditions restricted

²⁰ The inconsistent supply of products affects many beneficiaries (Interview with Mr Foforane on 8 July 2013). This is also raised in Danie Jordaan's presentation at the workshop on private standards hosted by the University of Pretoria from 10 – 12 November 2014.

its use towards the purchase of farm equipment. By September 2013, only around R100 000 of the grant had been used to buy additional equipment. The beneficiaries were assisted by the Small Enterprises Development Agency (Seda) in their application (Gala, 2013). They had registered their project, in July 2010, as a primary agricultural cooperative with the Cooperative Division of the Companies and Intellectual Property Registration Office (CIPRO) of the DTI (Elangeni Cooperative Certificate, 2010). Table 5 below provides a list of the equipment Elangeni possesses.

The above-mentioned support was important for the beneficiaries' production. However, its impact could have been greater had the resources been used differently. For instance, they could have bought a second hand tractor leaving plenty of money to cover other costs. While the state has spent R3 000 000 in total at Elangeni alone, which others can argue is substantial support to the beneficiaries, 72 percent of that sum went towards the purchase of the farm alone. In addition, the remaining R850 000 was spend on, or reserved for the purchase of farm implements only. The operational costs for labour, inputs, electricity, fuel and maintenance of the equipment remain catered for from either the farm's savings or off-farm income invested on the farm. Thus, the fact that the beneficiaries received external support does not invalidate the argument that off-farm income invested on the farm is the driving factor in production. After all, material state support was only availed beginning in 2011, four years after the beneficiaries started producing.

The list of equipment in Table 5 reveals how capital intensive production is under the agribusiness model. If the beneficiaries struggled for operational capital despite the state having invested R3 million on the farm, surely the agribusiness model is not financially feasible. With many beneficiaries not as fortunate as those at Elangeni in terms of mobilising production resources (see Anseeuw and Mathebula, 2008); this means that they will likely be less successful when using the agribusiness model. This makes the call for support for the small-scale model of farming of less capital intensive crops more important. However, the ownership of land facilitates access to valuable physical assets which can contribute to beneficiaries' livelihoods.

Table 5: Production equipment at Elangeni

Equipment	Source of Funding	Quantity
Jojo water tank	CIS grant	2
Nap sack	CIS grant	1
3 disc plough	CIS grant and balance grant	2
Ridge	CIS grant	1
Brush cutter	CIS grant	2
Home light pruning machine	CIS grant	2
Cultivator	CIS grant	1
Trailer (2 ton)	CIS grant	1
Harrow (18 disc)	CIS grant	1
Grader (tractor pulled)	CIS grant	1
Tractor	Balance of grant	1
Slasher	Balance of grant	1
Boom sprayer	Balance of grant	1
Bakkie	Balance of grant	1

Source: Interviews with Sophie and author's photo archive

5.3.4 Pre-planting and planting

The fertiliser and spraying programmes for each crop guides the growing of organic vegetables. With the Pick n Pay programme, the pre-plant stage provides specific fertilisers and their application rates per hectare. Before planting vegetables, 1 000 kg of dolomitic lime should be applied at 2 kg per 10-metre row. 5 000 kg of compost should be applied at 10 kg per 10-metre row. Lastly, 1 000 kg of Vita Veg 6 3 4 should be applied at 2 kg per 10 metre row (Elangeni Fertiliser and Spraying Programme, 2013). The rows should be two metres apart.

Growing crops according to the programme above is costly for the beneficiaries. During the Woolworths programme, it was not a requirement that these inputs be applied as is the case with Pick n Pay. This is proof that South African retailers apply different standards necessitated by the absence of a national organic standard (Barrow, 2006). However, the beneficiaries do not follow every step noted above.

Pick n Pay does not provide the composted manure. To reduce costs, Elangeni produces its own compost using green grass, green leaves (crop residues), dry grass and dry leaves, kraal manure and sometimes chicken manure. Compost development requires both green and

brown materials.²¹ The green material provides nitrogen while the browns provide carbon (Schwarz and Bonhotal, 2011). The two are required for the decomposition of the matter. Nitrogen and carbon are required at the ratio of 1 to 30 (Interview with Bret on 23 August 2013).²² The two sources are mixed together and watered for 8 to 10 weeks before the compost is ready. Although Elangeni does not have enough manpower to focus on producing adequate compost, what is produced contributes to vegetable production.

In 2008 Nkomamonta successfully negotiated with the Greater Tzaneen Municipality (GTM) for space at the municipal landfill site to manufacture compost to reduce expenses on fertilisers (Interview with Fred Ramallo on 15 August 2014). On 13 November 2008, the Limpopo Business Development Agency (LIBSA) donated a compost turner worth R500 000 to Nkomamonta (Elangeni Farm Book, 2013). However, Nkomamonta failed to raise the resources needed to start compost production until August 2013 when production started under a joint venture with a company called Compost Maker. Thus, where external support was availed its impact on the beneficiaries' production was limited leaving off-farm income as the main production resource.

The planting stage shows the number of seedlings or kilograms of seeds per hectare. For instance, a hectare needs 40 000 seedlings for sweet potato and 70 kg of seed for green beans (Elangeni Fertiliser and Spraying Programme, 2013). After planting, the crops are labelled. The labels contain information such as date of planting, the name of the crop, number, and length of planted rows. That information is also recorded in the farm book for traceability purposes. Sophie said:

We should label them. We have planted four rows [of sweet potato]. We have to count the metres, four rows by so many metres long. We have to specify the sweet potato – RED... When harvesting, people will know that they are digging the red sweet potato that day. They should not be mixed up. The record is very important. Everything needs to be recorded. Even watering, we record that today we were watering. When we remove the weeds, we also record... When the certifying inspector comes he wants to see these records. ... They should be recorded well. When they get here they do not want to ask anybody... Today I have to note that we were planting sweet potatoes... We did not add a thing. There should be a reason why we did not add compost. I will also give a reason why I planted sweet potato here after removing green beans (Interviewed on 10 June 2013).

²¹ Antony's (Agronomist) inspection notes, 29 October 2008.

²² Bret is a representative of Compost Maker.

Activities such as labelling and bookkeeping are important but increases the transaction costs under organic farming (Gadzikwa, 2008). Nkomamonta farmers also attend many meetings. For instance, in the six months between 2 October 2008 and 8 April 2009, Sophie attended 28 Nkomamonta meetings to discuss certification, market access, and planting programmes, inter alia (Elangeni Farm Book, 2013). LIBSA offers its Tzaneen offices free of charge for use by Nkomamonta for their meetings. This improves the management of the cooperative for the benefit of the members.

The meetings kept Sophie away from the actual production and stretched Elangeni's limited labour resources. Although vegetables are produced on four hectares only, their production is not cheap given the requirements of the agribusiness markets. It is likely that if the vegetables were produced on a larger scale the beneficiaries were going to struggle to support production due to the limited operational capital.

Organic vegetable production has also been affected by the wild animals which ate the crops. The animals became problematic from 2009. They ate the crops in March and June of that year. On 6 June they destroyed the whole portion with organic vegetables. This forced the beneficiaries to temporarily cease production of vegetables and fire the workers they had just hired days earlier (Elangeni Farm Book, 2013). To address the problem of animals, the beneficiaries decided to clear a four-hectare plot very close to the farmyard in March 2012. The old plot for the vegetables was about 400 metres away. That made it difficult for the beneficiaries to monitor the animals on that plot when at the farmyard. The Task Team released R8 500 towards the purchase of barbed wire that was used to fence the vegetable plot (Elangeni Farm Book, 2013). Thus, off-farm income was not only invested in production but also other development projects on the farm.

Although monkeys and porcupines continued to be problematic, production persisted. The monkeys climb over the fence while the porcupines crawl under it. While the workers can ward off the monkeys during the day, the porcupine is difficult to monitor as it enters the field at night. For instance, on 3 August 2013 the porcupines destroyed a plot with newly planted butternuts and sweet potatoes. That compelled the beneficiaries to temporarily cease vegetable production. The workers were immediately fired. Sophie said:

So should I grow crops for animals? I just want to write a letter to tell my colleagues [Nkomamonta] to proceed. I am stopping until I get a net. I have to get a net for the portion of vegetables... I am planning now to divert from cash crops until I get the net. If I get the net then I will begin to grow cash crops again. Otherwise, I am planting for animals. They are delaying my progress. They have eaten the crops. If I tell them [workers] to plant again, they [animals] will eat the crops when they germinate. You are paying for the workers and at the end of the month, they need full pay. What did you get as a farmer? The farm must finance itself. So I should find money from elsewhere to use for the farm? No. It is failing to finance itself because of animals. On Friday the workers got their wages. They took the money and it is gone. Yet I did not get anything myself (Interviewed on 5 August 2013).

An extension officer at the Limpopo Department of Agriculture (LDA) recalled the pain Sophie felt because of that incident. She said:

I was talking to her yesterday. She was crying. The porcupines took out all her sweet potatoes and the green beans. It is like she is the one who is active right now in her area so all animals are going to her farm because there are no activities on other farms. All animals go to her farm (Interview with Eunice Choshi on 15 August 2013).

The beneficiaries faced a myriad of problems in their production. However, their continual production of vegetables from 2008 up to 2013 is an attestation of their commitment to farming. Although production for agribusiness markets raises costs, the low scale of production contributed to the sustainability of production funded with off-farm income.

5.3.5 Irrigation

Irrigation is the “replacement or supplementation of rainfall with water from another source in order to grow crops or plants” (Sustainable Agriculture Initiative (SAI) Platform, 2009:1). Elangeni joined Nkomamonta after LIBSA had already donated drip irrigation infrastructure for one hectare to each member in 2006 (Gala, 2013:6). Drip irrigation involves dripping water near the root zone of a plant over a long period at very low rates from a system of small diameter plastic pipes fitted with outlets called emitters or drippers (SAI Platform, 2009:8).

Elangeni uses three old portable sprinkler guns left behind by the previous farm owner. Sprinkler irrigation distributes water through a system of pipes by pumping and spraying above the crop using an impact sprinkler (ibid:4). Although beneficiaries prefer drip irrigation they continued to use sprinklers due to the inadequacy of resources. Sophie said:

You see these sprinklers, we take much time when irrigating because we do not have many sprinklers. This method of irrigation requires one to constantly maintain your crops because it brings a lot of diseases. The drip system does not affect the leaves. It releases water directly into the soil. Our problem is the drip pipes. If we get the drips we will abandon these sprinklers. With drips, you just irrigate once, instead of moving the sprinklers from one area to another. With sprinklers, you take time on one place. When it is hot like this the soil needs a lot of water (Interview with Sophie on 26 July 2013).

The beneficiaries' continued use of old and inadequate sprinklers reflect badly on decision-making regarding the use of the R850 000 received from the government agencies. It is not clear whether the drip infrastructure cannot be funded through the DTI grant or it is because the beneficiaries never made the request. However, their failure to upgrade the irrigation system given its clear importance in their production is quite revealing. While the beneficiaries have resources from jobs they remain inadequate. Therefore, any idea that they could use their off-farm income to support capital-intensive production using the agribusiness model is misplaced.

5.3.6 Control of pests and diseases

Although disease and pest control methods are influenced by agribusiness markets, the beneficiaries have adapted their skills. Under the Woolworths programme there was less emphasis on manufactured chemicals but using indigenous resources on or around the farm. However, Pick n Pay emphasised the use of manufactured chemicals. Two to three chemicals are sprayed on all crops each week for three months. Kanguard 940 and Wetttable Sulphur Kumulus are used for disease control. Kangroshield and Dipel are used for pest control (Elangeni Fertiliser and Spraying Programme, 2013).

Kangroshield and Kanguard 940 are sprayed every week but Dipel and Wetttable Sulphur Kumulus are sprayed only for five and four weeks, respectively. Sticking to this spraying programme depended on the availability of the chemicals. In 2013 the beneficiaries still had the chemicals they received from Pick n Pay in 2012. The introduction of the new chemicals required the beneficiaries to acquire skills to apply the right quantities at the appropriate time.

Under the Woolworths programme, the beneficiaries were taught natural methods for disease and pest control by the agronomist from the retailer. With regard to disease control Sophie said:

When we started there was another smelly tree. You see, garlic is a good chemical. We boil it, mix it with chillies, and another smelly tree called Manganyi. We also boil this tree and mix it with the other mixture. We pour the mixture on the areas affected by diseases. You will not find anything eaten (Interviewed on 18 July 2012).

The same natural methods were also employed for pest control. Sophie explained how the methods worked and the inputs used for the mixture:

You mix garlic and chillies. There is another tree... even mosquitoes can run away if you burn the tree. It is very smelly. We call it Musuzwani. If you mix Musuzwani with these ones, let them boil and allow them to decay for a few days and then spray them on the crops you will never find the crops eaten by pests. You will find these leaves greener... And the ashes can be put in the soil to control the cutworm. You will never find the cutworm if you do so. The ashes are sour. So when the cutworm tastes the sour ashes it runs away. There are also fruit flies which attack butternuts and other crops. We can trap those ones with bottles. You cut the 2 litre plastic bottle of coke into two halves. You then invert the top part and insert it into the bottom half upside down. You pour vinegar inside the bottom half. You know vinegar is sour. Then you put the bottles in the crop rows you want to be protected. When fruit flies come to attack butternuts they fall inside the bottle and get trapped in there as the top part is inverted and the opening is very small for them to get out. Instead of eating the butternuts, they are trapped inside the bottles as they are attracted by the vinegar inside. They feel the smell and think there is something in the container yet they are trapped to die inside. They fall inside the bottle and never come out. If you come after two days you will find many flies inside the bottle. They are the ones that affect your crops, your enemies (Interviewed on 18 July 2012).

The skills that Woolworths transferred to the beneficiaries were empowering. They minimised the cost of pest and disease control. The beneficiaries continued to use the natural methods alongside the chemicals under the Pick n Pay programme. The feasibility of using the natural methods was enhanced by the small-scale model of production. The methods could be difficult to apply in a large-scale production set-up. This is probably why intensive usage of agrochemicals is common in large-scale production (MST, 2013).

5.3.7 Harvesting and sorting

Harvesting is guided by the standards set by the targeted markets. The products that do not meet the standards are called rejects and cannot access the agribusiness markets. Rejects include products with physical deformities. They are put aside to avoid spoiling the higher grade products. Causes for the rejects vary. Regarding the green beans, Nodiah Mhangwana said:

When they stiffen up they are rejects because they develop seeds inside. They call it green beans. It must be green inside and outside. When the pedicel [small stalk] that attaches the beans to the branch is removed, it becomes a reject (Interviewed on 15 July 2012).

If harvesting is not done properly, the products may get spoiled. The beneficiaries teach their workers proper harvesting techniques to ensure that the quality of the products is maintained.

The harvested crops are sorted into different grades. Elangeni does not have standard sorting facilities. The products are spread on plastic sheets and sorted by hand. The sheets are cleaned to avoid contamination. The best product (first-grade) was targeted at the formal markets and fetched higher prices. The second grade (rejects and other intermediary products) was targeted at hawkers and occasionally consumed by the beneficiaries and the workers. When it was hot, the harvested products were kept in the shade in ventilated crates covered with wet sacks to maintain low temperatures. While their methods worked for the small-scale production of vegetables, they may not attain the same results under the agribusiness model because of increased scale of production.

The problems experienced by the beneficiaries at Elangeni are complicated by the limited technical services provided by the LDA. The GTM has been divided into four service centres with extension officers and soil and crop specialists allocated to each centre. Each extension officer has an average of twenty farms to work with. In the Tzaneen service centre, in which Elangeni is located, four extension officers and four crop and soil specialists shared two cars as the other two were not working (Interview with Eunice Choshi on 15 August 2013). That affected the extension officers' ability to provide advisory services to the farmers. This may partly explain why Sophie chased away Eunice Choshi and her colleagues on one occasion when they visited her farm (see Chapter Four). She accused the officials of not helping her

with anything, and that they only visit her farm for record-keeping purposes. Eunice Choshi acknowledged the impact of the transport problems on her department's ability to assist the beneficiaries.

In sum, with the limited external support having been used to amass the various farm equipment vegetable production was funded mainly from off-farm income. The next sections discuss the production of subtropical fruit crops.

5.4 The intricacies of mango and avocado production at Elangeni

The subtropical fruits are produced using the agribusiness model. As with vegetables, production is influenced by the demands of the targeted agribusiness markets. Elangeni produces the Tommy Atkins and Saber mango cultivars and the Fuerte avocado cultivar (Elangeni SWOT Analysis Document, 2013). However, because large-scale production is capital-intensive (Mafeje, 2003) the beneficiaries' off-farm income (operational capital) was woefully inadequate to support production.

5.4.1 Weeding and irrigation

The production of quality products requires the weeding and irrigation of the orchards.²³ The orchards cover 27 hectares. Marius Pieters explained the purpose of weeding:

Cleaning is the first. The first thing that you must do is to clean. You do not have to go and plough the whole tree... You keep it open and then if you also keep the grasses they are going to absorb everything under the tree. They are taking the food away from the tree. They are taking the water away from the tree. The most important basic thing is they have to clean underneath the trees (Interviewed on 27 August 2013).²⁴

More capital resources were needed to weed the 27 hectares. In 2006, the Subtropical Growers Association (Subtrop) indicated that where weedicides were used R322 was required per hectare of mangoes (Subtrop, 2013). Although the data is old, it points that for the 27 hectares of subtropical fruits at Elangeni R8 694 would have been required then.

²³ The common term used by farmers and industry experts for weeding is "cleaning". The term appears in direct quotes from respondents.

²⁴ Marius Pieters is the Fresh Fruit Procurement Manager at Letaba Citrus Processors (LCP) in Tzaneen. LCP is one of Elangeni's markets for mangoes.

Although that figure is only indicative, it is likely higher for the beneficiaries dependent on off-farm income for operational capital.

After the purchase of the tractor and other farm implements in 2011 Samuel used the tractor-pulled slasher to weed the grasses between and under the fruit trees. Projections from Subtrop indicates that in 2006 R3 000 (R81 000 for 27 hectares) was required to cover tractor costs per hectare of mangoes (pre-harvesting direct costs) (Subtrop, 2013). With the limited external support having been used for the purchase of equipment only, tractor costs at Elangeni were funded from agricultural savings and off-farm income. Without adequate income to cover such high costs, the beneficiaries have struggled to weed the whole farm. Thus, without adequate resources the beneficiaries' ability to satisfy standards such as Global GAP which emphasises clean production environments was compromised (Interview with Mr. Moses on 16 August 2013).²⁵

The risks associated with overgrown orchards include the quick spread of veld fires (Subtrop, no date). Indeed, in August 2012 Elangeni suffered a severe veld fire that burnt mango orchards (blocks 1, 4, 5, 6 and 7), the water pump, irrigation pipes, and the electricity meter box thereby also affecting vegetable production (Elangeni Farm Book, 2013). The inferno lasted six days. This was the second veld fire since 2007. The first fire in September 2008 consumed two thatched farm houses and a portion of the farm without orchards. Sophie's mother nearly lost her life to that fire. The beneficiaries claim that the 2008 fire was sanctioned by a neighbouring white farmer who had proposed a joint venture project which they turned down. They also suspect that the fires in 2012 were started by jealous people. Their argument is that a second fire started at a different spot on the farm after they had put out the first. This may be a sign of tensions between the beneficiaries and their neighbours.

Veld fires may affect any farmer, but the inadequacy of weeding has increased the impact of their damages at Elangeni. The limited effect of off-farm income in large-scale production made the orchards vulnerable to veld fires.

The limited production resources also affected the beneficiaries' ability to irrigate the orchards. Water facilitates the absorption of nutrients to ensure that more leaves and fruits are

²⁵ Mr Moses (not real name) works for the Subtropical Growers Association (Subtrop) and works with land reform beneficiaries.

produced (Ferguson, 1959). It aids optimal fruit development and tree recovery from harvest shock (Elangeni Fruit Spray Programme, 2013). Therefore, irrigation is very important in fruit production. Sophie said:

The fruit trees are on dry land. It requires one to get the recapitalisation grant to be able to do so [irrigation]. The problem is that the recapitalisation programme is selective... The recapped farms you will see them. They even irrigate their trees. In our case, we are helped by the mountain here because the moisture comes down from the mountain and keeps the trees in good condition. And the rainwater is also helping (Interviewed on 27 July 2013).

Although the location of the project in the valley is important, irrigation can improve the output from the orchards. Installing irrigation infrastructure for 27 hectares would require substantial capital. The beneficiaries' off-farm income is too little to support the irrigation of the subtropical fruits. With the limited external support having been restricted towards the purchase of equipment, irrigation remained a big problem.

5.4.2 “You do not farm mangoes but you farm leaves”: the importance of pruning

Pruning is one of the most essential activities in subtropical fruit production. Pruning is the cutting off of branches from a plant so that it grows better in the future (Cambridge Dictionaries Online, 2014). The process enables sunlight penetration and leaf and flower development (Pittaway, 2002). Pruning is the next stage after weeding. Marius Pieters argued that without leaves the tree cannot produce fruits even if flower development takes place. He said:

Before the flowering season come in April. You prune them back. You put the windows in there... Pruning is not you just cutting them down, but you have to prune them healthy. A mango works like this... You do not farm mangoes but you farm leaves. The more leaves that are there, the more fruits you will have. So if you see a mango tree, if you go to some places here and it looks like a standing block and there are no leaves you know for a fact it is not going to bear fruit. Even if there are flowers on that tree there is not going to be any fruit. I think for each mango on the tree, that mango needs something like 60 to 70 leaves. Otherwise, it is not going to work because that is the tree on which the mango fruit or any fruit grows... That is how it should work. So if you look after the leaves and everything like that you will get the crop (Interviewed on 27 August 2013).

Pittaway (2002:17) has shown that most flowers occur on one-year-old bearing branches with older ones bearing less. Furthermore, the mixed shoots that bears a few flowers and many leaves “produce and hold the greatest percentage of fruit to maturity” (ibid.). Thus, pruning is important for the trees to bear fruits. Pruning 13 000 trees at Elangeni requires huge capital investment which the beneficiaries do not have. The Subtrop projected that R1 150 (R31 050 for 27 hectares) was required per hectare in 2006 (Subtrop, 2013). That figure is likely to have increased given that the rand has been losing value in recent years. In addition, that figure applies to orchards that have received attention over the years. For orchards such as those at Elangeni, which have gone for years without proper pruning, the costs could be higher. Samuel said:

We have challenges with machines for pruning these fruit trees. It is very expensive to hire the guys with the machines for pruning the trees. It is R300 per hour. For this row from here to there he will take 6 hours. Already it is R2 000, one day. When he finishes the whole farm it will be over R100 000. The trees need pruning for them to produce the quality fruits... Pruning takes time because they [workers] have to climb the tree. They will be using a hacksaw. By the end of the day, you will have pruned only 3 trees. I tried to prune the avocados there. We pruned some trees. Many of the trees are not producing anything. They need to be pruned. It is very difficult (Interviewed on 15 August 2013).

Samuel confirms that pruning 27 hectares requires more capital. Whether capital-intensive or labour-intensive, pruning 13 000 trees requires a lot of money. The failure by the beneficiaries to produce at the optimum due to the problems with the agribusiness model affects the output and income. Their off-farm income has less effect on the agribusiness model compared to the small-scale model for the vegetables.

The beneficiaries tried to use the CIS grant to purchase the pruning equipment. The DTI does not give cash to the beneficiaries. Whenever they want to purchase something they complete and send procurement forms accompanied by the project’s bank statement, tax clearance certificate, and three quotations. Where a particular supplier is preferred, a motivational letter accompanies the forms. The DTI purchases the implements and notifies the beneficiaries where to collect them. Elangeni’s initial application for the implements included the pruning equipment. There is confusion as to why the DTI did not process the request when it purchased the other implements shown in Table 6 above. Sophie suspected that corrupt practices may have taken place:

We had applied to the DTI. The section with the machines for pruning and the brush cutters was not processed. Our whole application was approved with everything. But the part with the quotations for these implements was skipped. We do not know what happened to the R20 000 that was supposed to pay for these implements. We want to inquire with them to see what has transpired at their finance department. Our items were on one sheet. They paid for everything and left the middle section thereby leaving out those implements. We suspect something is wrong. When we ask about this money some of them no longer communicate with us. When I went to Johannesburg in May, I visited that department. I looked for him [the officer] and met him at the gate. He said I should not worry, everything was fine now. He said the following week he was not going to be in office so I should phone him a week after or he was going to call me. He said our things are in order. I gave him that week and called him the week after. He no longer answered his phone. He later called me having created another story. He said he had not seen our documents properly. There was a need for them to be addressed afresh and minutes made. How do you do minutes for this one yet they were one thing? They have been approved. The others have been paid for and why should these ones need new minutes? Up to now, there is nothing and he is not communicating. I will send him a message and say, "We will skip you and see your bosses." He is not calling us again. R20 000. It was meant for implements to prune these trees. It was approved by the bosses. These are some of the things that delay us (Interviewed on 15 August 2013).

It is clear to the beneficiaries that pruning is important for the trees to produce more fruits. Their production is also affected by the slow processing of funds from the CIS grant. Unfortunately, their off-farm income is inadequate to satisfy the demands of large-scale fruit production.

The production of subtropical fruits was complicated by a major hail storm in 2010. Sophie detailed the effects of that storm and how it affected the trees. She said:

In 2010 that is when there was hail. The mangoes lost all their leaves and were left with trunks and branches without leaves. I did not believe they were going to have leaves again. There were many leaves on the ground... You see these mangoes, they were left without leaves. All of them were affected. In 2010 we did not get anything. All the leaves were down... There were ice blocks of the size of a brick that were raining. The blocks fell with pressure and hit all the leaves taking them down. They [workers] were harvesting mangoes for achar down there in the orchards. I was at home in Tzaneen. They called me and said there is hail this side. In Tzaneen, the hail had small stones while here [farm] they were like bricks. It had passed through our area. In our neighbouring villages, it destroyed houses, cars, and taxis (Interviewed on 12 June 2013).

The resuscitation of the orchards required the pruning of the trees. Although the Task Team bought 20 tons of compost which were applied to the orchards, the lack of pruning and other

essential activities such as weeding slowed the regeneration of the orchards. The narrative by Sophie below sums up the extent of the effects of hail and the lack of pruning at Elangeni. She said:

Then there was that season of the hail storm, 2010. In 2011, there were no mangoes. They were just starting. The trees did not have leaves. The trees were left with trunks and branches without leaves. The trees were not sure whether to produce flowers or leaves. During the flowering period, that is when they produced leaves. Now they seem to be ready such that when the time comes they will be fine. This time, they have started early. There were no mangoes in this place (Interviewed on 18 July 2012).

Without pruning the output from the orchards was affected. Sophie shows that the failure to attend to the orchards prolonged their recovery from the effects of hail. The 2011 production cycle was also affected. Despite the efforts of the Task Team in purchasing 20 tons, the beneficiaries' off-farm income was too little to speed up production. The agribusiness model did not suit the capabilities of the beneficiaries.

5.4.3 Spraying and harvesting

The spraying of fruit trees was not a key priority at Elangeni. The rationale was that the crops were grown organically hence there was no need to apply chemicals. According to the Subtrop, R2 500 (R67 500 for the 27 hectares at Elangeni) was required for pest control per hectare in 2006 (Subtrop, 2013). With limited capital available to invest, the beneficiaries only sprayed copper to control worms in mangoes and black spots on avocados. In 2010, the Task Team spend R22 500 on 625 kg of copper (Elangeni Farm Book, 2013). In mid-2013, there were few bags still left. The failure to adequately spray the trees reduced the beneficiaries' ability to access markets with strict market standards (see Chapter Six). As a result, the beneficiaries ended up relying largely on markets such as achar processors, street hawkers, and bakkie operating hawkers. Achar is a green pickle that is produced from mango, harvested before the seed is lignified (Aphane, 2011).

While the beneficiaries understand the implications of the failure to spray the fruit trees, they have limited financial capability to improve production. Sophie said:

If you want to supply international markets then there are quality challenges. The quality mango satisfies your eyes and does not have worms inside it. Even when you hold it you can see that this is quality. With that one you have to work on them (Interviewed on 5 June 2013).

Sophie confirms that because of limited resource capabilities the fruits produced did not meet the standards in certain markets. The beneficiaries' problems with the agribusiness model are glaring when looked at in the context of the basic spraying programme for the fruit trees. The basic spraying programme has three stages in the season. It focuses on disease and pest control. During the flower bud development stage (May to July) a sanitisation spray should be done to control fungal and bacterial diseases (Elangeni Fertiliser and Spraying Programme, 2013). Fungal diseases are caused by fungi that attach to the plant surface and feed on the plant by dissolving the tissue to absorb the nutrients. Bacterial diseases are caused by organisms that reproduce very quickly (Subtrop, no date:21). In the flowering and fruit set stage (August to October), diseases such as powdery mildew and pests such as gall fly should be controlled.²⁶ From fruit growth up to harvest (October to February) diseases such as anthracnose and pests, such as termites and fruit flies, should be controlled through sprays (Elangeni Fertiliser and Spraying Programme, 2013). Some diseases can be ignored but others can destroy the whole crop if not controlled. Marius Pieters said:

It is not necessary to go and spray each and everything that is there. If you look at the basic spraying programme for mangoes, there are certain things that you can obviously ignore. You do not have to wipe them off and you would not get punished when you get into the market if you do not want to go into that market. What is very important is the addressing of the flowering stage and to get it right. Diseases such as Powdery Mildew ... you have to spray and you know you have your crop viable because we [agribusiness markets] can only work with fruit that is of a good quality (Interviewed on 27 August 2013).

Spraying also protects flowers from diseases and ensures that fruits are formed. Nkhetheni Belemu of Granor Passi said:

²⁶ Powdery mildew, black spot and anthracnose are fungal diseases.

There is a disease called powdery mildew. If you do not control that disease now while the mangoes are still at flowering stage, that disease destroys all the flowers. And if the flowers are destroyed you will not get the fruit because the fruits come from the flowers. It is a very dangerous disease. The farmers now are busy spraying their flowers to control this disease because it kills the flowers, and the flower drops. If the flower drops you will not be having the fruit (Interviewed on 16 August 2013).²⁷

This makes the beneficiaries vulnerable in their production. It means that when diseases such as powdery mildew attack their orchards, they may not get any income. The agribusiness model demands more capital resources which are beyond the beneficiaries' capabilities.

Because of the inadequacy of production resources the beneficiaries do not follow the spraying programme as demanded by agribusiness markets. They only use copper to minimise the impact of diseases and pests. Thus, the beneficiaries' production has been negatively affected by the capital-intensive agribusiness model.

The Subtrop (2013) projected that harvesting costs for mangoes in 2006 stood at R1 161 per hectare. The figure included both labour (R1 437) and tractor (R224) costs. Where optimum production takes place on the 17 hectares for mangoes it means that R19 737 would have been required. While the other activities (such as weeding) may have similar costs for both mangoes and avocados, harvesting costs are associated with the yield assumptions which stand at around 25 tons per hectare for mangoes (Subtrop, 2013) and around 5 tons per hectare for avocados (Cutting, 2001). Although the figure for the avocados, which are grown on 10 hectares at Elangeni, would be lower than that for mangoes the overall cost for the harvest of the fruits remain high. To undertake such operations, given the perishability of the fruits, more capital is required.

With the R850 000 from the government used or restricted towards the purchase of farm equipment, it is clear that the available off-farm income may not be adequate for subtropical fruit production. Although the actual harvesting costs are lower due to low outputs caused by low productivity (see Chapter Six), the cost projections shown in Table 6 below for both one hectare and 17 hectares, respectively, indicate that producing subtropical fruits using the agribusiness model is costly.

²⁷ Belemu is a Liaison Officer for Granor Passi, a juice processing company in Letsitele, Tzaneen. He works with farmers to help them comply with standards so they can supply their fruits to the company.

It is a fact that the R850 000 availed to Elangeni by the state (reserved for the implements only) may have been spend wisely to increase its impact on production. That could have contributed to the farm’s self-sustainability. However, the fact that R226 933 is required to produce mangoes only per season points to the unfeasibility of the agribusiness model for many land beneficiaries. With production costs for avocados (10 hectares) and the marketing of the products not included in the R226 933, even if the R850 000 was spend wisely it would still be inadequate to cover costs for implements and production over the six years under review.

Table 6: Production cost projections per hectare of mangoes

Activity	Cost/Hectare	Total cost for 17 hectares of mangoes
Labour	R3 850	
Weedicide	R322	
Tractor cost	R3 000	
General orchard activities	R1 288	
Pest control	R2 500	
Fertiliser	R78	
Pruning	R1 150	
Harvesting	R1 161	
Total	R 13 349	

Source: Adapted from Subtrop’s mango production costs, 2013

The agribusiness model is not favourable for both land beneficiaries and the government. For the beneficiaries, many cannot afford the huge quantities of money needed to support capital-intensive production. Even those with off-farm income are likely to struggle to raise the required money to spend on production. The huge costs associated with the model are also not favourable for the government. Given the limited budgets reserved for agrarian reform (Hall, 2009b) it means that the government spend too much resources on very few land reform projects leaving many beneficiaries to struggle to improve their livelihoods through land. Against this backdrop, supporting a small-scale model which has low capital costs (Mafeje, 2003) would be beneficial for both the land beneficiaries and the government. The small-scale model can allow those with own off-farm income to invest in production to improve their livelihoods.

5.5 Conclusion

The chapter has shown that the agribusiness model used for subtropical fruits was unfeasible due to its demand for huge quantities of resources which the beneficiaries lacked. With monetary support from the state restricted to the purchase of farm equipment, production at Elangeni was funded primarily from off-farm income complemented with agricultural savings. Given the huge costs involved in producing subtropical fruits using the agribusiness model, the beneficiaries' off-farm income was woefully inadequate causing low productivity.

On the contrary, because organic vegetables were produced on four hectares only more was produced using off-farm income. The low costs associated with the small-scale model (Mafeje, 2003) allowed the beneficiaries to use their available off-farm income to address the various production needs despite the problems experienced.

The chapter argued that the agribusiness model is not feasible for both the land beneficiaries and the government. Its associated costs mean that many beneficiaries without adequate resources cannot succeed in using land to improve their livelihoods. In addition, even those with off-farm income cannot successfully use it in production as it becomes woefully inadequate to support capital-intensive production. Even the government cannot support many beneficiaries in their production as its resources are concentrated on a few capital-intensive land reform projects (see Lahiff et al., 2012) in the context of limited budgets (Hall, 2009b). It would seem that adopting a small-scale model would be beneficial for both land beneficiaries and the government because of its low costs. The small-scale model can allow beneficiaries with off-farm income to invest it in agriculture (Ncapayi, 2013; Mabandla, 2015). Moreover, for those with jobs the model can create conditions for them to combine labour and land to improve their livelihoods (Arrighi, 1970; 2009; Arrighi et al., 2010).

CHAPTER SIX

Agricultural markets and the beneficiaries' access to agribusiness-controlled value chains

If a farmer is complying with Global GAP standards they can automatically supply to Granor Passi. Or if they are packing at export accredited pack houses they can supply to Granor Passi. But our main focus we need Global Gap accredited products because our concentrates are mainly for export. On the side of Granor Passi we say the market is available. What you need to do is to comply with our standards (Nkhetheni Belemu, interviewed on 16 August 2013).

6.1 Introduction

This chapter demonstrates how lucrative agribusiness markets operate in ways that make them not easily accessible to the land reform beneficiaries at Elangeni. Although food quality standards were originally designed to protect the consumers (Reardon et al., 2009) they complement the food value-chain system, which beneficiaries' products have to comply with, in increasing both marketing and transaction costs and reducing their access. This affects the beneficiaries' participation in the lucrative markets thereby negatively affecting their agricultural income.

Given the problems with accessing the markets controlled by agribusiness the beneficiaries also supply alternative markets such as hawkers and achar processors which are more accessible. While these markets can contribute to the beneficiaries' income (Cousins, 2015), the beneficiaries face various challenges such as low prices which have limited their ability to improve agricultural income. The chapter argues that assisting the land beneficiaries to access the lucrative markets should be part of agrarian reform aimed at improving the socio-economic conditions of the poor.

The marketing of organic vegetables and the standards in vegetable markets are discussed first. That is followed by a discussion of the project's revenues generated from vegetables between 2008 and 2013. Lastly, the chapter discusses the marketing of subtropical crops, the standards in subtropical markets and the revenues generated between 2007 and 2013.

6.2 Markets for organic vegetables

Elangeni supplies organic vegetables to the retailer supermarkets, fresh produce markets (FPMs), hawkers and bakkie (small truck) traders. The first two market outlets constitute the formal sector but hawkers and bakkie traders are part of the informal market. As a member of Nkomamonta, the primary target market for Elangeni is the retailers. Dan Mushwana said:

The purpose of Nkomamonta was to market together... Each one is farming on their own farm but we are there because we wanted not to supply the open market. We wanted to supply to retailers (Interviewed on 20 August 2013).

Through Nkomamonta the beneficiaries are able to meet the volume requirements demanded by the agribusiness-controlled markets (Lekgau, 2011). They combine their volumes with those of fellow Nkomamonta members to improve access to the lucrative markets. Nevertheless, the beneficiaries' access to the lucrative markets is restricted by various obstacles as is shown in the next sections.

6.2.1 Packaging of organic vegetables: "That pack house was killing us"

The retailers and FPMs require the producers to package their products before supplying. The leadership of Nkomamonta cooperative identifies a service provider to package the members' products. It also negotiates the service terms. Members pay the cost for the packaging of their products. After signing a standing grower's agreement in 2008 to supply Woolworths with organic vegetables, the retailer asked Nkomamonta to package its produce with Westfalia Packers at Westfalia Fruit. Westfalia Fruit is an avocado farm owned by the Hans Merensky Holding Group near Tzaneen. Nodiah Mhangwana explained:

It was Woolworths which recommended us to use that pack house. They said we should package at Westfalia. Around this place, there is no pack house that Woolworths refers you to except at Westfalia. Woolworths get its fruit supplies from Westfalia (Interviewed on 28 August 2013).

The quote reveals that some markets dictate decisions to the beneficiaries. The pack house was located more than 40 kilometres (km) from some of the Nkomamonta projects which

increased transport costs. However, the collective marketing initiative reduced the transport burden for the beneficiaries because Nkomamonta has a 4-ton lorry.

The main duty of the pack house is quality control (Jaffee and Masakure, 2005). It tests the produce to ensure that it is truly organic and of the right quality. Sophie said:

Your first produce is tested. There is a testing machine that kicks the product that is not organic so it cannot pass via the conveyer belt. They will come and call you as a group. If you have not done organic farming you will let down the whole Nkomamonta group. They will ban the whole group from supplying them (Interviewed on 10 June 2013).

The advantages of group membership depend on compliance by all members. The testing of the produce ensures food safety for the consumers. Nkhetheni Belemu said:

This issue of food safety is the one which is very much important when it comes to Global GAP. We stress that the consumer must eat safe food. The farm needs to produce safe food especially when it comes to fertilisers and chemicals (Interviewed on 16 August 2013).²⁸

Thus, the goal of food testing is to minimise the health risks associated with food contamination. After testing, the products are sorted and packaged. Although packaging adds transaction and production costs, the beneficiaries cannot access the retailer market without it. These added costs affect the beneficiaries at Elangeni, whose production depends primarily on off-farm income. Sophie said:

Over and above that we were packaging our products at Westfalia. Have you heard about Westfalia? That pack house was 'killing' us. We were working for them. There is money they take from every packet, nearly R150 000 for our [Nkomamonta] products. We ended in September 2011 [to package with them]. They had already made R200 000 for themselves. On our side, I think we made R96 000 combined (Interviewed on 18 July 2012).

The costs covered the packaging materials used and labour. Transport from the pack house to the market was charged separately. Westfalia Packers charged the beneficiaries six percent of the products' selling price for transport to Woolworths' central distribution centre in Johannesburg. The main transport service providers were C. P. Minnar and Sons and C. J.

²⁸ Nkhetheni Belemu work for Granor Passi and liaises with black suppliers.

Clement (Lekgau, 2011). Attempts to verify the financial figures above with the pack house were unsuccessful. However, the compulsory use of middlemen in the agricultural value chain reduces the beneficiaries' revenues. Bigger budgets are required to successfully produce using the agribusiness model.

Packaging at Westfalia was stopped in 2011. Packaging remains a problem for Nkomamonta under the Pick n Pay programme as products are now packaged in Pretoria. Dan Mushwana said:

Our only problem is we are packaging far. We do not have any pack houses for organic crops locally. We are packaging in Diepsloot at Wensleydale (Interviewed on 20 August 2013).

Nodiah Mhangwana had this to say:

We still have a challenge with the packaging place. We are still struggling with a pack house. We request others to package for us. They charge us service fees for their packaging materials and other things they do; the ones needed to operate a pack house. At the moment we are packaging at Wensleydale in Pretoria, at Tim Jackson (Interviewed on 28 August 2013).

In the same vein, Sophie said “[a]nother challenge is a pack house. We want one close to our farms. We package our products in Johannesburg (Interviewed on 10 June 2013). Thus, the location of the pack house in Gauteng increased the transport costs incurred.

Wensleydale Farms is located in the City of Tshwane Metropolitan Municipality but is closer to Diepsloot, which is part of the City of Johannesburg Metropolitan Municipality, hence references to the two cities by the respondents. The beneficiaries also raised the problem of the pack house at the official signing of the contract between Nkomamonta and Pick n Pay on May 30, 2012. Addressing government and Pick n Pay delegates, Dan Mushwana said:

We take our produce to Pretoria to be processed and packaged before being delivered to Pick n Pay stores including the local ones (Letaba Herald, 15 June 2012).

The beneficiaries indicated that part of the problem was that the local pack houses were not packaging organic products. Even Westfalia Packers no longer packages vegetables for

external parties in South Africa (Email correspondence with Julia Tew, 14 January 2014).²⁹ It was in this context that Nkomamonta engaged the government agencies seeking assistance to acquire a local pack house for use by its members (Letaba Herald, 15 June 2012). The long distance between Tzaneen and Pretoria also affected the beneficiaries' ability to meet their targets. Dan Mushwana said:

Currently, because we are packaging far we do not meet the requirements. Our pack house is far from us. We do not have a pack house locally. That is a problem for us. Otherwise, we would be reaching our targets (Interviewed on 20 August 2013).

To partially address the quality problem the beneficiaries transported the products to the pack house at night when temperatures were low. Nkomamonta's lorry did not have a cooling system. Although vegetables were grown using the small-scale model, their marketing was affected by the various standards in the agribusiness markets.

Packaging costs in 2014 ranged between R10.35 and R11.00 excluding VAT per 4-kilogramme box. The cost covered the carton (approximately R4), pallet strappings, stickers/labels, electricity, labour and any chemicals (Email correspondence with Julia Tew on 15 January 2014). Where transport was hired from Limpopo to Pretoria, each 4 kilogrammes (kg) carton was charged at R5 excluding VAT. Thus, around R15 was required per 4 kg carton when transport was hired.

Packaging also plays a role in the traceability of the products. It assigns distinct stickers and labels used to trace the origins of the product in the case of detection of food contamination. Each farmer's consignment is assigned a distinct label and number. Sophie said:

You send them [products] through your name. Nkomamonta just helps us with marketing as a group. The products are under your name so they can be traced if your products are not good. They should be able to trace and say these came from Elangeni. They would say we found products from Elangeni to be not purely organic. There were conventional chemicals that were traced in them. They are able to trace you that way. There are numbers that are assigned to each farmer. Ours was 52. Our numbers as a group started in the 50s. Some would be 51 and some 53. Even if it does not say Elangeni, if it says Nkomamonta 52 they will know that it is Elangeni (Interviewed on 10 June 2013).

²⁹ Julia Tew is an External Consultant for HMH (Hans Merensky Holdings) Corporate communication.

Although packaging is important for quality control, it is a constraint to market access for those who fail to comply with the requirements.

6.2.2 Retailer markets: “You also know that the price you were offered will not change”

The supermarkets are preferred by the beneficiaries for their stable prices, especially under contract farming. The prices in the other markets fluctuate constantly under the influence of market forces. At the beginning of each season, Nkomamonta negotiates new prices with the supermarket (Woolworths - 2008 to 2011 and from 2012, Pick n Pay) for its members. Sophie remarked that:

[t]hey are right [prices] but before we send our products we go back and talk about the price because things are not static. We cannot rely on the prices we were given last year. Many things have changed. Fuel price has risen, the salaries have increased, and the prices for the seeds have changed. As a result, we go to them and discuss the new prices before we send the new products. They will tell us that they can increase by so much (Interviewed on 10 June 2013).

It was that price stability that Elangeni preferred as there were fewer risks involved. Sophie said: “You also know that the price you were offered will not change. It will always be like that.” This also meant that even if prices went up in the other markets Elangeni and Nkomamonta could not immediately renegotiate for the increase because the prices were fixed for the season.

The retailers also paid more than the other markets for the organic products (see Lekgau, 2011). For instance, in 2008 and 2009, green bean prices at Woolworths were R8.26 and R11.66, respectively, for the 700 grams. 350 grams cost R5.15 and R7.11 in 2008 and 2009, respectively. That was more than the R25 paid for the 4 kg at the Tshwane FPM and the R50 paid for the 12.5 kg by the hawkers in the same period (ibid: 22).³⁰ Access to the lucrative retailer markets is crucial for the beneficiaries’ success. While markets such as hawkers are accessible and important, the low prices undermine income generation.

³⁰ Lekgau (2011) pointed out that Nkomamonta supplied first-grade green beans to Woolworths with the second grades supplied to the NFPM and other market outlets. This partly explains the discrepancies in prices. However, retailers in general pay more for organic products than the other markets.

Joachim Schuckmann revealed the advantages of supplying retailer markets. He said:

What we see in Limpopo is that many of these farmers produce the products. Some then sell them either on the smaller markets or sell them on the sides of the roads. So you cannot generate income through that. If they are to sell to a retailer they will get much more money for their product. So it can be 20 cents, 50 cents more per kg if they sell it organically to the retailers. So it does make the difference (Interviewed on 14 January 2014).

Although the organic market is very small in South Africa it provides benefits for the beneficiaries when they access it. Nkomamonta left the Woolworths market in preference of Pick n Pay in 2012 for reasons that will be explained later. Nkomamonta signed a 10-year contract with the retailer supermarket in May 2012 for the supply of organic products. The cooperative was nominated through the Department of Trade and Industry's (DTI) Small Business Incubator Programme to supply the retailer with organic produce (Trade and Investment Limpopo (TIL) Media Release, 25 May 2012).³¹ While the retailer supermarkets offer better prices, they are not easily accessible due to the various requirements they impose on the suppliers.

6.2.2.1 The certificate: "Without a certification, they will not be able to sell the products as organic"

Products cannot be sold to the retailers, and they cannot fetch premium prices without organic certification (Barrett et al., 2001). Joachim Schuckmann elaborated on this:

³¹ TIL and Pick n Pay point out that the deal was facilitated by the DTI but Dan Mushwana (Nkomamonta's chairperson) said the deal was facilitated by the International Marketing Council through a white lady from Italy, who also presented the proposal on behalf of the cooperative to Mr Raymond Ackerman, Pick n Pay's owner. Dan's narratives also contained inconsistencies in terms of when the cooperative began supplying to Pick n Pay. He said it started in 2009, which is contrary to what fellow Nkomamonta members and the media releases from TIL and Pick n Pay say. For this reason data collected from him was cross-checked with other members. It is possible that as the chairperson he wanted to project successes that do not exist to me as an outsider. I may not have gained his trust since he was not my key informant and was visited only once. However, some of the data he provided tallied with that collected from other members.

And the organisations like Ecocert... we are conformity assessment bodies. So we go out to farmers and make sure they apply the rules. In exchange for that, they get a certificate and that proves that they are producing organically and that allows them to sell products at a premium, about 50 percent more, 30 percent more than you would get for conventional products. For most retailers without an organic certification, the farmer will not be able to sell the products to retailers because they are asking for organic certification these days. Most of them are, and so, without certification, they will not be able to sell the products as organic, thus not getting a premium for them (Interviewed on 14 January 2014).

Although the retailer market is lucrative, access is dependent on satisfying buyer preferences. The retailers demand valid certification before buying the organic products. Sophie said: “[t]he market wants products that are really certified organic. They do not want to be told that we once supplied to them, no. They follow the procedures” (Interviewed on 10 June 2013). An incident in 2012 confirms Sophie’s point. The beneficiaries supplied the products after their certification had expired and Pick n Pay rejected them. Sophie said:

Last year we were not paid for some of our products we supplied to the market. The products never brought anything to us. What happened is that while he [pack house owner] was packaging the certificate expired. When he wanted to supply the products they [Pick n Pay] told him that the certificate had expired. Up to now, we do not know what transpired with those products. We laboured for nothing. You saw the products we planted last year [July 2012]. We did not get a cent on those products. We sent a lot of products there and the certificate had expired. They did not return the products to us until this day (Interviewed on 10 June 2013).

Although Elangeni’s products were produced organically, Pick n Pay could not buy them without the certificate. Even if alternative markets were found, the products could not be sold as organic. The standard is that all organic products require a valid certificate before sold. As noted by Joachim Schuckmann: “[t]he certificate is key to being able to sell your organic products.” It is not clear why the certificate was allowed to expire. However, the beneficiaries experience obstacles when trying to supply to the retailer supermarkets. Moreover, when they fail to access their targeted markets they lose possible income as the products are perishable.

6.2.2.2 Volume and product specifications: “Volume wise they are low for what is needed by the markets”

Since the contracts are signed between Nkomamonta and the retailers, the quantities and product specifications apply to the group. Under Woolworths, Nkomamonta was allocated one product (green beans) and a small volume to supply. Dan Mushwana said:

The number of products which we were given at Woolworths was nothing. We were not able to do crop rotation. We were given to plant for them green beans only (Interviewed on 20 August 2013).

Sophie concurred with Dan:

We still have the market but we realised that the Pick n Pay market is bigger than the Woolworths market. The Woolworths market is small and their planting programme gives us a few products while at Pick n Pay they gave us many products. Woolworths gave us less planting programme. We were given one hectare, the 15 of us [combined]. It is for all of us, one hectare. It is too small. That is why we went to the Pick n Pay market (Interviewed on 18 July 2012).

This is proof that the agribusiness markets are not easily accessible to the beneficiaries. Although the Nkomamonta farmers had the capacity to produce more than one hectare output, even at individual level, Woolworths allocated only one hectare for the whole group. On 16 January 2009, Sophie was part of a Nkomamonta delegation that unsuccessfully negotiated with Woolworths officials at Westfalia for the increase of the allocated volume. For instance, on the 20th and 27th of March, and the 24th of April 2009 Nkomamonta’s produce was turned back because the volume had been exceeded (Elangeni Farm Book, 2013). Elangeni supplied the returned produce to the Tshwane FPM and the hawkers where prices are often low compared to those in agribusiness markets. The farmers had the capacity to meet the volume above the one hectare allocated. They were not denied access due to their failure to produce more but because the retailer supermarket did not want to expand their market share.

Sophie argued that Woolworths treated the deal as a trial to see if Nkomamonta could meet the requirements. While Nkomamonta had the capacity to produce more, Woolworths refused to expand its market for the farmers. Lekgau (2011:23) has shown that the cooperative’s

estimated total volume of marketed green beans in 2009 was 1 121 tons including those supplied to other markets.

The retailer's position may have been influenced by the fact that some beneficiaries struggle to meet bigger volumes and supply consistently. Mr. Foforane, from the LDA (Tzaneen), indicated that as a major problem affecting land beneficiaries' access to markets. He said:

Common to so many areas and perhaps, where you have been, is that most of the emerging farmers will supply today but tomorrow they do not have the crop. This is very difficult for the people they supply to. We are still working on them to try to understand that when you supply, you need to supply consistently because there is no point for you to produce at once 1 000 cabbages and tomorrow you are finished. Also, the issue of quality is another problem because of issues of skill. This is why programmes like RECAP say get the mentors who will assist in developing capacity. Also, their volumes are low for what is needed by the markets. These are the main challenges that they face (Interviewed on 8 July 2013).

Joachim Schuckmann also said:

Once that relationship is there, the retailers have less of an understanding of the circumstances of the farmer. The retailer will say, "Yes I want 300 kg of oranges. I want 300 kg of cabbages", but the cooperative is only able to produce 100 kg. The retailer says: "If you want me to buy you need to produce a certain number..." So the challenge is access to the retailers, access to the markets and then being able to meet the demand that retailers request (Interviewed on 14 January 2014).

While supply side problems cannot be denied, Woolworths' refusal to expand the market despite the evidence that beneficiaries were capable of producing more is problematic.

To make sure that volumes are maintained Nkomamonta requires its members to inform others in writing if they cannot honour their contributions. This ensures that other members produce more to maintain the targeted volumes. But this is dependent on whether other members do not have production impediments of their own. Nonetheless, the one-hectare limit was too little for the fifteen farmers. It would seem Woolworths was not motivated by the need to promote the growth of the beneficiaries. It is possible, as argued by Mayson (2003), that some of these deals are done to satisfy black economic empowerment scores while larger market shares are reserved for bigger suppliers.

Given the problems the beneficiaries experienced when accessing the Woolworths market, Nkomamonta switched to Pick n Pay in 2012. Pick n Pay guaranteed the cooperative more volume and product varieties. The following is a quote from a statement released by Pick n Pay:

As part of its ongoing mission to support emerging farmers, Pick n Pay formally announced its partnership with Nkomamonta Organic Farmers' Cooperative in Tzaneen in Limpopo Province, which will see the cooperative supplying 217 tons of organic vegetables to Pick n Pay stores countrywide. Through the Ackerman Pick n Pay Foundation, the retailer made the commitment to the DTI in March 2012 to provide dedicated shelf space in 50 stores for organic produce to assist in the further development of the organic produce sector and emerging farmers around the country (Pick n Pay Supply Chain News, 4 June 2012).

Additionally, Sophie said:

We are the first blacks to get this contract with Pick n Pay...Nkomamonta secured a 10-year contract with Pick n Pay. We have 15 crops we should supply to Pick n Pay, but for now we have started with 6 crops (Interviewed on 18 July 2012).

The Pick n Pay contract satisfied the beneficiaries' desire to supply more volumes to the retailer supermarkets. However, the beneficiaries' ability to improve income had been affected by a combination of production and market side constraints.

Pick n Pay and Woolworths constitute what Cousins (2015) and Du Toit et al. (2015) referred to as 'tight value chains'. The beneficiaries were locked into markets through formal contracts which required them to "meet agreed standards in relation to the quantities supplied, its quality, and the timing of their supplies" (Du Toit et al., 2015). By contrast, there are 'loose value chains' with less demanding requirements. Those include small supermarkets which do not make prior written commitments to local suppliers in terms of volumes. For instance, the Boxer Supermarket in Tzaneen placed orders through the phone when supplies were needed (Interview with Maxwell on 5 July 2013). Markets such as these were not reliable as there were no guaranteed orders for the products. Thus, when access to the tight value chains failed the beneficiaries supplied their products to alternative markets such as hawkers. Their experiences in those markets are discussed below.

6.2.3 Fresh produce markets: “The national market is killing us”

Those products which could not access the retailer market were supplied to the FPMs (Lekgau, 2011). Elangeni sold its produce at the Tshwane FPM through the Farmers’ Trust Market Agents. Products supplied to the FPM were required to observe various standards before sold. The requirements include sorting, grading, packaging (for traceability purposes), and clean and hygienic delivery conditions under specific temperatures to avoid spoilage, and maintaining the freshness of the produce. The produce was required to be delivered before the market closed (Louw et al., 2013:13).³² At the FPMs, the produce is usually sold out two or three days after delivery.

While the FPMs were open for any farmer, there were costs the beneficiaries incurred. They were charged a market fee of five percent and a market agent commission of seven to nine percent. The fees were deducted from the income generated (Conversation with Gjalt Hooghiemstra on 11 November 2014).³³ These charges, together with the packaging costs, added to the beneficiaries’ overall production budget. The demands by the middlemen in the agricultural value chains reduced the beneficiaries’ revenues.

The FPMs were accessible and the principle is that the product belongs to the farmer until it is sold (Conversation with Gjalt Hooghiemstra on 11 November 2014). Although the principle absolved the agents from taking responsibility for the products under their care, it created a risk for the beneficiaries. It meant that to benefit they required agents who were trustworthy. All risks were diverted to the beneficiaries. Sophie narrated a story that illustrates this challenge:

³² Louw et al. (2013) did a market research with FPM agents and administrators among other respondents. They looked at various markets that smallholders in Gauteng sell their produce to and identified supply chain risks faced by the producers. This research is still ongoing and its data complements this study.

³³ Gjalt Hooghiemstra is the Operations and Enterprise Development officer at RSA Market Agents.

Another farmer at the workshop said he took his workers and went to the national market. He drove with them to Pretoria. He told them that he wanted them to see where he sends his products for them to see how the place operates. They saw some tomatoes rotting at the market. He said to them: “You see, the owners of these products are waiting for the money.” From what is left and sold, apart from the rotten products, they will pay the agent first and then transport, then they will think about the farmer. Whether there is something left or not they do not mind. They will send you the letter with the financial breakdown and send you a check with R00.00 (Interviewed on 10 June 2013).

The market principles at the FPMs disadvantage the suppliers, especially those who lack the resources to monitor the sale of their products.

The beneficiaries were also affected by the price fluctuations at the FPMs. The long distance between Tzaneen and Pretoria (355 km) made it difficult for them to respond to favourable prices timeously. When the prices were high, the agents requested the products. Sometimes the products arrived at the market when the prices had decreased. However, the agents sold the products at the prevailing prices which reduced the revenues generated. Sophie said:

When I first sent the green beans the price was right. Immediately after you send more products, the price goes down. Yesterday they were calling saying we should send the green beans. It makes us angry because we did not get anything from the beans we had sent already. He is saying the price is right at the moment. A 4kg box should range between R40 and R45... They end up selling the box for R10 and say the prices have gone down. After selling the products the first person to be paid is the agent who sold the products for you. Secondly, they pay the transport. The transporter’s money does not go down. He takes R4 per every box. The farmer is the last one. They pay themselves first. You plant your crops that benefit other people and not you. There are labour and seeds that are very expensive. You end up being the loser while other people benefit from your products. They do not mind sending you a check that records R00.00. They will give you a breakdown of how the money was distributed (Interviewed on 10 June 2013).

Nodiah Mhangwana concurred with Sophie, stating:

With the national market, you do not put a price on your product. They decide on your behalf. You may expect that for a 4.5kg box of green beans if the prices have dropped you can sell it for R40. They can tell you that it is R15 per box. If they say R15 per box they will charge for transport, marketing agent fee, market fee, and storage fee. They should be 4 or 5 items. You find that the charges are too high. Maybe out of that R15 you may get R00.00. On top of that, they say you still owe C. P. Minaar, the transport from here to Pretoria (Interviewed on 28 August 2013).

Sophie and Nodiah agreed that the 4 kg box normally cost around R40 at the FPMs. They also agreed that the price could decrease to around R15; the farmer was paid last and could get an invoice of R00.00. The price volatility affected the beneficiaries' revenue. Sophie suggested that the NFPM system benefited the agents, the market, and the transporter, while the farmer was exploited. The current market structure is not friendly to the land beneficiaries. Consequently, the FPMs' contribution to their income was limited.

6.2.4 The hawkers and bakkie operators: "they do not want to pay much"

Another alternative market used for the vegetables were the hawkers. The hawkers did not impose strict standards. However, they were the beneficiaries' least preferred market for the vegetables. The beneficiaries mostly sold the second-grade produce to the hawkers because they paid low prices. Sophie stated:

Some are those in the local market. You know the local market operators, the people buying with bakkies. They do not want to pay much. He will ask you to give him a crate for R30. There are people who want you to give them a crate for R30. R30 but you have applied your labour. You did all the work but they want to take a crate for R30 (Interviewed on 15 August 2013).

The hawkers' price offers were low which affected the revenues generated. As shown earlier by Lekgau (2011:22), the hawkers were the least paying market for the beneficiaries in 2009. Low revenues, caused by low prices for products, affect the availability of income to invest in production. Sophie also argued that the informal market operators were unreliable. Despite these problems with the hawkers, they remained an option and the market was more accessible (see Cousins, 2015; Du Toit et al., 2015). Access to the hawkers allowed the beneficiaries to sell even the products which could not be accepted in the tight value-chains and other formal markets.

6.3 Vegetable revenues between 2008 and 2013

It is difficult to reconstruct the financial records for Elangeni project because of poor record keeping. The data presented below (Table 7) is not a true reflection of the revenues generated between 2008 and 2013. There are many occasions where the farm book recorded that sales were made but without showing how much was generated. The presented figures were drawn

from what has sporadically been recorded in the farm books or gathered through interviews with the beneficiaries. The task of compiling the financial figures was even made more difficult by the fact that some of the farm records were consumed in the house fire in September 2008. The beneficiaries even put a message in the farm book to that effect. The message said:

Important: All our records for income and expenditure have been consumed in a house fire. Records for our daily activities on the farm and all our belongings have been lost in the fire. This happened as a result of veld fire (Elangeni Farm Book, 2013).

Table 7: Green Beans Revenue: 2008 - 2013

Year	Income (Rand)
2008	11 070. 72
2009	12 295. 19
2010	-
2011	1 000
2012	1 800
2013	2 400
Total	28 565. 91

Source: Compiled by author from Farm Book (2013) and interview data

Despite the missing data, Table 7 is informative in many ways. The data recorded in the farm book is for green beans alone yet we know from Chapter Five that the beneficiaries also produced butternuts, sweet potatoes, sweet corn, baby marrow and gem squash. For instance, the farm book indicates that on the beneficiaries planted sweet potatoes on the 19th of March 2009 and then from the 4th to the 7th of May 2009. Indeed, while the farm book does not have sales records for sweet potatoes the beneficiaries recorded in the farm book that between the 3rd and the 25th of March 2009 they were digging sweet potatoes. The sweet potatoes were sold in both the informal and formal markets (Elangeni Farm Book, 2013). The fact that green bean is the main organic vegetable produced at Elangeni may be part of the reason why the records are limited to this product only. Had the sales for the other crops been recorded the income would have been higher.

The farm book indicated that the R11 070.72 recorded for 2008 was for green bean sales made between 03 June and 14 October alone. The R12 295.19 recorded for 2009 was generated from sales between March and June. The vegetables can be grown throughout the

year. If the beneficiaries generated around R11 000 in four months it is possible that they could have generated a minimum of around R33 000 per year from green beans alone had production continued without disruptions. When the possible income from the sales of other vegetables is factored in it is likely that the beneficiaries' annual revenues from organic vegetables would be higher. Of course these projections have limitations. They are based on statistics for the best years. If one uses data for years such as 2011 the annual projections will be very low. However, despite the variations that should be expected in terms of revenues generated over the years it is most likely that the low figures recorded are more a product of poor book keeping than an indicator of what was actually sold. The data for 2008 and 2009 highlight the potential that beneficiaries have when using off-farm income for vegetable production in a small-scale model.

Table 7 is also reflective of the production trajectories at Elangeni project. The first two years (2008 and 2009) did not experience more natural disasters as the latter years. It means that the beneficiaries' capital was concentrated in production that mitigating the effects of the disasters. As shown in Chapter Five, when the project was affected by hail (in 2010) and veld fire (in 2012) their effects lasted long. The beneficiaries diverted more of their production capital towards resuscitating the orchards. While the two models at Elangeni had co-existed since 2008 the capital demands of the agribusiness model affected the availability of capital for investment in small-scale vegetable production in the latter years.

6.4 Markets for mangoes and avocados

The beneficiaries supplied their subtropical fruits to four market outlets. The mangoes were sold to achar processors, juice processors and hawkers. The primary market for the mangoes was the achar processors. The avocados were sold to the FPMs and the hawkers with the latter being the primary market.

The fruits were not covered by the Woolworths contract but they were included under the Pick n Pay contract. The beneficiaries were yet to supply the fruits to Pick n Pay when their orchards were affected by the veld fire in August 2012. At the point of the main fieldwork for this study, the beneficiaries were still in the process of resuscitating the orchards. Sophie said:

Pick n Pay has just included fruits in the range of products we supply to them. All along we did not supply them with fruits. We supplied the fruits to the national and local markets. This year they have been included in our new certificate with Pick n Pay. They did not know that our fruits are fully organic. The former owner of this farm was not an organic farmer. So they gave our fruits time to transform into organic products. Usually, you should wait for three years if you were not producing organically. From 2007 to 2013 there is a total of 7 years. They are now fully organic (Interviewed on 10 June 2013).

Initially, the beneficiaries could not supply the fruits to the retailer markets as organic as they were required to detox of the conventional chemicals used in production. As shown by Sophie above, they had to rely on markets such as FPMs and hawkers. However, the fruits were subjected to varying standards at the markets.

6.4.1 Markets for the mangoes

6.4.1.1 Achar processors: “The mangoes for achar do not need to be sprayed with chemicals”

There are nine to ten achar processors in Tzaneen (Interview with Mr. Foforane on 8 July 2013). Elangeni’s mangoes were supplied to Dando Achar. Achar processors were preferred because they did not apply strict standards such as the spraying requirement. Where minimal requirements were applied, they were flexibly enforced. Sophie remarked that:

The mangoes for achar do not need to be sprayed with chemicals because you send them whilst they are still green. They will cut them into achar (Interviewed on 5 June 2013).

Nkhetheni Belemu stated that many African farmers in Tzaneen preferred the achar processors for the same reasons as the beneficiaries at Elangeni. He said:

That is why the majority of farmers when it comes to mango they will go to the achar market because they know in achar they will not wait for their fruits to ripen. They will just pick those small green mangoes and send them to the market. That is what most of the black farmers are doing (Interviewed on 16 August 2013).

The beneficiaries’ preference of the achar processors is driven by their failure to satisfy the quality standards in some mango markets. Because the achar processors flexibly enforced their standards, they were easily accessible for the beneficiaries. The processors required the

first-grade mangoes even though they rarely turned back suppliers with second-grade mangoes. However, the second-grade mangoes fetched lower prices. David Ngezimani of Magic Achar³⁴ processors explained:

The first-grade mango does not have a seed inside. It is the mango which you can cut right through the middle using a knife. Even a child can cut it through the middle... The second-grade mango, you cannot cut it through the middle as the knife can resist going in. It has a seed. It is not suitable for the achar product. Instead of telling people that we do not want it, we decided to make it the second grade. We do not have our own farms. You cannot be choosy when you do not have your own mangoes. We look at two things only. The mango should be green and not ripe. The rest is on us (Interviewed on 18 August 2014).

Linked to the standard is the need for the farmer to comprehend the right time to market the mangoes. The season for the achar mangoes is very short, starting in October and ending in November. The beneficiaries needed to sell within that period to get better returns. The prices were determined by demand and supply. After November the mangoes' quality begins to deteriorate. David Ngezimani identified the knowledge of the right marketing time as one of the constraints that affected African farmers in Tzaneen. He stated that some farmers waited until the mangoes were big because they associated size with more revenues instead of the quality of the product. That affected the revenues due to quality deterioration as the mangoes ripened.

Every year Samuel negotiated a fixed price with Dando Achar to avoid price fluctuations. The farm records show that the beneficiaries sold their mangoes to Dando late in the season. In 2007, the supplies started on 20 November and ended on 14 December.³⁵ Mangoes were marketed from 27 October to 18 December in 2008 and from 30 October to 23 November in 2009 (Elangeni Farm Book, 2013). Although the farm was occupied late in 2007, the trend shows that the beneficiaries started supplies late in the season. They missed the window when the prices were better.

The average prices per ton over those three years were R780, R1130 and R1500, respectively. Table 8 below presents data on mango prices in various markets in South Africa. The data

³⁴ Magic Achar is an agribusiness located in Nkowankowa township of Tzaneen. David Ngezimani is a supervisor at the company.

³⁵ Sophie says the transfer of the farm under a lease to Elangeni was done in December 2007. Thus, if the first supply was done on 20 November it means the farm was occupied earlier than December. One possibility is that beneficiaries occupied the farm earlier whilst the government processed the papers. Besides that, the dates are contradictory.

was collected by the South African Subtropical Growers' Association (Subtrop). Of the four markets (dried fruit, juice, achar and FPMs) the achar processors paid the least prices per ton. Although the achar processing market was more accessible, the low prices may have undermined the beneficiaries' income.

Table 8: Mango prices per ton in various markets (Rand)

Year	Dried	Achar	Juice	Fresh Produce Markets ³⁶
1999/2000	1 000	650	900	2 490
2000/2001	1 000	750	900	2 742.50
2001/2002	1 000	750	900	2 737.50
2002/2003	1 350	500	1 200	3 822.50
2003/2004	1 350	1 000	1 200	3 735
2004/2005	1 500	600	1 350	3 767.50
2005/2006	1 200	750	1 000	4 150
2006/2007	1 400	750	1 200	3 427.50

Source: Prepared by author from Subtrop's production data for mangoes, 2013.

As observed in Chapter Five, the problems of the beneficiaries with producing using the agribusiness model in the context of limited external support affected their ability to produce quality fruits that met the standards in the better paying mango markets. Their off-farm income, which is the primary source of operational capital, was inadequate to support the production of subtropical fruits.

6.4.1.2 Juice processors: "What you need to do is to comply with our standards"

The ripened mangoes were supplied to Letaba Citrus Processors (LCP) and Granor Passi. The former is in Nkowankowa and the latter, in Letsitele. LCP extracts, concentrates, processes and blends citrus and other subtropical fruits (Hilton-Barber, 2011). Granor Passi processes all citrus varieties, mangoes, and guavas into concentrate juices (Granor Passi Corporate Profile:10).

The mango processing season started in mid-December and ended at the beginning of February. Juice processors applied several standards that farmers were required to observe before accessing the market. The two companies were guided by Global GAP and food safety

³⁶ The data show prices per 4 kg carton rather than prices per ton. A ton has 1 000 kg, that is 250 x 4 kg cartons. The author multiplied the price of the 4 kg carton by 250 for each year to get the price for the ton.

requirements as some of their produce was exported. They required their suppliers to observe standards that enabled their juice to access any market. Nkhetheni Belemu explained some of the standards Granor Passi required its suppliers to observe:

If a farmer is complying with Global GAP standards they can automatically supply to Granor Passi. Or if they are packing at export accredited pack houses they can supply to Granor Passi. But our main focus we need Global Gap accredited products because our concentrates are mainly for export. On the side of Granor Passi, we say the market is available. What you need to do is to comply with our standards (Interviewed on 16 August 2013).

On behalf of LCP, Marius Pieters said:

We only take truly ripened fruit. We cannot take something that has fallen down... We cannot take all varieties of mangoes. We take only the right mangoes... You cannot spray pesticides that are not registered. You cannot bring to us rotten fruit or green fruit. These are things that we have to adhere to, to play the game right. You cannot come here with something that has not been sprayed right. You cannot come here with something that is not lookable on the outside... We adhere to the standards that have been set for many, many years and have been set by the national laws and by-laws. For that, we have international standards and international laws and things like that. We get scrutinised for everything for various reasons, by various companies and people at large and even international laws ... We need to do things alright otherwise, we will close the doors (Interviewed on 27 August 2013).

While Granor Passi emphasised Global GAP certification and the use of pack houses, LCP did not adhere much to those requirements. Even at Granor Passi the pack house was not a strict requirement. What is clear from Nkhetheni and Marius is that the juice processing market is not as easily accessible as the achar processing market because of the various food quality standards.

The beneficiaries were required to keep spraying records for pest and disease control. Granor Passi provided them with a chemical record sheet where they recorded information such as block number, crop, active ingredient in a chemical, chemical volume per hectare, justification for application, method of application, justification for change in spraying programme, the person responsible and his/her signature (Granor Passi Chemical Record Form, 2013). At LCP, suppliers declared whether they sprayed or not when they delivered the fruits. Each load delivered was allocated a number with the load linked to the sprayed or not sprayed records. LCP recorded where the mango load went, the day, and to which drums.

When something is detected in the juice, that information is used to trace the fruit back to the grower (Interview with Marius Pieters on 27 August 2013). Normally, a sample is taken from the farmer's first delivery to test for compliance.

The failure to spray the mangoes does not stop them from being supplied to the juice processors.³⁷ However, if the mangoes were affected by pests and diseases they cannot access the market. Nkhetheni Belemu stated:

If you do not spray at all it is a big challenge because your crops will be infected by diseases and pests. And those things are not needed in any market including the local market. People will not buy your fruits... Most black farmers are not spraying and they cannot supply their fruits to us... If you want to supply to Russia and Russia do not want black spot, whatever, we also need to make sure farmers do not supply mangoes to us which have black spot and the like. If we want to supply China and China says they do not want this or that, we also want to do the same (Interviewed on 16 August 2013).

Nkhetheni reveals that the juice fruit market is influenced by local and global market standards. The standards discussed above are part of the reason why the beneficiaries primarily supply the mangoes to the achar processors. The production constraints they experienced when using the agribusiness model undermined their ability to produce fruits that were compliant to the market standards.

The perishability of the ripe mangoes made the beneficiaries vulnerable thereby contributing towards their choice of the achar processing market. Without adequate resources they sometimes struggled to market their ripened mangoes to the juice processors when the quality was still good. For instance, their ripened mangoes perished on the farm in January 2008 due to bad weather and resource constraints. Sophie explained:

We struggled without a tractor and our mangoes got rotten here on the farm. It rained and we failed to take the mangoes to the market. There was high demand for mangoes at that time but we could not take the mangoes to the market (Interviewed on 5 June 2013).

³⁷ Elangeni does not spray chemicals to its fruits. As long the quality of the produce is right, the fruits can be sold to the juice processors. However, the fruits are more vulnerable to pests and diseases when not sprayed.

While they managed to supply mangoes to LCP in January 2009, their failure to consistently utilise the market may have affected their income. As shown in Table 8 above, the prices paid by the juice processors are higher than those paid by the achar processors.

The beneficiaries also supply their mangoes to informal market operators. However, there are no financial records for that market. The recorded data on sales made between 2007 and 2013 is presented in the next section.

6.4.2 Mango revenues: 2007 - 2013

As in vegetable production, record-keeping at Elangeni is poor. The financial data are not exhaustive. On many occasions the beneficiaries recorded having made sales on particular dates without indicating the amounts generated. Also missing in the financial records were data on mangoes sold to the hawkers whom Sophie indicated as a key market for the mangoes and avocados. When asked how many tons Elangeni was producing Sophie argued that it depended on the season, but on average they would produce 20 tons which generated around R64 000 per season. The income depended on demand and supply and the markets supplied to. In a season of scarcity, a crate of mangoes could fetch R120 while the price could go down to between R60 and R80 when supply was high. Table 9 below presents what has been recorded in the farm books.

Table 9: Revenue from mangoes: 2007 – 2013

Year	Achar		Juice		Total (Rand)
	Kilogrammes	Amount (Rand)	Kilogrammes	Amount (Rand)	
2007/2008	19 329	15 077	-	-	15 077
2008/2009	26 360	29 674	14 000	16 934	46 608
2009/2010	5 300	7 950	-	-	7 950
2010/2011	-	-	-	-	-
2011/2012	-	-	-	-	-
2012/2013	-	-	-	-	-
Total	50 989	52 701	14 000	16 934	69 635

Source: Prepared by author from Elangeni Farm Book, 2013

Table 9 shows that the beneficiaries' primary market was the achar processors. 26 360 kg were supplied to achar processors in the 2008/9 season compared to 14 000 kg supplied to the juice processors. While the difference between the average prices for juice (R1 210) and achar (R1 130) mango in the 2008/9 season is small, data presented in Table 8 above confirms that supplying to juice processors can generate more income for the farmers than supplying achar processors. The data, which was compiled by Subtrop, shows that the juice industry paid R1 000 and R1 200 per ton during the 2005/6 and 2006/7 seasons respectively. By contrast, the achar industry paid R750 per ton during those two seasons (Subtrop, 2013).

The data in Table 9 also reflects the production trajectories of the project since its acquisition. While the beneficiaries did not have resources to transport the ripe mangoes in January 2008, the farm was affected by two significant natural disasters in the later years (hail in 2010 and veld fire in 2012). Those two natural disasters had lasting effects which affected the output for the succeeding seasons. As shown in Chapter Five, while the beneficiaries concentrated their investment on resuscitating the orchards their recovery was slow. As the agribusiness model is capital-intensive (Mafeje, 2003; Lahiff et al., 2012) the beneficiaries' investment was inadequate.

The output and revenue data in Table 9 suggests that the beneficiaries were not successful when using the agribusiness model. According to Marius Pieters, the average commercial yield projection for one hectare is between 25 and 30 tons of mangoes (Interviewed on 27 August 2013). Subtrop’s yield and income assumptions data for commercial mango farms, presented in Table 10 below, backs Marius Pieters’ output projections.

Table 10: Commercial yield and income assumptions per hectare for mangoes

Tree Age	2	3	4	5	6	7	8	9
Tons per hectare	1.6	3.2	6.6	11	16	21	27	30
Gross farm gate income per hectare	3050	6158	12488	21121	30674	40285	51795	57813

Source: Adapted from Subtrop’s yield and income assumptions data, 2013

Table 10 shows a peak yield of 30 tons per hectare which can generate R57 813 (Subtrop, 2013). Subtrop’s data covered a 30-year period with a peak yield of 30 tons per hectare for trees between the ages 9 and 11 years. From year 12 the yields decrease slightly to reach 24 tons per hectare by year 30 while income decreases marginally to R46 251 by year 30. The data suggest that one hectare can generate as much as R57 000 for a farm that supplies to various markets taking advantage of the prices on offer.

It is likely that Marius Pieters and Subtrop made their projections using data on well-resourced commercial farms. While the beneficiaries’ circumstances make it difficult to compare them with rich large-scale farmers, the output and income data for Elangeni makes a strong case that they were not successful when using the agribusiness model. For instance, in their best year (2008/2009) the beneficiaries produced 40 360 kg of mangoes and generated R46 608. This translates to an average of 2.4 tons per hectare. Clearly, the beneficiaries were not successful in large-scale subtropical production.

The next section discusses the markets for the avocados.

6.4.3 Avocado markets: “They do not want to pay much”

The avocados were supplied to both the Tshwane FPM and the hawkers with the latter as the primary market. While the avocados were included in the list of products the beneficiaries supplied to Pick n Pay, they were yet to supply their avocados. Most standard requirements at the FPMs and hawkers were discussed earlier under organic vegetables. This section discusses the beneficiaries’ experiences in these markets when marketing the avocados as well as the revenues generated.

6.4.3.1 Fresh produce markets and hawkers: “We lost our avocados”

The long distance to Pretoria made it difficult for the beneficiaries to regularly market their avocados at the Tshwane FPM. Most avocados were sold to the hawkers. The hawkers procured avocados at the farm which reduced the transport costs. The project’s contact details and its products are advertised on the marketing billboard along the D978 road. The marketing board was developed as part of the assistance provided by the Small Enterprises Development Agency (Seda) (Interview with Catherine on 23 August 2013). Locally, the hawkers were the only market for the avocados. Sophie remarked that:

We struggle and sell our avocados to people and we get these people who rob us. Some take our products and go. They do not want to pay much (Interviewed on 15 August 2013).

The hawkers were an important market for the beneficiaries. While they were easily accessible (see Du Toit et al., 2015) to the beneficiaries they paid low prices for the products. Sophie equated doing business with the hawkers to being “robbed”. Another problem with the hawkers market was that the beneficiaries’ products could not fetch premium prices which are paid in commercial organic markets. Against this backdrop, the beneficiaries’ desire was to supply to the lucrative markets controlled by agribusiness.

The informal market was more active during the festive seasons. Its unreliability created problems for the beneficiaries given the perishability of the fruits. While not understating the importance of informal markets as options for the beneficiaries, their business would benefit from having bigger and readily available markets.

Due to problems with the hawkers' market the beneficiaries occasionally supplied their avocados to the Tshwane FPM. Those avocados were packed into clean 4 kg boxes or bags before sent to the market. As noted earlier, the agents deducted the market fee and market agent fee after selling the avocados. The farm records indicate that the beneficiaries supplied avocados to the Tshwane FPM in 2009 and 2010. While the Tshwane FPM's quality standards were not as strict as those of the retailer markets, the beneficiaries experienced problems with the market agents. On one occasion, in 2010, they supplied 300 4kg boxes of first-grade avocados through one of the two market agents they worked with. The beneficiaries marketed their avocados through either DW Fresh Market Agents or Noordvaal Market Agents. At the time, one box cost between R90 and R100. The beneficiaries expected to generate between R27 000 and R30 000 from the avocados. However, they received only R1 500. The agent told them that their avocados had rotten. Samuel said:

The box was going for R90, the 4 kg one. We send 300 4kg boxes at nearly R100 each. It is how much, R30 000? They gave us R1 500. He said they got rotten. He ended up not replying to our calls. They said he was not there. He had gone on holiday. Just R1 500. There is nothing you can do. The avocado takes a long time to rot. The national market is killing us. They can tell you that the price is down, it is R1 each. He will tell you that the price is down, he has sold them for R10 each (Interviewed on 15 August 2013).

For the beneficiaries to succeed the markets also require reform to make them beneficial to farmers currently being marginalised. The beneficiaries' experiences with the market agents suggest the need for them to constantly monitor the marketing of the products at the FPM. The position of the farmer, especially one without adequate resources, is precarious because the market principle is that the products belong to him until sold. With the beneficiaries far from the Tshwane FPM, they have limited control over the market agents. Although it is possible that the products perished, this case highlights the challenges the beneficiaries have when supplying the FPMs. Such losses of possible income can negatively affect production given that more resources are required when producing using the agribusiness model.

The beneficiaries doubt the story they got from the market agents. They believed that the agents sold the avocados for their own benefit, taking advantage of their absence and inability to monitor the activities. Sophie said:

[t]he agent will say, “Hey, my friend, the avocados have arrived. Come and take them for R7 per kg.” He will give them to his friend and they make a profit. He [the friend] will sell them for R80 per box. What will you do? (Interviewed on 15 August 2013).

Both Sophie and Samuel lack the hope that the FPM can work for their benefit. However, the view is not shared by all land beneficiaries. Mr. Khosa, a land reform beneficiary in Limpopo province, argued that products from some land beneficiaries were of poor quality which made them to rot quickly (Interview with Mr. Khosa on 11 November 2014).³⁸ Because of that, the agent is compelled to sell the product at a lower price (Conversation with Vusi Mlambo on 11 November 2014).³⁹ The beneficiaries are affected by both production and market problems (Louw et al., 2013).

Despite his opinion that focused on the quality of the products, Mr. Khosa highlighted an incident which backs Sophie and Samuel’s pessimism over the market agents. Mr. Khosa supplied his products to the Tshwane FPM through RSA Market Agents. However, before he joined the RSA Market Agents his former agent once told him that his products were stolen. Mr. Khosa drove to the market, investigated and recovered his products. This highlights that while the FPMs are important they have their own problems.

Against that background, the beneficiaries did not trust the market agents at the Tshwane FPM. Sophie said:

The agents are very problematic and troublesome. It is recommended to work with someone you know. First, go and meet the person. If you know him it becomes much better. If they know you they know that the relations will be strained. They are full of stories. People cry because of the agents. They will tell you that the price has dropped or the products are rotten (Interviewed on 10 June 2013).

Over the recent years the beneficiaries have benefited from the monitoring done by Bryan and Kulani (second- and fourth-born sons) who are based in Pretoria. The two were tasked with liaising with the agents whenever products were supplied. However, the problem remained the long distance which limited the beneficiaries’ use of the Tshwane FPM.

³⁸ Conversation with Mr Khosa at a workshop on private market standards at the University of Pretoria on 11 November 2014.

³⁹ Vusi is an Enterprise Development Manager at RSA Market Agents at the Johannesburg Fresh Produce Market.

The revenue from the avocados was poorly recorded in the farm book, especially for the years 2010 to 2013. On many occasions the farm records indicated sales without stating the income generated. As with the other products the amounts in the records are not completely reflecting the actual income generated over the years. It is possible that record keeping for the avocados was affected by the nature of Elangeni’s main clients, the hawkers. Many hawkers buy small volumes per head. This can make it difficult to record all the transactions, especially where many clients are involved. Whereas mangoes were delivered to the market in bulk and are weighed, avocados are mainly sold to individuals who come to the farm.

When asked how many tons were produced for the avocados, Sophie stated that it was difficult for her to calculate but estimated that when they had a good season they could generate around R200 000 from the avocados alone. It is likely that the main driver for the relatively high income was the higher prices avocados can fetch in the market compared to mangoes. A comparison of the prices for the 4kg boxes of avocados and mangoes sold at the Johannesburg Fresh Produce Market on the 17th of February 2017 shows that while the average price for 1kg avocados was R34.84 (R139.28 for 4kg) on average the mangoes cost R9.78 (R39.12 for 4kg) per kg.⁴⁰ The statement by Sophie that they could make around R200 000 in a “good season” should be taken seriously. The beneficiaries have had few “good seasons”, if any, since they started producing (see Chapter Five). The combination of natural disasters, inadequate production capital and problems with markets has contributed to reducing the output generated.

Table 11 below summarises the amounts that have either been recorded or stated in the interviews with Sophie.

Table 11: Revenue from the avocados: 2008 - 2013

Year	Income (Rand)
2008	-
2009	28 500*
2010	1 500
2011	-
2012	2 500
2013	-
Total	32 500

Sources: *Elangeni Farm Book, 2013; Interviews with Sophie (2013)

⁴⁰ <http://www.joburgmarket.co.za/dailyprices.php?commodity=12&cid=498>

The data in Table 11 highlights the difficulties the beneficiaries had in large-scale production. The table shows that in 2009 R28 500 was generated from 8.7 tons. As noted in Chapter Five, avocados were grown on 10 hectares with 3 000 trees. That is an average of 0.87 tons per hectare. Although we cannot take the output figures for 2009 as the absolute total avocado output, the figures show that the beneficiaries were struggling to produce using the agribusiness model.

To put the beneficiaries' production in perspective, we need to discuss the output figures in the context of the average commercial avocado yield assumptions for South Africa. According to Cutting (2001), the average commercial yield assumption per hectare in South Africa is 3.5 to 5 tons of avocados per hectare.⁴¹ The KwaZulu-Natal Department of Agriculture and Environmental Affairs (2006:3) argued that good average yields for the fuerte cultivar in South Africa range between 8 and 10 tons per hectare. Elangeni has the fuerte cultivar. Against this backdrop, the data demonstrates that the beneficiaries are not successful in large-scale subtropical fruit production. The problems they experienced when using the agribusiness model resulted in the underproduction of avocados which negatively affected their income. In addition, the data presented here shows that the beneficiaries' production using the agribusiness model was also affected by constrained market access.

6.5 Conclusion

This chapter has argued that the production outputs and income generated at Elangeni shows that the land beneficiaries were more successful when producing in a small-scale model than in the agribusiness model. Their off-farm income, which is the main production capital, had more positive effect on small-scale vegetable production than in large-scale fruit production. In addition, the chapter has argued that the land beneficiaries' success is constrained by their limited access to the lucrative markets controlled by agribusiness. The markets operate in ways that disadvantage the land beneficiaries. Although alternative markets such as FPMs and hawkers were easily accessible and important (Cousins, 2015; Du Toit et al., 2015) the beneficiaries were affected by the low prices and untrustworthiness of some operatives in these markets. Their income was affected negatively by the market access problems they

⁴¹ Jonathan Cutting is the Chief Executive Officer for New Zealand Avocado Industry Council.

experienced. Thus, the market access problems amplify the fundamental problems beneficiaries experience in production, especially when using the agribusiness model.

CHAPTER SEVEN

The project's contribution to the socio-economic needs of the beneficiaries

I can produce my own food. For instance, in October we will be having an unveiling ceremony for my mother. I am planning to plant beetroot and carrots. I will not buy these products. I will plant my own beetroot and carrots. We benefit when it comes to that. It helps us with our budgets at home. One of my brothers' children's wedding is in August. He has been calling me saying I should begin to plant beetroot and carrots. He does not want to buy vegetables. He wants me to grow them. So we all benefit in that way. Our relatives benefit from our farm (Sophie, interviewed on 18 July 2012).

7.1 Introduction

This chapter examines the impact of the agribusiness model on the land beneficiaries' lives by discussing the contribution land made to their livelihoods. With production and farm revenues negatively affected by the agribusiness model the beneficiaries' ability to draw income from their agricultural business was limited. The beneficiaries benefited little in the form of agricultural income. While the enforcement of the agribusiness model undermined the beneficiaries' income (Lahiff et al., 2012; Aliber and Cousins, 2013) their decision to incorporate other land uses outside the agribusiness model (such as small-scale vegetable production) facilitated benefits from land. The chapter shows that the ownership of land facilitated beneficiaries' access to food, natural resources and valuable physical assets.

The argument in the chapter is that when land is used outside the agribusiness model its contribution to the beneficiaries' livelihoods increases, even where the agribusiness model was maintained. In addition, even households with off-farm income from professional jobs can benefit from access to land by supplementing their budgets with both income and food produced on their farms (see Mabandla, 2015). Thus, for some Africans the combination of land and off-farm jobs is important in their lives (Arrighi, 2009; Arrighi et al., 2010) regardless of job type.

The chapter starts by discussing the project's contribution to the beneficiaries' income. It indicates that the project has had limited impact on the income of the beneficiaries. The role of off-farm income in the beneficiaries' lives is highlighted. The chapter then discusses the non-monetary contributions the project makes to the beneficiaries' lives.

7.2 The monetary benefits

This section discusses the beneficiaries' income. The first subsection focuses on the project's contribution to the income of the beneficiaries. It shows that the difficulties beneficiaries experienced when producing using the agribusiness model have undermined their agricultural income. Despite the investment of their off-farm income in production, the beneficiaries have not received significant monetary returns in turn. The second subsection shows that the beneficiaries draw part of their livelihoods from off-farm income.

7.2.1 The project's contribution to the beneficiaries' income

Like every farmer, the beneficiaries' primary goal when they acquired the farm was to improve their household income. As noted in Chapter Four, when Sophie and Samuel left teaching Sophie made a livelihood out of selling fresh fruits and vegetables which she acquired from other farms. She then thought of expanding her business by acquiring a farm to grow crops for sale. While the children have professional jobs, there is no question that without jobs agriculture was to become Sophie and Samuel's new source of livelihood beside the pension income. However, as production was constrained by the enforcement of the agribusiness model at the project the reduced farm revenues affected the amount of income beneficiaries could draw for their welfare. They did not have regular income generated through farming.

Although they occasionally drew income from the project, the goal was to address some pressing needs at home rather than a sign of profitability. Samuel made this point clear. He said:

Last month we took R3 000. That R3 000 was used to buy groceries for the household. This is the first time we have paid ourselves (Interviewed on 18 July 2012).

Despite not having regular agricultural income Sophie and Samuel sometimes benefited financially from the project. The farm book shows that at various points the beneficiaries drew smaller amounts which they used for purposes other than farming. Table 12 below indicates the agricultural income used to buy petrol for the bakkie between June and October 2008.

Table 12: Expenditure on petrol over five months

Month	June	July	August	September	October
Petrol	R600	R650	600	750	900

Source: Elangeni Farm Book, 2013

The bakkie provided mobility for the beneficiaries. They used it for transport between their home in Tzaneen and the farm, *inter alia*. As noted in the previous chapters, since 2008 the beneficiaries commuted to the project after their farm houses were consumed by veld fire. Although little, those amounts used to buy fuel facilitated the beneficiaries' movement between their home and the farm.

The farm book indicated that on the 11th of November 2009 the beneficiaries used R675 to service the car and buy petrol. The money was generated from the sale of 450 kilogrammes (kg) of achar mango. On the 12th of November, they further supplied 580 kg which generated R870. From that money, R260 was spent on groceries; R50 on oil for the car; R50 on petrol; R40 on school transport for their last born child and R40 on dog food (Elangeni Farm Book, 2013). There is also an R50 whose use is only indicated as 'Gavaza' and R200 whose use is only indicated as 'T.Y'. On the 18th of November, Samuel was allocated R465 generated from 310 kg of achar mango. It is not indicated what the money was used for. Despite the lack of profit at Elangeni, the beneficiaries occasionally benefited financially from the project. It appears that when needs arose during the harvest periods the beneficiaries used part of their produce to raise the money. While the amounts contributed were small, they helped the beneficiaries to address their livelihood needs.

The data presented above shows that some of the money in November 2009 was used to buy groceries and funding the last-born child's transport to school. It would seem that the beneficiaries are not as better off as suggested by their profiles. It was suggested during the

examination of this thesis that the beneficiaries were rich (given the children's jobs) such that they can afford to invest in the agribusiness model without compromising their livelihoods. However, that the beneficiaries (Sophie and Samuel) on different occasions did not have money for fuel, servicing the car, groceries and the child's transport to school negates that line of thinking. The beneficiaries, especially Sophie and Samuel, can benefit from land despite having access to off-farm income.⁴²

Sophie confirmed that the project was contributing little in terms of income. She said:

We have not been able to make a profit. We have actually used our own money. We have learned that business is not only about profit, especially when you are starting. In the first five years, do not expect a profit. If we had expected profit we would have left this farm. You can run away from the farm. So the first five years, do not expect a profit. You make more losses (Interviewed on 18 July 2012).

There is also a business assumption that the failure to generate profit was partly a result of the normal project development cycle. The view is that in the first five years the business absorbs capital without profit. The expectation was that thereafter the business would break even, that is, stop making losses. This view was shared by other Nkomamonta farmers. Nodiah Mhangwana said:

When you talk about profit, you see the profit after five years. You can make money but it is not yours. There is a lot, including the servicing of the tractors. It just comes to you and it goes out...But after five years...before five years, no. It is lying if one tells you he is making a profit (Interviewed on 15 July 2012).

Even government officials, such as Mr. Mthombeni from the Limpopo Department of Agriculture (LDA), argued that the projects needed five to ten years to start making profits (Interviewed on 2 July 2012).

It is likely that this business thinking was gained through workshops facilitated by various stakeholders over the years. Trade and Investment Limpopo (TIL) noted:

⁴² Examiners 1 and 2 of this thesis have argued that the beneficiaries are rich hence they do not need land to have a livelihood. They are farming out of choice not that they cannot do without land.

What distinguishes the cooperative [Nkomamonta] from similar structures is its commitment to training and acquisition of organic farming and business administration technical expertise, some of which were provided by Netherlands-based PUM senior executives – facilitated by Trade and Investment Limpopo (Mohlele, 2012).

In addition, the beneficiaries also acquired business-related training from the Small Enterprises Development Agency (Seda) as part of support provided to Nkomamonta (Catherine, interviewed on 23 August 2013; Gala, 2013:5).

It appears the business knowledge gave the beneficiaries persistence and hope that the project will be profitable at some point. This may have played a role in their continuity with production despite the problems they experienced. Unlike many beneficiaries elsewhere who abandoned the projects (see Anseeuw and Mathebula, 2008; Aliber et al., 2013) at Elangeni they continued to invest their capital despite the lack of profit. Samuel stated that:

Everything that we have done here, and paying the workers, comes from our pension money. We have invested a lot. If these crops have not brought anything, I take my pension money and pay the workers' wages (Interviewed on 18 July 2012).

Sophie added saying:

[t]hey [the Task Team] contribute money every year, every month. They have the account where they keep the money, the six of them. When there is a need when things are critical, they assess the need and they are very difficult. They play an important role financially. When there are disasters they assist us because we will be having no idea where the money will come from. When workers are supposed to get their wages, they can pay the wages for the workers. They play an important role (Interview with Sophie on 18 July 2012).

In 2013, the beneficiaries were using the contributions from the Task Team to reconstruct one of the farm houses which were destroyed by fire in 2008. In addition, when the thieves broke into the storage facility and vandalised several equipment and infrastructure on the 1st of January 2013, the Task Team fund was also used for the repairs.

The commitment of off-farm income resources in the project despite the lack of profit highlights the value the beneficiaries place on their land. They want to diversify their livelihoods to include both farm and off-farm resources. This is not something new among black Africans. As shown by Ncapayi (2013) and Mabandla (2015), since the turn of the 20th

century some black middle class families in the Eastern Cape acquired land and produced using off-farm income. Although they had professional jobs, possession of land was an important livelihood strategy among the Africans. Thus, the possession of a professional job or off-farm income source does not invalidate the importance of land in black people's lives.

The beneficiaries' livelihoods also include off-farm jobs. The jobs' contribution to their livelihoods is discussed in the next sub-section.

7.2.2 Off-farm jobs' contribution to the beneficiaries' livelihoods

There is scholarship that has suggested that there is a tension between household agricultural production and off-farm employment. The view is that off-farm activities compete with agricultural production for household labour thereby affecting farm production (Pfeiffer et al., 2009). The view is that for efficient livelihoods rural people can either do farming or get employment outside agriculture. This relate to the argument by the Centre for Development and Enterprise (CDE, 2005) that most black South Africans want jobs not land. This chapter shows that the beneficiaries combined both land and the jobs in their lives. The latter provided both household income and agricultural production capital.

The first source of off-farm income for the beneficiaries was Sophie and Samuel's pension fund. As indicated in Chapter Four, the two were retired teachers who spent more than 20 years in the profession. Their livelihoods were partly supported through their monthly terminal benefits while some money was used as production capital. When their last born daughter was still at school, she also benefited from the pension. However, after she went to University, beginning in 2011, their contributions towards her welfare were reduced because she attained a scholarship from Price Waterhouse Coopers.

With the pension resources used for both agricultural production and household welfare they became inadequate for sustaining the beneficiaries' livelihoods. Consequently, Sophie and Samuel also received remittances from their children. On this note, Sophie said:

If it is something for us, anyone can give us money. Each of them just deposits something into your account. But if it is something for the farm, you cannot get your hands on the money. You will get a slip and the item that was bought (Interviewed on 26 July 2013).

While the children were not resident at the project, they played important roles in both agricultural production and the welfare of their parents. Thus, land and jobs were combined in the beneficiaries' livelihoods (Arrighi, 1970; 2009).

While land played a direct role in Sophie and Samuel's lives, the children depended primarily on income from their salaries. Samuel said:

The youth these days receive good salaries. If you keep him here on the farm, what will you give him? ...Agriculture is not for our children...You see my eldest son, he is earning over R300 000 per month. What will he come and do here? After one year he could even buy this farm. The issue of youth inheriting or participating in agriculture is for white people, and they should have big businesses. You cannot stop your child from going to work because you are rearing chickens (Interviewed on 15 August 2013).

It is likely that Samuel exaggerated the income of his eldest son. If the son had so much money the project could not have struggled with investment as highlighted in Chapter Five. There are many occasions when production had to cease because there were no funds, especially after natural disasters.

There seems to be specialisation based on age and skill sets in the household. The parents focused on agriculture while the children (youth) held off-farm jobs. Samuel was not opposed to their contribution towards production, but their permanent physical presence at the farm (at least for now). Part of his reasoning was that the project was a small business which did not warrant the retirement of the children from their current jobs in order to work at the project. Although the children did not benefit directly from the land, its contribution to Samuel and Sophie's livelihoods indirectly benefited the children. It reduced the budget commitments they would require in the absence of other sources of livelihood in the household. Land and jobs were both important to the beneficiaries.

7.3 Land's non-monetary contributions to beneficiaries' livelihoods

The argument in this section is that although the agribusiness model has affected the income of the beneficiaries (Lahiff et al., 2012; Aliber and Cousins, 2013), the ownership of land facilitated access to food, new knowledge, natural resources and valuable physical assets. According to Ncapayi (2013:173) “[t]he use of the economic performance of the projects as a yardstick does not take into account other benefits that projects provide to beneficiaries”. The role of land should not be restricted to quantifiable monetary or material improvements alone (Chitonge and Ntsebeza, 2012).

The land's role in food access for the beneficiaries (and the workers) is discussed first. The next sub-sections focus on how land has facilitated access to natural resources and valuable physical assets. These are all important contributions to the beneficiaries' livelihoods.

7.4.1 The land facilitated access to food

At Elangeni, the beneficiaries produced for both household consumption and the markets. This means that even where the beneficiaries failed to generate adequate income they still benefited from the food they produced on their land. The food was consumed by the beneficiaries and the workers. Part of the food came from the organic vegetables grown mainly for the Pick n Pay market. While the main focus was to supply to the markets, the beneficiaries occasionally allocated food to the workers and themselves. In addition, some of the produce did not satisfy the food quality standards in the agribusiness markets. That produce, called rejects, was consumed.⁴³ Samuel said:

Those rejects, I do not sell to them [workers]. I give to them to carry home. It does not mean that the rejects are that bad because some of them are good. Some of them are bitten by insects. Some of them are damaged by water. So they are ok. We will take the last grade that is damaged. I distribute them to the workers so they can eat. We also eat from those ones. We send the first and second grade to the market (Interviewed on 18 July 2012).

Thus, the project also contributed in terms of making food available to the beneficiaries and the workers.

⁴³ See Chapter Five for the definition of rejects.

The availability and quantities of food were also influenced by the beneficiaries' ability to find buyers for all their products, apart from depending on production taking place. The beneficiaries made efforts to find buyers even for the produce rejected by the agribusiness markets. When they found the buyers in the informal market they supplied some of the rejects to raise income. As noted in Chapter Six, the informal markets were more accessible and had limited and flexible standards (Cousins, 2015; Du Toit et al., 2015). This means that the available food quantities, especially for the workers, were influenced partly by whether markets for the rejects were attained. One worker had this to say:

Yes, the owners give us some produce to consume. However, it is mainly those crops that cannot be accepted at the market. Even those rejects are not always available. If the beneficiaries get hawkers to buy them then we do not get the crops (Chenjerai, interviewed on 26 July 2013).

The beneficiaries' access to markets influenced the availability and quantity of food, especially for the workers.

Despite these dynamics the beneficiaries' and the workers' access to food depended mainly on production at the project. The workers were allowed to glean for food after harvesting had taken place. While the researcher was at the project in July 2013, two elderly workers gleaned the green beans portion before sweet potatoes were planted. They got green beans which they took home for consumption.⁴⁴ Therefore, the maintenance of production was crucial for the availability of food for the beneficiaries and the workers.

As shown above, food was not limited to the rejects alone. During the fruit harvests the beneficiaries and the workers took some produce for consumption. The beneficiaries also shared some vegetables (not rejects) with the workers. However, the decision to allocate a share of the products to the workers was not always out of good will. For the beneficiaries it was partly a strategy to discourage the workers from stealing the crops. Theft was one of the problems faced and the beneficiaries saw their resident workers as the main suspects. In allocating shares of food to the workers the beneficiaries aimed at curbing the problem. The beneficiaries did not think the strategy was effective though. Sophie said:

⁴⁴ Recorded in the author's field notebook on 29 July 2013.

When we have planted we give them vegetables from our farm. If you do not give them they steal from you. It is better to sell while eating with them. Even if you give them the products, they will still steal from you... You give them or not it is just the same. If you have workers and you want to prevent them from stealing from you, you should put aside some produce and say, "This is for you." You give them but they will still steal from you. We say, "Today you should take some produce for yourself." You remember I told you about Manuel. He sold even our crates. New crates, not even a single one [is left]. They went with the avocados. He was selling to people coming with bakkies (Interviewed on 26 July 2013).

Nevertheless, the land facilitated access to food. The quote by Sophie suggests that where it not for the fear that the workers would steal the produce no allocation would have been made available to them. However, the point remains that both beneficiaries and the workers consumed food grown at the project. Although the income of the beneficiaries has been undermined by the agribusiness model land facilitated access to food.

The beneficiaries were health conscious because of the organic production knowledge they had acquired. Indeed, they even regarded the knowledge as one of the benefits despite the limited income. Sophie argued that:

The cash is not that much but I have learned a lot of things about organic farming and how it differs from conventional farming in general. We have acquired more knowledge. There is nothing you can tell me now. You can wake me from sleep and I will tell you about farming. That is my main benefit...We have learned a lot (Interviewed on 26 July 2013).

The benefits from land were not limited to material or financial resources. Land facilitated access to knowledge and skills which are vital in the beneficiaries' livelihoods. As pointed out in Chapter Five, in 2008 Sophie was even send to Cape Town by the Department of Agriculture, Forestry and Fisheries (DAFF) to study about the markets. Indeed, the role of land should be "conceived broadly to include non-material aspects" (Chitonge and Ntsebeza, 2012:2).

Organic food is healthy for the beneficiaries and the workers. Sophie said:

You know, when I see cabbages and tomatoes outside, I feel that I should eat my own produce. I plant my own. In December it was beetroot and carrots only here and I sold a lot. Even at my home, I relied on my produce. Because of my organic farming knowledge, if I see a very big cabbage I am afraid to buy it. If you see a very big one do not get attracted to its size. What is inside it? Take a microscope and look. If it is very big you must stay away from it and it does not taste nice. We are very selective. It is only when you go to a funeral that you have to eat because they will say you have pride. But you eat knowing very well that your health is at risk. That is why many white people do not get into many shops because they know that the food there is not healthy. We eat from our produce. When this is finished I will go to Woolworths and buy from there (Interviewed on 18 July 2012).

The statement reveals that the beneficiaries appreciated their land because they could produce their own food. The beneficiaries produced for both household consumption and sale. While it is difficult to measure the health benefits from organic food, it is clear that the land has facilitated the beneficiaries' access to valuable knowledge about healthy lifestyles. In other words, the land may have indirectly influenced the beneficiaries' life expectancies. Overall, despite the limited income land contributes to the beneficiaries' livelihoods.

Sophie elaborated on the impact of the project on her household's food needs. She had this to say:

I can produce my own food. For instance, in October we will be having an unveiling ceremony for my mother. I am planning to plant beetroot and carrots. I will not buy these products. I will plant my own beetroot and carrots. We benefit when it comes to that. It helps us with our budgets at home. One of my brothers' children's wedding is in August. He has been calling me saying I should begin to plant beetroot and carrots. He does not want to buy vegetables. He wants me to grow them. So we all benefit in that way. Our relatives benefit from our farm (Interviewed on 18 July 2012).

The ownership of land has provided the beneficiaries with an option to plant their own food. This has reduced their vulnerability to food shortages as they can supplement what they produce with food purchases. The latter require the availability of funds which may not always be there. While the food benefit is difficult to quantify, land was an important addition to their assets.

The quote above by Sophie reveals that own production reduced the beneficiaries' food budget. It indicates that the beneficiaries' kin also benefit from the food produced at Elangeni. The land has multiplier effects on the lives of many households connected to the

beneficiaries at Elangeni. Thus, land is important for the beneficiaries' livelihoods despite the negative effects of the agribusiness model.

7.4.2 The land facilitates access to natural resources: "If you get firewood you can be relieved for some time"

The project has approximately 130 hectares of fallow land. The previous farmer used that portion for livestock production. The beneficiaries had never used it because they did not have resources to buy livestock. Natural resources such as firewood and thatching grass, *inter alia*, can be harvested from the portion.

While the beneficiaries had little use of the natural resources, they had access because of the land. Their residence was in Tzaneen town where natural resources such as firewood played less or no role because of alternative modern sources of energy. However, that may change when they begin to reside at the farm after the completion of their farm house which was being constructed in 2013. Even the resident workers depended mostly on electricity for their domestic purposes. Despite the limited use of natural resources, land has facilitated the beneficiaries' access.

Following the veld fires that affected the orchards in August 2012, the beneficiaries invited people from neighbouring villages to harvest firewood from the burnt fruit trees, free of charge. Sophie (interviewed on 10 June 2013) argued that "[y]ou will not get enough people who want to buy firewood yet the work will be more". She also suggested that there was no big market for the firewood in the area. However, tons of firewood were harvested and transported to the villages for domestic and business uses. Contrary to Sophie's assertion that the market for firewood was small, the villagers' response shows that had the beneficiaries taken the wood to the communities income could have been generated.

Among those who benefited from the firewood were Elangeni's two elderly female workers from the neighbouring villages. Ms. Anna (interviewed on 26 July 2013) had this to say:

We do not have electricity at our place, so energy is a problem. After applying you can take two to three years before they come to connect electricity to your house. If you get firewood you can be relieved for some time.

While firewood was not a need for the beneficiaries, it was for some of their workers. They harvested firewood during the lunch breaks and the weekends before arranging transport to take the wood to the villages. Although more wood was harvested by non-workers, the workers benefited. The workers' access to the firewood was influenced by their employment contract at Elangeni.

Although they had free access to the firewood, the workers had problems with the means to transport it to their rural homes. Ms. Anna stated that it cost R300 to hire bakkies from her village to transport the firewood from Elangeni project. That was a significant cost for her given the low-wages of R1 000 per month. Even though the firewood did not benefit the beneficiaries directly, they had access because of land.

In 2013, the two elderly workers also harvested some reeds to prepare traditional mats. The reeds grow in and around the earth dams. Before the two elderly women were hired, the reeds were not used. The beneficiaries treated them as weeds which Samuel removed using a tractor-pulled slasher. The beneficiaries' modern lifestyle had no or limited use of such natural resources compared to the rural lifestyles of the elderly female workers. Mrs. Malatjie explained the purpose of the reeds and the process involved in the weaving of a mat:

I want to use these reeds to make a mat for use at home. Yes, we cut them so that when we carry the firewood we will load them as well. We have not used them. We are going to learn to use them. We will learn from others. You look at how others do it...When we grew up you would weave the mat from the ground and raise it as it grows. These days they erect two planks on the ground and put one across at the top. They then tie some strings on the one across and begin to weave the mat from the reeds until it reaches the size that you want. The days I will be resting and not coming to work I will be weaving the mats. We realised that the reeds were not being used. They [beneficiaries] do not know that they are useful. They asked us where we saw them and we told them, down there. We want to weave the mats and come and show them the use of those reeds (Interviewed on 26 July 2013).

Natural resources such as reeds play a role in the lives of some Africans, especially in the rural areas (Shackleton et al., 2001).

Despite the importance of the natural resources to the workers' livelihoods, their access to them was precarious. They depended on continued employment for access. Given the fact

that employment at Elangeni was insecure and not durable (see Chapter Eight) the workers' access to the natural resources was not secure. For instance, the two elderly workers who harvested firewood and reeds were retrenched on 5 August 2013 following the destruction of the new vegetables by wild animals. Upon the termination of their employment they did not have access to the natural resources. Further access would depend on the relationships they had built with the beneficiaries during their tenure of employment. However, the point remain that land has facilitated access to the natural resources for the beneficiaries and the workers. Indeed, some beneficiaries (such as those at Fanang Diatla project, Limpopo province) have used natural resources such as firewood to generate income used in production (Aliber et al., 2013:84).

7.4.3 The land facilitated access to valuable physical assets

One of the paradoxes of the land reform programme in South Africa is that some of its contributions to rural livelihoods seem to be invisible to many researchers. The problem, for some, is the use of narrow monetary criteria to assess the performance of the land reform projects. As argued by Ncapayi (2013:173), that has resulted in some benefits that projects provide to beneficiaries not being accounted for. One example is the failure to acknowledge that the land facilitate access to valuable physical assets for the beneficiaries.

In fact, land itself is a valuable physical asset. Whether in use or not, land remains a valuable asset. Of course, when the land is used the benefits are broader. However, its value and potential in the lives of the beneficiaries does not diminish because they struggle to use it for production. For instance, Aliber et al. (2013) have shown that the beneficiaries at Marobala Chicken project in Limpopo province generated income by leasing out their grazing and arable land to other farmers. This demonstrates that land can be used in different ways to improve livelihoods. Against this backdrop, this thesis argues that despite the limited income land has contributed to the beneficiaries' livelihoods at Elangeni.

In addition, the land facilitated the beneficiaries' access to other valuable physical assets. As shown in Chapter Five, after the purchase of the farm the beneficiaries received R500 000 as a balance of the grant from the Department of Rural Development and Land Reform (DRDLR) in 2011. In 2012 they received the Cooperative Incentive Scheme (CIS) grant

worth R350 000, from the Department of Trade and Industry (DTI). Both grants were used to acquire a host of valuable physical assets such as the tractor, trailer, bakkie, and ploughs (see Table 5 in Chapter Five for a full list). The land facilitated the beneficiaries' access those grants. Like land, the physical productive assets acquired broadened the horizon of the beneficiaries' livelihood portfolios.

For instance, Sophie and Samuel used the bakkie for transport to the farm and Nkomamonta meetings (Elangeni Farm Book, 2013). When travelling they picked hitchhikers who paid for the service. Although the amounts paid by hitchhikers were small, they were useful. In addition, the assets can be used to generate income for both the investment on the farm and their livelihoods.

In sum, the agribusiness model has negatively affected the income of the beneficiaries. However, the land was important in beneficiaries' lives. It facilitated access to food, natural resources, and valuable physical assets.

7.5 Conclusion

This chapter has shown that the beneficiaries' inability to produce successfully using the agribusiness model has negatively affected the income they drew from their agricultural business. However, the beneficiaries' decision to introduce other land uses such as small-scale vegetable production has enabled them to access some benefits from their land despite the negative effects of the agribusiness model. The ownership of land has facilitated access to food, natural resources and valuable physical assets. The chapter argued that the use of land outside the agribusiness model has facilitated the beneficiaries' benefits from the land. In addition, even some households with off-farm jobs do appreciate access to land and its contribution in their lives regardless of the types of jobs they hold. The chapter challenged the view that land is important only for a minority of rural people who live without alternative sources of income with the majority of rural people considering jobs and housing in urban areas as more important priorities (Centre for Development and Enterprise (CDE), 2005:14). At Elangeni, both land and jobs were important in the beneficiaries' lives (Arrighi, 1970; 2009; Arrighi et al., 2010).

CHAPTER EIGHT

The agribusiness model's effects on job creation at Elangeni

If the income is too little, I must pay them R1 000 (Samuel, interviewed on 18 July 2012)

8.1 Introduction

This chapter discusses the effects the agribusiness model has had on job creation at Elangeni project. Job creation is one of the main objectives of the South African land reform programme (African National Congress (ANC), 1994; Department of Land Affairs (DLA), 1997). The chapter indicates that by undermining the beneficiaries' ability to produce using their own off-farm resources, in a context of limited external support, the costly agribusiness model negatively affected the beneficiaries' ability to invest into job creation. Precarious, short-term and insecure jobs were created. Against this backdrop, the farm workers partially dealt with the poor working conditions by migrating to other farms when better employment opportunities emerged (Chambati, 2013).

The chapter argues that the conditions of job precariousness prevalent in the large-scale commercial sector, since the 1950s (Marcus, 1989; Atkinson, 2007; Hall, 2009a), have been worsened in the projects by the beneficiaries' inability to produce using the costly agribusiness model. In spite of their failure to guarantee quality jobs, the beneficiaries continued to access cheap labour fuelled by high poverty levels in the workers' households (Hall et al., 2003). With agricultural employment on the decrease in the large-scale commercial farms (Stats SA, 2011) land reform projects are serious rural employment options for the poor.

The chapter begins by discussing the jobs created at the project. It is indicated that labour was provided by the beneficiaries, who are self-employed, and the hired workers. The next section focuses on the general working conditions at the project, especially for the hired workers. It indicates that the workers operated within precarious conditions. Lastly, the chapter discusses

the workers' wages noting that they were below the official minimum wage limits set by the government. The overall view is that the agribusiness model has negatively affected job creation and the quality of the jobs available at Elangeni.

8.2 Job creation at Elangeni: “They are allowed to pay less”

The South African land policy (DLA, 1997) aimed at creating large-scale employment through land reform. In addition to the beneficiaries' livelihoods, the redistributed land is expected to contribute to reducing unemployment in South Africa. This section discusses the jobs created for both the beneficiaries and the hired workers. The argument is that the number of hired workers at the project was influenced by the production of organic vegetables, the availability of financial resources and the agricultural seasons for the subtropical fruits. The problems experienced by the beneficiaries when using the agribusiness model has affected their ability create more jobs as well as improving the working conditions at the project.

8.2.1 Self-employment at Elangeni: Sophie and Samuel's jobs

As noted in the preceding chapters, Sophie and Samuel's children did not live in Tzaneen because of their off-farm jobs. Sophie and Samuel were the only resident beneficiaries on the farm. Their duties combined managerial tasks with general farm work. Their managerial tasks included the supervision of workers, operational planning and implementation of programmes at the project. Sophie and Samuel also prepared farm reports and updated their absent children about the agricultural business. The perpetual shortage of hired labour meant that their labour was crucial, in addition to their management roles. They specialised in different tasks on the farm.

Sophie managed vegetable production. She oversaw and participated in the monitoring of wild animals, planting, weeding, irrigation, and harvesting of organic vegetables. When new workers were hired for vegetable production, Sophie was responsible for training them. Organic farming is specialised hence the workers required training to ensure that the production process complied with accreditations such as global good agricultural practices (Global Gap). The failure to comply with the prescribed production processes (see Chapter

Five for details) risked access to the lucrative markets controlled by agribusiness. Sophie said:

Your workers must know these things. What happens to production when there are lots of weeds? When they plant, what should they apply? They should know their jobs well because if they do not do them properly we will discover later that things were not done properly. At the end of the year, they need an increase, for which that should come from production. Where will we get the increase? (Interviewed on 26 July 2013).

Organic vegetable production is knowledge-intensive. That knowledge had to be passed on to the workers to avoid problems when accessing the organic fresh produce markets.

Sophie was also responsible for record keeping. Record keeping is an important standard in organic farming as shown by the Ecocert inspection guidelines:

A certified operation must maintain records concerning the production, harvesting, and handling of organic products. These records must be adapted to the particular business conducted, and fully disclose all activities and transactions in sufficient detail as to be readily understood and audited (Ecocert Guideline No 7 – Preparation of NOP Inspection, 2014).

In that regard, Sophie played an important role in the project. Because record keeping under organic production is time-consuming it incurred higher transaction costs for the beneficiaries. All activities on the farm were recorded in detail for auditing purposes. Sophie spent more time making sure the records were in order. As noted in Chapter Five, in organic farming the records are an integral part of the certification process. Where the farming operation is inspected according to the United States Department of Agriculture National Organic Program (USDA NOP), the following records should be maintained by the farmer for certification purposes:

- Field maps indicating contamination risks and buffer zones;
- Maps of storage sites;
- Field history with information about all inputs used during the last three years (for a first inspection);
- Rotation plan (if applicable);
- Field records describing all on-farm activities;

- Harvest records;
- Analysis results of soil or product samples (if done);
- Input documentation (purchase of seeds, fertilisers, etc.); and
- Sales documentation (products, quantities, clients, labelling)

Source: Ecocert Guideline No 7 – Preparation of NOP Inspection, 2014.

Even where certification is based on other standards, such as those of the European Union, the record guidelines are similar to those listed above for the USDA NOP. It is clear that higher transaction costs are involved in record keeping where production is targeted at markets controlled by agribusiness. Despite Sophie’s efforts, record keeping was poor as indicated in Chapter Six, especially data on quantities sold and the amounts generated.

Sophie’s responsibilities also included attending Nkomamonta stakeholder meetings on behalf of the beneficiaries. There were so many meetings that the beneficiaries were required to attend. Between 2 October 2008 and 8 April 2009 only Sophie attended 33 meetings (Elangeni Farm Book, 2013). Her absence from the farm had significant impact on production given the inadequacy of farm labour.

The meetings dealt with various issues regarding organic farming and access to agribusiness markets. For instance, on 23 October 2008, she recorded in the farm book that “Sophie went to a meeting at Mr. D [Dan Mushwana] to meet government delegates to discuss about the pack house”. On 7 November 2008 she recorded that “Sophie went to Nkomamonta meeting at LIBSA offices for certification discussion”. On 18 December 2008 the farm book read:

Went [Sophie] to Tzaneen Country Lodge to meet with Godfrey to discuss a planting program.⁴⁵

The quotes above reveal that the new entrants into commercial farming are required to acquire specialised skills. The pressure to acquire knowledge seems to be high especially for those doing organic farming. Organic production required the beneficiaries to master varying aspects of production and marketing. This limits the prospects of success for those beneficiaries with low levels of education.

⁴⁵ Godfrey was the Woolworths representative who liaised with the farmers.

Apart from being many, more time was spend in the Nkomamonta meetings. On 27 November 2008 Sophie attended a meeting for Nkomamonta farmers at the LIBSA offices for 3 hours 30 minutes (Elangeni Farm Book, 2013). On 23 January 2009 she recorded that “Sophie went to Westfalia to attend a meeting, visited by the Netherlands Chamber of Commerce – 09.00 hrs to 14.00 hrs”. That was five hours long. On 12 February 2009, Sophie and Katekani attended a meeting at Dan Rose project for 6 hours 30 minutes. Five days later, “Sophie went to LIBSA for Nkomamonta meeting with Anthony.” Anthony was the agronomist provided by Woolworths to train the farmers in methods of organic farming. That meeting lasted four hours. On the 27th of the same month, the farm book reads: “Sophie went to Blyde for meeting with SANEC and Nkomamonta – 8h30 – 14h00” (ibid.), which is, 5 hours 30 minutes. The five meetings noted above were not in the same month but their combined 24 hours, 30 minutes is clear testimony of how much transaction costs the beneficiaries incur in organic vegetable production.

The meetings were important but they took Sophie away from production and exacerbated the problems of labour shortage at the project. To limit the impact of absenteeism on production Samuel remained behind when Sophie attended the meetings. Because the meetings were held in different places, attendance incurred transport costs for the beneficiaries. The many responsibilities Sophie had are signs that the project had labour shortages.

Samuel supervised and worked with the hired workers on the orchards. He also operated all the machinery at the project for tasks such as pruning, weeding and maintenance of access roads. Although his focus was the orchards, he also prepared the land for vegetable production. Land preparation involved the use of the tractor, plough, disc harrow and other relevant implements. It is not clear why Samuel did all land preparation tasks on his own instead of teaching some of the workers to operate the machinery. It could be that the beneficiaries did not trust their workers to handle such valuable assets. It is also possible that the uncertainty regarding the workers’ stay on the project may have influenced the decisions. Most workers’ tenures were short-term. This may have made it difficult for the beneficiaries to teach the workers to operate the heavy machinery.

It was Samuel's responsibility to negotiate the prices for the mangoes supplied to Dando Achar. After reaching an agreement he took the mangoes to the achar processing facilities. Sophie said:

The one who produces achar is not far. It depends on the prices that he agrees with Mr. Mlangeni... He is the one who take the mangoes there (Interviewed on 29 August 2013).

The beneficiaries have many responsibilities catalysed by the inadequacy of hired farm labour at the project.

Sophie and Samuel officially presented themselves as workers to the government officials. For instance, their names and particulars appeared on the Employment Declaration Form submitted to the Department of Labour (DoL) on 1 March 2012 (Elangeni Employment Declaration Form, 1 March 2012). The form also pointed out that Sophie's and Samuel's monthly wages were R1 000. The wages indicated were just for administration purposes. As shown in Chapter Seven, the beneficiaries did not have regular income from the project. Their focus was on paying the hired workers. Samuel said:

There is no money. The money that is there is for paying the workers at the end of the month (Interviewed on 18 July 2012).

When Sophie commended on how the project was struggling to finance itself, she echoed Samuel's views saying:

You pay for the workers whilst you do not see any benefits. The workers should get their salaries from the products they grow. The products should bring profit and pay for the workers. Until when would one always use his/her money and call children and say can you help me? We do not have enough to pay the workers (Interviewed on 26 July 2013).

The statements above are clear that the project had limited income from which the beneficiaries could pay themselves monthly wages. Secondly, the available income was used to pay the hired workers. In addition, they confirm that off-farm income played an important role in agricultural production (Ncapayi, 2013; Mabandla, 2015). Contrary to the view that Africans need only jobs not land (CDE, 2005) the beneficiaries combined the two in their livelihoods (Arrighi, 1970).

The project has created jobs for Sophie and Samuel but the agribusiness model has limited their monetary benefits. Despite this fact, the beneficiaries benefited from access to food, natural resources, and valuable physical assets as shown in Chapter Seven.

8.2.2 The hired workers

The hired workers were the main source of general labour at Elangeni. Many of the workers came from the neighbouring villages of Modjadji and NwaMitwa. The project also hired foreign nationals, mainly Zimbabweans and Mozambicans. These constituted a small group compared to the local villagers. Although the working conditions were poor, the project contributed to the development of the neighbouring villages.

The beneficiaries recruited new workers by passing the word to those already under their employment. They asked their workers to recruit trusted individuals on their behalf. The same strategy was used for the foreign nationals. One of the workers explained how she and her fellow workers ended up working at the project:

I come from Modjadji. We all come from Modjadji. We were suffering. We do not have money. That is why we are here. If one gets a job she informs the others that they are looking for workers. That is how all of us ended being here. If we do not work, we will not get food (Interview with Ms. Anna on 26 July 2013).

Sophie added to this saying:

Mr. Mlangeni thought it was better for Mhani (Ms) Anna [one of the workers] to look for another person who can come and work... She got us Mhani Malatjie (Interviewed on 26 July 2013).

This strategy may have contributed to the project not struggling to get the workers despite the poor working conditions. By tasking the workers to recruit new workers the beneficiaries broadened their network. The workers knew the people in their villages who needed employment. In addition, the workers knew, in particular, who could accept the low-paying jobs at Elangeni. As pointed out by Ms. Anna, the poor networked and informed each other of job opportunities on the farms.

The beneficiaries also recruited people who came to the project searching for employment. They also asked other people, not connected to the project, to recruit for them. Sophie said:

Mhani Anna got to work here through a certain lady whom I got through her brother who was herding cattle on another farm around here (Interviewed on 26 July 2013).

Although the working conditions at Elangeni were poor, there were many desperate rural people looking for whatever employment they could get on the farms. This worked to the beneficiaries' advantage.

Table 13 below shows the number of workers hired under permanent contracts at Elangeni over the years, as recorded in the farm book. The number of workers is the cumulative total hired in the year rather than the total for each month.

Table 13: Number of permanent workers at Elangeni: 2008 - 2013

Year	Number of workers
2008	11
2009	23
2010	-
2011	7
2012	8
2013	16
Total	65

Source: Elangeni Farm Book, 2013 and Interviews with Sophie (2012 and 2013)

The workers recorded in the farm book are those that the beneficiaries referred to as permanent workers. The intention, when they were hired, was that their tenure will be long-term. The workers were hired mainly for vegetable production and the maintenance of the orchards. For the beneficiaries, a permanent worker was someone who was hired without a specific date for the termination of his/her contract. By contrast, the casual workers were those hired for a specific period to do specific tasks.⁴⁶ A good example is those hired to harvest mangoes and avocados only. More casual workers were hired during the harvesting of the fruits. While the farm records do not have data on their numbers Sophie stated that when the fruit harvest is much they can hire around 20 casual workers. The next sections will show that the tenure of all hired workers was precarious and short-term in practice. It would seem

⁴⁶ Casuals come from Modjadji and NwaMitwa villages. The former speak Pedi and the latter, Tsonga.

there was little difference, if any, between the conditions of the permanent and the casual workers at Elangeni.

8.3 The working conditions: “For the casual ones the game is over”

Contracts for the workers were negotiated and verbally agreed at the beginning of the workers’ tenure. The contracts for the permanent workers did not stipulate the termination dates and the specific tasks to be done. They were allocated a monthly wage. The contracts for the casuals indicated the specific tasks and sometimes the termination dates. Depending on the tasks involved, the casual workers’ contracts could either stipulate a daily wage rate or a monthly wage. Sophie said:

Mhani Anna and her colleague were coming to clean the farm and make fire belts. Their contract was to make these roads. They were not permanent (Interviewed on 26 July 2013).

The tasks for the hired workers were determined by the beneficiaries. Often, the workers were asked to combine tasks. For instance, those working on the vegetable plot also monitored wild animals and mended the fence enclosing the plot. They also performed tasks such as planting, irrigation, and weeding. The hired workers performed general tasks at the project.

In the process of trying to maximise the exploitation of hired labour, the working conditions deteriorated. The farm records show instances, especially during the fruit harvest season, where the workers worked 10- to 11-hour days. On 2 December 2008 Sophie wrote in the farm book that the workers were harvesting mangoes for achar at Board⁴⁷ 1 from 7am to 5pm (Elangeni Farm Book, 2013). On 2 February 2009 the workers harvested mangoes for supply to the juice processors from 7am to 6pm (ibid.). While this may not be problematic for the casual workers who were paid hourly rates, it is not clear whether the permanent workers were paid for the extra hours. From the records, it appears that the normal length of the working day at Elangeni was 10 hours. The workers laboured for many hours for very low wages.

⁴⁷ The orchards are divided into sections called Boards. The sections are separated from each other by access roads.

In addition, the safety conditions for the workers were poor. The only protective clothing they received was the gumboots. They applied the chemicals without adequate protective clothing. While Sophie argued that the chemicals for organic crops were harmless, the fact remains that the workers were not adequately protected from exposure to the chemicals. This is evidence that by limiting the income generated, the agribusiness model affected the quantity and quality of the jobs created at Elangeni.

More often, the workers were allocated tasks along gender lines, especially outside the fruit harvesting season. The females mostly worked in the vegetable plot with Sophie as their supervisor. Their tasks included planting, weeding, harvesting and the sorting of the vegetables. The more physically demanding tasks were allocated to the male workers under Samuel's supervision. Such tasks included the pruning of fruit trees, which required the workers to climb the trees as there was one ladder at the project. The climbing of trees posed health and life risks to the workers. However, during the seasons for the subtropical fruits both the male and female workers were involved in the orchards. The permanent workers were complemented by the casuals to ensure that the crops were marketed before their quality deteriorated.

There was limited and poor housing for the workers at Elangeni. Only foreigners were provided with accommodation on the farm. The workers resided in a makeshift rondavel hut with plastic walls. The hut was converted from a small thatched shed. They paid no rent to live on the farm. Samuel said they could also live in a room in the storage building. He said:

There is a rondavel hut there. We also have a storage house and there is a room there. They stay there (Interviewed on 18 July 2012).

Although Samuel said the workers could use the room in the storage building, the beneficiaries preferred that the workers live in the rondavel hut for security reasons. Most of their farm equipment was in the storage building which they locked and kept the keys themselves. Although the farm houses were destroyed by veld fire way back in 2008 the beneficiaries did not have adequate funds to invest in farm accommodation. Their capital budgets had been affected by the agribusiness model. In 2013, the reconstruction of one of

the two houses started using off-farm income contributed by the Task Team. Thus, off-farm income was invested at the farm (Ncapayi, 2013; Mabandla, 2015).

The workers from the neighbouring villages commuted from their homes. As a result, the transport costs eroded their meagre wages. One of the workers described the transport dilemma:

The bakkies charge us R5. They are better than taxis which charge us the same price as those coming from Tzaneen town (R12 per trip). But the bakkies want to increase their fares this week. They say the cost of petrol is the same for taxis and cars. Even if you are exposed to wind at the back you still reach your destination. They want to add R3 so it becomes R8. When they add R3 to become R8, it will be more difficult for us. Even the R5 is still more for us to pay it every day (Interview with Ms. Anna on 26 July 2013).

Against this backdrop, the workers could have benefited from farm accommodation given the low wages they received.

The shortage of farm housing cannot be blamed on the beneficiaries. The reconstruction of the houses was delayed by their failure to improve income under the agribusiness model. However, it would seem that even if housing were available the beneficiaries preferred that the workers commute from the villages. They accused the workers of stealing the produce to sell on neighbouring farms in their absence. The foreign workers were the major suspects, though. Sophie explained:

Some of the workers do a lot of damage. They sell the products. I was talking to Chivase and his colleagues. Last week they harvested some green beans and someone saw them. They wanted to sell the beans to our neighbours when we left after 5pm (Interviewed on 18 July 2012).⁴⁸

The beneficiaries held the perception that the resident workers stole the products in the evenings. It should be noted that even the allocation of food to the workers was partly motivated by the view that failure to do so would lead to the latter stealing the products for consumption and sale. Nevertheless, the transport costs reduced the already low income workers generated through wages.

⁴⁸ Sophie and Samuel commute between Tzaneen and the farm since the farm houses were burnt in 2009.

The number of workers was influenced partly by the agricultural seasons. While the numbers were low much of the year, they increased during the fruit harvests because of the employment of the casual workers. Sophie explained:

We have six workers because it is not very busy right now. But when the mangoes start flowering and we begin to harvest them, we hire more workers. After the harvest, we remain with those who will maintain the farm. Some have been here a long time. People like Manuel, whom I have been talking about. Manuel has two years with us... They are permanent workers because we have registered them with the Department of Labour (Interviewed on 18 July 2012).

Sophie confirms the influence of agricultural seasons on job creation at the project. Ironically, the crops (subtropical fruits) which were produced using the agribusiness model were the ones capable of creating more casual labour. Regarding the casual workers, Sophie stated that:

It depends on how much harvest we have on the farm. When there is a lot of harvest we can take up to 20 workers (Interviewed on 29 August 2013).

This suggests that if the beneficiaries had succeeded in producing using the agribusiness model they would have created more jobs. On average they kept around six workers responsible for vegetable production and the maintenance of the orchards. This number reflects under-employment for a farm with 32 hectares under production. The agribusiness model has affected job creation at Elangeni.

Casual employment is a feature of commercial agriculture under the agribusiness model (Stats SA, 2011). But, while commercial agriculture in South Africa tend to produce more full-time workers than casuals, the project created more casual workers. According to Eunice Choshi, from the Limpopo Department of Agriculture (LDA), this trend was prevalent in the land reform projects in Tzaneen. She said:

They [land reform projects] contribute a lot, especially on seasonal labour. I know another farm. They have cucumbers, green beans etc. It means they need labour for all those. They employ a lot of seasonal workers (Interviewed on 5 July 2013).

This was backed by Mr. Mthombeni (also from the LDA) who said:

Even if sometimes they [land reform projects] decide to reduce the numbers, they call them again. And usually, they go for seasonal labour which is too cheap. During harvesting periods, let us say you appoint 100. They [hired workers] even know themselves that it was for three weeks. After harvesting, then you remain with the permanent ones. For the casual ones, the game is over. And farming is like that most of the time (Interviewed on 2 July 2012).

Although the income from casual jobs is important for the poor workers, the low wages undermines their livelihoods. At Elangeni, job security partly depended on the continued production of vegetables. When vegetable production was disrupted, the beneficiaries responded by reducing the number of the workers. For instance, eight workers were hired on 4 June 2009. Two days later the beneficiaries temporarily ceased vegetable production after wild animals ate the crops. Immediately, five of the eight workers were retrenched because the remaining tasks needed less labour (Elangeni Farm Book, 2013). On the 5th of August 2013, the beneficiaries retrenched all their three workers after wild animals ate the green beans and sweet potatoes on the 3rd. One of the workers had just started employment that same day. Jobs created at Elangeni were less secure.

Few workers have worked more than three months since the project started in 2007. There were many workers who lasted one month only. Additionally, there were a number of workers who left employment before the end of their first month on the job. Some of the shortest tenures were those of two Mozambican men who lasted three days only in August 2013. They were hired on a Friday to look after the farm property when Elangeni temporarily ceased vegetable production. The following Monday the beneficiaries found no one on the farm. The workers had spent the weekend drinking at a neighbouring farm. They had even sold the cell phone provided to them for communication purposes, to pay for the beer. The workers were immediately dismissed (Interview with Sophie on 29 August 2013). Thus, the jobs could have contributed more to workers' livelihoods had they been secure and durable.

The workers' stay on their jobs did not only depend on the beneficiaries. Some of the workers left the farm when they got better job opportunities elsewhere. They also left the farm when the payment of wages was delayed. In April 2009, the 3rd was the pay day for the workers. They were not paid until after the 9th. Two workers left employment on the 6th without giving notice, with the other two tendering their notice to leave at the end of that month. However, all the remaining workers resigned on the 9th due to lack of pay. On the 9th of April 2009 Sophie recorded in the farm book:

We did not plant. The workers resigned due to salaries. We promised them that they will be paid before Good Friday [10 April] but moneys [sic] were delayed because of the reason we do not know... Nkomamonta did not release our moneys [sic] from WW [Woolworths]. The reason, we do not know (Elangeni Farm Book, 2013).⁴⁹

It seems the workers had lost confidence that the beneficiaries were going to solve the payment problems. Perhaps similar cases had happened previously. It also shows that, rather than confronting the beneficiaries, the workers chose to seek employment elsewhere. The low wages received at Elangeni possibly made the decision to move to other farms less difficult to reach. However, this demonstrates that the workers who left the project were not always retrenched. In certain instances, the beneficiaries became victims of the workers' choices to move to the other farms. Sophie's statement shows that production programmes were significantly affected when such disruptions happened.

In January 2013, there were instances when the 10 hired workers refused to work. None of the workers went to the pickup spot on the 28th of January and the 5th of February. Elangeni was providing transport for the workers who were fencing the vegetable plot and the southern boundary of the farm. On the 19th of February, the workers went to the farm but refused to work. They were taken back home (Elangeni Farm Book, 2013). The records do not reveal reasons for the workers' refusal to work. It is possible that the grievances related to the poor working conditions on the project. This is further evidence that in certain cases farm activities were disrupted by the actions instigated by the workers. It demonstrates that at times the beneficiaries did not have control over the availability of labour.

Despite the above, the beneficiaries did not struggle much with accessing cheap labour. In the context of decreasing employment opportunities in commercial agriculture (Atkinson, 2007) and high poverty levels in many rural households, the workers endured the low wages at the project. However, when the beneficiaries failed to guarantee even those low wages, the workers responded by moving to other farms even those which offered similar conditions of employment. The beneficiaries' failure to succeed under the agribusiness model destabilised the production process.

⁴⁹ Nkomamonta members market their produce together. The clients deposit the payment into the cooperative's account and the administrators of Nkomamonta distribute the money to members in accordance with the revenue generated from each farmer's marketed produce.

Both the workers and the beneficiaries violated the labour regulations regarding the termination of employment. The regulations state that:

If a farm worker worked for less than six months for a farmer, one week's notice is required. Two weeks' notice is required if a farm worker worked for more than 6 months but less than a year for a farmer and four weeks' notice is required if a farm worker worked for more than a year for a farmer (Department of Labour (DoL), 2006:10).

The correct procedures were not followed at Elangeni when terminating the contracts. Each party terminated the contract immediately whenever it wanted to opt out. Although workers were protected from arbitrary dismissal by the law, there was ineffective monitoring and enforcement of the labour regulations at Elangeni. The poor working conditions are likely going to continue given the beneficiaries' failure to improve income using the agribusiness model of production.

8.4 The farm wages: “If the income is too little, I must pay them R1 000”

There were various sources of finance for the workers' wages at Elangeni. The first source was the capital generated by the project. The vegetable crops were mainly grown to generate income to finance operations in the agribusiness model. The second source was the pension savings from Sophie and Samuel's former teaching professions. Sophie stated that:

Sometimes it was very difficult because the money was not there. So sometimes we use money from our pension to pay the workers' wages... Our pension money has assisted us a lot. We have invested it here (Interviewed on 18 July 2012).

The third source was the remittances provided by the Task Team from their off-farm jobs. Sophie said:

When it is very difficult we phone our children and tell them that we do not have money to pay the workers and our name will be soiled (Interviewed on 18 July 2012).

This indicates the importance of off-farm income in agricultural production at Elangeni.

Under the Pick n Pay contract, the beneficiaries could apply for money to pay the workers' wages. Pick n Pay would then get its money when the beneficiaries supplied the organic products to the retailer. Sophie said:

Right now Pick n Pay in their contract pay our workers' wages but it is not for free. It is a loan which we will have to return after supplying our green beans. They gave us a loan of R460 000 [as Nkomamonta] which we will have to pay back. They pay for six workers (Interviewed on 18 July 2012).

However, the beneficiaries were yet to use this option more in their production as the contract was only signed in 2012. The expiration of the organic certificate in July 2012 and the veld fire that affected the orchards in August 2012 restricted the use of the Pick n Pay loan. The beneficiaries concentrated their resources towards resuscitating the orchards. Without the means to supply the products the beneficiaries could not use the loan.

There were different payment arrangements for the casual and the permanent workers at Elangeni. Casual workers were mainly hired during the fruit harvests or to do particular tasks during the year. They were paid a daily rate of R50 in 2012 and 2013. On the other hand, permanent workers received fixed monthly wages. The wages for the casuals were determined by the duration of employment. Sophie explained:

If we decide to harvest mangoes for two weeks to send to achar processors we give them two weeks wages. We calculate their wages for two weeks. If it is for three weeks, they get their wages for that period. It depends on their contract which specifies what time we will take. There is a daily rate that depends on the hours they work. It is determined by the number of hours they work per day (Interviewed on 29 August 2013).

As already indicated, many casual workers were employed during the fruit harvests to ensure quicker marketing of the products. The statement by Sophie makes it clear that the length of the casual jobs was determined by the duration of the harvests. The insecurity of employment for the casual workers suggests that the jobs' impact on their lives was limited.

Permanent workers were paid monthly wages. The wages ranged between R200 and R900 in 2008 and between R600 and R900 in 2009. In 2012 the workers received between R1 000 and R1 200, with R1 000 paid in 2013 (Elangeni Farm Book, 2013). The wage ranges since 2008 are summarised in Table 14.

Table 14: Wage ranges at Elangeni: 2008 - 2013

Year	Wage range (Rand)
2008	200 – 900
2009	600 – 900
2010	-
2011	-
2012	1 000 – 1 200
2013	1 000

Source: Elangeni Farm Book (2013) and Interviews with Sophie (2012 and 2013)

While there were no records for 2007 and 2010, there was limited information for 2011. Of the five workers employed in June 2008, one received R900, two received R600 with the other two receiving R200 per month (Elangeni Farm Book, 2013). It is not clear why the workers received different wage rates in certain instances even when employed at the same time. Coincidentally, those on an R200 wage rate were the first to resign after three months. Detailed terms of their contracts were not recorded. It is possible that the low wages may have contributed to the resignations.

In 2009, the initial workers' wages of R600 per month were increased to R900 starting in June until the end of the year (ibid.). In 2012, the initial wage of R1 000 was increased to R1 200 when the Pick n Pay loan became available. Generally, the wages were paid on time at the end of each month for the permanent workers. The casuals were paid after the completion of their tasks.

The wages paid to the workers were very low. In 2013 the DoL instituted a minimum daily wage rate of R105 (DoL, 2013). The beneficiaries applied to the department for an exemption from paying such wage rates on the basis that they could have been forced to shut down the operations. Eunice Choshi explained the process:

They [DoL] check their [farmers] income and the profit etc. and then they exempt them saying you cannot pay the R105 per day. They go to the Department of Labour to get an exemption to say, indeed based on your income, you cannot afford to pay the R105 per day. They are allowed to pay less (Interviewed on 5 July 2013).

The exemption by the government is acknowledgement that the beneficiaries are struggling to produce using the agribusiness model. In a way, it endorses the exploitation of the workers by

the farmers on the basis that they cannot afford the gazetted wages. The wages are welcome in workers' livelihoods. However, their impact could have been greater if they were high.

The LDA officials acknowledged that the low wages paid in the projects may have limited contribution to the workers' livelihoods. Eunice Choshi said:

You should pay depending on the income you generate. You should not be selfish. If you are getting enough, pay them enough. The cost of living is too high. If you cannot survive on R1 000 per month how can your worker survive on an R1 000 wage? They have to pay the school fees. They have to pay the transport and to do everything with R1 000 (Interviewed on 5 July 2013).

Eunice Choshi assumed that the beneficiaries in the land reform projects were underpaying their workers deliberately. This was not the case at Elangeni. The beneficiaries' income had been affected by the use of the agribusiness model. Although she was critical of the low wages, she was against the active participation of the government in providing especially financial support to the beneficiaries. She said:

We try by all means to encourage them to pay on their own. We try to destroy the dependence syndrome. The government must do this. The government must do that. And on the other hand, they cannot stand on their own. They cannot initiate an idea. You see they say the government must do this. The government must do that. We are waiting for the government. For how long? You are so many! So we need them to be on their own (Interviewed on 5 July 2013).

Her views are quite insightful in that the assumption was that there was lack of commitment on the part of the beneficiaries. She was speaking her personal opinion, which of course shows the failure to understand how the enforced agribusiness model has constrained the beneficiaries' ability to succeed.

Nevertheless, the workers appreciated those low wages in their lives. Ms. Anna's wages supported a household of five members whose monthly food budget was R1 000. She and her grandson had a combined monthly budget of R450 for transport to work and school, respectively. The household's budget constraints were relieved by the child support grant of R300 and her R1 270 disability grant (figures in 2013). She is blind in her right eye. It is clear that her household's needs could not have been satisfied using the grants alone. Consequently, she had to work on the farms to supplement the grants from the government.

This shows that for the rural poor projects such as Elangeni were vital options for alternative income to supplement what they had. The plight of the poor working conditions on the farms faded in comparison to the pressing poverty back in the villages.

Cash was the predominant form of remuneration at Elangeni. However, farm records show that three workers employed for eight days in August 2009 each received butternuts and a bag of mealie meal as wages. They were hired for vegetable production but were released when the bakkie used to transport compost broke down (Elangeni Farm Book, 2013). Paying in kind shows either that there was no money or that this option was less costly compared to the cash option.

While the workers occasionally benefited from the food and natural resources at the project (see Chapter Seven for details) the low wages were a problem. Even the access to such benefits (food and natural resources) was as insecure as their jobs. It was dependent on their continued employment at Elangeni which this chapter has demonstrated to be insecure.

8.3 Conclusion

The chapter has demonstrated that the constraints the agribusiness model generates for the beneficiaries have affected their ability to invest into more and quality jobs at the project. Although the project created jobs for Sophie and Samuel, who have retired as teachers, the hired jobs were insecure with working conditions very poor. In the land reform projects the enforcement of the agribusiness model, in the context of limited external support, has worsened the conditions of job precariousness that typifies employment in South Africa's commercial agricultural sector (Krtitzinger, 2005). However, the project continued to access cheap labour despite the poor working conditions. The high levels of poverty in the rural villages combined with the decreasing employment opportunities in the commercial agricultural sector (Atkinson, 2007; Hall, 2009a) to make land reform projects important options for rural employment.

CHAPTER NINE

Findings and conclusion

The current agricultural model imposed...by the forces of capital and big business is harmful to the interests of the people. This model commodifies everything: food and natural goods (like water, land, biodiversity and seeds). It establishes itself with the sole aim of increasing profits for big business, transnational corporations and banks (Movement for Rural Landless Workers (MST), 2010).

This study explored the possible socio-economic consequences of the agribusiness model on the land reform beneficiaries. While aiming at poverty reduction, job creation and raising rural income (Department of Land Affairs (DLA), 1997), *inter alia*, the South African government is currently enforcing the agribusiness model in the land reform projects (Aliber and Cousins, 2013; Department of Rural Development and Land Reform (DRDLR), 2013a).

The agribusiness model is the current and dominant model of agrarian capitalism which increasingly organises agricultural production in the form of monoculture on an ever-increasing scale with intense use of agricultural machinery and toxic chemicals along the growing use of genetically modified seeds (Stedile and Leon, 2014). Apart from their dominance over farm production, a decreasing number of agribusinesses also increasingly control upstream and downstream agricultural industries (MST, 2013:9-10).

The study emerged out of debates on the efficacy of the agribusiness model as the means to facilitate the livelihoods of farmers, and in particular the land reform beneficiaries (Bernstein, 2007; Fernandes, 2009; Movement of Landless Rural Workers (MST), 2013). For the proponents of the agribusiness model its advantages encompass high profits, foreign revenue generation, efficient use of land, off-setting high costs and tight margins of farming through increased scales of production and the ability of agribusiness to provide markets for the poor farmers (see Byres, 2004; Baer and Filizzola, 2005; Economist Intelligence Unit, 2010; Azevedo, 2016). By contrast, the critics have pointed out that the agribusiness model does not suit the capabilities of land beneficiaries and operate in ways that exploit and dispossess the small farmers (Fernandes, 2009; MST, 2010). Its characteristic capital-intensive production affects the small farmers' ability to invest in agricultural production (Mafeje, 2003) while

many farmers are marginalised from the markets controlled by agribusiness (Berdegue et al., 2005).

The study challenged the perspectives associating success or even the viability of land reform projects with the agribusiness model. It demonstrated a) the difficulties of the beneficiaries to follow the business model autonomously; b) the limitation of the state apparatus to support a costly agribusiness model; and c) the social distance of certain market-driven policies from the context and everyday lives of the beneficiaries and their families. Although it draws from ideas of several authors (Cousins, the MST and Mafeje, etc.) the study found the works of Mafeje to be of greater significance. It pointed out that it is of academic interest that those writing on the LSCF model in the context of land reform in South Africa do not seem to take his works serious especially that Mafeje is against the LSCF model.

The study argued that in the present context of land reform, given the difficulties of accessing capital and/or support (Hall, 2009b), it is important to take into consideration that using off-farm income to invest in agriculture is an important strategy (Ncapayi, 2013; Mabandla, 2015). However, that strategy does not work when an agribusiness model with capital intensive crops is being enforced upon the beneficiaries. Although beneficiaries at Elangeni may have better resources (from off-farm jobs and pension) compared to many other beneficiaries they struggled to make the agribusiness model work. Because using the agribusiness model was capital-intensive, the beneficiaries' off-farm income was woefully inadequate to sustain subtropical fruit production. The model may indeed not be feasible at all for other beneficiaries, and will probably not result in a new class of commercial farmers.

The agribusiness model is a very costly option even for the government (given the financial support provided for the implements needed for subtropical fruit production) and not very efficient. This questions the financial feasibility of opting for the agribusiness model. Many beneficiaries have less resources (Anseeuw and Mathebula, 2008; Lahiff et al., 2012; Aliber et al., 2013) to support production using the costly agribusiness model. This means they will be even less likely to succeed making the call for small-scale farming of less capital intensive crops even more important.

Supporting small-scale production may indeed be more favourable, also to the government, since it requires less financial support, and it may be easier also to provide training and

extension in this domain (Mafeje, 2003). Even the beneficiaries with own off-farm income and/or resources may use them to invest in agriculture with better effect given the low costs associated with the small-scale model. Although the agribusiness model consumed most of the income generated from small-scale organic vegetable production at Elangeni the beneficiaries were able to successfully produce vegetables using off-farm income. While Cousins (2010; 2013; 2015) is of the view that only a small class of small-scale farmers with significant resources to invest in agriculture will succeed as capitalist farmers, this study argues that the fewer costs associated with the small-scale model can enable many small-scale farmers to succeed. Investment resources are important but the efficacy of the small-scale models is centered on the way it enhances production using limited resources (Mafeje, 2003).

Despite the negative effects of the agribusiness model on income and job creation (Lahiff et al., 2012; Aliber et al., 2013) at Elangeni, the beneficiaries' decision to also use land outside the agribusiness model facilitated benefits for them. When land was used outside the agribusiness model it contributed to the beneficiaries' livelihoods. The land facilitated access to food, natural resources and valuable physical assets. Thus, despite the challenges beneficiaries' face land continue to contribute to their livelihoods (Chitonge and Ntsebeza, 2012; Ncapayi, 2013).

Contrary to the view that land is important only for a minority of rural people who live without alternative sources of income (Centre for Development and Enterprise (CDE), 2005:14) the study showed that even households with off-farm income from professional jobs can benefit from access to land by supplementing their budgets with both income and food produced on their farms (see Mabandla, 2015). Regardless of the types of jobs they hold, some Africans regard the combination of land and off-farm jobs important in their lives (Arrighi, 2009; Arrighi et al., 2010).

9.1 Finding of the study

The study presents six main findings regarding the socio-economic consequences of the agribusiness model on the land reform beneficiaries in Greater Tzaneen Municipality.

1. In the context of limited external support the use of off-farm income to invest in agriculture is an important strategy for the beneficiaries at Elangeni. The beneficiaries depended primarily on remittances from the children's professional jobs and Sophie's and Samuel's pension for capital to invest in agricultural production. While the older group of successful peasants (in the late 19th century) used income from farming to educate their children who in turn invested salaries into production (Ncapayi, 2013; Mabandla, 2015), now educated and well-salaried children are needed to become/remain a successful peasant or farmer.
2. Despite the availability of better off-farm resources in the beneficiaries' household they struggled to produce using the costly agribusiness model. The agribusiness model is costly and not very efficient. Substantial financial resources were required for the production of subtropical fruits, which the beneficiaries could not afford. Their off-farm income was woefully inadequate. Although they received a combined total of R850 000 from government agencies as support, the bulk of the money was spend on buying a few implements required for capital-intensive production under the agribusiness model. Almost half of that sum went towards the purchase of a tractor (R400 000) alone. The agribusiness model is a costly option for even the government given the financial commitments that are required to support land beneficiaries to produce using the agribusiness model.
3. When the beneficiaries invested their off-farm income in small-scale vegetable production they had better success. The low costs associated with small-scale production (Mafeje, 2003) allowed the beneficiaries to produce more and in a better way using off-farm income. Income generated from the sale of vegetables was invested in the agribusiness model to support the production of subtropical fruits. Supporting small-scale production is beneficial (Cousins, 2013; MST, 2013) even for the government since it requires less financial support. It may be easier for the government to provide production capital, training and extension in this domain.
4. The beneficiaries' struggles with producing using the agribusiness model have affected their ability to generate income from their agricultural business. Their problems have been compounded by the fact that the lucrative markets controlled by agribusiness are not

easily accessible given the various food quality and volume standards. They lose potential income when they fail to access the lucrative markets. While alternative markets such as informal markets and fresh produce markets (FPMs) were more accessible (Cousins, 2015) their impact on the beneficiaries' income was limited. The markets were not reliable and the agents in these markets paid low prices for the products.

5. With limited revenue from their agricultural business, the beneficiaries were not able to invest into more and quality jobs. The jobs were few and insecure. However, the precariousness of the jobs created did not negatively affect the beneficiaries' access to cheap farm labour. The high poverty levels in the workers' households (Hall, et al., 2003) and the neighbouring villages coupled with the general decreasing employment opportunities in South African commercial agriculture to make projects such as Elangeni important options for rural wage employment.
6. While the agribusiness model has negatively affected income and job creation (Lahiff et al., 2012; Aliber et al., 2013; Aliber and Cousins, 2013) the beneficiaries' decision to introduce additional land uses (especially small-scale vegetable production) outside the agribusiness model enabled them to benefit from their land. The land facilitated access to food, natural resources, and the valuable physical assets. The production of own food supplemented the beneficiaries' household budget.

Although natural resources did not play an active role in the beneficiaries' lives, the ownership of the land facilitated access which would not have been possible without it. As shown by Aliber et al. (2013:84) some land beneficiaries were able to resuscitate their project through cutting and selling of firewood from their farm. The beneficiaries at Elangeni have access to firewood, thatching grass and reeds (for weaving the mats). Some of the workers who come from the neighbouring villages were able to harvest firewood and the reeds for use at their rural homes.

The land reform programme has also provided the beneficiaries with a valuable physical asset – land. The value of the farm when it was acquired by the government in 2007 was R2 150 000. Whether in use or not, land remains one of the most valuable physical assets. Aliber et al. (2013:96) have shown that some beneficiaries in Limpopo province leased

their land to prospective entrepreneurs to raise income. This shows the potential that land has in the beneficiaries' livelihoods. In addition, the land has facilitated access to other valuable physical assets. The beneficiaries owned movable assets purchased at around R600 000. The tractor alone cost R400 000. Although this confirms that production under the agribusiness model is costly, it also indicates that land has facilitated access to valuable assets. The beneficiaries also own a host of immovable physical assets such as the storage houses and the dams. These should be taken into consideration when assessing the contribution of land to beneficiaries' livelihoods.

Below is a summary of the chapters and their evidence which support the claims made in the study.

Chapter Two discussed the debates on the efficacy of the agribusiness model to understand its possible socio-economic consequences for the land reform beneficiaries in South Africa. The arguments in favour of the agribusiness model emphasised that agribusiness produces more and generates more wealth through efficient use of land (see Fernandes, 2004; Azevedo, 2016). These views have been contested by the critics who argued that production under the agribusiness model is very costly (Feder, 1977; Mafeje, 2003) while small farmers are marginalised in the lucrative markets controlled by agribusiness. The chapter argued that it is important to take into consideration that using off-farm income to invest in agriculture is an important strategy (Ncapayi, 2013; Mabandla, 2015) given the difficulties of accessing capital and/or support. It noted, however, that the strategy does not work when using the costly agribusiness model making a call for the small-scale model more important.

Chapter Three traced the origins and development of agrarian capitalism in South Africa up to the current agribusiness model which entrenched itself towards the end of the 20th century. It indicated that the agribusiness model introduces on the land beneficiaries ways of agricultural organisation and production similar to those utilised historically by white farmers in South Africa. It makes the point that if many white farmers struggled historically to produce using the large-scale mainstream models of agrarian capitalism despite various forms of state support and political intervention it is likely that the land beneficiaries will be less likely to succeed using the agribusiness model in the context of limited external support. It points out, however, that where Africans improved their livelihoods using land such land was used outside the mainstream models of agrarian capitalism. Investing income from jobs in

agricultural production was an important strategy among Africans (Ncapayi, 2013; Mabandla, 2015).

Chapter Four introduced the case study of Elangeni project. It indicated that in the context of limited external support some beneficiaries with off-farm income use it as production capital. The chapter showed that despite the government's preference and efforts to enforce the agribusiness model in the land reform projects (Hall, 2004; Aliber and Cousins, 2013) the beneficiaries at Elangeni responded to the problems and limitations of the agribusiness model by moving towards the small-scale model of production using off-farm income. The argument was that the choice of the small-scale model at Elangeni was a response to the difficulties of producing using the agribusiness model in a context of limited external support. In addition, where land beneficiaries have access to off-farm income and produce within the small-scale model land can contribute to their livelihoods.

Chapter Five presented detailed empirical data on production to show the inappropriateness of the agribusiness model for the beneficiaries' production at Elangeni project. It showed that the high production costs associated with the agribusiness model (for subtropical fruits) negatively affected production and income generation. However, off-farm income invested in the small-scale model for organic vegetables facilitated successful production as the model had less costs (Mafeje, 2003). The chapter argued that even where the agribusiness model has been enforced, when the beneficiaries use land outside that model they can succeed to improve their livelihoods through land.

Chapter Six demonstrated how lucrative agribusiness markets operate in ways that make them not easily accessible to the land reform beneficiaries at Elangeni thereby affecting their agricultural income. It argued that while the alternative markets such as informal markets are important and more accessible (Cousins, 2015) the beneficiaries face various challenges such as low prices which have limited their ability to improve agricultural income. Furthermore, assisting the beneficiaries to access the lucrative markets should be part of agrarian reform aimed at improving the socio-economic conditions of the poor.

Chapter Seven examined the impact of the agribusiness model on the land beneficiaries' lives by discussing the contribution of land to their livelihoods. It pointed out that the agribusiness model has affected the beneficiaries' ability to draw income from their agricultural business.

Despite this, their decision to incorporate other land uses outside the agribusiness model (such as small-scale vegetable production) facilitated benefits from land. It argued that when land is used outside the agribusiness model its contribution to the beneficiaries' livelihoods increases, even where the agribusiness model was maintained. It also showed that even households with off-farm income from professional jobs appreciated the contribution that land made to their livelihoods.

Chapter Eight has shown that the agribusiness model has undermined the amount and quality of jobs created at Elangeni. Because of the limited agricultural income the beneficiaries were not able to invest into more and quality jobs. The chapter argued that in the projects the agribusiness model has worsened the conditions of job precariousness prevalent in the large-scale commercial sector since the 1950s (Marcus, 1989; Atkinson, 2007). However, it pointed out that the beneficiaries continued to access cheap labour despite the poor working conditions due to push factors such as high poverty levels in the workers' households (Hall et al., 2003) and decreasing employment opportunities in the commercial agricultural sector.

9.2 Final Analysis

The study concludes that the agribusiness model has negatively affected the socio-economic conditions of the land reform beneficiaries. It points out that in the context of limited external support the costly agribusiness model has undermined production even for those beneficiaries with own household off-farm income which they use as production capital. Consequently, agricultural income and job creation were negatively affected.

The study also concludes that the beneficiaries were better suited when producing organic vegetables using the small-scale model. The small-scale model allowed the beneficiaries to produce more using their off-farm income as production capital, something which was not possible when they invested off-farm income in the production of subtropical fruits using the costly agribusiness model. The study argues that supporting small-scale production might be more favourable for both land beneficiaries and the government since it requires less financial support.

While income and jobs were negatively affected by the agribusiness model (Lahiff et al., 2012; Aliber et al., 2013) the beneficiaries' use of land outside the agribusiness model (for subtropical fruits) facilitated their access to food, natural resources and valuable physical assets. Thus, land and off-farm income played roles in their livelihoods (Arrighi, 1970; 2009).

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