# AGRARIAN REPAIR: AGRICULTURE, RACE, AND ACCUMULATION IN CONTEMPORARY CANADA AND SOUTH AFRICA

by

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## Abstract

This dissertation explores certain agricultural investment projects emerging early in the new millennium which I term 'agrarian repair' projects. Proponents of these projects present them as binding together two distinct 'fixes'. First, they seek to repair processes of capital accumulation and value preservation, always uncertain but freshly destabilized by the 2007/8 financial crisis. Second, they attempt to repair histories of colonial and racial injustice, often codified as resulting in and from a particular group's historical 'exclusion' from agriculture and consequently larger national economies. I examine 'agrarian repair' projects at two sites, one in Canada and one in South Africa, where financial investors partnered with racialized, marginalized communities to establish large scale agricultural investment ventures. In Canada, One Earth Farms established a massive corporate grain, oilseeds and cattle farm engaging First Nations in the prairie provinces. In South Africa, the Futuregrowth Agri-Fund implemented investment models involving African communities in the commercial fruit sector across the country. I trace the historical origins of the projects, situating them in two concurrent transitions unfolding in their respective national settings: one in the organization of the agrarian economy, the other in the orientation of the nation-state towards a liberal democratic 'reconciliatory' dispensation. I detail the specific logics, modalities, and mechanics employed by the 'agrarian repair' projects, reflecting on how they can advance understandings of financialized racial capitalism and its operations at the settler colonial agrarian interface. I assess the projects' capacity to deliver on their purported fixes, showing that agriculture neither proves to be the stable financial provider that investors expect, nor do the projects deliver their anticipated social results. Benefits for the racialized communities engaged are uneven at best, while the projects actively exploit not only settler colonial and racial legacies but also contemporary redress efforts, generating new advantages and valuation channels for investors. The research lends insights into how colonial and racialized histories and reparative movements are mobilized and monetized in contemporary agricultural projects. This allows me to begin outlining a larger schema of reparative capitalism, whereby capitalism incorporates its critiques – here about its colonial and racial past – as new sites of accumulation.

## Lay Summary

This dissertation examines recent agricultural investment projects engaging First Nations in Canada and black African communities in South Africa. Investment managers suggest that these projects will generate both economic returns for investors and social returns for the communities, whose participation in commercial agriculture has been limited under colonialism and, in South Africa, apartheid. However, the projects struggle to deliver on either of these promises. Financial returns are unstable or non-existent. Social returns are uneven and in fact the projects perpetuate certain of the colonial and racial dynamics they claim to help address while exploiting broader redress efforts for investors' benefit. I reflect on how the projects can help us to understand the contemporary capitalist economic system, wherein capital attempts to incorporate critiques of its colonial and racial past and turn them into new sites of profit-making.

## Preface

This dissertation is based on independent research completed by the author, Melanie Sommerville. I identified the research sites and designed the research program, performed the vast majority of the research, and analyzed the resulting data.

Some of the material in Chapter 5 is based on raw data provided by Dr. Ruth Hall (Institute for Poverty, Land and Agrarian Studies, University of the Western Cape, Bellville, South Africa), Dr. Thembela Kepe (Department of Geography and Planning, University of Toronto Scarborough, Canada) and by Hazel Friedman (Senior Producer, Special Investigation, South African Broadcasting Corporation). Drs. Hall and Kepe provided information on two of 66 sites identified in the chapter, and Ms. Friedman on one additional site.

A version of Chapter 3 has been published on-line (print edition forthcoming). Sommerville, Melanie. (2018) Naturalising finance, financialising natives: Indigeneity, race and 'responsible' agricultural investment in Canada. *Antipode*. https://doi.org/10.1111/anti.12395. I conducted the research for and authored this paper independently.

Additionally, some of the data from Chapter 3 was also published in an earlier article. Sommerville, Melanie and André Magnan. (2015) 'Pinstripes on the prairies': Examining the financialization of farming systems in the Canadian prairie provinces. *The Journal of Peasant Studies*. 42(1):119-144. Dr. André Magnan conducted the research for the 'Farmland investment funds' section of the article, and he originally wrote the 'Introduction' and 'Discussion' sections of the piece as well. I conducted the research underlying the 'Exchange traded farming corporations' section of the article, and originally wrote the 'Financialization and financial investment in agro-food sectors' and 'Factors underlying financial investment in prairie farmland and agriculture' sections of the piece.

The research was approved by the UBC Behavioral Research Ethics Board: Certificate numbers H10-02953 and H13-02467; Principal Investigator: Dr. Philippe Le Billon.

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## List of Abbreviations

| | |
|---|---|
| AAFC | Agriculture and Agri-Food Canada |
| ACC | Aboriginal Capital Corporation |
| AGI | Ag Growth International |
| AGT | Alliance Grain Traders |
| AMSCO | African Management Services Company |
| ANC | African National Congress |
| ATMS | African Training and Management Services |
| BBC | British Broadcasting Corporation |
| BBBEE | Broad-Based Black Economic Empowerment |
| BEE | Black Economic Empowerment |
| Bono | Bono Holdings International |
| BSE | Bovine Spongiform Encephalopathy |
| CAD | Canadian Dollar |
| CASP | Comprehensive Agricultural Support Program |
| CBC | Canadian Broadcasting Corporation |
| CDT | Community Development Trust |
| CEO | Chief Executive Officer |
| CFA | Canadian Federation of Agriculture |
| CFO | Chief Financial Officer |
| CIRNAC | Crown-Indigenous Relations and Northern Affairs Canada |
| CLS | Centre for Law and Society |
| Concourt | Constitutional Court |

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|---|---|
| CPA | Communal Property Association |
| CPI | Communal Property Institution |
| CRDP | Comprehensive Rural Development Program |
| CRISA | Code for Responsible Investment in South Africa |
| CSR | Corporate Social Responsibility |
| CT | Community Trust |
| CUSTA | Canada-United States Trade Agreement |
| DA | Democratic Alliance |
| DAFF | Department of Agriculture and Fisheries |
| DFJFI | Deciduous Fruit Jobs Fund Initiatives |
| DRDLR | Department of Rural Development and Land Reform |
| ECRDA | Eastern Cape Rural Development Agency |
| EFF | Economic Freedom Fighters |
| ESG | Environment, Social and Governance |
| FAM | Futuregrowth Asset Management |
| FAWU | Congress of South African Trade Union's Food and Allied Workers Union |
| FCC | Farm Credit Canada |
| FMO | Netherlands Development Finance Company |
| FNACS | First Nations Agriculture Council of Saskatchewan |
| FNLMA | First Nations Land Management Act |
| FNPOI | First Nations Property Ownership Initiative |
| FSIN | Federation of Sovereign Indigenous Nations |
| FTSE | Financial Times Stock Exchange 100 Index |

| | |
|---|---|
| GATT | General Agreement on Tariffs and Trade |
| GDP | Gross Domestic Product |
| GEPF | Government Employee Pension Fund |
| GEAR | Growth, Employment and Redistribution |
| GIS | Geographic Information Services |
| GMC | General Minerals Canada |
| HBC | Hudson's Bay Company |
| IDC | Industrial Development Corporation |
| ILRS | Indian Land Registry System |
| INAC | Indigenous and Northern Affairs Canada |
| ISC | Indigenous Services Canada |
| ISCC | Indian Specific Claims Commission |
| JSE | Johannesburg Stock Exchange |
| KET | Kangela Empowerment Trust |
| LAMOSA | Land Access Movement of South Africa |
| LEP | Lease Equity Program |
| LRAD | Land Redistribution and Development |
| MEC | Member of the Executive Council |
| NACCA | National Aboriginal Capital Corporation Association |
| NAFTA | North American Free Trade Agreement |
| NAV | Net Asset Value |
| NCGF | Northern Cape Grape Farms |
| NDA | National Department of Agriculture |

| | |
|---|---|
| NFMW | National Fund for Municipal Workers |
| NFU | National Farmers Union |
| NFS | Nexus Forensic Service |
| NGO | Non-Governmental Organization |
| OAG | Office of the Auditor General |
| OEF | One Earth Farms |
| OECD | Organization for Economic Cooperation and Development |
| OEOG | One Earth Oil and Gas |
| OER | One Earth Resources |
| OMAAF | Old Mutual African Agriculture Fund |
| OMAI | Old Mutual Alternative Investments |
| OMF | Old Mutual Foundation |
| OMIGSA | Old Mutual Insurance Group South Africa |
| OMLACSA | Old Mutual Life Assurance Corporation South Africa |
| OMC | Old Mutual Corporate |
| OTC | Office of the Treaty Commissioner |
| OVG | Office of the Valuer General |
| PASSOP | People Against Suffering Oppression and Poverty |
| PHT | Peace Hills Trust |
| PIC | Public Investment Corporation |
| PLAS | Proactive Land Acquisition Strategy |
| PLAAS | Institute for Poverty, Land and Agrarian Studies |
| Recap | Recapitalization and Development Program |

| | |
|---|---|
| RLEMP | Reserve Land and Environmental Management Program |
| SABC | South African Broadcasting Corporation |
| SAFE | South African Fruit Exporters |
| SAM | Sprott Asset Management |
| SARB | South African Reserve Bank |
| SCAAF | Standing Committee on Agriculture and Agri-Food |
| SCT | Specific Claims Tribunal |
| SFSC | Saskatchewan Financial Securities Commission |
| SFV | SAFE Farm Ventures |
| SIAP | Saskatchewan Indian Agriculture Program |
| SICAV | Société d'Investissement à Capital Variable |
| SIU | Special Investigations Unit |
| SLAG | Settlement/Land Acquisition Grant |
| SPP | Surplus Peoples Project |
| SRC | Sprott Resource Corp. |
| TLE | Treaty Land Entitlement |
| TSX | Toronto Stock Exchange |
| UAG | Union Agriculture Group |
| UFFAAI | UFF African Agri-Investments |
| UFFT | United Farmers Fund Trust |
| UNFAO | United Nations Food and Agriculture Organization |
| UNPRI | United Nations Principles for Responsible Investment |
| WTO | World Trade Organization |

| | |
|---|---|
| Zeder | Zeder Financial Services |
| ZAR | South African Rand |

## Acknowledgements

I want to express my gratitude to my supervisory committee, who stuck by me despite various interruptions and delays in completing this dissertation. Jim Glassman was always ready for wide-ranging, thought-provoking discussions and small bursts of encouragement, sometimes on short notice. Philippe Le Billon provided strong strategic advice about navigating academia and greatly appreciated financial support. Merje Kuus was a voice of reason and grace. Saturnino (Jun) Borras' contributions during the first stretch of my doctoral program were similarly generous and I very much hope he will be pleased with the end result. My examining committee members Brett Christophers, Hannah Wittman, and Juanita Sundberg each provided valuable comments and chair Jeffrey Byrne ensured that the defence process unfolded smoothly.

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I want to thank all those who gave so generously of their time in interviews over the course of my sprawling research. Still others provided crucial solidarity. Hazel Friedman, my sister across the pond, introduced herself through my inbox at just the right moment. Ruth, Hazel, Nerhene Davis, Thembela Kepe, and Tabelo Timse all shared valuable insights and research contacts. Edward Lahiff put me on to South Africa. Freddie Bosman, Nicky Chiloane, Ntau Letebele, Speaker Mahlake and Ernest Vos all helped immeasurably with my field research once I arrived.

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## Dedication

For my maternal forebears:

*My grandparents:*

Pauline Strelioff (née Krukoff) (1914-1961)

Nicholas John Strelioff (1908-1963)

*My aunts and uncles:*

Lawrence Strelioff (1933-1935)

John Harry Strelioff (1935-1970)

Verna Elizabeth Strelioff (1937-1985)

Alice Jean Eagle (née Strelioff) (1947-)

*And my mother:*

Florence Elsie Sommerville (née Strelioff) (1940-2017)

# Chapter 1: Agrarian Repair

## 1.1 Introduction

Agriculture is often considered an originary sector, central to the constitution of economic systems, spaces, and subjectivities.[1] Farming is linked to the emergence of money, loans, and interest, and – at least if one is sympathetic to long running scholarly debates about the 'agrarian question' – to both the operation of feudalism and the origins of capitalism, at the national and global level. Agriculture plays a key role in our notions of civilization, in patterns of settlement, and in the emergence of private property relations and the state system. As a practice, we associate farming with the cultivation of personal and collective responsibility, with aspirations of individual and community self-sufficiency, and with articulations of regional and national identity and citizenship. Viewed by some as a last bastion of tradition, it is also a modern business opportunity. Such perspectives are not much dissuaded by agriculture's frequent role in driving dispossessions and social conflicts, and what some might suggest is its rather more chequered performance in providing for human sustenance. In his humorous reflection on the appeal of 'one dot' theories of history, Menand (2015) accords farming a grim role in the evolution of our species: "Humans invented agriculture: bad news, end of story." But this is not the way many of us think about agriculture. As the economic sector that provides for one of our most basic bodily necessities, our relationship with agriculture seems metabolically ineluctable. While we recognize that our era of climate change, environmental degradation, and expanding

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[1] In this first paragraph, my objective is simply to set out some of the larger parameters framing my research. In contrast to the remainder of this dissertation, I have hence not provided references for each point. Readers interested in exploring these broad matters could start with the following references: Friedman and McMichael (1989); Wood (1998); Perelman (2000); Akram-Lodhi and Kay (2010a, b); and Carlisle (2014).

urban development puts agriculture increasingly under threat, we cling to the notion that it is inexhaustible, renewable, even regenerative.

## 1.2 Introducing Agrarian Repair

This dissertation explores certain contemporary agricultural projects that integrate many of these ideas and impulses into large-scale investment schemes. I term these 'agrarian repair' projects. Proponents of these projects present them as twinning or binding together two distinct 'fixes', each socially appealing at the particular historical conjuncture of the early new millennium. First, they seek to repair processes of capital accumulation and value preservation, always uncertain but newly destabilized after the 2007/8 financial crisis, by grounding these processes in agriculture as an emerging global asset class. Second, they attempt to repair histories of racial injustice, often codified as resulting from a group's historical 'exclusion' from agriculture, and consequently larger national economies. 'Agrarian repair' projects are presented as coupling renewed profit-making and wealth preserving functions for investors to the fuller and fairer inclusion of these racialized groups in farming. The implication is that they will contribute to the economic 'empowerment' and effective 'demarginalization' of the racialized groups in question, even as they pad investors' portfolios and pocketbooks.

While certain precursors to and aspects of 'agrarian repair' projects may surface in a wide variety of settings, I situate these projects in a narrower range of locations. Specifically, I locate them in nation-states whose rural areas are characterized by a history of settler colonialism – and which, to varying degrees, still struggle with the legacies of this history. Buttressed by narratives of white supremacy, the forms of land control, state supports for commercial farming, and indeed investment in agriculture that developed in these particular settings actively racialized and marginalized the peoples that inhabited them prior to colonization, contributing to historical and contemporary patterns of racialized uneven economic development. White settler farmers prospered and expanded, even as a variety of pressures gradually eroded their agrarian toehold. Colonial subjects, in turn, suffered, experiencing widespread dispossession, discrimination, oppression and exploitation. Many struggled to subsist off of small-scale farming, low-waged employment, and/or state supports that were often deliberately maintained at levels barely adequate to keeping them alive.

Over the last 25 years, different interests within these nation-states have been trying to come to terms with and move beyond this history, often in ambiguous, contradictory, and shifting ways. One result is the emergence of land reform and land claims processes intended to provide a broad if partial redress to the historical injustices of colonization and racialization. These processes often result in marginalized populations coming into possession of agricultural lands. In the meantime, white commercial agriculture is rapidly consolidating and becoming ever more globally integrated, with attendant changes in structure and farming practices. 'Agrarian repair' projects mobilize these shifting arrangements of land ownership and control, connecting them with eager tranches of investment capital seeking both revitalized accumulation and a rearguard defense of wealth in the post-financial crisis period.

'Agrarian repair' projects thus emerge at the intersection of two concurrent transitions unfolding in historically settler colonial settings: one in the organization of the agrarian economy, the other in the orientation of the nation-state towards particular forms of racial redress. Such redress is frequently associated with a larger shift towards a 'reconciliatory' dispensation, entangling with larger formations of 'multicultural' and 'multiracial' (or even 'nonracial') liberal democracy. Each freighted with uncertainties, not least with respect to their future prospects, these larger transitions underpin the particular fixes that 'agrarian repair' projects purport to mobilize and deliver. Understanding the ways that the different impulses and tensions within these larger historical processes give rise to reparative projects in the agrarian sphere is the first aim of my dissertation. Drawing upon an eclectic academic literature to meet this goal allows me to also consider what the projects might tell us about the operation of financialized, racial capitalism at the settler colonial, agrarian interface. In the next two sections, I provide a brief survey of some of this literature in order to situate my work.

### 1.2.1 Repairing Capital's Accumulation and Valuation Crises

'Agrarian repair' projects are linked to a keen enthusiasm for agriculture-related investments among diverse individual and institutional investors (GRAIN 2008; Clapp 2012; Cotula 2012; Fairbairn 2014). Such enthusiasm resulted from three closely-spaced developments in global capital markets. Some first movers among these financiers were motivated by the global commodities boom and resulting bull run on natural resources that developed in the early 2000s. But investor interest gathered considerable steam with the onset of the 2007/8 financial crisis and the resulting instability in many asset classes. The temporal coincidence of the financial crisis with a sudden spike in food prices was the third development boosting agriculture's financial fan base. Amidst the ongoing search for the next financial 'blockbuster' or 'new, new thing' (Engelen *et al*. 2011:51), agriculture seemed like a sure-fire bet. Arguing that the commodity boom represented a relatively stable or 'secular' 'super-cycle', investment managers developed a straight-forward, Malthusian-inspired narrative that proved compelling for investors, newly skittish about more obscure accumulation strategies. Food prices would increase steadily given the growing global population, rising demand in emerging economies, and an overall decline in arable land due to urbanization and environmental pressures (McMichael 2014; Sommerville 2018a). Investments in farmland and agricultural commodities would offer investors an effective means of risk-management, serving as both a hedge against inflation and a valuable form of portfolio diversification, given agriculture's low correlation to equity markets (Cotula 2012).

Critical scholars concerned to understand finance's apparent 'agricultural turn' have linked it to the financialization of the global economy, and agro-food systems as embedded therein. In common with many of these scholars, I understand financialization as comprising a structural shift in the character of contemporary capitalism. It reflects both the growing power and prevalence of financial actors and logics in the overall economy (Epstein 2005), as well as the increasing reliance on financial channels of accumulation (rather than productive activities) among non-financial interests (Krippner 2005). Scholars influenced by regulation theory locate the onset of financialization in the declining rate of profit under Keynesian economic policies from the late 1960s, and a resulting over-accumulation crisis (Boyer 2000). This drove various measures to boost the fortunes of capital while disciplining labor. Capital markets were deregulated, allowing finance to become more globalized (Helleiner 1994; Engelen *et al.* 2011). Trade unions and the welfare state came under attack and progressive taxation regimes were eroded (Levitt 2008). Certain scholars following the autonomous Marxist tradition, in turn, suggest that financialization rather reflects the accumulation strategy associated with the rise of new forms of value production in the contemporary era (Marazzi 2010). As Langley (2011:336) summarizes, these forms are less about "raw materials, machines and workers" and more about the "spheres of circulation, exchange and reproduction". Such processes unfurl alongside a shift in the orientation of modern corporations towards maximizing 'shareholder value' over reinvestments that would benefit workers and other stakeholders (Froud *et al.* 2000).

Financialization, then, is a fundamentally (re)distributive process (van der Zwan 2014). Although sustained in part through the continuing consumption of segments of the working class, this consumption is fuelled principally by debt relations (Langley 2008). Meanwhile, collective forms of savings – notably pensions, which by the mid-1990s controlled huge amounts of financial capital – have themselves been transmuted into "carriers of financialization" (Engelen 2003:1360). Pension restructuring involving shifts from public to private forms of assurance and from so-called 'defined benefit' to 'defined contribution' plans stand to further erode and undermine social security (Soederberg 2010).

As Fairbairn (2014) has noted, finance's deepening fascination with agriculture is interesting because the latter seems to be a fundamentally productive sector. The phenomenon thus provides potential insights into certain theories of financialization, including that advanced by Arrighi (whom Fairbairn follows). Arrighi (2010[1994]) suggests that financialization is a cyclical phenomenon, interspersed with periods where accumulation proceeds primarily through productive activities. Agro-food system financialization can similarly inform debates around whether finance now functions principally as a parasitic superstructure, siphoning off value from productive reinvestment. Christophers (2015a:194-6) questions whether such relationship can realistically be sustained – that is, whether there is an "empiric limit" to the depth and scope of financialization before economic growth falters. Writing from the autonomous perspective, Marazzi (2010) asks whether we can anymore find a firm distinction between the productive and the financial. Such was not the view promulgated by agricultural asset managers, who regularly drew on narratives – common in policy circles and popular discourse at the time – distinguishing the financial sector from the so-called 'real economy' and arguing the need to "rebalance the economy in favour of the latter" (S. Hall 2013:285). In an era of 'story driven capitalisms'

(Engelen *et al*. 2011), this was an especially alluring one, backed up by the accounts of shifting agricultural 'fundamentals' described above. Nonetheless, subsequent research has revealed that agricultural investments in fact tangle productive and financial returns in complex ways: gleaning dividends, interest, rent, land appreciation, and other forms of capital gains which nonetheless remain linked to productive activity and forms of value generation. Indeed, the 'agrarian repair' projects I examine later in this dissertation suggest that the latter can ultimately compromise the former.

While critical scholars have traced the entry of new investors into every 'node' of the agro-food system (see Isakson 2014 for a recent overview), investments in farmland and/or primary agriculture have piqued particular concern and curiosity. Research has identified a variety of investment vehicles and approaches: some focusing on farmland ownership, others on (typically large-scale) farming, and still others blending the two (Fairbairn 2014; Sommerville and Magnan 2015). In part, scholarly interest in this topic stems from overlaps between financialization and the phenomenon commonly referred to as the 'global land grab', finance having been identified as one of key drivers of the land rush from some of the earliest reports on the topic (e.g. GRAIN 2008; Buxton *et al.* 2012).[2] Early critics postulated that finance-driven acquisitions and activities would dispossess local producers, disrupt rural communities, degrade agricultural ecosystems, and provoke turbulence in regional food markets (Borras *et al.* 2011). But more recently, certain theorists have critiqued such accounts as overly deterministic. For example, Ouma (2014:163-4), drawing on the work of Hart (2004), has suggested that these

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[2] Land grabbing is a complex phenomenon, related to a number of drivers and mechanisms, only some of which concern agriculture (see Zoomers 2010) and which in any case involve different forms of mediation by finance among diverse other actors. As Peluso and Lund (2011:669) put it, "there is no one grand land grab, but a series of changing contexts, emergent processes and forces, and contestations that are producing new conditions and facilitating shifts in both de jure and de facto land control".

theorizations perpetuate an “impact” model that frames financialization as a set of processes imposed “from above.” He argues that scholars need to attend to the “more technical, everyday dimensions” of financialization, including by recognizing the heterogeneous agency of farmers and other agricultural actors (see also Williams 2014). My own work helps to advance such a goal through detailed examinations of specific investment vehicles, their logics and pragmatic operations, and the channels of profit-making and wealth preservation that they involve. But I also take seriously both the global interconnectedness of contemporary agro-food systems and the local experiences that mediate finance’s interventions: for example, the specific histories that financialization builds on, the local struggles with which it articulates, and the diverse resistances it encounters.

Elsewhere, I have described this as “thickening the local histories” of agro-food system financialization (Sommerville 2018b). This work is important because early accounts of both financialization and finance-driven ‘land grabbing’ have tended to construe these as new phenomena. In fact, finance and farming have long been interpenetrated. Access to financial markets and capital played a key role in the agrarian transitions of settler colonies among other locations globally, facilitating the emergence of commercial agriculture and alternately speeding and slowing subsequent restructuring patterns therein. Indeed, finance has had a deepening centrality to farm survival, expansion, and succession in recent decades. One might even go so far as to argue that, when ‘finance’ was making its recent pronouncements about the opportunities in ‘agriculture’ (framed here as tidily distinct sectors), it may rather have been looking mainly at the activities of another version of itself. In part, this is due to certain neoliberal reforms to agriculture which, while variable in their extent and particularities across national settings, are broadly associated with the integration of agriculture into global trade agreements, most notably the World Trade Organization after 1995. The result was an erosion of the state supports for farming that had contributed to the overall strength of settler economies. Some of these supports stretched back to the early days of settlement, others were consolidated in the post-war years amidst a drive to protect national agricultures as sensitive economic sectors. In concert with liberalization, low interest rates, stable to increasing land values, and rising input costs have fuelled the expansion of farm debt. In earlier publications, I have argued that these shifts played an important role in preparing the ground for the latest wave of financial incursions into agriculture (Sommerville and Magnan 2015; Sommerville 2018b). Here I continue to develop that line of argumentation.

All investment projects require a business case that proves convincing to prospective financiers. In 'agrarian repair' projects, this is accomplished by the promise that investing in farmland and/or large-scale agriculture will both restart capital accumulation and protect accumulated wealth amidst financial market turmoil. In liberal democratic societies (whether well-established or more recently emergent), investment projects also depend on, or in any case benefit from, claims as to their larger social benefits. These claims help to generate 'social license' for the investments (see Knoepfel and Imbert 2011), which can assist with raising capital from investors, gaining necessary approvals from governments and other regulators, and ensuring participation from relevant stakeholder groups.[3] Critical scholars have recognized the importance of such claims in enabling agricultural investment projects, which proponents often frame as 'win-win' formulations that will benefit both capital *and* local communities, for example by financing agriculture as an under-resourced sector, contributing to community

[3] Indeed, this was perhaps particularly the case after the financial crisis, when both the legitimacy of financial institutions and of the neoliberal reforms working to consolidate their power were in question.

‘development’, and expanding infrastructure and markets (Cotula *et al.* 2009; de Schutter 2011). Indeed, strong adherents often tack on a third ‘win’, this one for increasingly cash-strapped national governments, arguing that by boosting agricultural productivity, sales, and exports, agricultural investment schemes will compensate for and/or allow a further pull-back in public funding from the farm sector, assisting with cost-savings in the global North and South alike.

Proponents of ‘agrarian repair’ projects similarly mobilize social license claims, but these focus on a particular area: namely, providing redress to those who, as a consequence of colonial and racialized dispossession and oppression, experience a relative exclusion from agriculture, or in any case, an incorporation into it under ‘adverse’ terms (see Du Toit 2004). Such projects replicate a dynamic that Rosenman (2017:142) suggests is central to emergent forms of social finance, which claim that “the unequal and often unjust results of capitalism” can be resolved “with the application, albeit re-tooled, of more capitalism.” In ‘agrarian repair’ projects, there is a still deeper history that ‘socially responsible’ investment managers claim they can help to address: that corresponding with marginalized populations’ experiences of settler colonialism, the racialized regimes that may follow on it, and the contemporary legacies of these phenomena. Agrarian repair projects suggest that capital, here in its financial form, can help to ‘save’ the subjects of such historical injustices (see Pasternak 2015; Sommerville 2018a). This is the second fix to which promises of renewed financial profits and valuation are coupled in ‘agrarian repair’ projects: the repair of capital’s colonial and racist history.

### 1.2.2 Repairing Capitalism’s Colonial and Racist History

Scholars trying to understand the colonial and racialized inscriptions of ‘agrarian repair’ projects quickly find themselves faced with a paradox, tethered between theoretical gaps. Although overview pieces have recognized key parallels between the historical dynamics of colonialism and the contemporary land rush (Borras *et al*. 2011; Anseeuw *et al*. 2012), few have explicitly examined these congruences. Racialization too remains something of a lacuna in agro-food scholarship (Slocum 2010), where class continues to dominate formulations of the 'agrarian question.' In the chapters that follow, I bridge these gaps by integrating critical agrarian studies perspectives with recent scholarship on settler colonialism and racial capitalism. With respect to the former, I find particularly helpful Coulthard's (2014:14) exposition of dispossession as both a "co-foundational" and continuing feature of capitalism under settler colonial formations.[4] Coulthard *(ibid.*:9) views his work as correcting the "rigidly temporal" framing of Marx's 'primitive accumulation' thesis. Such thesis construes dispossession as a mere 'stage setter' or 'transitional' phenomenon in the emergence of the capitalism, which functions to separate populations from the means of production and compel the formation of a working class (proletarianization). Drawing on Wolfe (2006), Coulthard (2014:11, emphasis in original) rather argues that racialized dispossession under settler colonialism is a structural phenomenon, which plays an ongoing role in shaping the historical subjectivities of the colonized, perpetrating injustices "*on its own terms and in its own right*". Regarding racial capitalism, I follow Robinson (1983[2010]), whose work similarly sought to trouble certain oversights in Marx's European-centric account.[5] For Robinson (ibid.:2), the fact that capitalism pursues "essentially racial

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[4] Coulthard's (2014) conceptualization was developed with particular reference to Canada, one of my research sites. As he notes, First Nations labour was largely "superfluous" to the emergence and expansion of capitalism in Canada (Coulthard 2014:12). In this dissertation, I maintain that his work is also valuable for understanding settings such as South Africa, my other research site, where the colonized and racialized population's labour was considerably more important to capitalist trajectories, but where dispossession similarly conveys its own particular injustices. See Section 1.3.1.
[5] Robinson (2010[1983)] apparently forged his concept of 'racial capitalism' during a sabbatical year in England, where he evidently encountered intellectuals from South Africa, my other research site, who used the phrase to refer to that country's economy under apartheid. As Kelley (2017) summarizes, Robinson "developed [the concept] from

directions" reflects its origins in a European feudal society already saturated by racialism and colonial practices. As Kelley (2017) has subsequently put it, the "tendency of European civilization through capitalism was thus not to homogenize but to differentiate—to exaggerate regional, subcultural, and dialectical differences into 'racial' ones." Since then, racial capitalism has expanded by "seizing upon [these] colonial divisions, identifying particular regions for production and others for neglect, certain populations for exploitation and still others for disposal" (Lowe 2015:150).

If 'agrarian repair' projects can usefully encourage agrarian scholars to deepen their conceptualization of colonialism and race, they can also extend work in settler colonial- and critical race and ethnic studies. In these fields, agriculture is commonly neglected as an important domain in the cultivation of settler colonialism and attendant racial formations. Yet as Wolfe (2006, 2016) points out, agriculture is often central to settler colonialism, conveying both a symbolic sense of permanence and the material resources necessary for an expanding settler state. Additionally, others consider that farming is central to either the emergence of capitalism in certain settler societies (Kulikoff 1992), or the transition from a colonial- to settler form of capitalism in other nation-states (McMichael 1980). Agriculture may even be the principal actor behind a feature that some consider characteristic of settler colonialism: an insatiable demand for land (T. King 2012; Coulthard 2014). And even as race functions as an "organizing grammar" (Stoler 1994:27), helping to structure and systematize efforts to secure access to these lands, agriculture may in turn help to codify race. One example is the 'civilizational paradigm' that motivated certain colonial agricultural training programs. Another is the deliberate exclusion

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a description of a specific system to a way of understanding the general history of modern capitalism." See Hudson (2018) for an overview of the concept's history in South Africa.

from farming of certain racialized populations on the basis of their supposed failure to 'adapt' to agriculture (Bundy 1972; Carter 1990).

Contemporary land claims and land reform programs arise on the backs of this history – often after tremendous and sustained protest by colonized peoples – and are broadly perceived as working towards decolonial objectives. To be sure, there are plenty of reasons to pursue land claims and land reform beyond agriculture or even other economic rationales. Land is an important source of identity, dignity, spiritual, and cultural practices (Coulthard 2014; Li 2014; L. Simpson 2014) – in important ways, of 'social visibility' (Atuahene 2014). The loss of these cuts deeply for colonized and racialized peoples. Land is an anchor point for expressions of autonomy, community, nationalism and sovereignty that may help these populations to recover some of what was lost. Nonetheless, insofar as land claims and land reform may presume to offer an economic remit, in rural areas agriculture is often central to this function. Yet populations that have fought long and hard to have land returned to them may find it difficult to mobilize their new holdings towards agriculture, in particular its commercial variant. They may be disadvantaged relative to settler agriculturalists by certain hangovers from (or responses to) their experiences of colonial and racial oppression (e.g. deskilling, or difficulty accessing credit due to the forms of collective and inalienable land tenure that often condition land claims and reform programs, on which see Li 2010). They are also differentially affected by the aforementioned liberal reforms to state-sponsored agriculture and attendant structural changes in commercial farming. In fact, the very form of most contemporary land claims and land reform programs have themselves been conditioned by neoliberalism, since most subscribe to 'market led agrarian reform' paradigms and so-called 'willing buyer, willing seller' approaches (see Borras 2007; Wolford 2007). Although it often goes unacknowledged, such format provides a distinct advantage to the (mostly white) populations that are exiting agriculture, rather than merely helping those that are being 'bought in'.

Arriving at this juncture, 'agrarian repair' projects promise to facilitate the proper participation in agriculture by these racialized and disadvantaged populations. This kind of 'inclusion talk' will be familiar to scholars writing towards the emerging literature on racial liberalism, who have argued that it is diagnostic of the 'multicultural' or even 'nonracial' formations of liberal democracy that pertain in many hitherto and existing settler colonies today. By turning expressions of 'socially responsible investment' and 'corporate social responsibility' towards such notions, 'agrarian repair' projects share certain features with what Rickford (2016) has called 'corporate liberalism' and Fraser (N. Fraser 2017) – choosing a perhaps more dubious modifier – has termed 'progressive neoliberalism'. As Fraser sees it, such formation involves an alliance between finance (among other "high end and 'symbolic' sectors") and race-related new social movements, wherein the latter lend their "charisma" to the former, providing cover for the political abandonment of working class interests and the upward transfer of wealth. Fraser's idea is compelling, but it needs to be combined with a deeper recognition that liberalism itself is beset with an explicitly racist history (see, for instance, Losurdo 2011; Lowe 2015). In fact, even contemporary formulations of liberal 'inclusivity' specify subtle racial hierarchies (Melamed 2006; 2015). Capitalism, in turn, mobilizes these hierarchies, resulting in what Rickford (2016) calls 'polite white supremacy'. In turn, this leaves racialized folks differentially exposed to the erosion and absences of social protections that neoliberalism entails.

'Agrarian repair' projects go further than many of these liberal formulations by engaging a more explicit, if also selective, colonial 'redress' component. They are appealing to governments bound to racial reconciliation but bent on a neoliberal dispensation, promising that financial markets will deliver what the state does not. The ventures rely on an underlying narrative that (even without appropriate state supports) agriculture can serve as an economic entry point. Such projects embark upon a neoliberal revivification of longstanding agrarian ideals of self-sufficiency, doubling expressions of financial and corporate responsibility to an older story about agriculture's capacity to enculturate responsible economic behavior. Positioning financial capital in the role of racial reconciler, 'agrarian repair' projects serve an important symbolic function: redeeming capital's public image. Effectively, these ventures promise that by facilitating agricultural 'inclusion', they will help to cleanse capitalism of its racist history, by separating it from its colonial roots (see Pasternak 2015; Sommerville 2018b). The governments and communities that sign on to 'agrarian repair' projects are banking on the promise that finance capital can facilitate a 'new history', untroubled by the colonial and racial baggage of the old.

But 'agrarian repair' projects' promises to wed investor returns to racial and colonial redress belie a substantially more complicated relationship between finance and race in recent years. Scholars are increasingly exposing the deeply racialized landscapes that underlie and are undergirded by the rise of finance, suggesting that race acts alongside class as a "central marker" of financial subjectivity (S. Hall 2012:407). Researchers in urban settings have detailed the racial dimensions of both the sub-prime mortgage scandal and housing foreclosures (e.g. Wyly *et al* 2009; Rugh and Massey 2010; Chakravartty and da Silva 2012). Similar connections have been drawn between finance and ongoing processes of settler colonialism. Goldstein (2014:42), for example, describes a marked "correlation between profits derived from financial transactions and profit from territorial seizure", which like Coulthard (2014, discussed above) he links to the persistence of 'primitive accumulation' in contemporary times. Goldstein (2014:47) goes on to argue that such feature takes on a particular charge in the wake of the 2007/8 financial crisis, when reinvigorated anxieties about national insolvency, the shortcomings of the "neoliberal fantasy of market-based salvation", and "the persistent failures of the settler colonial project" may drive new appeals to "restor[e] a sense of trust" with Indigenous and other racialized peoples through means that nonetheless "foreclose the lineages of historical injustice". One is left with the impression that the redistributive project facilitated by financialization (van der Zwan 2014) may be deeply at odds with that which many deem necessary to decolonization processes, not least, in the case of 'agrarian repair' projects, the return and use of lands long alienated from colonized peoples.

### 1.3 Comparing Canada and South Africa

While my first aim in this dissertation is to situate the concept of 'agrarian repair' projects and the fixes they purport to offer historically, my second is to examine the emergence and operation of these projects in particular settings. I do so through a comparative study of two projects, one sited in the prairie provinces of Canada, and one spanning several provinces of South Africa. The Canadian venture saw a publicly traded investment firm (Sprott Resource Corp.) establish a subsidiary (One Earth Farms) which would partner with First Nations to create a very large-scale corporate grain, oilseeds and cattle farm on land controlled by the Indigenous communities. The South African project saw an affiliate of an international banking group (Old Mutual Investment Group) establish an agricultural investment fund (the Futuregrowth Agri-Fund) which planned to follow a model pioneered by two related companies partnering with African communities to produce fruit on their landholdings. In addition to my work on these two projects, my research had additional comparative elements. In order to understand the challenges faced by First

Nations and African communities engaged in commercial farming, I first needed to comprehend the settler 'norms' in the ventures' respective agricultural subsectors. I also needed to understand the institutional 'exceptions' that characterize First Nations and African participation in these sectors (for example, with respect to land title). In each country, the firms also formed 'partnerships' with multiple communities, meaning that I had to stay alert to internal differences created by factors such as provincial boundaries and the configurations of distinct First Nations and African 'partners.' In the document that follows, I have tried to capture some of the resulting diversity without overwhelming my reader (certainly at points I was overwhelmed trying to keep all of the variants straight).

I selected One Earth Farms as my Canadian entry point based on having learned of the project during my work in agricultural policy prior to beginning my PhD.[6] While instances of finance-driven 'land grabbing' had by that point gained considerable attention in the media and among civil society groups, the phenomenon was presumed to mainly involve the application of capital from the global North to lands in the global South. I obtained funding from the Land Deal Politics Initiative (LDPI) to undertake a pilot study and then more substantive research on One Earth Farms as an instance where the global North was both the *source* and the *site* of agricultural investment. I identified my South African study, in turn, following a chance meeting at the First International Conference on Land Grabbing (Institute of Development Studies, University of Sussex, 6-8 April 2011), which the LDPI helped to facilitate. As I describe in Chapter 5, a fellow conference participant who attended a presentation on my early Canadian

[6] From April 2006 until December 2010 I worked as an Issues Management Analyst for the British Columbia Farm Industry Review Board, an administrative tribunal that is an arms-length affiliate of the provincial Ministry of Agriculture and Lands. The last four months of my employment overlapped with the first four of my PhD program. It should be clear that the research I undertook and the findings documented here, reflect my independent academic work and not the activities or views of the Board, Ministry, or provincial government in question.

research findings noted similar trends surfacing in his work in South Africa. Intrigued by his comments, I researched investment ventures using internet search engines and the online repository maintained by the non-governmental organization GRAIN (www.farmlandgrab.org) before selecting the Futuregrowth Agri-Fund as a suitable second study.

My interest in paired inquiry was thus influenced by the LDPI's emphasis on generating "in-depth research and systematiz[ing] cross-national and cross-regional comparative studies" (n.d. a). By providing a forum for sharing data, information, and knowledge, the Initiative hoped to help researchers connect local studies to broader changes in agrarian structure, new or repeating forms of agrarian capitalism, agrarian political struggles, and processes of rural displacement, dispossession, and social differentiation (LDPI n.d. b). This would help to facilitate "deeper, meaningful and productive debates around the causes and implications" of emerging shifts in land control (*ibid*.). Of course, comparison has something of a freighted history in geography and related social science disciplines, perhaps especially when it relates to matters concerning race and ethnicity and their entanglement in processes of colonialism and settler colonialism. Scholars have raised three broad sets of concerns. The first is that comparative analysis is itself rooted in colonial practices of measuring, ranking, and administering alterity or difference, and as such in maintaining notions of European and white supremacy (for a good overview, see Robinson 2011). The second is that comparativism can easily bend towards extremes, over focusing on either "parochialism as well as its ideological twin, exceptionalism" (Faragher 2014:185) or, alternatively, universalist readings that obscure more than they reveal. The third concern regards a tendency towards conceptualizing cases in overly 'discrete' terms, delimited most commonly by the boundaries of the nation-state (Stoler 2001; Goldberg 2009). Despite these cautions, comparative approaches continue to excite and attract attention from critical scholars. Veracini (2013) notes that they are gaining renewed focus in settler colonial studies, with Cornellier and Griffiths (2016:305, drawing on Morgensen 2011) suggesting that they can help to identify "settler colonialism as not merely a global phenomenon", but as actively "constitutive of the global". Medak-Saltzman and Tiongson Jr (2015:1-2) note that a turn to the comparative has similarly become "a prominent and defining feature" in critical studies of race and ethnicity – a field that is itself grappling with integrating "Native theorizing, Indigeneity and settler colonial paradigms" (see also Medak-Saltzman 2015). While "what it means to engage in comparative scholarship" often remains unexplored in this sub-field, the latter authors suggest that the approach can help to "recko[n] head on with the polyvalences of race and the intricate interlacings of racial formations across time and space" (*ibid.*:6).

Although my research was begun before these recent assessments, my comparative approach parallels these scholars' efforts to harness the analytical and political potential of comparison while avoiding its pitfalls. To do this, I employ a technique that Hart (2002, 2016) calls 'relational comparison'. This approach attempts to bring the "key forces" at play in one's research locations "into the same frame of analysis", positing one's research sites as "connected yet distinctively different nodes in globally interconnected historical geographies" (Hart 2016:373). "Rejecting any notion of pre-given cases as variants of a presumed universal/general process", Hart suggests that relational comparison rather focuses on "spatio-historical specificities as well as interconnections and mutually constitutive processes" (*ibid*.). One's research sites then play an active role in "the production of global processes in [their] specific spatio-historical conjunctures", rather than being passive recipients of such processes. For Hart, a relational comparison approach is very much a political project, capable of yielding unique opportunities for critical engagement and intervention. I suggest that relational comparison also puts into action Bloemraad's (2013:30) suggestion that "[c]omparison is most effective when it does analytical weight-lifting". One's research sites can effectively be deployed as an "analytical wedge" (Tarrow 2010:245), to pry insights each from the other. In my own case, I believe such approach has helped me to develop 'thicker' theory: to start to understand the larger 'family' of reparative projects; to use differences between my sites to think through larger modalities of repair; and to talk about emerging global patterns without assuming that reparative capitalism has a universal form.

### 1.3.1 'Separate Journeys, Similar path'?

In March 2017, while I was on leave from my PhD program to engage in my own repair processes following a serious car accident, Canada's Attorney General and Minister of Justice, Jodi Wilson-Raybould, visited South Africa. Wilson-Raybould, a member of the Kwakwaka'wakw, a coastal First Nation in the Canadian province of British Columbia, was elected to the federal government as part of Justin Trudeau's Liberal Party of Canada in October 2015. The Liberals had made reconciliation with Indigenous peoples a central plank of their election campaign, and the purpose of Raybould-Wilson's tour was to learn more about South Africa's reconciliatory approach. The title of this section is taken from a talk given at the University of Cape Town during her visit. In it, Wilson-Raybould (2017) suggested that South Africa's "path to reconciliation…offers many insights from which Canada can learn". Noting that both countries had recognized a need to "right the wrongs of the past", she suggested that addressing our respective histories is "not a choice, but a fundamental necessity for the future well-being of society and the population as a whole" (*ibid.*). The pundits at one of Canada's national newspapers, the Globe and Mail, took issue with Wilson-Raybould's phrasing. In an unsigned editorial published the day after her talk, the newspaper stressed the demographic differences between the two countries, incorrectly extending these back to the time of Canada's settlement and suggesting that it would thus be "a mistake to build a new Indigenous model based on anything other than Canada's unique history" (Globe and Mail 2017). The editorial, in turn, sparked a heated rebuttal from Senator Murray Sinclair, a prominent Ojibway lawyer who served as the Chairman of Canada's Truth and Reconciliation Commission on Indian Residential Schools from 2009 to 2015 (see Chapter 2). In his response, titled 'Apartheid in Canada', Sinclair (2017) not only dressed down the editors for their poor homework skills, he asserted that Canada had plenty to learn from South Africa. Among the lessons he specified were to "never trust the colonizer's history", that "racism is hard to overcome", that "apartheid is economic as well as political and legal", and that "without immediate economic and social reform, the legacies of racism easily live on" (*ibid.*).

In finding sufficient parallels between Canada and South Africa to draw from them my larger concept of 'agrarian repair', my position is obviously somewhat closer to that of Sinclair than that held by the national newspaper editors in question. Sinclair's use of the term apartheid in the Canadian register is a frequent move among those wishing to critique Canada's treatment of the Indigenous peoples that reside within its current borders (for other recent examples, see Henderson 2014; Kirkup 2017; Theirault 2013; Belanger and Yoon 2018). While scholars have suggested that such analogy is ultimately better understood as a matter of strategic mobilization than of semantic accuracy (see in particular Fairweather 1993; Cullingham 1997), the narrative has helped to motivate a number of the comparative studies of Canada and South Africa undertaken in recent decades (see for example, Bartlett 1988; Fairweather 2006; Cambre 2007;

Pienaar 2008; Horwitz and Newman 2010; Nagy 2012; Grey and James 2016; Horwitz 2016).[7] My own research contributes to this body of work, while trying to attend to the challenges inherent to developing 'grounded' theory from nearly antipodean locations. For folding together two ragged 'edges of empire' (*cf.* Harris 2004) demands attention to their mismatched margins, both those on the periphery of the nation-states in question and those criss-crossing their worn interiors. In Chapters 2 and 4 I provide a detailed exploration of the historical and contextual background to the agrarian repair projects at the centre of my study. Here, I aim to provide a higher level, integrated summary to allow my colleagues working in and on South Africa to understand Canada, and vice versa.

Canada and South Africa shared the British as their dominant colonial power, offset against the Dutch in South Africa and the French in Canada. Both nations enacted practices of land dispossession, racial and ethnic segregation, disenfranchisement and oppression upon their pre-colonial inhabitants. While in Canada, disease and famine helped to suppress Indigenous resistance to colonial settlement, in South Africa a series of Frontier Wars played a significant role. In the Canadian prairie provinces, a series of historical treaties were signed by First Nations and the Canadian Crown. These continue to condition relationships between the parties today. Although treaty-making was also an important part of settler colonialism in South Africa (see Kalley 2001) the resulting agreements are not much a matter of political discussion and debate in that country today.

Despite these differences, comparisons between the two countries persist in both academic and popular accounts. One reason for this is the existence of a persistent rumour –

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[7] In particular, Horwitz (Horwitz and Newman 2010; Horwitz 2016) suggests that the analogy was one of the drivers for her work and muses that Fairweather (2006) might have been similarly motivated.

sufficiently established to have that most contemporary of markers, its own Reddit page[8] – that Canada was the model for South Africa's 'native policy'. Such accounts are usually based on two common features. The first is the presence of a reserve system, codified in Canada by the 1876 *Indian Act* and in South Africa by the 1913 *Native Lands Act* (and later the 1936 *Native Trusts and Land Act*). Yet in addition to the different timelines for such legislation, critical scholars suggest that the laws were motivated by different rationales. Horwitz (2016:465-6), for example, suggests that while assimilation was the main goal of 'native' policy in Canada, in South Africa the aim was something of the obverse, namely, the 'conservation' of "traditional structures and customs" and as such a form of "retribalism". My own view is that such account may construe a degree of ideological coherence that did not in fact exist in either country's history. It also underplays certain common economic motives, namely, a desire to reduce competition for settlers in land and agricultural markets (see Carter 1990; Walker 2017). In both countries colonial officials similarly framed their endeavours as cultivating the economic 'self-sufficiency' of First Nations and African populations – even as these populations were allocated poor quality agricultural land (and relocated from that which they managed to secure despite), depriving them of the very resource that would allow them to achieve such condition (see Worden 1993; Pasternak 2016). The second major colonial feature shared by both Canada and South Africa regards the implementation of a pass system. In Canada, this was an unofficial policy initially instituted to quell unrest after the 1885 Northwest Rebellion, but which remained enshrined for decades on the prairies, limiting First Nations' ability to gather or travel to market their crops (Carter 1990). In South Africa, passes first originated as a form of labour control for

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[8] See: https://www.reddit.com/r/AskHistorians/comments/1vlmh6/ive_heard_that_the_south_afriance_apartheid_law/

slaves and Khoi in Cape Colony in the 1760s and persisted in various forms in the decades that followed (Horwitz 2016). Following the onset of apartheid in 1948, South Africa's reserve and pass systems were each repurposed to new, more extreme ends, with reserves being designated as supposed ethnic 'homelands' (or 'Bantustans') to which Africans were forcibly removed, and the pass system fortified to manage urban influx and unrest.

The issue of labour control points to another significant difference between the two national settings. This regards the centrality of African labour to the economy of South Africa during both the segregation (1910-1948) and apartheid (1948-1994) periods, when it sustained South Africa's powerful mining sector, the commercial farms that originally provisioned this sector, and later urban manufacturing and service industries. In fact many (and most prominently Wolpe 1972) suggest that maintaining a cheap supply of labour for the mines was the central function of the South African reserve system. In the Canadian prairies, by contrast, First Nations labour was not central to the forms of commercial agriculture that served as the economic backbone of the region, with the exception of the Southern Alberta sugar beet industry (Laliberte and Satzewich 1999; Laliberte 2006). It is only recently that First Nations have come to be framed as a possible solution to a pronounced farm labour crisis (a narrative that One Earth Farms in fact revitalized) – such crisis ironically resulting from intense competition from the prairies' own expanding oil and gas and minerals sectors. One result is that Canada appears as a more conventional or classical settler colony, where the targeted resource was land over labour. But recent scholarship is suggesting that land deserves more attention (alongside labour) in historical accounts of the evolution of colonialism and apartheid in South Africa as well (see Walker 2017).

All of this leaves aside what is arguably the largest contemporary difference between Canada and South Africa: namely, the extent to which the countries have undergone any form of transition from their settler colonial pasts. South Africa's transition to democracy (1994) saw the country draft a new Constitution, eliminate the Land Acts (pass laws had been repealed in 1986), dismantle the Bantustans and incorporate their territory back into a nation-state with new provincial boundaries. In Canada, the repatriation of the Constitution (1982) saw the enshrinement of Aboriginal and treaty rights, but without any specificity as to what these might entail, leaving the matter to be determined in the courts. The *Indian Act* remains in place, although there are ongoing efforts to modernize its land management provisions. Tensions between First Nations – who view treaties as a nation-to-nation agreement – and provincial governments are sometimes stark. After protracted activism and agitation from First Nations and a series of court decisions in their favour, Canada implemented a land claims process in 1973. South Africa's land reform program, instituted as part of the country's democratic transition, is a much larger scale initiative, consisting of both a land claims-like restitution stream and an affirmative action type redistribution stream (Klug 2000). Both countries have undertaken truth commissions, but South Africa's was considerably broader in scope (see Nagy 2012; Grey and James 2016). Indeed, Coulthard (2014:22) has argued that the concept of reconciliation, having been developed in "polities undergoing a formal 'transition' from the violent history of openly authoritarian regimes to more democratic forms of rule" (including, of course, South Africa) is of questionable appropriateness for Canada where no such formal transition period has occurred.

The simple summary would thus suggest that South Africa has gone considerably further towards addressing its settler colonial history, and indeed that it has broken with it, at least politically. Canada, by contrast, retains its settler coloniality through and through, and is rather engaged in continually perfecting its practice in the contemporary period (see Pasternak 2016). Yet racialized poverty and inequality remains deeply entrenched in South Africa, perhaps particularly so in rural areas, leading some to suggest that the decolonial ambit of the nation's democratic transition has not been achieved. Indeed, as I trace in Chapter 4, certain scholars argue that colonization has not only persisted in South Africa, but that it is being "reactivated" (A. Fraser 2007), including through the country's land reform programs (A. Fraser 2007; Kepe and Hall 2018). These transitions bear out unevenly in South Africa and Canada amidst geographic and demographic differences. The combined area of the provinces of Saskatchewan and Alberta (1.31 million square kilometers), where my Canadian study was situated, is actually slightly larger than the land mass of the whole of South Africa's nine provinces (1.22 million square kilometres). But the prairie population is comically low (5.20 million people) by comparison, comprising only one tenth of that of South Africa (56.72 million people). Based on the 2011 census, the current demographic breakdown of South Africa is 76.4 per cent Black Africans, 9.1 per cent White, 8.9 per cent Coloured, and 2.5 per cent Asian. If one averages the figures for Saskatchewan and Alberta from the 2016 census, one comes out with 71.4 per cent European, 17.2 per cent Visible Minorities, and 11.4 per cent Aboriginal.[9]

As I suggested earlier in this chapter, the transitions in land ownership yielded by Canada's land claims and South Africa's land reform programs are unfolding at a point when each country is integrated into an increasingly globalized agro-food system. While each has deregulated its agricultural sector, South Africa's liberalization has been far more aggressive. Commercial agriculture in both countries follows a productivist model, although there are hints

[9] In Canada, the Aboriginal category includes both First Nations and Métis (as well as Inuit). Saskatchewan has the second highest Aboriginal population (16.3 per cent) in Canada, after Manitoba (17.0 per cent).

of post-productivism around the edges.[10] There is plenty of exchange between the countries, not least in agricultural products (see Chapter 6). Saying all of this, there remains some possibility that the ensuing document will remain corrupted by a kind of Canadian self-referentialism, hinted at above in our apparent claim to a role in South Africa's colonial history that we evidently did not play. Irritatingly, Canada similarly overstates our role in ending apartheid, with constant references to former Prime Minister Brian Mulroney's outspoken criticism of the regime and his support for economic sanctions against South Africa. Critical scholars, meanwhile, have suggested that our policies around the matter were in fact substantially more ambiguous and complex (Freeman 1997, Saul 2010). Even today, Canada continues to use the conditions that pertained under apartheid as our foil, a benchmark against we measure the various crises that beset Indigenous communities – such as highly disproportionate incarceration rates (see MacDonald 2016) and an expanding Human Immunodeficiency Virus (HIV) epidemic (Bellegarde 2016).[11] This is the conjoined and sickly twin to liberal hopes that the South Africa will lead the way and tell us how to do the next, most difficult part: achieving reconciliation without shedding all of our capitalistic settler colonial proclivities.

## 1.4 Positionality, Methodology, Ethics

I am not sure my research escapes fully escapes these liberal tendencies either. In fact, Raganathan (2016) has recently pointed out the fundamental impossibility of such goal,

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[10] Never were the hints of post-productivism clearer to me than when a friend suggested that we meet for breakfast at Cape Town's Oranjezicht Farmers Market. Touring the booths, I was amazed by how similar it was to Vancouver's Trout Lake Farmers Market, right down to the vendor specializing in carnivorous plants. Although I am still not sure what this says about the future of humanity under capitalism, I am not sure it is a positive sign.

[11] The HIV situation is especially offensive given Canada's deep history of stealing South Africa's doctors even as that country grapples with its own HIV crisis, despite repeated international entreaties that we should stop. In 2009, fully 20% of the medical doctors in Saskatchewan were South African immigrants (Henheffer 2009).

suggesting that critical scholars must launch their attacks on liberalism from both inside and outside of its doctrines. Raganathan highlights the "inherently raced" liberal rubrics (e.g. "justice", "law", "democracy") that underpin grassroots demands for environmental justice – the very same ones that, pertinent to this study, underlie transitional justice approaches including truth commissions and reparations programs. "Thus the difficult, soul searching questions", she writes, becomes whether justice-oriented scholarship and activism can "turn a self-reflexive eye on its liberal roots" (Raganathan 2016:7), especially given "how hegemonic liberalism [currently] is" (*ibid.:*13).

In my case, the problem extends a ways back to my family roots, ironically enough in both agriculture and the railways, the two industries that effectively colonized the Canadian prairies. My parents were both prairie kids. My maternal great-grandparents were Doukhobors, dissenters from the Russian Orthodox Church who arrived in Canada fleeing persecution and settled on the prairies on dispossessed First Nations' land at the turn of the 20$^{th}$ century. While many in the sect subsequently relocated to South-Eastern British Columbia, my family stayed behind in Saskatchewan, my great-grandparents and grandparents farming grain near the town of Canora. My mother's childhood school photos are a sea of blonde heads. First Nations children remained sequestered in Canada's systems of Indian Residential and Day Schools, their families on reserves near Fort Pelly, some 50 kilometres away ("a huge distance in those days", says my aunt). On my father's side, my great-grandfather and grandfather both worked for the Canadian National Railway, the former as an executive and the latter as a draftsperson before becoming a locomotive safety inspector with the federal civil service. My great-aunt Nan Shipley (née Sommerville) was well known in my father's hometown of Winnipeg, Manitoba for authoring a series of books – several of them about female missionaries working at First Nations settlements

(‘*Anna and the Indians*’, published in 1955; ‘*Frances and the Crees*’, published in 1957). She also coordinated the province’s first “Indian handicrafts sales centre” (University of Manitoba Libraries 2016).

Prior to starting my dissertation, I worked at various public sector and not-for-profit jobs in agriculture for nearly a decade. This gave me a good appreciation of the issues and lexicon in the sector, and I continued to consult for agricultural organizations to cover research and living expenses over the course of my PhD program. I wrote most of this dissertation while a student at the University of British Columbia (UBC), which lies on “the traditional, ancestral and unceded territory of the xʷməθkʷəy̓əm (Musqueam) people” (UBC 2017). I finished it during the first stage of a post-doctoral fellowship at the University of Toronto, which operates on what “for thousands of years has been the traditional land of the Huron-Wendat, the Seneca, and most recently, the Mississaugas of the Credit River” (University of Toronto 2016). Some are beginning to question whether such ‘land acknowledgements’ have become so scripted and as to be superficial or emptied of meaning (see H. King 2019). Scholars have similarly postulated that reflexive acknowledgements of positionality – while necessary in the research process and beyond – may be similarly compromised, or worse that they work to actively recentre the emotions and experiences of (often white) settler non-Indigenous subjects, thereby resubstantiating settler colonialism (see Kobayashi 2003; de Leeuw and Hunt 2018). I agree with these scholars that such statements cannot be taken as a stand in for broader anti-racist and anti-colonial commitments. Thus, while my work is motivated by a concern for social justice, it presumes no easy ‘decolonizing methodology’ or simple project of “rewriting and rerighting” the colonized (L. Smith 2010 [1999]), or for that matter “unsettling” the settler colonist (see Regan 2010). Rather, my research recognizes that any claim to knowledge is partial and situated in ways that its author may never fully understand (Haraway 1988). As such, I aim for a practice of solidarity that does not insist on singularity – that is, it pursues, as Barron (2000) has put it, a 'politics of articulation' rather than a 'politics of representation'.

To put such practice into action, I have relied on what are commonly called 'mixed methods', permeated in my case with an ethnographic sensibility. My work is primarily qualitative but incorporates some quantitative analysis as well. The later included researching statistics that would help to contextualize my research, tracking land transactions and prices by analyzing property deeds and other instruments, and analyzing corporate financial statements and balance sheets. On the qualitative side, I undertook field work in both Canada and South Africa, in each case travelling to several communities to conduct a series of semi-structured interviews and occasionally participant observation. I complemented this work with a detailed review of publicly available corporate and financial records, some published directly by the firms in question (for example on corporate websites) and some filed with securities regulators. Where communities were permitted and willing to share documents related to their interactions with the firms, I reviewed those as well. Finally, I followed media coverage of the ventures closely, relying on profiles or journalistic interviews with company executives – who by and large declined to participate in my research – to gain insight into their personal philosophies and characters. I describe the particular methods used in my studies of One Earth Farms and the Furturegrowth Agri-Fund in Chapters 3 and 5, respectively.

While my methodological approach had both strengths and weaknesses, it necessitates two cautions with respect to interpreting my findings. On the community side, I necessarily sacrificed depth for breadth because I wanted to understand the larger corporate dynamics operating across communities. My grasp on intra-community dynamics and the level of community support for the ventures I studied is limited at best. Since decisions about participation in the projects were taken by community leaders and in South Africa were sometimes a government-imposed conditionality (see Chapters 3 and 5), community participation in the 'agrarian repair' projects in question should not be construed as conveying broad approval. Indeed, in some cases (described further in the chapters) it was unclear that community members were aware of the existence of a given project, never mind familiar with its particular details. On the corporate side, in turn, my selection of one 'agrarian repair' project in each country required me to focus on specific financial vehicles and firms. However, my intent was never to 'show up' these actors as particularly egregious corporate villains or uniquely 'bad apples' (forgive the fruit pun). The firms and vehicles in question tended to present themselves as pinnacles of social responsibility, a framing that then invites closer scrutiny, or at least it did mine. But rather than crusading against any particular financial or corporate firm, my objective has always been to say something about the dynamics of capitalism, here in its reparative form. I document the specificities of the projects and the companies involved only insofar as it is necessary to achieve that goal.

As a UBC student, my research required approval from the University's Behavioural Research Ethics Board (BREB), who reviewed my proposed methodology and the forms and processes I used to obtain consent from research participants prior to my fieldwork. With the exception of certain 'expert interviews' where the Board permits more flexibility, participants were informed as to the possible risks associated with participating in my research and given the choice of having their comments attributed or their confidentiality maintained. I informed participants that in the latter case, readers may still be able to identify them based on their position and/or interview responses. Since participants' decisions were split on this matter, I have elected to treat everyone anonymously (providing only the interview number and date in the text below), unless I have explicitly cleared using a participant's name with them. My BREB approval also committed me to sharing my findings with research participants and the larger public. I have started on this process by co-authoring an article for the popular press (Magnan and Sommerville 2012) and contributing to a South African Broadcasting Corporation investigative journalism program (Friedman 2016). Although a prolonged medical recovery has so far prevented me from undertaking further field visits, I keep in regular contact with research participants and am committed to returning to both sites to share the results of my work. Indeed, I hope to continue undertaking research in each location over the longer term.

### 1.5 Broken Repairs?

In a recent piece responding to a provocation by Christophers (2015a) and critiquing early approaches to understanding agro-food financialization, one of the concerns raised by Ouma (2015) is the insufficient attention paid by scholars to the many barriers to the phenomenon. Noting the distinctive biophysical, socioecological and political features characterizing farmland and agriculture, Ouma (2015:226) suggests that "It is not for nothing that a common joke [at] agri-investment conferences is 'how to make [a] million in agriculture? Start with two'. What Ouma seems not to realize is that this is simply a retreading of an old quip long made by farmers, namely that making a 'small fortune' in agriculture depends on starting with a 'big one'. Beyond leaving one to wonder whether, in a financialized era, even the jokes are derivative, Ouma's point speaks to the mixed track record of agricultural investment projects globally, many of which have failed early in their operations. Agriculture evidently does not turn out to be the portfolio breadwinner that certain financiers anticipated. In the chapters that follow, I describe how the same trend affects ‘agrarian repair’ projects, which similarly struggle to deliver the financial returns that investors apparently expect.

If ‘agrarian repair’ projects falter on the financial front, so too is their delivery of the promulgated social returns decidedly shaky. Indeed, the projects seem rather to reinscribe many of the colonial injustices they purport to address through revitalized racial essentialisms, oppressions and extractions. This will perhaps be unsurprising to critical scholars – after all, Christophers (2015b) himself has noted how quickly processes of financial ‘inclusion’ can turn to ‘exploitation’. What is perhaps more surprising (or in any case less intuitive) is the role that the projects’ supposed contributions to repairing colonial and racial injustices play in facilitating such exploitation. In the ‘agrarian repair’ projects I document, claims to be providing racial and colonial redress work to pry open all manner of accumulation channels. Facilitating access to investment finance, recently returned land, government subsidies, and a variety of other benefits, such projects make contemporary reparations programs a site of value appropriation for investors, minimizing the redistributive potential of such programs. As such, the projects provide important insights into the functioning of a contemporary form of capitalism that I call ‘reparative capitalism’ and the material returns it may provide.

Over the following four chapters, I trace the mechanics and modalities of ‘agrarian repair’ projects in order to help elaborate this larger concept. Beginning with my Canadian research, Chapter 2 traces the shifting intersections of finance, farming and First Nations in the prairie provinces from settlement until the present day. I explore the trajectory of agricultural development in the region, the emergence of various investment models in recent years, the practices of dispossession and discrimination that delimited First Nations’ participation in commercial farming historically, and efforts to address these through land claims and targeted agricultural support programs. In Chapter 3, I turn to an examination of One Earth Farms, my Canadian 'agrarian repair' project. I detail the venture's investment rationale and business model, the specific benefits it promised to First Nations, and its rapid expansion and collapse following successive financial losses. Turning then to my South African study, Chapter 4 examines the establishment and expansion of the country's commercial farming sector, recent corporatization and financialization processes therein, the historical dispossessions and oppressions that underpinned Africans' marginalization in the sector, and the land and agrarian reform programs that South Africa has implemented as part of its democratic transition. The activities of the Futuregrowth Agri-Fund 'agrarian repair' project and its associates, in turn, are detailed in Chapter 5. I trace several shifts in the Fund's investment model, the resulting engagements with African land reform beneficiaries, and the companies' persistence (and indeed expansion) despite unimpressive financial returns. Having set out these empirics, in the final chapter of the dissertation (Chapter 6), I attempt to bridge and reach beyond my two research sites by integrating insights from the underlying 'agrarian repair' projects into a set of preliminary thoughts about the operations and functions of 'reparative capitalism'. I close by reviewing recent happenings in Canada and South Africa since the completion of my field work, identifying topics and questions for further research.

# Chapter 2: Finance, Farming and First Nations in the Canadian Prairies

## 2.1 Introduction: In Fort Qu'Appelle

There are few stretches of road in in the prairies as thickly marked by Canada's continuing colonial history as the stretch of Broadway Street running through downtown Fort Qu'Appelle, a small town in South-Eastern Saskatchewan. On this Saturday in July 2014, I have stopped to examine a building that caught my eye on my drive through town the previous day. It is the 1897 storefront of the Hudson's Bay Company (HBC), now an office for Stone Ridge Realty, a real estate brokerage for the surrounding region (Figure 2.1).[12] The store replaced an HBC fur-trading post established on the edge of the current town in 1864, which in 1874 served as the negotiating grounds for Treaty Four, one of the Numbered Treaties that continue to frame relationships between First Nations and the settler state in the region, and in 1885 as a temporary camp for the Canadian Militia during the Northwest Rebellion, a five-month insurgency against the Canadian government by Métis peoples.[13] These two events and the HBC's subsequent move into the centre of town to pursue retail merchandising were each influenced by the collapse of the plains bison, previously the sustenance of Aboriginal peoples and key to the establishment of the

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[12] HBC was incorporated in 1670 under English Royal Charter and is the oldest joint-stock merchandising company in the English-speaking world. A fur-trading business for most of its history, HBC held a commercial monopoly over 'Ruperts Land', a region that includes most of present-day Saskatchewan and Alberta, before selling these lands to Canada in 1868. HBC's system of trading posts was central to the colonization of the prairies. After the end of the fur trade, the company established a large network of retail stores across Canada. HBC was purchased by an American financier, Jerry Zucker, in 2006, and then by NRDC Equity Partners, a private equity firm, in 2008. It was taken public on the Toronto Stock Exchange in 2012.

[13] The Northwest Rebellion was an uprising of Métis people against the government of Canada on account of the latter's failure to protect their land, rights and survival as distinct peoples. Although historians for many years suggested that First Nations also participated in the Rebellion, Stonechild and Waiser (1997) suggest that the government misconstrued this participation to silence First Nations demands for a renegotiation of Treaties.

HBC's trading empire on the prairies. The immigrants beginning to turn the soil of the region's recently demarcated farms presented new opportunities for merchants, but also raised significant


Figure 2.1: Stone Ridge Realty Inc. (Former HBC Store), Fort Qu'Appelle, Saskatchewan, Canada, July 2014

(Photo by author)

concerns among First Nations who found their lands subject to new forms of speculation and settlement pressure. Over the coming decades, the fortunes of the HBC and other Fort Qu'Appelle merchants waxed and waned with the business of these farmers. By 2014, the town had mostly become a retirement community for former rural residents and a restocking point for tourists exploring the scenic Qu'Appelle River Valley. The realtor's office is closed for the weekend, but the postings in the window display more than a dozen farms for sale, part of a major shake-up in farmland ownership encouraged by a surge in agricultural commodity prices after several difficult decades.

If farmers have been struggling, another segment of Saskatchewan's population appears to be on the ascent, and on the make. Two blocks west of the old HBC store sits a branch of the Peace Hills Trust (PHT), "Canada's paramount First Nations Financial Institute" (PHT 2018), established in 1980 and owned by the Samson Cree Nation, whose reserve lands are near Maskwacis (formerly Hobbema) in the neighbouring province of Alberta. Comprising eight branches and controlling approximately CAD 1.3 billion in assets by 2014, the PHT serves a largely First Nations clientele (PHT 2015).[14] Its main business is as a depository for the many trusts that have been established during four decades of land claims settlements and economic development projects involving First Nations in the region. The PHT building, a former Indian and Northern Affairs Canada office, was purchased in 1994 using settlement funds obtained by Star Blanket Cree Nation, a signatory to Treaty Four and eventual participant in One Earth Farms

[14] On 1 March 2009 (a date that roughly corresponds with the launch of OEF, the investment project examined in the next chapter), the Bank of Canada's exchange rate was CAD 1 = ZAR 7.87.

(OEF), the agricultural investment venture I will examine in Chapter 4.[15] Star Blanket also owns several nearby lots along Broadway Street, including one that hosts, on summer Saturdays like this one, the Fort Qu'Appelle and District Farmers' Market. I stop to outfit myself with dinner fixings for my return to a municipal campsite that afternoon. On Monday morning, I will meet with a Council member from Muskowekwan First Nation, another OEF participant, at the Treaty Four Governance Centre, located on the South side of town. Built in 2000, the centre features what engineer Gary Bosgoed (quoted in LaRose 2000) describes as "the largest tipi in the world – a conical chamber…used by the 34 Treaty Four Chiefs as their legislative assembly". The tipi is clearly visible from Highway 10, a regional highway connecting Fort Qu'Appelle to Yorkton, a larger town close to the lands that my maternal great-grandparents and grandparents once farmed as Doukhobor settlers to Saskatchewan.

These Fort Qu'Appelle landmarks point to the shifting relationships between First Nations, farmers, and finance that are characteristic of early twenty-first century agrarian change in the prairie provinces. The redeployment of the one-time storefront of the HBC, the regional primogenitor of colonial merchant capitalism, as a real estate office points to the growing economic traction of the so-called FIRE (Finance, Insurance and Real Estate) sector, even on the mostly rural prairies. Such sector extracts profits from farmers just as merchants once did, albeit now through rent, interest, capital gains on farm sales, and insurance premiums rather than by hawking agricultural and domestic provisions. First Nations' growing political economic power

[15] Under the Government of Canada's corporate identity program, the Department of Indian Affairs and Northern Development has had several applied titles in recent decades: Indian and Northern Affairs Canada (1970 to 2011); Aboriginal Affairs and Northern Development Canada (2011 to 2015); and Indigenous and Northern Affairs Canada (thereafter). In August 2017 Canada's Liberal government announced that it would replace the department with two separate agencies: Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada. On the prairies, the department is still popularly referred to by its sometime acronym, INAC, which I use in this dissertation.

as land holders, as an emerging rentier class, and as a financial services provider to their peers, in turn, seems to turn on its head their long-time marginalization within a largely agricultural economy. In the meantime, farmers, who alternately prospered and floundered in this economy, embark on divergent paths, with some exiting agriculture, others expanding according to the productivist model that has long dominated in the region, and still others making tentative forays into the post-productivism on display at the farmers' market. These different tensions and trajectories underlie OEF, and the processes of agrarian repair the venture sought to employ. This chapter provides the context necessary to understanding these developments and, in keeping with the framing laid out in Chapter 1, necessarily loops back to consider the historic circumstances that underlie contemporary happenings. Indeed, the week after my tour through Fort Qu'Appelle will find me meeting with George Lafond, then Treaty Commissioner for Saskatchewan and a member of the Muskeg Lake First Nation (Treaty Six), who listens to my introductory spiel, sitting back, raising one eyebrow and asking: "But Melanie, how far back are you going to go?"[16] (Interview 33, 31 July 2014). I laugh and tell him that upon reading my earliest attempt at writing about OEF back in 2011, one professor had shaken his head, frowning and exclaiming "Too much history!" Drawing together points from several of my subsequent publications and augmented with additional insights some seven years later, this chapter is my considered response to both of them.

The remainder of the chapter is divided into five sections. The first describes the historic structure and organization of farming on the Canadian prairies, focusing in particular on the

[16] The Office of the Treaty Commissioner (OTC) was established in 1989 by the then Federation of Saskatchewan Indians and the Government of Canada. Over the years, its mandates have included advising the two parties on matters including Treaty Land Entitlement, education, First Nations' livelihoods, reconciliation, and jurisdictional issues (see: http://www.otc.ca).

grain and oilseeds and beef cattle sectors where OEF established operations. I examine shifts in government supports for agriculture; challenges related to farm income, debt, labour and succession; and resulting farm consolidation patterns. I then turn to the period marked by the commodity boom and the financial crisis of 2007/8, tracing the emergence of a suite of new investment vehicles focusing on large-scale farmland ownership or – as in the case of OEF – agricultural production. I connect these developments with the aforementioned restructuring trends and explore investment managers' efforts to market their vehicles as beneficial to a sector undergoing continuous change and to Canadians more broadly. In the third section I backtrack to consider the troubling history of First Nations' farming activities following historic treaties, the dispossession of much of their traditional territories through the reserve system, and racially discriminatory government policies that preserved competitive advantages for the region's white settler farmers. First Nations' resistance to these policies and to mid-century assimilation efforts pushed the government to change tacks, marking the origin of the current slate of recognition and reconciliation politics characterizing Canada's relations with Aboriginal peoples. I next turn to the claims lodged by First Nations with respect to land and other treaty-related matters, documenting the expansion in First Nations' agricultural landholdings through claims settlements. Despite some First Nations' efforts to turn these lands towards a deepened participation in farming, I show that numerous structural barriers remain, differentially exposing First Nations to the risks inherent in farming and the intense restructuring pressures of recent decades. Finally, I consider the complex web of land administration and tenure regimes characterizing First Nations' reserves in Saskatchewan and Alberta, and recent efforts to 'modernize' such regimes to facilitate investment and natural resource development projects. Projects such as OEF, which interlink with these processes, are seen by some as a possible means of addressing First Nations' poverty and desire for self-determination. However, such projects are also entangled with the interests of the settler colonial state in decreasing its supports to Indigenous peoples by integrating them into capitalist resource extraction regimes.

### 2.2 The Structure and Organization of Farming on the Canadian Prairies

Agriculture was historically the economic backbone of the prairie region. Commercially oriented from its inception, prairie farming today is highly specialized and strongly export-oriented. While agriculture's economic significance has waned relative to other natural resources like oil and gas and the prairies' growing service industry in recent decades, it remains important, especially during broader economic downturns or slowdowns. In 2008, when executives at Sprott Resource Corporation (SRC) were laying the groundwork for OEF, primary agriculture contributed 9 per cent of Saskatchewan's GDP and comprised 8 per cent of employment in the province. In Alberta, the numbers were 0.01 per cent of GDP and 3 per cent of employment.[17]

The dominant agricultural commodities produced in the prairie provinces are grains and oilseeds as well as beef cattle. Primary production in both sectors remains dominated by family farming arrangements, with a high degree of concentration in the up- and downstream sectors. Grain and oilseed producers grow a mix of spring- and fall-seeded crops, the top three in recent years being wheat, canola and corn (Government of Saskatchewan 2016). In cattle, cow-calf ranches dominate, with producers generally arranging for spring calving and summer pasturing before selling calves on to backgrounding and finishing operations prior to slaughter (Canadian Beef 2017). As they are typically practiced on the prairies, both sectors are land extensive but

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[17] See Statistics Canada CANSIM Table 379-0030.

have relatively low labour needs, and both are characterized by a low-margin, high volume productivist orientation (Bradshaw 2004). Crop production also depends heavily on the use of agrichemicals (fertilizers and pesticides) and is highly mechanized. The use of forward contracts is becoming increasingly common in both crop and cattle production, as is the use of custom operators (e.g. for seeding, spraying, or combining) in grain operations.

The system of family farming that prevails on the prairies has its roots in the settlement of the region through the *Dominion Lands Act* (1872), under which land was surveyed and applicants were granted a parcel of 160 acres (a quarter section) for a small administration fee.[18] Agriculture was coupled with immigration in section 95 of Canada's Constitution and in early policy after Confederation (1867), and the *Act* was widely advertised to attract immigrants, in particular from elsewhere in the British Empire. The Constitution also established the federal and provincial (or territorial) governments' joint responsibility for agriculture, which continues today.

Hedley (2015) suggests that prior to the First World War, governments were reluctant to directly intervene in agriculture beyond certain acts establishing grain standards, inspection regimes, and a rail subsidy for prairie grains, which were seen as necessary to ensuring fairness for farmers among other economic participants. Together with the National Policy (1879), this legislation sought to protect the development of an industrial base in Eastern Canada, positioning Western Canada as a supplier of raw materials – an arrangement that the author suggests recreated "the original colonial policy of Great Britain", albeit within domestic borders (Hedley

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[18] The *Dominion Lands Act* also allowed for the HBC to retain five per cent of the lands in its original charter, and for sizeable grants to the Canadian Pacific Railway, to finance construction of the transcontinental railroad demanded by the province of British Columbia as a condition of joining Confederation. The use of private colonization companies to settle these and other lands helped to create a speculative real estate boom that lasted until 1892 (Lalonde 2006).

2015:4). Early surpluses, a marked decline in demand and grain prices after World War I, and the difficulties posed by the Great Depression, drought, and insect damage encouraged the emergence of producer grain co-operatives and the establishment of the Canadian Wheat Board, whose price supports and monopoly on the import and export of wheat constituted the first ongoing support mechanism in Canadian agriculture.[19] Further price supports initiated during the Second World War, together with a concern that agriculture should absorb labour returning from and displaced by the fighting, cleared the way for a more comprehensive system of agricultural supports by the late 1950s. The resulting set of programs, which provided farmers with access to subsidized credit, advance payments, marketing arrangements, price stabilization, and crop insurance, persisted through the 1960s and 1970s (Hedley 2015). Skogstad (2008) suggests that this strong 'state assistance' paradigm for agriculture in the post-war decades was guided by the belief that agriculture was an exceptional economic sector, where government intervention was required for the good and protection of society. Such paradigm recognized both the "unmanageable natural risks" faced by farmers (e.g. with respect to weather and disease outbreaks) and that "agricultural markets were subject to inequities in the bargaining power of market participants and sharp fluctuations in commodity prices" (Skogstad 2008:9). Governments of the time were also concerned to ensure a measure of parity between incomes in the agricultural and non-agricultural sectors (Hedley 2015).

The early 1980s marked the onset of several difficult decades for prairie farmers. The market restrictions imposed by the USSR grain embargo[20], the high interest rates brought on by a

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[19] The Canadian Wheat Board was initially created for the 1919 crop year to protect against falling prices after the war. The Board was revived in 1935 after co-operative wheat pools ran into problems, due in part to their reluctance to use futures markets to protect their inventory and hedge against price changes (Hedley 2015).
[20] The USSR's invasion of Afghanistan in 1980 resulted in a grain embargo undertaken by the USA, Australia, European Community, Argentina and Canada.

tightening of monetary supplies intended to combat inflation in the US (the 'Volcker shock'), and the export subsidies included in the 1985 US Farm Bill combined to pinch Canadian grain and oilseeds producers severely (*ibid*.). Repeated droughts through the latter half of the decade resulted in several *ad hoc* response programs as well as provincial legislation, including the *Saskatchewan Farm Security Act*, intended to help mitigate against heightened rates of farm bankruptcy, foreclosure, and forced sales (Christie 1991).[21] At the same time, developments in international political economy began to shift the policy paradigm for Canadian agriculture. The liberalization of trade through the Canada-US Free Trade Agreement (CUSTA, 1989), the North American Free Trade Agreement (NAFTA, 1994) and the World Trade Organization (WTO) Agreement on Agriculture (1995) increased the export orientation of prairie farming. From the mid-1990s onwards, government supports to agriculture have been delivered under so-called Federal-Provincial-Territorial framework agreements, negotiated every five years by the governments in question.

Agricultural neoliberalization greatly shifted the landscape of risk for prairie farmers. CUSTA terminated a two-price program stabilizing the price of wheat used for domestic consumption (around 10 per cent of total production). Cattle producers, meanwhile, developed a deepened dependence on the US as an export market for both live animals and beef. The Crow Rate grain transportation subsidy was eliminated (1995) and farmer-owned grain handling cooperatives underwent a tangled series of mergers and demutualizations (1996-2007),

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[21] The *Saskatchewan Farm Security Act*, introduced in 1988, consolidated five prior *Acts* (or portions thereof) that had previously formed the basis for farm protection legislation in the province. Included among these was the *Saskatchewan Farm Ownership Act*, 1974, which prohibited non-Saskatchewan residents from owning Saskatchewan farmland. The 1988 *Act* combined these farm ownership rules with home quarter protection provisions and revised farm foreclosure procedures (Government of Saskatchewan 2015). At the time, the Department of Justice opined that "[t]aken together, Saskatchewan probably has the most protective legal environment in North America" when it came to farmland (Saskatchewan Department of Justice 1988:2).

eventually consolidating into a single private company, Viterra, which would later perform some of OEF's marketing.[22] The Canadian Wheat Board was similarly reorganized and its single desk marketing power eventually dissolved (2006-2012) (Desmarais *et al* 2015).[23] Provincial restrictions put in place in 1974 prohibiting non-Saskatchewan residents from owning farmland were loosened, opening the land market to Canadian citizens and permanent residents (2002) (see Desmarais *et al* 2016). In keeping with the doctrines of the WTO and the Organization for Economic Cooperation and Development (OECD), Canada shifted from commodity-specific price supports to 'whole farm' income stabilization, although cattle producers initially opted not to participate in these programs due to fear of countervail action such as the US had recently taken against Canadian hog producers (Hedley 2015). Overall state supports to agricultural producers declined dramatically, from 36 per cent of gross farm receipts in 1986-8 to only 16 per cent by 1995-7, mainly due to the removal of market price supports for grains (OECD 2013). Although they subsequently rose slightly to 22 per cent by 2004-6 to help offset grain market constrictions associated with the Asian financial crisis they remained below average among OECD members (OECD 2007).[24] Moreover, where supports were retained, Skogstad (2008) suggests that they were reoriented towards a 'competitive' paradigm that emphasized the need for farmers to boost their productivity, efficiency, market-orientation, and self-reliance.

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[22] In 2012, Viterra was purchased through a three-way split between Glencore International (a publicly-traded, multinational commodity trading and mining company), Richardson International (a privately held Canadian grain and oilseeds processor) and Agrium (a publicly traded agricultural input firm, itself later acquired by PotashCorp, originally a crown corporation created by the Saskatchewan government).

[23] The Board continued on as a voluntary marketing organization (changing its name to CWB). In 2015, it was announced that a 50.1 per cent majority stake in CWB would be acquired by Global Grain Group, a joint venture of Bunge Limited (a publicly-traded American agribusiness and food company) and the Saudi Agricultural and Livestock Investment Company. The CWB's name was changed to G3 Canada Ltd.

[24] Developments subsequent to 2006 are covered in the next section of this chapter.

The result in the prairie provinces as elsewhere in Canada has been the acceleration of a long-term trend towards farm consolidation. From their peak in 1939, farm numbers decreased steadily, and sizes increased as some families exited the sector and others absorbed available land (Figure 2.2). Farm incomes declined steadily (when measured in real terms) after 1950 (Skogstad 2008:98-9), and by the early 2000s farm organizations were deeply agitated about a 'farm income crisis' given persistently low and negative returns from the market (NFU 2005, CFA 2006). Grain and oilseeds producers in particular had experienced a sustained period of low commodity prices that, together with bad weather, battered their bottom lines. Parliamentary

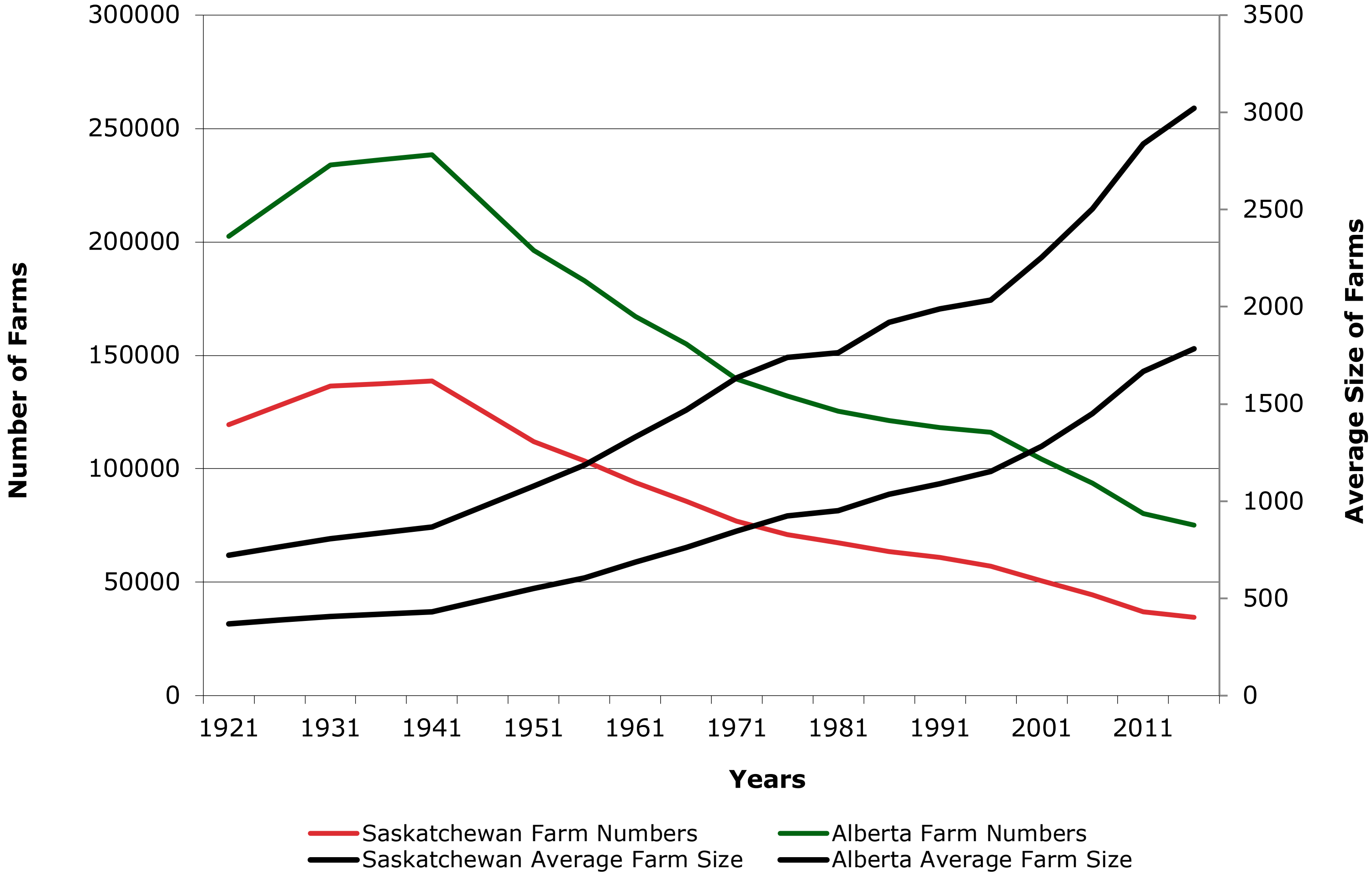


Figure 2.2: Farm Consolidation in Saskatchewan and Alberta, Canada 1921 to 2016

(Source: data from Statistics Canada CANSIM table 004-0001) investigations into the root of the crisis highlighted the growing share of farmers' dollars going to input providers as well as the uneven playing field faced by Canadian producers given continuing subsidization in the US and the European Union (SCAAF 2000; Easter 2005). These economic woes spread to the cattle sector after the discovery of a case of Bovine Spongiform Encephalopathy (BSE) on an Alberta farm in 2003, resulting in temporary border closures. The implementation of the US' Country of Origin Labelling program in 2008 further restricted cattle sales and prices.[25] Nonetheless, federal and provincial governments continued to insist that farmers become responsible for managing a larger proportion of the risks inherent to agriculture and stabilizing their own operations and incomes. In keeping with the productivist flavour of agricultural policy in past decades, analysts suggest that under recent policy iterations, it is the largest farms that harvest the majority of the government support dollars that remain (Mussell 2010, Brown 2017).

Alongside the drive towards consolidation, these challenging conditions have had several important implications for the structure and organization of the prairie farming sector. First, as part of their efforts to expand their farms and capture further economies of scale, farmers have purchased additional lands, but have also leased them, usually under cash rental arrangements with neighbors that have exited the sector, their descendants, the provincial Crown, or neighboring First Nations. Census data reveal that by 2006 (the last agricultural census before OEF established operations), 68 per cent of Saskatchewan farm operations leased some portion of their lands, and that for the province as a whole farmers' owned land base had decreased by

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[25] The Country of Origin Labelling (COOL) program required that American packers and processors identify the origin of fresh beef (among other products) on product packaging. The program created additional tracking and labeling costs for packers, who responded by refusing to accept Canadian cattle, by discounting prices and by limiting processing to particular days. After four successive WTO rulings in Canada's favour, the US finally repealed COOL in December 2015.

10.8 per cent while their leased land base had increased by 23.1 per cent since 1981.[26] This could imply a decline in farmers' overall tenure security and farm resilience, since owned land can be a valuable source of equity in years of slim margins. It also points to the erosion of farmers' control over the capital gains that derive from land appreciation. Recently, this shift has facilitated the emergence of what I describe as a 'lease-heavy, large farm' model of operations among some farmers, backed by advocates who argue that capital 'works harder' on the operations side of farming (as compared with the property side). Such commentators suggest that there need no longer be a link between farmland ownership and agricultural production on the prairies (see McClinton 2006; Hursh 2013).

The second important shift in prairie farming is that farmers have relied more and more heavily on credit, meaning that total farm debt for Saskatchewan and Alberta climbed from CAD 7.6 million in 1981 to CAD 19.1 million by 2006. Farmers retain access to subsidized borrowing via Farm Credit Canada (FCC), a Crown corporation that currently controls a third of the lending market. But FCC's operations have become more market-oriented since the 1980s (see Martin and Clapp 2015) and its preferential access to the perceived 'top tier' of farmers is under attack from critics who purport an unfair advantage over mainstream lenders (Bergevin and Poschmann 2013; Dorosh 2014). This criticism is despite mainstream banks' limited uptake of the loan guarantees that they can access under the Canadian Agricultural Loans Act, another form of subsidized credit available to farmers (AAFC 2017).

Both farmers' shift towards leasing over owning land and their growing dependence of farm credit are mediated by two underlying factors. The first is interest rates, which have been on a general downwards trend since the mid-1990s. The second is land values which, despite the

[26] See Statistics Canada CANSIM Table 004-0204.

long-term decline in farm incomes, remained relatively stable on the prairies, decreasing by 24 per cent in Saskatchewan between 1985 and 2006 and increasing by 55 per cent in Alberta over the same period (FCC 2017). Since land makes up the majority of farm assets, healthy land prices work to reduce farmers' average debt-to-asset ratio, a point that some interlocutors use to suggest that farmers are overall in good economic health and could undergo further cuts to agricultural subsidies (Painter 2005; Sparling and Uzea 2012). In an interesting framing that has both parallels and tensions with advocacy around the 'lease-heavy, large farm' model noted above, some analysts suggest a need for farmers to "separate the farmland investment decision from farm operating decisions" (Painter 2010:1). As Oltmans (2007, quoted in Painter 2010:2) puts it, farmers ought to recognize that they are "investors *in* the land" as well as "producers *on* the land".

The last two important changes in the prairie farming sector relate not to farmers' actions and decisions within it, but rather their exit from the sector. Canadian farms are facing a major succession crisis, with national news headlines expressing growing concern about the rapidly advancing average age of prairie farmers (Turner 2011, Smith-Cross 2017). In part this relates to the reluctance of many rural young people to pursue careers in farming, rather choosing other urban or other resource sector positions. But even where children wish to take over the farm, intergenerational transfer presents significant financial challenges, with parents often needing to liberate capital to fund their retirement and children under pressure to further expand operations to maintain viability. Meanwhile, new farmers have trouble getting started without a land base transferred from the previous generation or other assets to rely upon as a source of equity. Together with competition from the oil and gas sector, these succession challenges have also contributed to a severe shortage in farm labour affecting many prairie farms. Even as farmers manage ever larger and more complex operations, affordable help has become increasingly difficult to find.

### 2.3 A New Era for Prairie Agriculture?

If a historical reliance on the unstable returns of agriculture contributed to the prairies' reputation as a 'flyover region' during the latter half of the 20th Century, increasing global commodity prices in late 2007 seemed poised to give the region new stature. Rising prices for prairie resources such as oil and gas, potash, and uranium helped drive shifts in government at both the federal and provincial level. Federally, 2006 saw the election of the Conservative Party of Canada, a right-wing party that championed a populist ideology of maximizing resource extraction as a matter of good 'common sense' (Peyton and Franks 2016). Provincially, the centre-right Saskatchewan Party displaced the long-governing social democrat New Democratic Party (NDP) in 2007, employing a similar political stance (Alberta was more resolutely centre-right, being governed by the Progressive Conservatives from 1971 to 2015). The extension of the commodity boom into agriculture following a surge in food prices in 2007 was met with great enthusiasm. Analysts suggested that "increased food prices…offer prairie farmers a more optimistic future for the first time in several decades" (Mason 2009:4), and proselytized that the "return to profitability" marked a "pivotal juncture" in Canadian agriculture (Sparling and Uzea 2012:5). Although farmers would still need to extract efficiencies, harness economies of scale, innovate, and meet evolving consumer demands (including those for local and organic food) (Mason 2009), change was finally in the air. Canola, one of the prairies' leading crop exports, was pronounced the seed of "the other oil boom" (Pitts 2011) and agriculture the seat of a new group of potential “soil tycoons” (Lappano 2009). Farmers, meanwhile, cautiously reserved judgement, waiting to see if the good times would last.

Of course, it was not just right-leaning political parties and analysts who saw opportunities in rising agricultural commodity prices, but also investors. Indeed, the prairie farming sector became something of a hotspot for global investment in the mid-to-late 2000s, part of the larger trend towards agro-food system financialization discussed in Chapter 1. Investment managers touted the many benefits of the region, emphasizing the large quantity and high quality of farmland, its strong processing infrastructure, its favourable location relative to regional markets, and the stable political climate (Sommerville and Magnan 2015). Saskatchewan farmland drew particular attention, appearing in international indices (Figure 2.3) given its low-cost relative to neighboring provinces and states, a hangover from the earlier provincial restrictions around land ownership discussed above.

The diverse investment configurations that emerged in the prairies in the mid-2000s involved both farmland ownership and participation in agricultural production. At one end of the spectrum lie variations on what Fairbairn (2014) calls the ‘own-lease out’ model, wherein investors acquire a diversified portfolio of farmland and lease it to tenant farmers on anticipation of rental payments and capital gains through land appreciation. ‘Own-lease out’ investors are not typically involved in farming their amassed land, although some do exercise extensive oversight with their tenants (see Sommerville and Magnan 2015). In the prairies, practitioners of this model include a set of private equity farmland investment funds as well as certain wealthy individuals (Sommerville and Magnan 2015; Desmarais *et al* 2015). Regardless of the source of the underlying capital, ‘own-lease out’ configurations are typically considered lower risk investment ventures since farmland values in the provinces have historically been more stable than have commodity prices and are less influenced by production factors such as weather and pests.

## KNIGHT FRANK INTERNATIONAL FARMLAND INDEX

| LOCATION | PRICE NOTES | AVERAGE PRICE/HA | PRICE CHANGE 2010 | LAND VALUE RISKS** |
|---|---|---|---|---|
| ENGLAND | Average all land types | $22,000 | +13% | |
| ROMANIA | Price dependent on size of holding | $1,560-$3,250 | 0% | |
| POLAND | Price dependent on size of holding | $4,550-$8,125 | 0% | |
| UKRAINE | Five- to 10-year lease rights | $150-$350 | 0% | Political, Economic, Climate |
| RUSSIA | Price dependent on size of holding and progress of freehold application | $300-$1,000 | -10% | Political, Economic |
| ZAMBIA | Long leasehold | $1,000-$1,500** | - | Political, Climate |
| BRAZIL | Dryland double-cropping in Mato Grosso | $7,000 | +20%* | Political, Economic |
| BRAZIL | Top sugar cane land in Sao Paulo | $12,000 | +24%* | Political, Economic |
| BRAZIL | Dryland double-cropping in west Bahia | $6,000 | +6%* | Political, Economic |
| BRAZIL | Native bush with high cattle potential in Para | $300 | +11%* | Political, Economic |
| ARGENTINA | Northern provinces | $1,200-$2,500 | +10% | Political, Economic |
| ARGENTINA | Central provinces | $5,000-$10,000 | +10% | Political, Economic |
| CANADA | Saskatchewan province | $1,300 | +7%* | |
| AUSTRALIA | Dryland arable with reliable rainfall | $1,600-$1,700 | +2% | Economic, Climate |
| NEW ZEALAND | Dairy farms | $23,000 | -3% | Economic |
| UNITED STATES | Quality dryland in cornbelt states | $16,000 | +8% | Economic |

Prices are indicative and will vary widely depending on soil type, local climate and infrastructure. Price changes in local currency could vary widely from stated. *Price change mid 2009-mid 2010. **Risks exclude normal climate and commodity price fluctuations. Sources: Knight Frank Research, Knight Frank Zambia, Quotable Value, Brown & Co, AgriFrontiers, Philip Jarvis Associates, USDA, Statistics Canada, Farm Credit Canada, Hancock

POLITICAL
ECONOMIC
CLIMATE

Figure 2.3: Saskatchewan, Canada Appears in Knight Frank Farmland Index

(Source: Knight Frank 2011)

At the other end of the investment spectrum are configurations that are actively involved in farming the land that they acquire. These investment models are similar to those that Fairbairn

(2014) calls 'own-operate' except that, in keeping with the structural specificity of prairie farming described above, the farms in question often rely on a blend of owned and leased land. As such, I will call them 'access-operate' configurations.[27] By establishing very large farms often spanning multiple geographic locations, 'access-operate' investors aim to profit from high volume commodity production, appreciation on any portion of the land they own, and/or capital gains on the eventual sale of their business as a 'going concern'. OEF, which was one such practitioner among several operating in the prairies, differed from the others by focusing almost exclusively on land leased from First Nations. 'Access-operate' models are typically considered higher risk investments than the aforementioned 'own-lease out' ventures because investors have greater exposure to commodity prices and production risks (although many undertake large scale operations on a geographically diversified land base in an attempt to mitigate the latter).

The appearance of these "pinstripes on the prairies" (Waldie and Leeder 2010) sparked intense debate within the prairie sector. Farmers expressed concern that they would find themselves 'landlocked' or priced out of expansion by firms with better access to capital and sometimes tax advantages. Farmland prices began to rise very rapidly – ultimately appreciating by 178 per cent in Saskatchewan, and 112 per cent in Alberta between 2006 and 2014 – which many blamed at least in part on investor activity in farmland markets.[28] There was particular

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[27] Although admittedly imperfect, the term 'access-operate' is clearer than the obvious alternatives, i.e. 'lease/own-operate' or 'own/lease-operate'. In choosing this term, I am drawing on the work of Ribot and Peluso (2003:153), who define access as "the ability to benefit from things – including material objects, persons, institutions and symbols".

[28] Without any claim to show direct causality, Magnan and Sunley (2017) have documented that "investors, on average, paid substantially more [for prairie farmland] than other 'arms-length buyers' in most years" (where 'arms-length' transactions exclude intra-family sales). The authors suggest several possible explanations for this phenomenon, including that investors are "more discerning…and [are] therefore [purchasing] higher quality land", that they are "willing to pay more for farmland in order to capitalize on what is [perceived to be] a time-limited opportunity", and/or that investment managers may face pressure from investors to deploy the capital they have raised in a timely manner (Magnan and Sunley 2017:100).

concern around the presence of foreign and especially Chinese investors, who some suggested were finding creative ways around the remaining provincial farmland ownership restrictions.[29] At the same time, the ambivalent effects of rising farmland prices for producers collectively muted formal opposition to the phenomenon. For example, the Agricultural Producers' Association of Saskatchewan, the major farm lobby group in the province, long refrained from speaking out against farmland investors given that their membership includes both older farmers whose desire to exit farming means they benefit from a bustling, high priced farmland market and younger producers who are challenged by such development (Interview 30, 30 July 2014). With respect to 'access-operate' investors, farmers were concerned that these models would retract leased land that was central to the viability of family farming operations, and that the ability of the resulting mega-farms to negotiate preferred rates on farm inputs and outputs would undercut the competitiveness of family operations. Prairie producers' concerns were doubtless amplified by a further slide in state supports to farming, which by 2014-6 had fallen to 9 per cent of gross farm receipts (OECD 2017).[30] In turn, skyrocketing land prices and growing input costs drove up farm debt for Alberta and Saskatchewan, which increased to CAD 34.8 million by 2016.

In contrast to the concerns raised by many farmers, investment managers framed their activities as beneficial to the sector, in an attempt to curry favour with government officials, prospective tenants, the general public, and eager investors. Managers suggested that they

[29] Although at least one firm attempted to coordinate farmland purchases on behalf of investors from the Chinese-Canadian diaspora (see Sommerville and Magnan 2015), most informed observers acknowledge that that foreign investment comprises an "infinitesimally small" portion of recent acquisitions of Saskatchewan farmland (Interview 30, 30 July 2014). Nonetheless, persistent public concern about this point eventually led the Farm Land Security Board, which enforces the *Saskatchewan Farm Security Act*, to appoint a special investigator to further research the source of the funds behind recent deals.
[30] The largest component of Canada's remaining supports to farming comprise market price supports in the supply-managed dairy, poultry and eggs sectors.

offered an alternative source of capital for an investment-hungry sector (Sommerville and Magnan 2015). 'Own-lease out' firms argued that they were a welcome land buyer for highly indebted farmers who needed to deleverage to reduce risk, as well as for late-career producers or farm descendants who were ready to dispose of their landholdings. These farmland investment vehicles presented themselves as responsible landlords who could help new farmers get started in farming and more established ones optimize their efficiency and achieve economies of scale. Through sale-lease back arrangements, managers claimed that their firms could facilitate intergenerational transfer and address the cash crunch that frequently accompanies farm succession (*ibid*.). 'Access-operate' investors, in turn, suggested that they would realize the same efficiency and scale-related gains that other farmers were trying to grasp, including by leasing land from the firms 'own-lease out' investment counterparts. They proposed that their presence would benefit the public by operationalizing a new model of farming that would address declining turnover in the sector, similarly helping to resolve the succession crisis (*ibid*.).

The emergence of these new models of investment in the prairie farming sector kicked off a burst of research by new and established scholars that has continued to unfold over the intervening years (see Sommerville 2018a for a comprehensive review). In one of the earliest pieces in this oeuvre, Magnan (2012:161) examined OEF alongside Wigmore Farms, a "vertically integrated, family based mega-farm", arguing that the two vehicles represented "new avenues of corporatization for family farms and prairie agricultural development".[31] Together, he and I traced the investment strategies and business models of these and other investment vehicles, arguing (much as I have done above) that their emergence is both intimately tied to and

[31] The latter operation's land was eventually incorporated into one of the 'own-lease out' investment vehicles operating in the region (see Sommerville 2018a).

may also "reinforce and propel" pre-existing restructuring trends (Sommerville and Magnan 2015:138). Drawing on their large-scale analysis of land titles in Saskatchewan, Desmarais *et al* (2015) documented the growing rates in land concentration in select rural municipalities, identifying additional farmland investors and reflecting on their impacts vis-à-vis decreased community cohesion and vitality. In a subsequent paper, the authors showed that the amount of farmland owned by investors increased 16-fold between 2002 and 2014, which they linked to the province's adoption of an 'open for business' model that deprioritized the wider range of social purposes that investment in farmland has traditionally served (Desmarais *et al* 2016).[32] In addition to my own work comparative work in South Africa (see Chapters 4 and 5), Magnan (2015) explored investment patterns in the grain and oilseeds sector of Australia, finding considerably higher rates of overseas investment in Australian farmland, that Australian investment vehicles appear to have had more trouble raising capital, and that 'own-operate' arrangements are far more common than 'own-lease out' ones. Elsewhere, I have suggested that these and other pieces have begun to provide a "thickened local history of financialization" on the prairies, positioning recent agro-investments as "new shoots" whose "old roots" lie in shifting farming practices and patterns (Sommerville 2018a).

Recognizing recent investments as involving processes of 'local negotiation' (*cf* Sippel *et al* 2017:253) provides a useful framework for examining OEF, which paired a Toronto-based investment firm with prairie First Nations to develop a large-scale corporate farm producing grain and oilseeds and beef cattle on First Nations' land. Like other investors in the region, OEF was keen to convey its operations as socially beneficial but, unlike the others, it linked such

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[32] For a related discussion of the potential public interest gains and losses of farmland investment, see Sommerville (2012).

operations explicitly to the reparative redress of First Nations' historical marginalization within prairie agriculture. I turn to the colonial origins origins of this marginalization in the next section.

## 2.4 The Troubling History of First Nations Farming on the Prairies

The history of First Nations farming on the prairies stretches back to before the *Numbered Treaties* (1871-1921), a set of historical agreements between First Nations leaders and Queen Victoria, then the reigning monarch of Canada. The Crown viewed the treaties as land cession agreements granting First Nations only limited hunting and fishing rights on 'surrendered' lands. However, Indigenous oral histories and subsequent scholarship suggests that this is a highly biased and narrow reading of the Treaties, which First Nations rather understood as comprising a more equitable means of sharing land (see for example Venne 1997; Asch 2014). Together with the aforementioned *Dominion Lands Act* (1872), the treaties facilitated settlement of the prairies, allocating lands to First Nations through the reserve system. First Nations participants in OEF are signatories to three of these agreements: Treaty Four (1874), Treaty Six (1876) and Treaty Seven (1877). After 1876, First Nations lands and peoples were administered under the federal *Indian Act*. The *Act* places legal title to reserve lands with the Crown, which holds it for the use and benefit of a particular First Nation or group of First Nations. Although most First Nations and some factions within the Canadian state consider treaties to be nation-to-nation agreements, provincial governments have mediated some treaty terms since the 1930 Natural Resources

Transfer Agreement, which passed control over Crown lands and natural resources to provincial governments in Saskatchewan and Alberta.[33]

At the time of treaty negotiations, First Nations were suffering from widespread famine amid the collapse of plains bison populations. The federal government repeatedly denied First Nations food relief, in order to reduce administrative expenses for the region and encourage them to sign treaty agreements (Carter 1990; Daschuk 2013). Anticipating that treaties would facilitate their uptake of agriculture, First Nations negotiated for the inclusion of agricultural benefits provisions alongside the agreed land quantum (640 acres per family of five) in treaty texts. While some suggest that this conveys to First Nations a 'treaty right to agriculture' (Interview 28, 28 July 2014; VanRaes 2015), the federal government frustrated First Nations' farming efforts in the decades that followed. There were widespread delays in surveying reserves, and First Nations often received poor quality farmland.[34] Governmental policies around Aboriginal agriculture seemed to run at cross purposes. Some policies emphasized the uptake of farming as a convenient means of assimilation, usually with the underlying objective of reducing First Nations' reliance on government funds. Other policies actively constrained First Nations agriculture to preserve a competitive advantage for white settlers (see Carter 1990 for a detailed review). A series of instructional Home Farms (1879-84) established near reserves proved insufficient to support even the instructors sent to run them (*ibid.*). A network of Industrial Schools (from 1883, later consolidated with the Residential School system) were intended to provide agricultural training, but instruction quickly degenerated to ensure that First Nations

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[33] Unlike those in Eastern Canada, the provinces of Manitoba, Saskatchewan, Alberta and British Columbia were not given control over natural resources when they joined Confederation. This led to concerns that the provinces held second-class status and that regional priorities were being subordinated to national ones.
[34] For example, those portions of the Little Black Bear First Nation and Star Blanket First Nation reserves that the surveyor had originally intended for haying soon proved too wet and swampy for such use (Carter 1990:114)

students “would remain in the lowest socio-economic class of farmhands (instead of farmers)” (Legacy of Hope Foundation, n.d.). The so-called ‘Peasant Farming Policy’ (1889-97) limited First Nations to using basic implements, prohibiting the labour-saving devices that were becoming widely used off-reserve (*ibid.*). Pass (1885-1941) and permit (1880-1960s) systems restricted First Nations’ travel and agricultural commerce without the permission of the area Indian Agent (Warden 1993; Williams 2016). Efforts to subdivide reserves into severable individual lots (late 1880s-early 1900s) eroded some reserves (Carter 1990). A ‘showpiece’ First Nations’ farming colony at the File Hills (1901-1955) dispossessed members of the Peepeekisis First Nation, whose reserve was used for the endeavour (Bednasek 2009). First Nations were also subject to all manner of forced surrenders and undercompensated sales of their reserve lands, whether due to sheer pressure from settlers, for road or other infrastructure projects, or for production during and soldier settlement following the First World War (Carter 1990; Vowel 2016).[35] As Pasternak (2016) puts it, the Canadian settler state has a long history of demanding ‘self-sufficiency’ from First Nations even as it dispossesses them of the lands and resources that could enable them to achieve this condition.

Underpinning these policies were dominant perceptions of Indigenous peoples as a distinct and inferior race relative to white settlers. As Penrose (2003) has shown, ideas of nature and culture figured prominently in this assessment: First Nations were commonly portrayed as part of the very nature that settler farmers were to tame and exploit. Indigenous ontologies of

[35] For example, in 1908 Thunderchild First Nation lost its high quality reserve lands after lobbying by settlers who desired access to the recently completed Canadian National Railway (1903), which passed through the reserve. The new lands eventually surveyed for the band some 100 km north were rocky, rugged, and had a shorter growing season (ICC 2004:3-6). In turn, Ochapowace First Nation saw its reserve lands commandeered for the Greater Production Campaign, which grew crops for the war effort (Carter 1999). In 1919, the band lost 18,240 acres to the Soldier Settlement Board, which granted the land to non-Indigenous veterans (Carter 1990:252).

nature were believed to make First Nations resistant to farming, even as they also modelled an ecologically attuned agriculture that settlers could usefully emulate (Carter 1990). First Nations were perceived as biologically 'uneconomical': as indolent, improvident and lacking the natural impulse, mental attitude, and cultural values necessary to find meaning in hard work and the accumulation of property, money, and a margin of surplus (*ibid.*). Farming was seen as a civilizing enterprise, which would nurture industry and diligence, and eventually lift First Nations above primitive, pre-capitalist ways into economic rationality. Heavy emphasis was placed on independence achieved through individual rather than collective farms, supposedly to dissuade First Nations from their 'tribal' and 'communistic' ways (Carter 1990). Whether First Nations struggled or succeeded at agriculture, in turn, was read as arbitration on the intransigence of their essential character.

Of course, as Carter (1990:13) has pointed out, such analyses "ignored or seriously downplayed the economic, legal, social and climatic factors" affecting reserve farmers, whose experiences of "the same adversities and misfortunes as their white neighbours [were] aggravate[d] rather than ameliorate[d]" by the aforementioned federal policies. The result was First Nations' marginalization in the prairies' growing commercial agriculture economy. Unlike in South Africa, my second research site, First Nations were not historically an important source of labour for prairie farms, with one exception. This regards their employment in the Southern Alberta sugar beet industry, beginning in the 1950s when the industry experienced a severe labour shortage (Laliberte and Satzewich 1996; Laliberte 2006). The Aboriginal labour force peaked at some 3000 workers in 1966, most of who came from Northern reserves and communities (Laliberte 2006). Their employment was facilitated by the then Indian Affairs Branch of the federal government through paternalistic and coercive measures, including the withholding of social assistance from those deemed employable (Laliberte and Satzewich 1996). In addition to the paltry wages paid and squalid housing conditions provided by sugar beet farmers, the use of child labour from First Nations communities sparked major controversy by 1969 (Laliberte 2006). Although the sector gradually mechanized and diversified its labour base to include Mexican Mennonites, in 2004 a significant proportion of the labour in the sector was still First Nations from Northern communities (*ibid.*).

Indigenous peoples were not passive victims of governmental policies during this period, rather mounting regular protests against what many regarded as the denial of treaty rights. Although most of the government's most regressive policies were removed after the end of Second World War, new assimilation pressures emerged, culminating in the 1969 White Paper calling to rescind the *Indian Act* under then Prime Minister Pierre Trudeau. Widespread opposition to this proposal among First Nations rather reconfirmed the ultimate importance of the treaty relationship between First Nations people and the federal government (see for example the 'Red Paper' submitted by the Indian Chiefs of Alberta in 1970, and Crane Bear 2015). First Nations' opposition also helped to fuel successful land claims cases against the Crown. In 1973, the federal government established the Specific Claims process (described in detail in the next section) to address grievances relating to the fulfillment of historic treaties.

First Nations' stubborn persistence at farming was also evident in certain programs established by Indigenous leaders to assist First Nations agriculturalists. The largest of these was the Saskatchewan Indian Agriculture Program (SIAP), created by the then Federation of Saskatchewan Indians (now the Federation of Sovereign Indigenous Nations) in 1972 and funded by INAC together with the provincial government after 1975. SIAP aimed to "create viable farm units" on First Nations reserves and to "strengthen the self-reliance of Indian people" (Thomas

1993:106). The program funded the breaking of the land and the establishment of infrastructure such as dugouts, fences, and corrals for livestock. It trained farmers with respect to bookkeeping and farm management through a network of extension agents in provincial agriculture offices. SIAP also helped First Nations farmers access agricultural loans, including by setting up the Saskatchewan Indian Loan Company in 1986.[36] The program was one of the first "bottom up" economic development programs in Saskatchewan, developed with extensive input from reserve communities and agricultural operators (Williams 1993: Appendix E). An evaluation in 1987 after 15 years of operations suggested that the program had increased the number of First Nations farming units from 40 to 600 and more than quadrupled the area of reserve lands under cultivation (Thomas 1993:108).[37] Although SIAP supported both band (collective) and individual farms, there is some suggestion of a funding bias towards the latter in later years (see Saskatchewan Indian 1979). SIAP inspired parallel programs in neighboring provinces, including the Alberta Indian Agriculture Development Corporation, which later joined with SIAP and their Manitoba counterpart to form a venture capital company, InPro West Development Corporation, to fund larger scale agricultural projects on reserves.

Although Aboriginal and treaty rights were enshrined in Section 35 of Canada's Constitution when it was repatriated from Britain in 1982, such rights remained undefined. As Cuthand (2018) puts it, First Nations were left to conclude that "what [they] had obtained was the right to go to Court". The failure of the 1990 Meech Lake Accord, which sought to amend the Constitution, helped to propel the formation of the Royal Commission on Aboriginal Peoples

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[36] The Saskatchewan Indian Loan Company and InPro West Investments (referenced later in this paragraph) were amalgamated with the Saskatchewan Indian Equity Foundation in 2002.
[37] SIAP also developed a wild rice industry in Saskatchewan's north and later a processing facility and marketing company for that product.

(RCAP), an inquiry into challenges in the relationship between Aboriginal peoples and the Canadian state.[38] The Commission's final reports, issued in 1996, made some 440 recommendations, suggesting a need to expand the Aboriginal land and resource base, to establish new legislation that would both "affirm liberal rules of interpretation for historical treaties" and "provide for the implementation of existing treaty rights" (RCAP 1996:64), and to develop a renewed nation-to-nation relationship between Canada and Aboriginal peoples. Although officials from SIAP testified before the Commission and the RCAP's sectoral report on agriculture urged further support for the program, a reorganization and downsizing of the federal government in 1993 (Thomas 1993, Coburn 2017) slashed the program's budget, leading to its dissolution.

Coulthard (2014) has argued that the RCAP set the stage for the current phase of 'reconciliation politics' between First Nations and the Canadian state. In Canada, such politics converge with a somewhat older 'politics of recognition', which seek to both recognize and accommodate Indigenous claims around identity and cultural difference (Coulthard 2014:106). Under such politics the 'reconciliation' of "Indigenous assertions of nationhood with settler-state sovereignty" is undertaken through practices including "the delegation of land, capital and political power from the state to Indigenous communities through a combination of land claim settlements, economic development initiatives and self-government agreements" (*ibid*.:3). Recent years have seen several additional official reconciliation projects. Perhaps most prominent is the federal government's formal apology, in June 2008, for Canada's system of

[38] The Meech Lake Accord was intended to secure Quebec's symbolic endorsement of the repatriated Constitution after the province tried unsuccessfully to veto it. The Accord was filibustered by Elijah Harper, then a member of the Manitoba legislature and past Chief of the Red Sucker Lake First Nation (Treaty 5 adhesion). Harper was displeased that First Nations' rights had been left undefined in the Constitution and that they had not been consulted on the Accord (Dickason and McNab 2009:396).

Residential Schools, which kicked off a Truth and Reconciliation Commission (2008-2015) around First Nations' experiences therein.[39] Yet Canada maintained its objector status with respect to the United Nations Declaration on the Rights of Indigenous Peoples until November 2010, and when the Conservative government eventually endorsed the Declaration, it was described as an 'aspirational document' that was not legally binding (CBC 2010). The substance of the government's commitment to reconciliation and indeed its understanding of Canada's history and the nation's conditions of possibility was drawn further into question when, at a meeting of the G20 in September 2009, then Prime Minister Steven Harper's asserted that Canada had "no history of colonialism" (O'Keefe 2009).[40]

The conjoined politics of recognition and reconciliation that pertain in Canada have been the subject of extensive scholarly critique. Scholars argue that such politics reaffirm the sovereignty and power of a state that (contra Harper) remains both explicitly colonial and racist (Coulthard 2014; Simpson 2014; Daigle 2016; Pasternak 2017). For some theorists, such politics may work to conceptually and legally reduce First Nations to racialized minorities (as opposed to colonized peoples) whose status depends on the state to mete out recognition to them as just one among other minority groups (Simpson 2014). Such relation then compromises the emancipatory potential of the land claims settlements and state support for economic development projects that First Nations obtain, and that firms like OEF centralize in their operations. Official reconciliation projects can similarly work to fold Aboriginal assertions of rights to land and nationhood into the

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[39] Canada's Indian Residential Schools were a network of boarding schools for Indigenous children funded by INAC and administered by Christian churches. Residential schools operated from 1884 until 1996. For the reports of the Truth and Reconciliation Commission of Canada, see: http://www.trc.ca/websites/trcinstitution/index.php?p=905.
[40] Canada was one of four objectors to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), citing concerns that the Declaration's inclusion of the concept of 'free, prior, and informed consent' would give Indigenous peoples veto power with regards to development on their ancestral lands. The Liberal government subsequently removed all qualifications in May 2016, and as of mid-2018 claimed to be proceeding with integrating the Declaration into law.

"existing political, economic, and juridical structures of the nation state" (Bhandar 2004:831; see also Egan 2011; Turner 2011; Coulthard 2014). At issue is the attempt to pitch reconciliation – a concept that Coulthard (2014:106) points out was initially developed in settings like South Africa, my second dissertation research site – as appropriate for Canada. While South Africa underwent a formal 'transition' from authoritative to democratic rule, no clear or formal transition has occurred in Canada, an "ostensibly tolerant, multinational" and relatively stable liberal democracy (Coulthard 2014:15). Coulthard suggests that this requires the "ideologica[l] manufacture [of] such a transition by allocating the abuses of settler colonization to the dustbins of history, and/or purposely disentangling notions of reconciliation from questions of settler coloniality as such" (*ibid*.:108). Although as I will go on to explore in Chapter 4, there are many questions that can be asked about whether South Africa's transition has achieved (or is achieving) a decolonial remit, this does not dull the critique of reconciliation that Coulthard and other scholars advance.

While the recognition and reconciliation politics at work in Canada at OEF's founding thus appear to have had limited purchase for First Nations, they nonetheless played an important role in the evolution of the business venture. As I will go on to explore in Chapter 4, OEF's parent company Sprott Resource Corporation (SRC) mobilized a kind of 'reconciliatory goodwill' to secure support from First Nations, government officials, and agribusiness investors for the business. While these supports had numerous dimensions, foremost amongst them was access to OEF's most basic material necessity: large areas of farmland.

## 2.5 'The Land is Everything'

Though Canada's Specific Claims process addresses treaty rights beyond those related to lands, land-related claims hold a special resonance and importance for prairie First Nations. This is clearly communicated by the title of a recent publication by the Office of the Treaty Commissioner (OTC 2014) from which this chapter section takes its name. Canada's policy around Specific Claims involving land has undergone several rounds of refinement and modification since its establishment in 1973 as a negotiations-centred alternative to litigation in the Courts. What has remained constant is its reliance on a willing-buyer/willing-seller model, and its rejection of private land expropriation, with or without compensation. INAC's current policy statement on the matter is that:

> "Canada's policy on specific claims protects the current ownership and rights of private land owners. Private property is not taken away from anyone to settle specific claims. Nor is anyone asked to sell their land unwillingly." (INAC 2010)

First Nations that lodge successful claims with INAC under the policy are granted cash settlements to acquire land on the open market and may also be transferred provincial Crown land. Excepting in the latter instances, land acquisition is thus relatively unmediated by the state. This said, in the case of substantial settlements, the federal and provincial governments can set conditions around how settlement funds are managed and invested by First Nations (as they did in the case of Treaty Land Entitlement settlements, discussed below).

First Nations have long been concerned about the Crown's independence in the Specific Claims process. In 1991, this led to the creation of the Indian Specific Claims Commission (ISCC), an alternative to the courts for First Nations whose claims had been rejected by Canada. The ISCC provided mediation to facilitate settlement agreements and made non-binding recommendations on the validity of rejected claims and compensation criteria. In 2008, a major reform of the Specific Claims policy both set out the current four stage process (Figure 2.4) and replaced the ISCC with the Specific Claims Tribunal (SCT), an independent body of provincial superior court judges. Unlike its predecessor, the SCT can make binding decisions on the validity and compensation of claims.[41] In addition to strengthening the independence of the claims process, the SCT was intended to help address a huge backlog of claims and long delays in the resolution process. INAC data suggests that by 2007 more than 800 specific claims were outstanding in Canada, that it took an average of 13 years to resolve a Specific Claim, and that First Nations had submitted claims twice as fast as the Department had addressed them (OAG 2016). After several years of delays while the Tribunal readied its staff and offices, the SCT began accepting claims in June 2011.

[41] In all cases, the decision to file a claim with the SCT rests with the First Nation (or First Nations) in question and is voluntary. The Tribunal can hear all varieties of specific claims, but cannot award land as compensation. Tribunal compensation is limited to a maximum of CAD 150 million per individual claim, and the tribunal cannot award punitive damages, compensation for cultural or spiritual losses, or non-financial compensation.

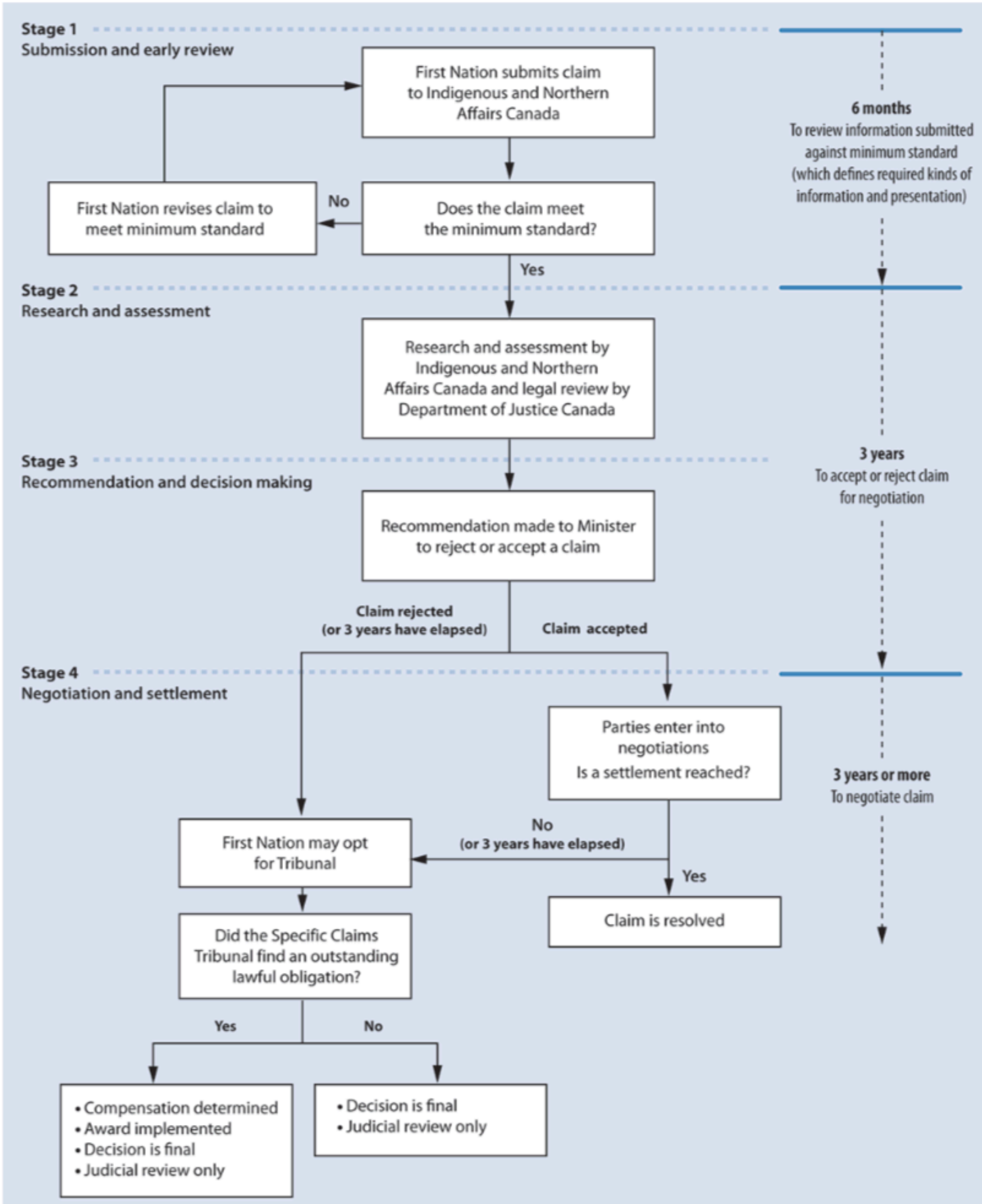


Figure 2.4: Canada's Specific Claims Process

(Source: OAG 2009)

In Saskatchewan, a significant number of Specific Claims are so-called Treaty Land Entitlement (TLE) claims, which aim to rectify shortfalls in the original allocation of lands under the Numbered Treaties due to fluctuations in band membership and undercounting in early censuses. Negotiations around a TLE process began in the 1960s but led to only a few settlements before First Nations reached a Framework Agreement with the provincial and federal governments in 1992 (see Hubbard and Poitras 2014 for a comprehensive overview of the TLE process). To date, 33 First Nations (including seven OEF participants) have signed this agreement, which commits them to using the monies obtained to purchase a certain number of acres of land – termed their 'shortfall' acres – which must then be converted to reserve status. Because TLE settlements were substantial, First Nations were required to establish trusts to administer the funds, although in most cases once acquired lands gain reserve status decision-making over them is passed to the Chief and Council.[42] The Office of the Treaty Commissioner notes that the TLE Framework Agreement "became a watershed" in Saskatchewan, "a kind of living proof that the Treaties still meant something" (OTC 2014:5). Nevertheless, the implementation of the Framework and individual agreements has faced several challenges. Perhaps the most notable is the significant delay in obtaining reserve status for land selections, which impacts First Nations' ability to pursue social and economic development opportunities and leads to significant expenditures on municipal taxes during the waiting period (see OAG 2005, 2009).[43] Unlike Saskatchewan, the province of Alberta has not implemented a TLE Framework Agreement, and has rather negotiated with First Nations on a case-by-case basis.

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[42] The TLE Framework Agreement specifies that First Nations must use their settlements to first achieve their land 'shortfall', with only a small portion of settlement monies eligible for diversion to other purposes until that point. First Nations can however use interest generated from their TLE funds, revenue from TLE lands, and any monies leftover after achieving shortfall at their own discretion, for example for economic development purposes.

[43] A report by the federal Office of the Auditor General in 2005 attributed this challenge to deficiencies in INAC's management of certain steps in the conversion process, including environmental reviews, surveys of the selected lands, and the resolution of third party interests including those pertaining to associated mineral and water rights and municipal taxation (OAG 2005). Although a follow up report in 2009 noted improvements, Saskatchewan's conversion rate still hovered at only 62 per cent of selected lands, with 700 selections (comprising 451,000 acres) still awaiting reserve status (OAG 2009).

In addition to TLE settlements, prairie First Nations have pursued several other types of Specific Claims. These include claims for forced surrenders and improper compensation for such land takings. Another increasingly common type of claim is for the non-delivery of the agricultural benefits promised in the Numbered Treaties or for certain annuities promised therein.[44] Still other types of claims include those for the historical mismanagement of First Nations' funds or assets, which turn on the federal government's continuing fiduciary obligation to First Nations. By the time that SRC executives were laying the groundwork for OEF in early 2008, the 15 First Nations that eventually joined the venture had filed a total of 42 distinct claims with INAC, settling 20 of these for a total of CAD 355.4 million. A further 20 claims remained under negotiation or litigation, with some awaiting lodgment with the SCT (which had not yet begun accepting claims). Moreover, several First Nations had settlement monies that they had yet to spend, and most had claims that they had yet to file. In other words, Specific Claims remain a live issue and given settlement delays and unfiled claims will certainly continue to unfold in years to come.

This said, where settlements have been obtained under TLE and other Specific Claims, these have significantly boosted the rural landholdings of prairie First Nations. For some First Nations, this reflects an interest in deepening their participation in farming and the agriculture sector more generally. In 2002 former FSIN Chief and White Bear First Nation (Treaty Four) member Guy Lonechild suggested that First Nations are "counting on agriculture to create wealth and opportunities" for their members (quoted in Pratt 2002). For some Nations, like the

[44] In 2009, Nekaneet First Nation, a signatory to Treaty Four, received a CAD 9.8 million settlement for the non-provision of agricultural benefits. That same year, Enoch Cree Nation and the Kainai Nation, both signatories to Treaty Six and later participants in OEF, filed similar claims. Although INAC refused Enoch's claim, it was continuing to negotiate with the Kainai as of 15 March 2018.

Kainai Nation (Treaty Seven) in Alberta, agriculture is preferred over other types of resource development such as oil and gas since it is seen as renewable and capable of providing longer-term socioeconomic benefits (Duckworth 2008). But there are also other motivations and factors contributing to First Nations' agricultural acquisitions. The prairie provinces being largely rural in their make-up, farmland is frequently what is abundant on local land markets. In some cases, First Nations have sought to acquire sites of historic and ceremonial importance that had been converted to agricultural use during their alienation from the bands. Perhaps the most significant factor is the requirement in the Saskatchewan TLE Framework Agreement that First Nations acquire a minimum number of acres (their 'shortfall') within a limited funding cap, which biased many Nations towards rural acquisitions over comparatively more costly urban lands (although some Nations, including Starblanket Cree Nation, also acquired urban parcels, as discussed in the introduction to this chapter).

This points to a larger issue: the potentially complex entanglements of the land claims process with the dynamics of rural land markets. This is a matter which has yet received very little attention from academics or other analysts. As mentioned earlier in this chapter, farmland values have accelerated very rapidly over the past decade. This presents an obstacle for First Nations trying to acquire land with limited cash settlements. For example, the Saskatchewan TLE Framework Agreement established a settlement of CAD 262.19 per acre (the average price per acre of unimproved farmland in 1989) multiplied by a certain 'equity quantum' accounting for the First Nations' population at first survey, its 'current' population at 31 March 1999, and the land already set aside in reserves (INAC n.d.). But in the mid-2010s, when many Nations were still trying to meet their required land 'shortfall', farmland was worth many times this. As but one example, a staff person from Yellow Quill First Nation suggested that by 2014, farmland in the vicinity of that community was going for CAD 1500 to 2200 per acre (Interview 24, 22 July 2014), or roughly six to eight times what had been allotted in Yellow Quill's TLE settlement.

Another interesting question regards whether First Nations encounter a race-neutral land market. Although land claims-related acquisitions comprise a relatively small component of overall land transactions in the prairie provinces in any given year (meaning that they are unlikely to have been a significant contributor to the recent run-up in land prices), anecdotal evidence suggests that some First Nations see a race-related premium applied to their land purchases. For example, a TLE trustee from Little Pine First Nation (Treaty Six) told me that his First Nation usually stays in the background during land purchases, rather deploying a white agrologist to negotiate on their behalf. This arrangement came about after the trustees took the Nation's Chief with them to negotiate an early acquisition, and she "smiled at the wrong moment" (indicating her approval of the parcel). The farmer then fixed an inflated price for the property, leading trustees to tease the Chief thereafter about her "[CAD] 10,000 smile" (Interview 6, 18 December 2010). A representative from Thunderchild First Nation (Treaty Six), meanwhile, suggested that private landowners had "squeezed" the Nation out of prospective purchases when it was looking to expand its landholdings at reasonable cost and distance from the Nation's 'home' reserve (i.e. that granted under the Nation's original treaty; Interview 21, 17 July 2014). As I will explore in the next chapter, such dynamics also extend to the market for renting First Nations land and were leveraged by OEF to gain access to reserve lands.

Land values are not the only challenge confronting First Nations in agriculture. Rather, First Nations' farming continues to be constrained by a set of structural barriers that differentially expose them to the vagaries of prairie weather and the increasingly globalized agricultural commodity markets that developed through the 1990s and early 2000s. Among the most significant of these barriers is the difficulty First Nations face in accessing credit, mainly due to the collective, inalienable form of land tenure that pertains on the majority of reserves. First Nations are able to access loans through a set of Aboriginal Capital Corporations (ACCs) – including the Saskatchewan Indian Equity Foundation, the Alberta Indian Investment Corporation and the Indian Business Corporation (Alberta). The ACCs are more accustomed to working with alternative forms of security on First Nations' reserves (such as Band Council Resolutions pledging gaming or other revenues in the case of default).[45] But as developmental lenders, these organizations charge considerably higher interest rates than do mainstream banks: in 2011, when the central bank rate was in the range of 1 per cent, the average interest rate across ACCs hovered near 9 per cent (NACCA 2011:27). Compounding this problem is the fact that many First Nations agriculturalists have difficulty accessing government supports for farming, whether to stabilize incomes, for crop insurance, or for disaster payments. Denys Arcand (cited in Pratt 2001), a farmer from Muskeg Lake Cree Nation (Treaty Six) suggested that in the early 1990s, farmers on his reserve had to undertake "9 years of phone calls" culminating in a threat to sue the federal government, before the Nation was granted access to income stabilization programs. Nonetheless, the problem recurred in the next generation of agricultural programs, apparently due to administrative hurdles created by First Nations' exemption from filing tax

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[45] Formed in the late 1980s with the objective of lending to small and medium-sized Aboriginal enterprises, Aboriginal Capital Corporations (ACCs) are a set of autonomous, First Nations-controlled financial institutions that received seed capital under 12-year contribution agreements from the federal government. Although they were intended to be self-sufficient, by 2011, ACCs were losing money due principally to higher than anticipated administrative expenses (see NACCA 2011:27). ACCs were also fighting the federal government after INAC introduced the Loan Loss Reserve Initiative, a pilot project running from 2008-10 that distributed CAD 15.5 million to six mainstream banks and credit unions for use as collateral to finance loans to First Nations businesses. The ACCs argued that the loan guarantees amounted to discrimination since they ensured that the mainstream banks could lend at lower interest rates than could ACCs (see TWCC 2010). After an independent evaluation found the banks had only leant a small fraction of the capital by the end of the pilot, the Loan Loss program was not renewed.

returns on which program assessments are based (Pratt 2006; Duckworth 2008). Moreover, even when they have been able to obtain support payments, First Nations farmers, whose operations are on average smaller than those of their settler counterparts, experience indirect discrimination due to the bias in government programs towards larger farms (Interview 28, 28 July 2014). Compounding the problem still further is the run-up in input costs over the decades. One interview participant suggested that First Nations had made out well in the years of high soil fertility that followed the clearing of their lands, but once that wore off, they "just couldn't afford to put a drop [of agrochemicals] in" (Interview 28, 24 July 2014).

These barriers mean that First Nations are disproportionately impacted by the financial risks inherent in prairie farming. Where collective (band) and individual farms persist, many struggle with economic viability. Important exceptions do exist. One of these is the Blood Tribe Agriculture Project (Treaty Seven), a diversified operation established in 1991 which by 2009 included both irrigated (18,000 acres) and dryland (240,000 acres) crop production, pasture land (125,000 acres), a beef herd and feedlot, a grain handling and storage facility, a wash and pack plant for seed potatoes, and a timothy hay plant exporting product to Pacific Rim countries (Interview 34, 1 August 2014). That same year, Ochapowace First Nation (Treaty Four) started a new band farm, initially hiring custom contractors to seed and combine their land while the Nation gradually purchased equipment to take over operations itself (Interview 29, 28 July 2014). Nonetheless, on many reserves, the absence of successful local mentors dissuades Indigenous youth from pursuing agricultural schooling and careers. In 2006 the University of Saskatchewan's then Dean of Agriculture indicated that only 2 per cent of the College's undergraduate students were aboriginal (Pratt 2006). Without a family background in farming, potential new entrants lack the equity necessary to acquire costly machinery (Interview 27, 23

July 2014). Deskilling then makes it still more difficult to enter the industry – as one respondent put it, "where do you put a greenhorn on a [CAD] 250,000 piece of equipment?" (*ibid*.). These disadvantages offset the two main features that Indigenous farmers could turn to their advantage: the fact that most First Nations' land is owned outright, and the aforementioned lack of income tax on reserve agricultural activities (Briere 2006). Overall, the cumulative result is a low participation rate in farming. Indeed in 2002, a provincial assessment calculated that First Nations in Saskatchewan farmed only 20 per cent of their arable reserve lands, leasing the remaining 80 per cent to neighboring (settler) farmers (Pratt 2004). I heard of at least one case where a First Nation's tenants included the previous owners of the land under a 'sale-leaseback' arrangement similar to that deployed by some of the new wave of farmland of farmland investors (Interview 21, 17 July 2014), and some First Nations said they were generally happy with their tenants. Others noted continuing racial tensions in rural areas, which some felt resulted in the undervaluation and mistreatment of their land.

In Saskatchewan, First Nations leaders have worked to combat these dynamics and to expand First Nations' farming on their growing reserve lands. In 2001, the FSIN established an agricultural task force which by 2005 had evolved into the First Nations Agriculture Council of Saskatchewan (FNACS). FNACS' planning exercises foresaw an agricultural industry generating CAD 100 million in revenues annually (Pratt 2004). The Council set a 25 year vision of having 80 per cent of reserve land farmed by aboriginal peoples and boosting the number of First Nations farmers to 1500 from the 350 that existed in 2006 (Pratt 2006; Briere 2009).[46] Keith LePoudre, the Council's Executive Director, suggested that the program could help to address

[46] Other goals included having 3000 First Nations people working in agriculture, and 160 with agricultural diplomas and degree (Pratt 2006; Briere 2009).

the growing labour shortage in the larger agricultural sector in the process (Briere 2009). FNACS implemented a comprehensive suite of training initiatives including 4-H programs on reserves, a Youth Livestock Program providing loans and mentorship in cattle production through the Saskatchewan Indian Equity Foundation, and a Memorandum of Understanding with the Saskatchewan Institute for Applied Sciences and Technology (Ag Notes 2003; Briere 2009a).[47] Although the Council appeared to be making good progress and its coordinator hoped to expand its programming, the shift to a new federal-provincial agricultural policy framework in 2008 obliterated the granting provisions used to support FNACS operations. In the coordinator's view, the government negotiators of the policy framework seemed to have forgotten that provinces do not represent First Nations, who rather need to be consulted directly if they are to be served by the resulting policies (Interview 28, 28 July 2014).

The timing of FNACS' collapse was inopportune given the continuing expansion of First Nations agricultural landholdings, but also because it coincided with the return of higher commodity prices for prairie farmers. When OEF emerged, it scooped both some of FNACS' key staff and several of its tactics to gain support from First Nations communities. A staff member from Little Black Bear (Treaty Four) First Nation thus described OEF as a "reactionary" project:

> "If FNACS had been properly supported, there'd be no need for OEF, First Nations would be doing it themselves. [The government] shut [FNACS] down, which opened the door to One Earth. It's reactionary. One Earth Farms is not a

[47] 4-H is a global network of youth organizations that work to support experiential learning in agriculture and other fields.

creature from First Nations, it's from government – because of their policies and lack of support for programs." (Interview 1, 13 December 2010)

By neglecting First Nations-led efforts to farm their growing land base autonomously, the government created opportunities for non-native interests to intervene, here through a resource partnership. Indeed, the government is increasingly promoting such partnerships as a path to First Nations economic development on the prairies, including by reforming the land administration and tenure regimes on reserves, a matter I examine below.

### 2.6 Land Management and Administration on Reserves

Any agricultural or economic development project on First Nations reserves must grapple with the complex web of land administration and tenure regimes that exist on reserve lands, which are quite distinct from those pertaining off-reserve. There is no single model applying to all First Nations. Rather, at the time of OEF's launch and during its early operations, First Nations could be divided into two rough groupings: those following the land administration provisions of the *Indian Act,* and those following 'local' land administration protocols of diverse origins but which are not sanctioned under the *Act*.[48] Some First Nations straddled the two groups, using a combination of *Indian Act* and local protocols depending on the matter or transaction at hand.

Although it was not yet firmly established at OEF's founding, a third option was also under development and gained traction among some First Nations during the venture's operation. This option consists of a suite of new 'land modernization' legislation that First Nations can opt into and that INAC suggests will provide them with "more control" over their lands and

[48] Although such land protocols are sometimes termed 'traditional' or 'customary', I prefer 'local' because it avoids construing a fixed or static character.

resources and "make it easier for [them] to carry out economic development projects" (INAC 2013). In the Department's words: "The goal is "opportunity ready" First Nations: communities with stable, efficient and predictable investment climates where economic development projects can operate at the speed of business." (*ibid.*) In the prairies, the 'land modernization' initiative with widest applicability is the *First Nations Lands Management Act* (FNLMA), under which First Nations can develop a bespoke land code setting out laws in relation to their reserve lands and resources.[49] In exchange, the First Nation agrees to opt out of 32 related sections of the *Indian Act* (INAC 2018). The change applies to all reserve lands and is unidirectional (i.e. once a First Nation opts out of the *Act* provisions, it cannot return to management under the *Act*). The government provides 'developmental' funding for the First Nation to develop its land code and negotiate an individual agreement with Canada specifying the 'operational' funding that will be made available for ongoing land management responsibilities (Boutilier 2016). To date, such 'operational' funding has followed a tiered formula depending on a First Nations' size and the complexity of its land management activities. The formula is subject to renegotiation by the Lands Advisory Board (which represents FNLMA signatories) and the Crown every four years. As noted briefly early, First Nations' participation in OEF coincided with the adoption of the FNLMA and other 'modernization' initiatives on some reserves – indeed, the two phenomena reinforced each other recursively.

[49] The FNLMA was enacted in 1999 following a Framework Agreement signed by 14 First Nations in 1996. INAC (2013) includes at least two other acts in the 'land modernization' family: (i) the First Nations Oil and Gas Monies Management Act (FNOGMMA), which allows First Nations to manage oil and gas resources and/or monies historically held in trust for them by the federal government; and (ii) the First Nations Commercial and Industrial Development Act, which allows First Nations to adopt regulations for complex commercial and industrial development projects on reserves. Pasternak (2015) also includes the First Nations Property Ownership Initiative, discussed later in this chapter, within the larger 'modernization' schema. In each case, adoption of the legislation in question is voluntary. FNLMA and FNOGMMA specify that once adopted, a First Nation cannot return to the *Indian Act* provisions.

Regardless of which system of land administration a First Nation follows, its Chief and Council is the ultimate local decision maker over reserve lands. However, INAC also has some bite since title to these lands ultimately rests with the Crown. Most First Nations have a particular Councilor assigned to economic development and/or land related issues and many have a Lands Manager or similar staff person that handles day-to-day administrative tasks. When OEF was established, a growing number of First Nations were enrolled in the Reserve Lands and Environment Management Program (RLEMP). Established by INAC in 2002, the RLEMP is a graduated program which provides funding for and aims to build First Nations' capacity to manage their lands, interfacing with the 'land modernization' paradigm.[50]

For those First Nations still following the *Indian Act* system of land administration (including early RLEMP enrollees), the *Act* sets out a variety of instruments which bands can use to lease out land on their reserves. Transactions involving these lands are tracked through the Indian Lands Registry System (ILRS).[51] For agricultural uses, the two main instruments for collectively held land are s.28(2) permits and s.53 leases. Permits allotted under s.28(2) of the *Act* allow for the use or occupation of reserve land for shorter terms and are INAC's preferred instrument for both crop production and cattle grazing. INAC policy is that consent via a Band Council Resolution is required for all agricultural permits. However, whether the Council shares

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[50] The RLEMP has three tiers: (1) Training and development, wherein First Nations are funded to train and professionally certify one land manger, set up a lands office, and gradually take on land management responsibilities in partnership with INAC; (2) Operational, wherein a First Nation progresses to actively managing their own lands and receiving funding for their management activities; and (3) Delegated authority, wherein a First Nation can be delegated certain authorities usually reserved for the Minister or governor-in-council under s.53 and s.60 of the Indian Act (although the Minister remains liable for all transactions). The third tier has been closed to new entrants since 2011, the idea being that First Nations will rather graduate to the First Nations Land Management Act (FNLMA) in the 'modernized' system.

[51] The ILRS was established in 1967 and was modelled after provincial registry offices. Although the registry was transitioned to a searchable on-line computer database in 1990, land transaction records were subsequently moved off-line in March 2017. Records must now be requested through INAC's regional offices, which will redact personal information as defined by Canada's *Privacy Act* before forwarding them on.

information about permittees with its broader membership is at their discretion. Under the terms of the *Act*, permits do not establish a legal interest in land and cannot be mortgaged, assigned, or subletted. This contrasts with the main alternative instrument, s.53 leases, which allow for the exclusive possession of reserve lands, and which generally cover longer periods. Leases under s.53 require that a First Nation undertake a designation, a type of non-absolute surrender of land to the federal government, which may then administer leases on a First Nations' behalf (whether to members, businesses or outside parties). Designations require the approval of First Nation members through a band referendum, although subsequent leases on designated lands do not (meaning that members would not necessarily have the opportunity to weigh in on prospective tenants). At the time of OEF's establishment, regulations required that both s.28(2) permits and s.53 leases were also screened under the Canadian Environmental Assessment Act.[52]

In addition to instances of tenancy on collectively held lands, there are also instances where a First Nation has granted an individual interest in reserve lands to particular band members. Under the *Indian Act*, members receiving such allotments are called "locatees" and are considered to have "lawful possession" of the specified lands, meaning that the individual can mortgage, assign, or sublet such lands.[53] If the locatee in question undertakes this assignment using an *Act*-sanctioned instrument, this is typically a s. 58(3) lease. But on many reserves, individual land holders rather use informal arrangements popularly referred to as 'buckshee'

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[52] In October 2012, Canada's then Conservative government introduced Bill C-45, an omnibus budget bill that overhauled certain clauses of the *Indian Act* and revised the *Canadian Environmental Assessment Act*. Whereas the *Indian Act* designation process had previously required a majority community vote, the new Bill reduced this to a majority of a single voter turnout (regardless of how many members attended). Changes to the *Environmental Assessment Act*, in turn, removed the requirement to conduct environmental assessments of permits granted on First Nations' reserves.

[53] On many reserves across Canada, allotments are codified through 'Certificates of Possession' (CPs), or less commonly 'Location Tickets', the latter a holdover from an earlier version of the *Indian Act*. However, a recent working paper by Brinkhurst and Kessler (2013) suggests that CPs are rare in Saskatchewan and Alberta relative to certain other Canadian provinces.

leases to sublet their land. First Nations utilizing a local system of land administration (rather than the *Indian Act* provisions) similarly use 'buckshee' arrangements, which in this case may cover either collectively or individually held lands. Despite their commonality on prairie reserves, buckshee leases are not enforceable in Canadian courts, meaning that they do not provide the security that many potential business partners require for large investments or development projects.[54] Moreover, two First Nations land managers that I interviewed suggested that buckshee leases are often dramatically undervalued since such arrangements are not overseen by either the local Council or INAC. At the same time, there is no guarantee that lands leased using one of the aforementioned *Indian Act* instruments will either be 'fairly' valued relative to equivalent off-reserve land. Indeed, Canadian courts have indicated that leases may discount the value of reserve land by as much as half due to its reserve status, a point of contention for many First Nations.[55]

Whether or not they are codified under the *Indian Act*, individual land holder regimes can raise thorny issues for prairie First Nations and are a considerable source of tension on some reserves. In several of the Nations that I interviewed, individual land holders control almost all of the cleared and arable land on the First Nation's 'home' reserve (i.e. that granted under the Numbered Treaties). While some of these land holders do farm the land themselves, most lease it out to non-native tenant farmers using the buckshee arrangements described above. Since the

[54] For example, in *Millbrook Indian Band v. Northern Counties Residential Tenancies Board*, the Nova Scotia Court of Appeal found that a lease issued by the band to a non-Indian was void since it had not been issued by the Minister of Indian and Northern Affairs Canada, as required under the *Indian Act.*

[55] The most high-profile case is that of *Musqueam Indian Band v. Glass,* where, in a 5-4 majority ruling, the Supreme Court of Canada accepted that 'current land value' on Indian reserves could be discounted by 50 per cent relevant to similar fee simple land off reserve due to the restrictions on sale and use that come with the land's reserve status, and/or the powers of the band council with respect to levying property taxes and passing zoning bylaws. A similar battle is currently playing out in Saskatchewan with respect to leasing revenues from cottagers on Crooked Lake on Sakimay First Nation (Treaty Four) reserve lands.

lease revenue collected on such land remits to the individual land holder, rather than the band, it cannot be used to support First Nations' programming or to benefit of the larger membership. Individual land holders often aggressively resist changes to the existing system, even as other members protest the arrangements, and First Nations councils and staff members sometimes get caught in the middle. One lands manager told me that he once posted a list of individual land holders and the revenue they were collecting at his band office to increase transparency around the matter. He was told to take it down right quick (Interview 24, 22 July 2014). Only two of the 15 First Nations involved in OEF had yet started to insist that their councils receive a portion of the leasing revenues collected by individual land holders. One other was in the process of sunsetting the arrangements, and one was trying to formalize them by transitioning individual land holders from buckshee arrangements to *Indian Act* permits.

Interviews conducted for this research also raised an interesting question around the role played by earlier First Nations' agricultural programs in establishing and codifying individual land holder regimes. One lands manager suggested that most of these arrangements on his and a neighbouring First Nation's reserve lands had their roots in the SIAP, when First Nations farmers had obtained a Band Council Resolution allotting them lands for a 10-year period as a form of security for an individual loan. Subsequent Councils had repeatedly rolled over the allotment even when the land holder ceased farming the land in question, instead leasing it to other tenants. Although the absence of research on the origins of individual land holdings on Saskatchewan reserves makes it impossible to assess whether this is more a widespread phenomenon, it does seem to accord with another interviewee's comment that most of the funding provided by SIAP went to clearing the land (Interview 28, 24 July 2014). In any case, the situation highlights the tensions that may arise around the distribution of farming or farmland leasing revenues among a First Nations' members.

## 2.7 New Regimes of Resource Extraction

The preceding discussion is important for situating OEF, which was one of the earliest attempts at the kind of resource partnership that 'land modernization' advocates might argue is the solution to the continuing marginalization of First Nations' peoples. The venture and the larger situation on the prairies both complement and complicate recent critical scholarship regarding First Nations' land rights and environmental governance in Canada. Although scholars have rightly highlighted the neoliberal character of certain land-related programming on reserves, most analyses have focused on the First Nations Property Ownership Initiative (FNPOI), a government-funded program exploring the establishment of private property regimes on First Nations reserves (see for example: Dempsey *et al* 2011; Pasternak 2015; Fabris 2018; Schmidt 2018). The FNPOI does not appear to have broad support on the prairies: several of the First Nations representatives I interviewed expressed outright opposition to the initiative, and others have written pieces expressing similar views (see Cuthand 2010).[56] As Pasternak (2016:180, emphasis in original) notes, such opposition suggests a continuing preference for *collective* territorial rights, rather than individual ones. Rather than the FNPOI, prairie First Nations wishing to pursue on-reserve economic development are typically using designations and, more recently, the FNLMA (each described above). Nonetheless, critiques that such initiatives may

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[56] Indeed, in a 2010 resolution, the Assembly of First Nations (a cross-Canada advocacy organization for First Nations) voted overwhelmingly against the FNPOI.

still advance an 'entrepreneurial' reframing of First Nations' reserve lands and members, may 'bracket off' historical processes of dispossession, and may work to discipline heightened claims with respect to self-determination may still have some relevance (see Dempsey *et al* 2011; Pasternak 2015; Schmidt 2018). Ultimately, such initiatives still depend on processes of 'recognition' by the Canadian settler state, and as such may reaffirm the state's legitimacy and sovereignty (*cf* Coulthard 2014; see also Schmidt 2018).

Like other resource development and extraction projects arising at this conjuncture, OEF thus emerged as "a site of both tension and alliance" between state, non-state and local First Nations interests (Pasternak 2015:180). The venture ultimately brought 16 First Nations communities together with financial and commercial groups attracted by the economic opportunities associated with large-scale agriculture amidst the broader prairie resource boom. Yet the state too has an interest in projects like OEF, composed of at least three entangled and overlapping threads, all mentioned above. The first is the long-term project of off-loading responsibilities related to First Nations, evidenced for example in the government's early emphasis on fostering reserve agriculture as a means of reducing the costs associated with the provision of famine relief post-Treaty. The second thread regards the medium-term neoliberal role back of state supports to agriculture, where all farmers are pushed towards greater self-reliance and First Nations are differentially exposed to risk. The third thread regards the recent reinvigoration of resource development and extraction under the federal Conservative government after 2006. While this last agenda was advanced cautiously under the minority governments attained that year and in 2008, the Conservatives went full force after gaining a majority in 2012. The federal budget they advanced through two omnibus bills that year removed environmental protections across Canada and also changed the voting thresholds required to approve resource development projects on First Nations reserves – leading some to suggest that a First Nations ‘land grab’ was underway (Lameman 2014, cited in Stanley 2016). Bitter opposition to the omnibus bills led to the emergence of Idle No More, a grassroots protest movement started by three First Nations women and a non-native ally in Saskatchewan in 2012, which quickly spread across Canada (www.idlenomore.ca; Caven 2013; Coulthard 2014; Barker 2015).

While large-scale resource development projects on reserves are thus clearly not uncontested, they are being pursued by a growing number of First Nations Councils, both independently and through joint ventures with non-native firms. OEF was unique as an agricultural project but was paralleled by projects in other resource sectors including oil and gas and potash mining. When asked about the rationale for these projects, First Nations representatives outlined both economic and political arguments. Economically, the projects were seen as a means of addressing poverty, improving band revenues, and reducing reliance on the federal transfer payments that are used to fund services including health, education, housing and the provision of drinking water on reserves. Worsening crises related to on-reserve housing and water quality – which gained prominence in the news cycle over the course of OEF’s operations (see for example Stastna 2011a, b) – are testament to the patent insufficiency of these transfer payments. So-called ‘own-source’ revenues were also seen as offering First Nations more political autonomy relative to federal transfers, where there is a sense that ‘he who pays the piper, calls the tune’. Many Councils wished to use these revenues to fund a wider range of social programs than are currently available for their members. Probably the paradigmatic example on the prairies is Muskowekwan First Nation (Treaty Four), which in addition to participating in OEF signed a joint venture agreement with Encanto Resources Ltd. to develop a potash mine on its reserve lands. A council member identified four priorities for the revenues that were expected to result: language and culture revitalization programs; on-reserve childcare to increase women's access to education, training and employment; the establishment of a law enforcement force specific to his Nation; and finally a home ownership program that would provide down-payments to would-be home owners (regardless of where they lived) and long-term lessors on reserve (Interview 26, 22 July 2014). Community members expressed various concerns about the Encanto project including the degree of consultation, accountancy and transparency of the deal; the terms of the royalty arrangement, tax schemes and employment benefits; the distribution of revenues within the First Nation and the lack of sharing with neighboring Nations; the potential environmental impacts of the mine and Encanto's track record in other countries (see Muskowekwan Coalition 2011; A. Hall 2011). Nonetheless, the arrangement was ultimately given the go ahead by the community in February 2012.

OEF seemed to face less opposition than did Muskowekwan's potash arrangement and other resource deals, perhaps because agriculture was already underway on the lands in question and because farming was seen by many First Nations as a more sustainable (or in any case less contentious) activity. Nonetheless, the case can provide important insights into how on-reserve resource projects gain traction among First Nations communities and some of the mechanics, modalities, and limitations that result.

## 2.8 Conclusion

Tracing the shifting interpenetrations of finance, farmers, and First Nations on the prairies helps to situate OEF as an 'agrarian repair' project. The emergence and shape of the venture, which I trace in the next chapter, reflected the conjunctural conditions in agriculture at the onset of the commodity boom and corresponding financial crisis in the mid-to-late 2000s, when large-scale farming came to be seen by many financial analysts as a fertile site for investment. Yet OEF also reflected long-term changes in the prairie farming sector, whose linchpin status in the historical economy of the region is illustrated by the wheat sheaf adorning everything from the fire ring at my Fort Qu'Appelle campsite to the rail cars carrying Saskatchewan grain to the port near my home in Vancouver, British Columbia (see Chapter 6). Declining government supports for farming in recent decades have accelerated longer running restructuring trends, resulting in accelerating farm consolidation, farmers' growing reliance on leased land, and deepening farm debt. Despite instability in farm incomes through the 1980s and 1990s, farmland prices remained stable and have accelerated sharply since the mid 2000s amidst strengthening commodity prices. These shifting conditions have facilitated the entry a variety of new investment vehicles into the prairie farming sector, a trend that Desmarais *et al* (2016) suggest needs to be contextualized against the larger social disinvestment visited upon agriculture by federal and provincial governments.

OEF was one of these new investment vehicles and reflected growing interest among developers in First Nations-held resources amidst the larger commodity boom. As I document in the next chapter, the venture claimed that it would provide redress to First Nations' marginalization in the agricultural economy by enrolling their growing land base in profitable, large scale farming. In this chapter, I have grounded the venture's claims in Canada's long history of "perfecting settler sovereignty" (Pasternak 2016:319), which stretches back to the Numbered Treaties and subsequent discriminatory measures that limited First Nations' ability to compete with settler farmers. This history continues to compromise the land claims that have allowed First Nations to expand their rural holdings, to echo in the government's reluctance to fund First Nations-led agricultural programs like SIAP and FNACS, and to underpin recent efforts to modernize land administration regimes and facilitate resource partnerships on First Nations reserves. OEF can provide important insights into the possibilities and limits of such partnerships. In the next chapter, I trace the emergence and evolution of the venture and the challenges that financiers and First Nations alike experienced in achieving their aspirations.

# Chapter 3: One Earth Farms

## 3.1 Introduction

It was, according to reporter Joe Friesen (2009), "the unlikeliest of marriages." On 26 March 2009, a small crowd gathered in Saskatoon, Canada to launch a new farming venture with big ambitions. One Earth Farms (OEF) would bring together Sprott Resource Corp (SRC), a Toronto-based investment firm, and First Nations, who control vast tracts of farmland in Canada's prairie provinces.[57] OEF aimed to establish a "large-scale, fully integrated corporate farm" producing grain, oilseeds and cattle on First Nations' land (SRC 2009a:1). The venture pledged to have a million acres under management by 2015, to become the biggest farm in Canada (SRC 2010a:1). OEF garnered considerable attention in the media and among prairie farmers for its massive scale and challenge to popular conceptions. As Friesen (2009) put it, the "image of a typical farmer handed down through national mythology is neither that of an investment banker in a suit, nor is it that of a native chief in traditional dress." OEF promised to turn this mythology on its head, making its corporate and community partners the "most influential farmers in…Canada" (*ibid.*).

OEF expanded its operations rapidly between 2009 and 2013. I argue that the project's early success hinged on two interlinked framings. First, OEF promised investors an opportunity to restore and preserve capital in the wake of the financial crisis by engaging agriculture as a purportedly more stable financial vehicle relative to traditional assets. Second, OEF would purportedly end historical discrimination against First Nations, enabling their fuller and fairer

[57] Under the federal *Indian Act*, legal title to reserve land in Canada is vested in the Crown, which holds it for the use and benefit of a particular First Nation or group of First Nations. See Chapter 2.

participation in farming through the practice of corporate and investor social and ecological responsibility. SRC's claims to be providing both a fix for capital and redress for First Nations allowed the project to bring together a novel alliance of financial, corporate, state, and local indigenous interests. The project engaged lands obtained through recent land claims settlements and state supports for skills training, deepening First Nations integration with the land modernization agenda described in Chapter 2 in the process. OEF attracted capital from established agri-businesses and a national impact investment fund, making First Nations' participation in the venture central to its branding in order to secure this financing, expand markets for its products, and attract associated premiums. I examine the specific opportunities for capital accumulation and valuation that the venture deployed and the challenges that OEF encountered putting its business model into operation. Although disappointing returns ultimately led to OEF's restructuring and its severance of ties with First Nations, the case provides insights into the context and contingencies of 'agrarian repair' projects, the political spaces and subjectivities they mobilize, and the limitations on their emancipatory potential for First Nations among other racialized and colonized peoples.

This chapter draws on research conducted between September 2010 and August 2018. The research included two rounds of field work on the prairies: a short pilot study in December 2010 and a longer and more ambitious tour from June through August 2014. Together these resulted in a total of 37 interviews involving 45 individuals, including OEF field staff, provincial and federal government officials, farm organization representatives, and council members and staff from 11 of the 16 First Nations that ultimately participated in the project. Corporate executives and management at SRC and OEF were invited but declined to participate in interviews for my research. I also examined corporate documents including reports that SRC, as a publicly traded company, was required to file with Canadian securities regulators.[58] Copies of the formal leases that OEF signed with First Nations were in turn retrieved from the Indian Land Registry System.[59] Finally, I reviewed documents retrieved from company websites, media stories around the project and the companies and communities involved, and postings on on-line discussion forums where farmers gather.

Despite the significant attention that OEF garnered in the prairie farming sector and in the national media, academic work on OEF has been limited. One exception is a journal article written early in OEF's operations by André Magnan (Magnan 2012), with whom I subsequently co-authored an article for the popular press (Magnan and Sommerville 2012) as well as a second journal article (Sommerville and Magnan 2015). The other important study is an evaluation of OEF (Natcher and Allen 2015) completed after the venture discontinued its engagement of First Nations. The latter work was written by two University of Saskatchewan academics with close connections to OEF: David Natcher, who was appointed Assistant Dean of Aboriginal Programs and Relations after the University obtained a large donation from SRC's founder (discussed further below), and Tom Allen, Associate Professor and Canadian Imperial Bank of Commerce Chair of Agricultural Entrepreneurship at the school whose daughter, Trina Schmid, was for at time OEF's Manager of Business Development. More recently, I have published a further journal article on the project which, while less detailed than this chapter, advances a similar argument (Sommerville 2018b). In the text below, I draw from each of these pieces where appropriate.

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[58] Such documents can be accessed through the online SEDAR filing system (http://www.sedar.com), which collects information filed with Canada's 13 provincial and territorial securities regulators.

[59] Until 1 April 2017, documents used to support the registration of land instruments contained in the ILRS documents could be accessed online (http://services.aandc-aandc.gc.ca/ILRS_Public/home/home.aspx).

The remainder of the chapter proceeds in six parts. First, I trace the origins of SRC and OEF and the key personalities behind the venture. Next, I review the investment rationale and business model underpinning the project. I then turn to OEF's engagement of First Nations, outlining both the benefits that were promised to community partners as well as those gleaned by SRC alongside other financial and corporate participants. This is followed by an examination of OEF's operations between 2009 and 2013, wherein I trace the venture's expansion and the challenges that eroded its profitability. OEF's subsequent restructuring and the venture's disengagement of First Nations beginning in 2014 is the topic of the last empirical section. I close the chapter with a summary of the key features of the case and some reflections on the insights it generates into agrarian repair projects.

### 3.2 The Origins of SRC and OEF

SRC, the company behind OEF, was established in 2007 through a private placement in a small, Vancouver-based minerals exploration firm called General Minerals Canada (GMC).[60] SRC's co-founders were Eric Sprott, a well-known investment manager in Canadian financial circles, and Kevin Bambrough, a Market Strategist at Sprott Asset Management (SAM), one of a family

[60] GMC was a public company, first incorporated in 1994 and traded on the Toronto Stock Exchange under the ticker 'GNM.' GMC focused mainly on the acquisition, exploration and early stage development of copper, gold and silver properties in the US, Mexico and South America. At the time of SRC's formation, GMC had spun off its silver properties through an initial public offering of shares in its South American Silver Corporation (TSX:SAC), and was exploring doing the same with its gold and copper properties, with which it later formed High Desert Gold Corporation (HDG:TSX-4)(GMC 2007a, b). GMC first announced that it was considering entering into a management services agreement with SAM in May 2007, as part of a broader strategic review designed to enhance the value of its shareholdings (GMC 2007b). Prior to the signing of the agreement and the concurrent private placement, GMC had 9.4 million shares outstanding and assets including CAD 7.4 million in cash alongside its remaining mineral interests (*ibid.*).

of companies linked to Sprott.[61] The placement brought CAD 60 million to GMC, which was renamed SRC, resulting in the issuance of 40 million new shares and purchase warrants to several high-net worth individuals (GMC 2007c). Among these were Lukas Lundin, a Swedish-Canadian mining tycoon and Rick Rule, director of an American natural resource-focused investment brokerage. Lundin and Rule were joined by three SAM alumni: Sprott himself, who became Chairman of the company; Bambrough, who became SRC's President and CEO; and John Embry, SAM's Chief Investment Strategist and Portfolio Manager, who became a director at the new firm (Taylor 2008). The company set up headquarters in Toronto and its shares began trading on the Toronto Stock Exchange (TSX) under the ticker SCP.

Eric Sprott's position at the helm of SRC ensured that the company would be one of the most closely watched experiments in natural resource sector investing in Canada in the surrounding decade. Sprott rose to financial fame as the manager of several high-return hedge and mutual funds in the late 1990s. In 2000, his fledgling Canadian Equity Fund reached its tenth birthday as the top performer out of nearly 3000 funds in its class, yielding a compound average annual return rate of 27.3 per cent compared to an average of 11.7 per cent among its peers (Carrick 2008). With this impressive track record and SAM's significant asset base of CAD 6.2 billion at year-end 2008 (Sprott Inc. 2009), it is easy to see why Sprott was widely viewed as "one of the most successful investors" in the country, a man with a "Midas touch" (Kiladze and Nelson 2013:n.p) who could "make money in any market" (Erman 2007). The King Midas analogy was fitting given Sprott's reputation as an enthusiastic 'gold bug' whose interest in precious metals and other natural resources meant that commodities were strongly represented in

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[61] Sprott created SAM in 2002 to take over the investment management portion of Sprott Securities Inc. (SSI), a brokerage he created in 1981. Sprott sold the remainder of SSI to the firm's employees, who subsequently renamed the company Cormark Securities Inc.

his various funds. Yet despite his success, Sprott's profilers stress that he is no typical financial megalomaniac, rather describing him as an "ordinary" guy (Adams 2008:18) who takes the streetcar to work (*ibid.*), drinks Coors Light beer even at Toronto's swankiest venues, and prefers "Tommy Hilfiger shirts and chinos" to the suits and ties of standard corporate boardroom attire (Erman 2007). Sprott is also a generous philanthropist who donated CAD 10 million to the Business school at his alma matter Carleton University, which now bears his name, as well as CAD 7 million to The Ottawa Hospital for stem cell research. With his wife and daughter, he runs a family foundation focused on providing "humanitarian aid for urgent human need, homelessness, or hunger" (SFF 2015). Sprott has a sizeable private collection of art and antiquities – including a number of works by Aboriginal and Canadian artists – some of which were featured in SRC's Toronto offices (Cameron 2011). Bambrough, Sprott's partner in launching SRC and the firm's official founder, was said to enjoy a particularly close relationship with the senior figure, leading industry analysts to refer to him as Sprott's "protégé" (Lappano 2009, Humphreys 2014) and one of the patriarch's "greatest pick[s]" (Casey 2010). Alongside his role at SRC, Bambrough would go on to also be appointed to the presidency of Sprott Inc., a company created to head Sprott's growing family of firms following a reorganization of SAM and its subsidiaries in 2009 (Sprott Inc. 2009).

SRC's corporate reports describe the firm's activities as aiming to "unearth fundamentally strong yet undervalued opportunities in the natural resource sector" (SRC 2010b:14). Bambrough has suggested that he and Sprott wanted to provide investors with an alternative model of accessing resource markets and commodities as a complement to SAM's mutual and hedge funds. SRC would permit involvement in "direct ownership of assets" and in "earlier stage projects, private companies [and] joint ventures" (Taylor 2008:1). It would also allow for a somewhat longer-term approach, being unhampered by concerns about day-to-day valuation or the need to provide liquidity (*ibid.*). The company had an early success with PBS Coals, a metallurgical coal producer, with SRC acquiring 37 per cent ownership of the company through investments totaling CAD 55 million in late 2007 and early 2008. In August 2008, PBS was acquired by OAO Severstal, a Russian Steel company, leading to dispositions of CAD 240 million for SRC (SRC 2011a). The company used these earnings together with almost CAD 90 million raised through a warrant incentive program to establish its initial investment portfolio. By the end of 2009, SRC had assets worth CAD 334.5 million under management, with investments spread across the energy (44.4 per cent), precious metals (22.1 per cent), cash and securities (21.5 per cent), and agriculture (12 per cent) sectors (SRC 2010b). Among the company's energy investments were three oil and gas subsidiaries operating in Alberta and Saskatchewan, the two prairie provinces where SRC would soon establish OEF.

OEF represented SRC's third major investment in the agriculture sector, and its second in agricultural production. As one of its earliest investments, SRC had acquired the rights to an agricultural phosphate deposit in Peru, later adding an interest in a second deposit in Idaho, USA, through its subsidiary Stonegate Agricom. SRC planned to eventually spin off the company through an initial public offering (IPO).[62] The firm has said somewhat less about its investments in the Union Agriculture Group (UAG), a company that acquires large tracts of high-quality farmland in Uruguay for the production of diverse commodities including cattle, sheep, dairy, soybeans, wheat and rice (UAG 2015). SRC first invested CAD 14.8 million in UAG in the

[62] SRC completed the IPO of Stonegate Agricom in April 2010, raising CAD 52 million in the process (SRC 2010c:11).

fourth quarter of 2008, coincident with the firm's development of OEF (SRC 2011a).[63] SRC once suggested that "the purest agricultural investments are [those that are] closest to the source" (SRC 2011b), an ideology that the firm would put into action with OEF whose operations, relative to UAG, would also be considerably closer to home.

OEF emerged out of a larger initiative established by SRC to explore natural resource development on First Nations' and other aboriginal lands in North America, itself the result of a friendship struck up between Sprott and aboriginal leaders at a meeting some years earlier. There, Sprott met Phil Fontaine, a member of Sagkeeng First Nation in Manitoba who was then in his third term as National Chief of the Assembly of First Nations (2006-2009), and who had previously served as Grand Chief of the Assembly of Manitoba Chiefs (1991-1997).[64] SRC's search for new investment opportunities led Sprott to reach out to Fontaine, introducing him to Bambrough during a meeting at the firm's offices. Fontaine has suggested that while he was initially unsure what to make of SRC, his opinion was settled upon being ushered into a meeting room called 'The Chief,' so named for its large portrait of Pîtikwahanapiwiyin (Poundmaker), a Plains Cree leader involved in Treaty 6 (1876) negotiations and the North-West Rebellion (1885). The presiding portrait made a favourable impression on Fontaine, who declared: "Right then, I decided that I liked these guys" (Fontaine, quoted in MacGregor 2009). He went on to introduce Sprott and Bambrough to Blaine Favel, a member of Poundmaker Cree Nation – which takes its name from Pîtikwahanapiwiyin – whose previous post as Grand Chief (1994-1998) of

[63] The company went on to make two subsequent investments of CAD 9.0 million and CAD 4.9 million in UAG in the first half of 2010, at the end of which year it held 9.4 per cent of UAG's issued and outstanding shares (SRC 2011a). These investments helped to facilitate the rapid expansion of UAG, which grew from 8,000 ha to 181,000 ha between 2009 and 2014 (UAG 2015).

[64] The Assembly of First Nations is a national organization whose aims are to protect and advance the aboriginal and treaty rights and interests of First Nations in Canada, including health, education, culture and language. The Assembly of Manitoba Chiefs and the Federation of Sovereign Indigenous Nations (in Saskatchewan) are similar organizations at the provincial level.

the FSIN overlapped with Fontaine's reign in the neighbouring province of Manitoba. Together, Bambrough and Favel founded One Earth Resources Corporation (OER), a wholly owned subsidiary of SRC in April 2008. The firm aimed "to partner with Canadian Aboriginal communities to explore and develop their lands and traditional territories for a broad spectrum of metals, minerals and other natural resources" (SRC 2008). Favel was appointed OER's President and CEO, and that summer, he and Bambrough toured prairie reserves, meeting with First Nations Chiefs and Council members to assess resource development opportunities.

Initially, SRC intended to focus OER on potash and potentially oil and gas development in the prairie region (OEF 2013a). In 2008, the subsidiary formed agreements with three unspecified First Nations pledging a CAD 100,000 signing bonus upon the receipt of mineral exploration permits for parcels of reserve land (SRC 2009b). A Council member from Muskowekwan First Nation in Saskatchewan confirmed that that Nation was first approached by SRC regarding a bid to develop potash on the Muskowekwan reserve, a project that SRC ultimately abandoned due to the high capital demands of the project and its assessment of contemporary risks in the potash market (Interview 2, 13 December 2010).[65] SRC evidently decided that opportunities in oil and gas were more promising, since Corporations Canada records show that in November 2009, the company changed the name of OER to One Earth Oil & Gas Inc. (OEOG). Favel remained President and CEO of OEOG, which began building out its potential exploration lands before eventually entering its first joint venture partnership

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[65] Muskowekwan First Nation subsequently established a joint venture with Encanto Potash Corp. to develop its potash reserves.

agreement, signed with Ermineskin First Nation in central Alberta, in April 2010 (Cooper 2010).[66]

SRC developed OEF in parallel with OEOG, after Bambrough noticed another abundant resource on First Nations' reserves and landholdings: "world class" farmland (SRC 2009a). Bambrough saw an opportunity for consolidating these holdings into a large-scale corporate farming operation and pulled together a team of well-connected agri-business professionals to compile a business case for the venture. Included was Larry Ruud, former head of Agricultural Consulting for Alberta at national accounting firm Meyers Norris Penny (MNP); board member at Viterra, the grain and oilseeds marketer forged from former farmer-owned co-operatives (Chapter 2); and owner of a farm south of Vermillion, Alberta. Fred Siemens – past President and CEO of the Winnipeg Commodity Exchange; former part-owner of an agricultural risk management brokerage; past MNP consultant; and Director on several regional agricultural boards – rounded out the team. Working alongside Bambrough and Favel, Ruud and Siemens developed a formal proposal that was approved by SRC's executive in December 2008. SRC then incorporated OEF, with Ruud becoming the firm's President and CEO, and Siemens the firm's Chief Operating Officer. Sprott himself was appointed Chairman of SRC's newest subsidiary. Favel and Fontaine, who became OEF's first and second aboriginal board members,

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[66] OEOG's joint venture with Ermineskin involved the lease of 2,235 hectares of the Nation's land (SRC 2011a). OEOG signed a second joint venture in April 2012 with Gift Energy, a subsidiary of the Gift Lake Métis Settlement in Northwest Alberta, covering 3,072 hectares of settlement lands (SRC 2013a). In each case, OEOG also secured additional options and leases on land contiguous to the joint venture lands prior to beginning exploration and the development of productive wells. In the Gift Lake Area, they also formed an informal partnership to acquire a neighboring play alongside Gift Energy and another industry partner in January 2015 (SRC 2015a). OEOG simultaneously established an interest in lands on and contiguous to the Fort Belknap Indian Reservation in north-central Montana, United States, in 2010, but as of 2013 was not proceeding with developing these lands due to low natural gas prices (SRC 2013a). At year-end 2015, SRC had invested at least CAD 34 million in OEOG and had raised at least CAD 8.3 million through private placements, leaving the company with 97.1 per cent ownership of the subsidiary (2015a).

were similarly well-networked connections through both their aforementioned leadership positions and their association with Canada's growing First Nations finance sector. Favel had presided over the launch of both the First Nations Bank of Canada and the Saskatchewan Indian Gaming Authority during his tenure at the FSIN, while Fontaine served as Special Advisor to the Royal Bank of Canada.[67]

### 3.3 OEF's Investment Rationale and Business Model

OEF reflected SRC's larger investment philosophy, which favoured natural resources over more conventional financial assets as a means of both "capital appreciation and real wealth preservation" (SRC 2010d). Bambrough (quoted in Alper and Hoos 2011) described himself as a "long-term hyperinflationist", who believed that growing demand for natural resources would push commodity prices higher, effectively devaluing fiat currencies. Fiscal policies in recent years would only compound this trend: in SRC's assessment, national debt levels in many countries had grown too high relative to Gross Domestic Product (GDP), while credit markets had become dangerously overleveraged. The bull run in resources through the early 2000s and the onset of the global financial crisis in 2007 seemed only to substantiate these views. Sprott surmised that the liquidity crunch that the crisis visited upon the financial sector was only the beginning of the sector's woes, which stood to get much worse (Carrick 2008:21). As he put it, "[t]he Solution…is the Problem" (Sprott and Franklin 2009), with Bambrough (quoted in Taylor

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[67] The First Nations Bank of Canada (www.fnbc.ca) was initially established in 1996 through a strategic alliance between the FSIN, aboriginal capital corporation the Saskatchewan Indian Equity Foundation, and TD Bank. In 2009, it became the first Canadian chartered bank to be independently controlled by Aboriginal shareholders who currently own 80 per cent of its shares. The Saskatchewan Indian Gaming Authority (www.siga.sk.ca) operates six casinos in the province, with profits distributed between a provincial trust, community development corporations and the provincial treasury.

2008) similarly opining that the Quantitative Easing that many governments were pursuing would fail to address the underlying challenge, namely the "complete demand destruction from global consumers who had been spending beyond their means for years." Indeed, such "print and bail" measures (*ibid.*) would only feed what Bambrough described as a "fiat currency-bubble" (Bambrough, quoted in Gold Report 2008). SRC argued that agriculture and other natural resources provided a better stock of value than 'paper money' assets like bonds and financial stocks, which in firm's view were increasingly without backing. Said Bambrough (quoted in Energy Report 2011): "we are at a unique time in history, in which the populace, as a whole, perceives currency to have value, so therefore it does." He suggested that such "faith [would soon] dwindle" (*ibid.*), leading to a flight to safety into resources. As such – and as SRC succinctly summarized in the opening pages of one of its Annual Reports – amid the "changed global investment dynamics" of the "real world," "real assets" provided the best guarantee of "real wealth" (SRC 2011a:9).

SRC's position on the perils facing the global economy were unconventional in the finance industry. In his entertaining opening to a profile of Sprott, Erman (2007) wrote:

> "Observe the crowd when Eric Sprott heads to the front of a room full of financial types and launches into his routine: Eyes roll, heads shake and hushed voices trade asides. It's hardly the reception you'd expect for one of the most successful investors in the country. But it's not difficult to fathom why Sprott makes audiences uncomfortable. People whose livelihoods depend on the financial markets don't want to hear yet again that the world is running out of oil, that the price of gold is headed for the moon, that the world's currencies are doomed to devaluation and the global financial system is on the brink of

collapse. And they especially don't want to hear it from someone who is right so often – a guy who called the end of the technology bubble and the plunge in the U.S. housing market well ahead of time. In a world fueled by optimism, Eric Sprott is a big downer."

While Sprott and Bambrough were bullish on the stock market through the 1990s, by 2008 both were self-described bears who believed that "successful investing requires a willingness to engage in contrarian behavior" (SRC 2010b:16). As Erman (2007) went on to put it, reading Sprott's analyses, one could easily place his firms "not on Bay Street but in an underground bunker staffed with equal complements of conspiracy theorists and survivalists." Yet he notes that people who know Sprott well attribute much of his success to his "sunny outlook" (*ibid.*) an unusual attribute for a member of what Marc Faber (2017), a one-time Director at Sprott Inc., called the "gloom, boom, and doom" club.[68]

SRC's investment model attempted to put the financial crisis to good use, with Bambrough (quoted in Gold Report 2008) arguing that "the opportunities opening up to us in [the resource sector over] the next six to 12 months are once-in-a-lifetime". SRC suggested that constraints in capital markets would create "attractive valuations" in the sector, noting that the firm was in "fantastic shape" to act on these opportunities given its substantial cash balance. Bambrough was particularly keen on arbitraging between private and public markets, outlining SRC's typical approach to money-making as follows:

"We find great companies at a significant discount to their public company comparables – typically 50 per cent less. So if we do nothing else other than

[68] Faber, who is Managing Director of Marc Faber Ltd., an investment advisory and fund management firm, joined the board of Sprott Inc. in January 2010. He resigned from the board in October 2017 after publishing inflammatory and racist comments in his firm's newsletter.

get involved in great private companies, and then take them public, we're going to make a great return" (Bambrough, quoted in Alper & Hoos 2011)

Although the firm's approach with OEF and its sister company OEOG differed insofar as SRC built the two companies from the ground up, the underlying "value creation" mechanisms were much the same (SRC 2010e). As one analyst put it, SRC had a "deep value mentality," which focused not on picking conventional winners but rather on "mispriced resources," whose underlying value and prospects the market failed to recognize or appreciate (CUSH Capital 2014). For a financial firm, SRC's placed a heavy emphasis on research, with profilers noting that Sprott himself rises daily at 5:00 a.m. to read three newspapers before going to the office (Erman 2007, Carrick 2008). The company similarly employed a large cohort of analysts, averaging only a one per cent transaction rate on assessed deals (CUSH Capital 2014). Sprott has said that his strategy for picking investments hinges on a kind of analysis that he calls "prospectivity", an approach best summarized by asking "what could happen?" to any given stock or acquisition (Carrick 2008). Bambrough (quoted in Gold Report 2008), in turn, described SRC as a patient, "long-term oriented" investor, noting that he "want[ed] to see markets improving" before investing, that SRC was willing to sit on its cash until such point, and that once invested the company preferred to retain assets until they were fully valued.

Ironically – given Bambrough's enthusiasm – the disconnect that SRC noted between market price and the inherent value of the firm's potential acquisitions also impacted SRC's own operations. SRC's launch generated considerable attention in the investment industry and associated press, and investors' early enthusiasm for the venture was initially reflected in the firm's share price. When SRC first took control of GMC, the stock traded up to CAD 3 per share, almost double the book value, which Bambrough (quoted in Gold Report 2008) suggested was a sign of both investor optimism and "a very frothy market with not a lot of great opportunities to put money to work". But by late 2008, after SRC had made several promising investments, its shares were trading at just 60 per cent of book value, a situation that puzzled the firm's management, who felt that stock should consistently trade at "a significant premium to book" based on "the longer-term track record" of Sprott's companies (*ibid.*). As a result, beginning in August 2008, SRC management began utilizing normal course issuer bids to repurchase and cancel shares when they felt that they were trading at an inappropriate discount. This helped to bolster investment analysts' confidence in the company, which was also boosted by a healthy degree of insider ownership, which at OEF's launch hovered at approximately 12.4 per cent, with a further 11.5 per cent of shares being controlled by Rick Rule, one of the participants in the aforementioned private placement used to create SRC.[69] SRC preferred these measures to the common tactic of attracting investors by paying dividends, which the company avoided issuing until January 2013, rather opting to reinvest its earnings in its expanding resource projects (SRC 2012a).

SRC's movement into agriculture occurred during a brief lull in global commodity markets, when in Bambrough's opinion the sector was one of only a few where market 'fundamentals' supported a sizeable investment (Energy Report 2011). In the press release announcing OEF's launch, SRC stated that:

> "Management believes that the timing for this venture is opportune. Global trends continue to impact food supplies, as arable land continues to decline, fresh water remains in short supply and various regions of the world are experiencing severe, recurring droughts. In addition, the global credit crisis has impacted the financing

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[69] The shares were assigned to the holding company for Rule's firm, Global Resource Investments Ltd.

> available to farmers and will negatively impact crop production in the short term. These factors, combined with a global population that continues to rise, are creating food security issues and in turn fueling substantial farming investment demand globally" (SRC 2009a).

In this and other corporate publications, SRC suggested that urban development pressures, peak oil, and the expansion of biofuels were similarly constraining agricultural production, even as expanding wealth and changing consumption habits in emerging economies were driving increased demand (SRC 2011c). As Sprott (quoted in Carrick 2008:22) himself once summarized, SRC's interest in agriculture thus had a "bit of a Malthusian theme – too many mouths to feed". SRC hinted that such conditions could soon generate mass conflict where countries would be "force[d] to compete for food security" (Figure 3.1; SRC 2010b:4). In a move that foreshadowed how the company would message its engagement of First Nations, SRC suggested that OEF's investors would both benefit from and help to address this worrying trend. Agriculture's low correlation to other asset classes and the relatively inelastic nature of global demand for food offered inflation protection to value-hungry capital (SRC 2011c). At the same time, OEF would help to counter historical underinvestment in the agriculture sector, preserve productive land, and support a demographic shift in farming given the rising age of farmers globally (*ibid.*).

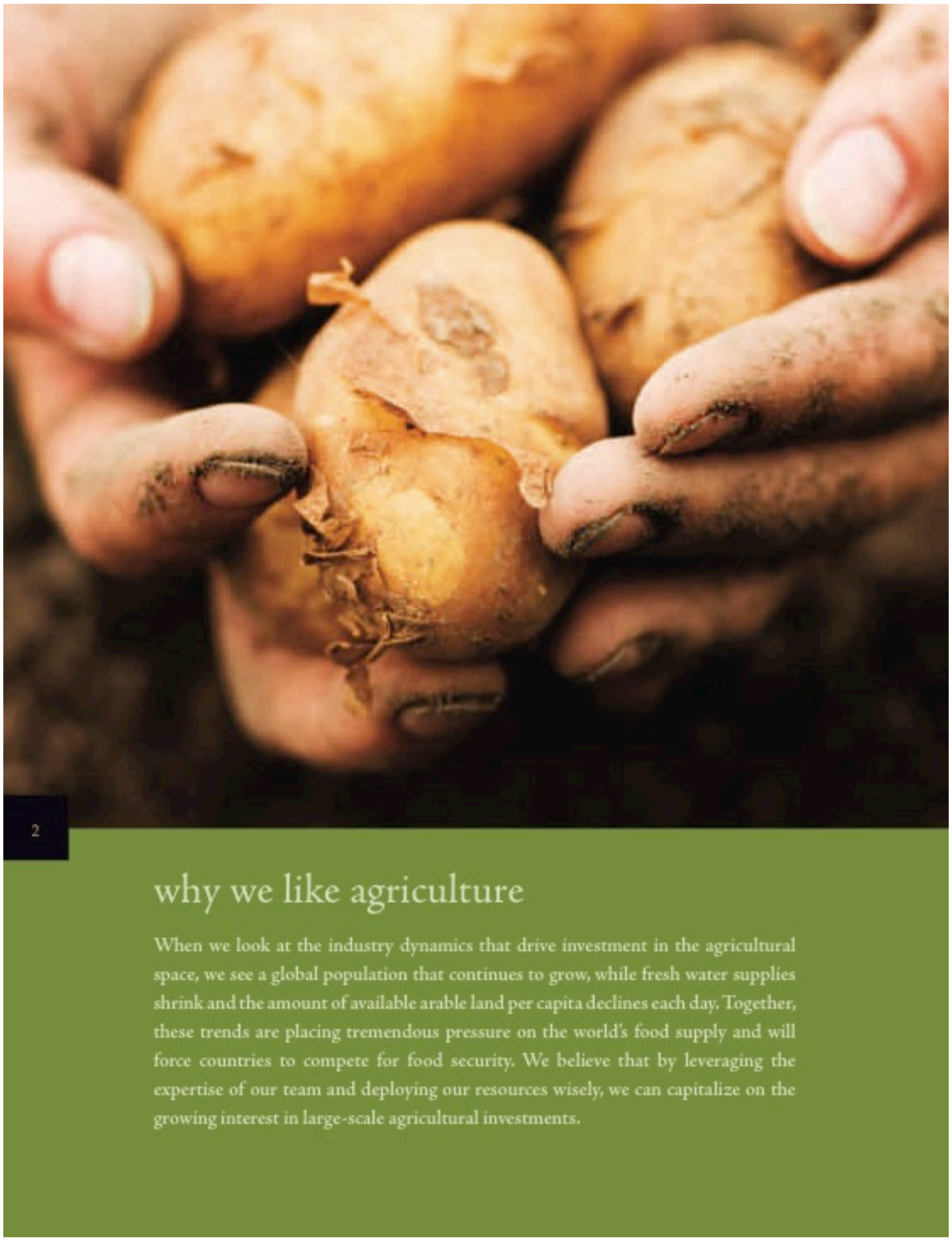


Figure 3.1: SRC's Agricultural Investment Rationale

(Source: SRC 2010b:2)

SRC suggested that OEF would “revolutionize the farming business in Canada” (SRC 2009b:7) by creating a “large scale, fully integrated corporate farming entity”, producing grains, oilseeds and cattle on First Nations’ farmland (SRC 2009a). Indeed, SRC sought to make OEF the largest farm in Canada (SRC 2010a:1) and eventually one of the biggest in the world (SRC 2011d:1). OEF’s intended integration of lands in each of Saskatchewan, Alberta, and Manitoba, would provide geographic diversification, mitigating against weather and production risks while increasing exposure to soil types with different cropping potentials. Scaling up its operations incrementally utilizing a “hub-and-spoke system” would optimize the company’s use of labour, equipment and infrastructure (SRC 2009a). OEF would be a model steward of its land and livestock base, practicing “eco-sustainable agriculture” by minimizing tillage, employing crop rotations, utilizing riparian buffers and shelterbelts, and enhancing range finishing of cattle (OEF 2013b). The venture’s unprecedented size, meanwhile, would allow it to “brea[k] away from the industry norm of buying retail and selling wholesale” (SRC 2010a:1), boosting the firm’s purchasing and selling power, enabling it to form preferred relationships with input suppliers and processors, and thereby growing profit margins. SRC boasted that the Canadian Prairies contained “some of the world’s most fertile land”, noting also the region’s strong processing and transportation infrastructure and proximity to major markets (SRC 2009b:11). Alongside primary production, SRC would pursue value adding through vertical integration, including by developing its own name-brands of natural and organic beef.[70]

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[70] According to SRC (2015a:20): “’Natural’ protocols refer to animals raised without the use of antibiotics, added hormones or steroids. "Organic" protocols refer to animals raised under CAN/CGSB-32.310, Organic Production Systems General Principles and Management Standards issued by the Canadian General Standards Board, and that are certified Organic.”

SRC invested CAD 27.5 million in OEF "to establish operations, fund working capital and support its initial growth" (SRC 2009a). Simultaneously, the firm engaged two other companies in the Sprott family to assist it with raising additional funds and managing the venture. Cormark Securities – a spin-off of Sprott's original brokerage firm – was given the task of raising of third party capital "from industry sources, credit providers and other equity investors" (*ibid.*).[71] In December 2009, OEF signed a five-year management services agreement with Sprott Consulting Limited Partnership for day to day administration of the venture, which would provide annual management and potential performance and termination fees to the latter company and so compensation for SRC's executives.[72] As for investors, SRC aimed to alchemize OEF's features into an opportunity for capital gains over a three to five year period. The company noted several possible exit strategies, the most likely of which was an Initial Public Offering, where OEF was expected to "command [a] premium due to the scarcity of this type of product in the marketplace" (SRC 2010e:15). Alternative possibilities included acquisition by a Sovereign Wealth Fund as a means of boosting a country's national food security, by pension funds as a means of inflation protection for fund members, or by a large private equity buyer (Energy Report 2011).

Annual Information Forms produced by SRC to orient investors to its offerings suggest that the firm's executive understood the risks involved in farming. The forms noted that agriculture in Canada has historically been a "cyclical industry, subject to profit volatility" and

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[71] See Footnote 2.

[72] Although SRC did not file a copy of the OEF Management Services Agreement with regulators or specify its full terms in its corporate documents, the company did indicate that the services fee comprised 0.5 per cent of the Net Asset Value (NAV) of OEF, paid at the end of each quarter (SRC 2010f). Coincident with the OEF Management Services Agreement, Sprott Consulting Limited Partnership agreed to a fee abatement arrangement to prevent double paying by SRC given its investment in OEF (*ibid.*).The OEF Management Services Agreement was subsequently terminated in December 2010 to simplify the managing firm's capital structure (SRC 2011e).

characterized by difficulties relating to high financing costs, limitations in management capabilities, and substantial demands for working capital (SRC 2010d:18). Crop farming added uncertainties related to “weather, varying crop yields, [and] pricing volatility” (*ibid.*) while in cattle “animal health management” loomed large (SRC 2012b:20). OEF could be compromised by a potential drop in commodity prices or a rise in input prices, especially given the pricing power of “large scale input providers, grain handlers and processors…within the domestic supply chain and internationally” (SRC 2010d:19). OEF’s limited operating capacity could result in under-capitalization, cash shortages, personnel limitations, and revenue shortfalls (*ibid.*). The firm’s performance similarly depended on its ability to attract and retain skilled management and qualified employees, as well as on maintaining positive relationships with its First Nations partners. The firm might be disadvantaged by “[p]ublic opinion with respect to corporate farms” which “may place pressure on regulatory bodies to stimulate small farm investment and/or deter corporate farming initiatives” (SRC 2010d:36). Although this list foretold some of the difficulties that OEF would ultimately encounter in its operations, still other challenges went unforeseen. In any case, the risks recounted in the forms stood in sharp contrast to the perspective advanced in most of SRC’s report, where the company’s brash confidence verged on hubris. Reading them, I was often reminded of Dwight D. Eisenhower’s (1956) sentiment that “farming looks mighty easy when your plow is a pencil, and you’re a thousand miles from the corn field.”

Before examining OEF’s efforts to put its proposed business model into practice, it is worth pausing to consider the capital fix that the venture entrained. For existing and would-be investors, SRC promised to restart accumulation stalled under the crisis, while defending capital from further devaluation. SRC codified these functions by appealing to the ‘real’-ness of agriculture and other resource commodities, playing to narratives – then common in popular discourse – distinguishing the financial sector from the so-called 'real economy' and arguing for the need to "rebalance [economic activities] in favour of the latter" (Hall 2013:285). SRC conceived natural resources like agriculture as possessing a more tangible, solid, and intrinsic source of value than alternative, more 'financial' assets. Elsewhere, I have suggested that OEF thus presented a means of "naturalizing finance" to rebalance it against the apparent social excesses generating volatility and uncertainty in global financial markets (Sommerville 2018b:7-10). Indeed, in an interesting instance of 'life imitates art' (or perhaps the reverse), SRC's ventures were promoted in much the same way as was SRC's patriarch himself: as grounded and authentic, and as free of unnecessary decadence and spectacle. Anchoring investment capital in a disciplined and sustainable system of local farming would capitalize on the shifting materialities of global agricultural 'fundamentals.' According to SRC, OEF would thus generate authentic profits and products whose value could not be eroded.

The appeals to nature featured in OEF's marketing were not racially neutral. SRC's neo-Malthusian framing of the threats posed by consumption in emerging economies employed dogwhistle politics with their own racial charge (see Sasser 2014). Such charge may also resonate in the promotion of OEF's agricultural outputs as akin to 'hard money', similar to the gold and silver bullion that SRC simultaneously acquired. In his examination of "the entwined histories of money and race" in the United States, O'Malley (2012) points out repeated historical overlaps between bursts of advocacy by hard money partisans and the resurfacing of essentialist ideas about race and ethnicity. He suggests that the "transformative energies" unleashed by capitalism produce social turbulence, generating a desire for certainty serviced by both appeals to reinstate specie currency and "theories of intrinsic, biological and non-negotiable difference"

(O'Malley 2012:6). Effectively, essentialist readings of race provide a "bottom line" at which the negotiation of identity stops (*ibid.*:15), just as the naturalness of OEF's agricultural products provided a bottom line for the negotiability of value.

To some extent, SRC's framings already invoked the history of colonialism on the prairies, bringing to mind First Nations' own experiences of famine (Daschuk 2013), and the key role played by paper currencies in financing the American Indian Wars that at times crossed into the region (O'Malley 2012). But SRC's engagement of First Nations also drew on a far more explicit racialization, insofar as it helped OEF deliver on its claims of "naturalizing finance" (Sommerville 2018b). This was demonstrated by SRC's choice of naming its venture, and also by its placement of a "First Nations proverb" on each page of OEF's website: "Treat the earth well: it was not given to you by your parents, it was loaned to you by your children" (OEF 2013b). OEF would draw on similar narratives in marketing their products. In the words of OEF's Chief Financial Officer, Steve Yuzpe (quoted in Sorenson 2010):

> People understand that First Nations have a strong connection to their land and to "natural" and "sustainable", and those are our beliefs as well. Down the road, I think there's a[n] opportunity to create a real positive consumer brand associated with all of these products.

Engaging Indigenous communities thus helped to bolster SRC's claims to be generating authentic, 'natural' profits and values as well as to be practicing "eco-sustainable" farming (OEF 2013b). But this engagement also provided OEF with a branding advantage, quite regardless of whether the (settler) public's association of First Nations with 'sustainable' behavior accurately represents Indigenous ontologies in the region. Indeed, this framing has a discomforting resonance with colonial narratives that, by naturalizing First Nations' supposedly essential character, presented them as uneconomic and unbusinesslike – in effect, as 'unfinancial' (see Chapter 2). Since this could lead to a charge of racism against the company, it is important to consider how SRC simultaneously framed OEF as practicing social 'responsibility' to the benefit of its First Nations partners.

### 3.4 Partnership with First Nations

From OEF's inception, SRC presented the venture as a "true partnership" that would build "stable, long-term relationships with First Nations", setting "a new standard" for their business engagements with the private sector (SRC 2009b:3). As noted in the previous chapter, OEF was established at a time when several natural resource firms were eyeing First Nations' lands as the next frontier for large-scale resource development projects, facilitated by capital fleeing the instability in global financial markets. Also facilitating these firms' efforts were governmental stimulus programs intended to help subvert the crisis. The federal government's 2009 omnibus budget bill committed CAD 1.4 billion in funding for Aboriginal priorities including on-reserve infrastructure and skills training (DFC 2009, but see also Cuthand 2009).[73] Together, these developments suggested a certain upside to the financial melt-down for First Nations. As MacGregor (2009) put it, when "everyone in the country needed a hand up - that's the non-aboriginal term, as opposed to a handout - it would have been unacceptable for any stimulus package not to stimulate those who have always needed it most". Fontaine (quoted in the same

[73] Canada's then Conservative government presented the budget as part of its answer to the 2005 Kelowna Accord – a CAD 5.0 billion agreement intended to "close the gap" between Aboriginal and non-Aboriginal Canadians negotiated by their predecessors, the Liberals, and quashed when the Conservatives assumed power. The budget funding would play an important role in OEF's business model, as I discuss below. Former Liberal Prime Minister Paul Martin, the Accord's architect, went on to establish The Cape Fund, which later invested in OEF, also discussed below.

piece) expressed a similar perspective, declaring wryly “Thank god for the crisis!”. More generally, these developments point to the alignment of state and market forces that helped to birth OEF, a project that Fontaine (quoted in Kyle 2009) described as a “very positive” development that—in a striking echo of SRC’s emphasis on the “real”—would “create real opportunities, create wealth, create jobs” for First Nations peoples.

Engaging First Nations provided key advantages for SRC’s shareholders and other would-be OEF investors. SRC estimated that First Nations controlled as much as 1 million acres of prairie farmland, which it implied that OEF would incorporate into its operations by 2015 (SRC 2009b:8). Operating on federally regulated First Nations reserves allowed SRC to circumvent provincial land legislation, described in the previous chapter, which prohibits publicly traded companies from owning large tracts of farmland in the prairies and, in Saskatchewan, leasing such tracts. Although SRC was initially unaware of this legislation (a point I return to below), the firm was soon presenting it as a barrier to entry for potential competitors, suggesting that OEF was “the only way [to] invest in Canadian farming in a large way” (Bambrough, quoted in Energy Report 2011). A second advantage related to labour, with SRC stating that its partnership with First Nations provided access to a work force of 350,000 in a region experiencing a severe shortage in affordable farm labour due to competition from the oil and gas industry (SRC 2009b:8; see Chapter 2). SRC suggested that engaging First Nations would “provide the company with a qualified pool of employees…further strengthen[ing] the relationship between [OEF and] First Nations” (SRC 2009a). The previously discussed “naturalisation” effect of enrolling First Nations represented still another corporate benefit, since this could attract both investors and consumers on account of the perceived authenticity of OEF’s profits, products, and practice of ecological ‘responsibility’, while similarly easing relations with government. A related advantage lay in OEF's concurrent framing as a socially 'responsible' venture. By presenting OEF as a reparative project that would ultimately benefit First Nations, the company could capitalise on a kind of 'reconciliatory goodwill' among investors, consumers, and government agents, who may wish to provide redress for historic injustices or help to improve the contemporary situation of Indigenous peoples.

When it came to describing the specific benefits that OEF would in turn deliver to First Nations, SRC stated that the venture would generate revenues, implement training programs, create employment opportunities, and open the possibility of joint ventures on ancillary agri-businesses, such as those around grain storage and trucking (SRC 2009a). OEF also pledged to correct two enduring challenges faced by First Nations. The first challenge regarded the undervaluation of reserve land when leased to local, non-native farmers. OEF promised to set rents at fair market value, correcting discounts that one reporter writing for the University of Saskatchewan's alumni magazine claimed were as high as 80 per cent (Hobsbawn-Smith 2011). The second problem was the poor stewardship demonstrated on reserve land – that is, the tendency for "First Nations land to be farmed harder than neighboring land" (*ibid.*). OEF contrasted this with the "best in class" land management (SRC 2009a: 2) it would employ under its 'eco-sustainable' approach.

The anticipated result of these practices, according to Fontaine (quoted in SRC 2009c), was that OEF would "help to move First Nations directly into the farming industry". Favel (quoted in Friesen 2009) similarly placed the project on the "continuum of First Nations agricultural ambition", suggesting that it offered to correct the longstanding frustration of First Nations farmers by settler interests and a government working to defend them (see Chapter 2). Elsewhere, I have argued that OEF's proposal to hinge this agricultural inclusion to the integration of First Nations' land and labour with financial flows reveals a second major narrative underlying the venture: that just as OEF would "naturalize finance", it would simultaneously "financialize natives" (Sommerville 2018b:10-14). Again, such framing does not stray far from colonial ideas, positing OEF as delivering a modern, financialized subjectivity to peoples and places long framed as 'uneconomic' and 'unbusinesslike' by way of their race (see Chapter 2). In effect, OEF became the latest installment in the story that farming – here reinvigorated with a new flush of capital – 'civilizes savages.'

However, SRC's framing of OEF's First Nations beneficiation greatly simplified both the range of on-reserve agricultural activities at the time of the venture's launch and the factors that constrained such undertakings. Some sense of this can be gained through the experiences of the first three communities to lease land to OEF in Saskatchewan (Figure 3.2). Of these, only Little Black Bear First Nation's agreement consisted exclusively of cropland previously leased to neighboring farmers. A staff person explained that while the Council preferred farming autonomously, a deficit prevented it from securing the bank financing necessary for investing in updated machinery (Interview 1, 13 December 2010). Participating in OEF was seen as a temporary measure while the Nation improved its economic position, after which it preferred to take over operations itself. Nearby, Muskowekwan First Nation leased cropland to OEF including a 12,000 acre operational band crop farm. A council representative suggested that Muskowekwan first presented SRC with a business plan requesting CAD 1 to 1.5 million in financing to farm the land independently, which SRC declined (Interview 2, 13 December 2010; Interview 25, 22 July 2014). While Muskowekwan had drawn on band monies to run the farm in prior years, hail-related losses subsequently pinched the Nation's budget. Similarly, Thunderchild First Nation's lease with OEF included the Nation's White Buffalo Cattle Ranch, which a staff person suggested had struggled with marginal returns for several years (Interview 6, 17 December 2010; Interview 20, 17 July 2014). Although the Little Black Bear staff person I interviewed suggested that the Nation's previous tenants had "colluded to keep prices down" and repeatedly planted soil-depleting canola, both Muskowekwan and Thunderchild had negotiated improved rents and tenant practices amid the increased demand for land generated by the agricultural commodity boom. All three of these Nations also continued to lease some of their lands to other tenants, alongside their relationship with OEF.

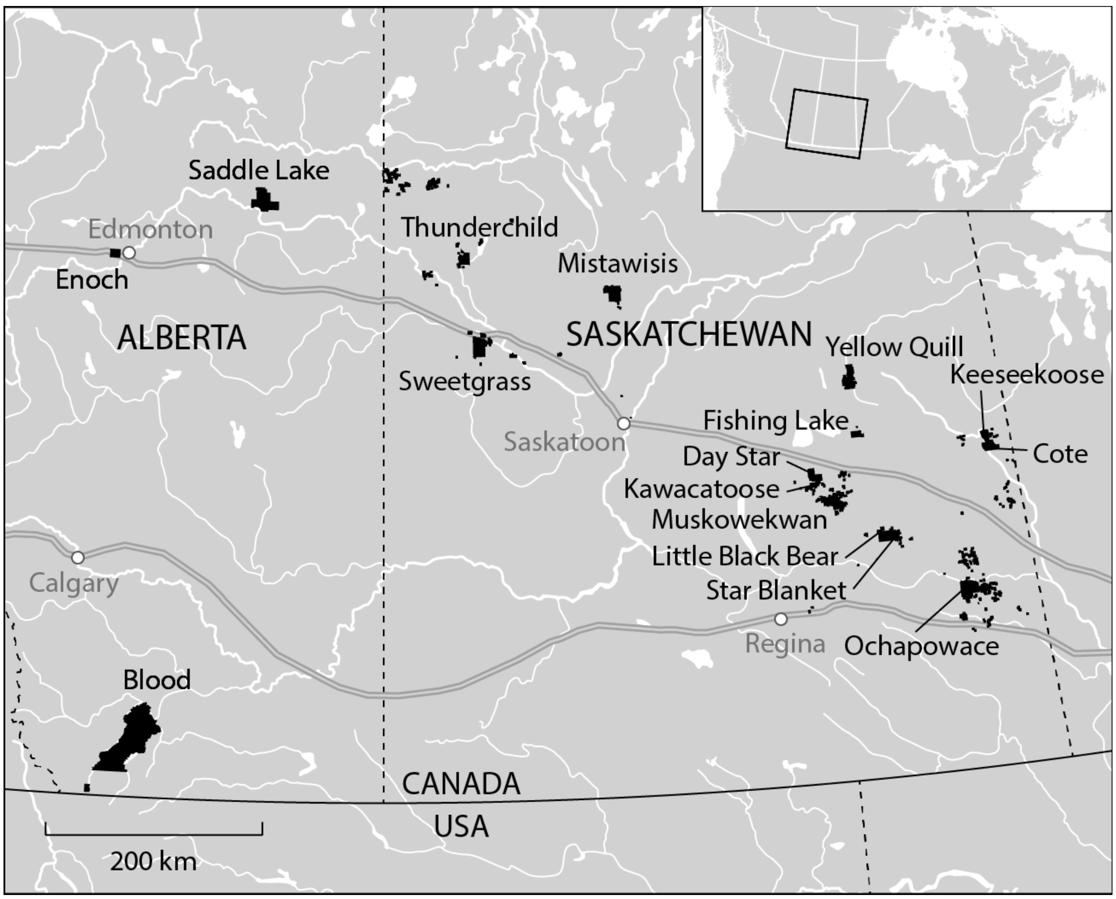


Figure 3.2: Reserve Landholdings of First Nations Participants in OEF

(Cartographer: Eric Leinberger

Nations that joined the venture in subsequent years expressed a similar range of experiences and motivations. Yellow Quill First Nation had attempted a band farm shortly after acquiring its first tranche of TLE lands (see Chapter 2), but the project was CAD "4 million in the hole from Day One", and soon folded (Interview 24, 22 July 2014). The Nation's former Lands Manager, who had taken up a position in OEF's lands department, convinced Yellow Quill to sign on to the venture. Interestingly, Ochapowace First Nation – one of the two prairie First Nations with large-scale, band operated crop farming ventures at the time of OEF's establishment (see Chapter 2) – leased grazing lands to OEF but did not sign over its crop lands, preferring to maintain autonomous operations (Interview 28, 28 July 2014). The Kainai Nation – the other large-scale agriculture success story in the region – signed on considerable land that had long been leased to non-First Nations tenants, seeing OEF as a halfway measure to putting the land back into its members' hands (Interview 33, 1 August 2014). The Nation also preserved its larger range of agricultural initiatives (see Chapter 2). Overall, about half of SRC's First Nations partners also had small crop or cattle farms operated by individual members on-reserve. In other cases, First Nations that were approached by and declined to participate in OEF indicated that they had good relationships with long-standing tenants, which they preferred not to violate for a yet unproven venture. Fishing Lake First Nation initially refused OEF after the venture's representative shook his head when asked by the Chief as to whether he "had ever driven a tractor"; although the Nation later signed on after a change in leadership following an election (Interview 23, 22 July 2014). Others such as Little Pine First Nation continued to refuse to join the venture despite repeated entreaties (Interview 6, 16 December 2010).

Understanding the different experiences and ambitions of these First Nations helps to clarify the financial solution that was actually on offer in OEF. The credit crunch that SRC suggested would constrain OEF's farming competitors was nothing new for the company's First Nations partners, whose difficulties accessing agricultural financing and supports long pre-existed the crisis, pushing many First Nations out of farming in favour of leasing their lands to tenants. Relative to autonomous farming, leasing affords First Nations a means of financial risk management – an advantage similar to that sought by OEF's investors, who wished to minimize the risks of stagnating earnings and capital devaluation. Yet OEF's partners also wanted capacity to direct the venture, especially where they were ceding independent farms. They therefore demanded that SRC establish a Lease Equity Program (LEP), wherein Nations leasing land to the venture would receive equity in OEF. As a Council member at Muskowekwan First Nation saw it, this was key to having a voice at the decision-making table – a situation that he contrasted with that of Indigenous peoples elsewhere in the world, including South Africa:

> "Because then I get invited to an [Annual General Meeting]. And I walk in and I have a tag and I have a vote. So you see, in South Africa, in so many cases around the world…Indigenous people…are outside the board room or outside the fence…Us, we walk in the door. But it's those shares and warrants and options that give us that right. Not the chief, yelling around…" (Interview 2, 13 December 2010)

Among its First Nations partners, OEF took credit for improved lease rates and tenancy practices that might have been negotiated in any case given rising crop prices and increased competition for land at OEF's establishment. Moreover, even where First Nations had band or individual farms that they wished to re-establish or maintain, SRC was evidently not content to finance these farms and indeed actively downplayed their existence. Although lending agreements pledging interest, crop shares, or a percentage of proceeds are all relatively common on the prairies, the company seems to have wanted a more substantial cut – and evidently felt they could get it. At best, this could be based on a paternalistic belief that First Nations needed instruction to better their farming, a motive that underpinned colonial ventures such as the prairie Home Farms and the File Hills Colony discussed in the previous chapter. Still another possibility is that SRC saw opportunities for siphoning off certain revenue streams associated with partnering with First Nations, a point that I explore below.

### 3.5 OEF's Operations (2009 – 2013)

OEF seeded its first crops in the spring of 2009, engaging land leased from three First Nations in Saskatchewan. By the end of that year, OEF was also setting up a pilot cattle project. The company would expand its operations steadily over the next four years, engaging additional First Nations and lands in Saskatchewan and soon Alberta (Figure 3.2; Table 3.1). By 2011, the firm was claiming that it had achieved its goal of becoming Canada's biggest farm "and was on track to become one of the largest in the world" (SRC 2011d). By 2012, OEF was farming some 97,000 acres of cropland and 93,000 acres of pasture land leased from 14 First Nations partners (Table 3.1; SRC 2013a, b).

SRC held several capitalization events to finance OEF's growth. By the end of 2011, the parent company had increased its own investment in the initiative to CAD 57.5 million (SRC 2010a) and, drawing the services of Cormark Securities Inc., had raised a further CAD 54.5 million through private placements of OEF shares to other investors (SRC 2009d, 2011g; Figure 3.3). Subscribers to the placements included two prairie headquartered international agribusinesses, Ag Growth International (AGI, a grain handling and storage manufacturer) and Alliance Grain Traders (AGT, a lentil and pea splitting company), both public companies traded on the TSX. Joining these firms and other undisclosed investors was CAPE Fund, a private sector 'impact' investment fund established and chaired by former Canadian Prime Minister Paul Martin. Collecting contributions from 21 large corporations (including nine in the financial/insurance sector and six natural resource developers), CAPE Fund aims to "further a culture of economic independence, ownership, entrepreneurship, and enterprise management among Aboriginal peoples" by investing in businesses with "a strong degree of Aboriginal involvement and connection to Aboriginal communities" (CAPE Fund 2009). The Fund participated in two OEF placement events, contributing a total of CAD 5 million to the venture and adding its Managing Director, Peter Forton (past president of the Canadian Venture Capital Association), to OEF's board (*ibid.*). These financing arrangements allowed OEF to avoid relying on credit until 2012, when the firm secured a CAD 15 million line of credit as well as

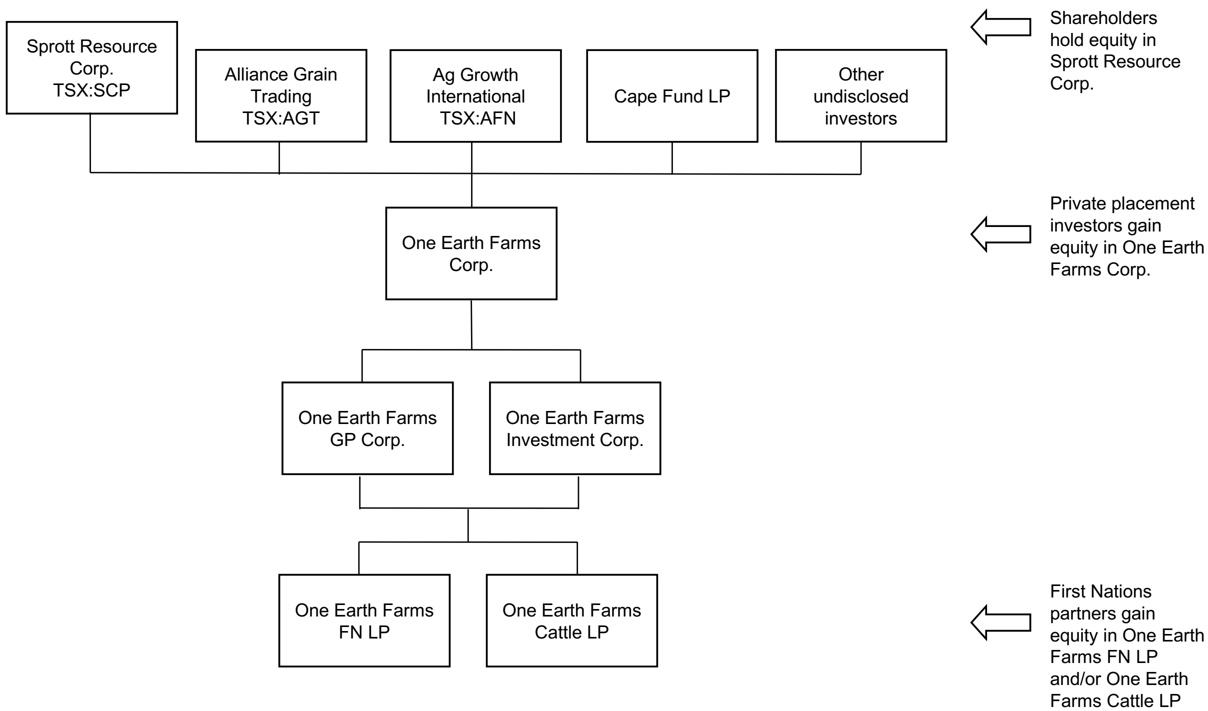


Figure 3.3: OEF Corporate Structure

(Source: Author)

Table 3.1: OEF Crop and Cattle Operations, 2009-2013

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| **Crop Land Under Management (acres)** | 12,943 | 68,282 | 103,002 | 97,218 | 32,855 |
| **Pasture Land Under Management (acres)** | 5,382 | 23,736 | 79,098 | 92,587 | 122,546 |
| **Livestock Under Management (head)** | 1,558 | 3,620 | 13,703 | 17,758 | 17,557 |
| **Number of First Nations Partners** | 3 | 6 | 11 | 14 | Not Specified |

(Sources: SRC 2011a, 2013b, 2014a)

two equipment loans totalling CAD 939 thousand from unspecified financial institutions (SRC 2012c). Alongside these capitalization and credit arrangements, OEF also regularly used both forward price and basis-only crop contracts as financial instruments to mitigate its price risk.

OEF's expanding operations also demanded that the company grow its workforce rapidly. The firm's employee roster soon featured staff secured from prominent agricultural consulting companies, supply stores, farming operations, and First Nations organizations. OEF had signed a memorandum of understanding with the FNACS before the Council collapsed in 2009 (see Chapter 2). In the vacuum that followed, OEF hired several Council affiliates including Ted Quewezance, past Chief of the Keeseekoose First Nation (1995-2003), and Gordon Lerat, past Chief of Cowessess First Nation (2007-2010) (CABE 2012). These gentlemen worked as part of OEF's lands department, which the company preferentially staffed with First Nations individuals, surmising that they "know how to open the doors to the community, they know the processes" (Interview 5, 17 December 2010). OEF hired its seasonal staff through job fairs on participating reserves as well as postings on regional job boards and in community newspapers. Still, not everyone the firm approached was keen to take up employment with the project. Ken Bear, the FSIN agrologist who helped establish FNACS, was offered a position with the venture but opted to rather continue on managing his First Nation's Ochap Farms. As he put it, OEF "couldn't afford me, couldn't pay me enough" to risk his reputation on what he felt was an unconvincing venture (Interview 28, 28 July 2014).

OEF's agribusiness investors soon started to see their financial contributions pay off through preferred relationships with the firm. AGI exchanged its CAD 2 million investment in OEF for an equivalent deposit from the company to be applied towards future purchases of grain handling, storage, and conditioning equipment (AGI 2010). The company was also putting together a 'showcase' grain handling system for OEF (the firm's Vice President of Sales and Marketing reported that AGI's only other similar unit was in Russia) (MacArthur 2010). AGT, in turn, who had invested CAD 1 million in the venture, agreed to work with OEF on its pulse crop rotation (AGT 2010; MacArthur 2010). OEF developed similarly friendly relationships with companies where the firm's employees had personal or professional connections. In 2009 and 2010, the firm acquired CAD 1.07 million in cattle, feed, and equipment from an unspecified company controlled by an employee (SRC 2010g) and between 2009 and 2012, the firm purchased at least 22 million in crop inputs and equipment and delivered at least CAD 19.3 million in crops to Viterra, another regional agribusiness giant where OEF's President and CEO was a director.[74] A strategic relationship brokered with CNH Canada Limited, the Canadian

[74] Author derived data (based on SRC 2010g, 2011e, 2012d, 2013c).

branch of international firm CASE IH, would see that company supply OEF's agricultural machinery (SRC 2009d). Finally, OEF stated that it was also working to establish favourable relationships with food retailers, in particular with respect to the line of branded beef products the company sought to develop (SRC 2010a).

### 3.5.1 Accessing Land by Engaging First Nations

Of course, OEF's build out also depended on the company's partnerships with First Nations. In its first operating season, OEF's President suggested that interest among potential partners had the company's phone "ringing off the hook" (Ruud, quoted in AGC 2009). By January 2010 the firm claimed to be in discussion with as many as 37 distinct First Nations (SRC 2010h). Favel (quoted in Lagimodiere 2009) suggested: "If we can get every band, we want them all." OEF used its aboriginal lands staff as liaisons to sign up neighbouring Nations, employing 'relationship management' gestures to sweeten its dealings. The company ran on-reserve school programs, planted a community garden, donated lawnmowers for a neighborhood competition, and set up a sponsorship program for Nations committing more than 10,000 acres to the venture (OEF 2013c; Interview 24, 22 Jul 2014). Drawing on funding secured from the aforementioned 2009 budget stimulus package, OEF also established the 'Inroads to Agriculture Institute', a CAD 5 million partnership designed to "enable Aboriginal learners [to] take up employment with [OEF] and elsewhere in the agriculture sector" (NationTalk 2010). The Institute used a 'laddered' approach, engaging the Saskatchewan Indian Institute of Technologies to provide pre-employment training and the industry-driven 'Green Certificate' apprenticeship program to train OEF employees (Hobbs and Allen 2010). OEF provided CAD 990,000 of in-kind and cash support to the Institute (Government of Saskatchewan 2010) and garnered an employee wage subsidy of CAD 200 per trainee per week out of the deal (Booker 2013). A third tier on the ladder was supported by Sprott's charitable donation of CAD 1 million to the College of Agriculture at the University of Saskatchewan. The donation allowed for the creation of a post-graduate diploma in 'Aboriginal Agriculture and Land Management', which aimed to prepare students to "operate at the Interface between aboriginal communities and the agribusiness sector" (Hobbs and Allen 2010:3-4).

OEF laid out these sponsorship and training opportunities alongside the venture's employment targets, its projected equity provisions, and the rent that a given First Nation would receive in Letters of Offer drawn up for each community. The firm suggested it would employ one First Nations member for every 1000 acres of cropland or 5000 acres of pasture land leased to the firm. Regarding equity, a prospectus accepted by the Saskatchewan Financial Securities Commission in November 2010 suggested that OEF would provide First Nations partners with shares in certain operating companies in proportion to the area, duration (beyond a five year minimum), and the type of lands committed (cultivated land vs. pasture land, irrigation status) committed to the venture (Figure 3.3, SFSC 2010). In certain cases, Letters of Offer also addressed special requests made by particular First Nations. For example, after Thunderchild First Nation expressed concern that selling its cattle herd to OEF would eliminate a source of meat for community distributions and its school lunch program, OEF agreed to donate 15 animals to these programs (Interview 5, 17 December 2010).

OEF's Letters of Offer were subject to non-disclosure clauses, meaning that that they could not be shared with a Nation's members to build familiarity around the venture, among Nations to increase bargaining power, or with me as a researcher (Interview 25, 22 July 2014; Interview 27, 24 July 2014). Nonetheless, my interviews suggest that the conditions set out in these Letters differed from those contained in the formal contracts OEF signed with First Nations (discussed further below), which comprised shorter lease terms and did not mention the larger social benefits described above. As such, it seems that the company utilized the offer letters as a soft commitment to secure land over the longer term and/or support from First Nations, even as the firm's formal contracts limited its liability in a breach of contract. Yet in at least two cases, this strategy backfired when a First Nation used its Letter to leverage improved rents from existing tenants, thereafter declining to participate in OEF (Interview 25, 22 July 2014).

OEF seems to have gained a favourable profile among First Nations in these early years. If the firm's engagement of a growing number of communities was one indicator, still another was the gestures made by certain of these communities. Particularly striking were the actions of the Kainai Nation – the largest First Nation in Canada and OEF's largest lessor at 25,000 acres – which in 2010 transferred a tipi featuring OEF's corporate logo to the firm and in 2011 granted an Honorary Chieftainship to Kevin Bambrough, bestowing upon him a traditional headdress (SRC 2011h). SRC's press release quoted then Chief Charles Weaselhead as stating that the gifts "cement[ed] the relationship of trust and friendship" between OEF and the Nation, and Bambrough similarly referenced his "lifelong relationship" with the community (*ibid.*). Yet it is difficult to say how much support OEF had among First Nations' broader memberships. In each community, decisions on participating in the venture were taken by Chief and Council, and although in at least three cases information about the project was subsequently featured in community newsletters, in others communication was evidently limited. As one example, in an interview attended by both OEF field staff and representatives from Thunderchild First Nation, the band Councillor and Lands Manager suggested that much of the information shared with me by OEF staff was also new to them (Interview 5, 17 December 2010). They encouraged OEF to hold a community information session or drop a pamphlet at the band office to dispel rumours circulating in the community. Similarly, members of Muskowekwan First Nation suggested in community Facebook postings that there had been a lack of transparency and accountability around the venture, the leases underlying it, and the expenditure of project revenues.

Although OEF grew steadily, such issues around intra-community support for the project may have limited the venture's full attainment of SRC's mega-scale ambitions in OEF's early years. Corporate reports suggest that between 2009 and 2011, OEF consistently ended the year farming a smaller land base than it targeted at the start of each growing season. A more significant challenge was the diverse range of land administration and tenure regimes employed by confirmed and potential First Nations partners (see Chapter 2). OEF contracted both lands on First Nations' historical reserves as well as parcels acquired more recently through TLE and other Specific Claims settlements. Participating First Nations were furthermore split between those following the *Indian Act* land administration provisions, who frequently had staff enrolled in the RLEMP and whose leases utilized ILRS instruments, and those following local protocols, who signed buckshee leases. OEF's engagement of buckshee lands was driven by the venture's need to secure "a significant amount of new acreage each year to drive economies of scale" (SRC 2010e:36). As Natcher and Allen (2015:9) put it, "land acquisition was opportunistic" since the firm needed to work with whatever administration system an interested First Nation partner had in place. Yet because buckshee leases cannot be enforced in court, SRC considered them a risk to OEF's investors and worked to transition these lands to *Indian Act*-sanctioned arrangements through contingency clauses in the agreements and in its Lease Equity Program. In at least three cases, this resulted in First Nations that were not using ILRS instruments in the years preceding OEF's establishment to begin using the system. In other words, entering a partnership with OEF in these cases led to First Nations' deepening integration with INAC and the department's 'land modernization' regime (see Chapter 2).

OEF field staff suggested that the firm originally focused on arranging leases of collective landholdings (which comprise larger land parcels), only turning to individual holdings (which are smaller but carry the same administrative burden) when OEF was having trouble meeting its expansion targets (Interview 23, 22 July 2014). Among those First Nations following the *Indian Act* provisions, OEF mainly used s.28(2) permits to lease these collective lands, although at Thunderchild First Nation, the firm also signed s.53(1) leases for land designated in 2005, and Muskowekwan First Nation (which started off on buckshee) undertook a similar designation in 2010. ILRS records reveal only one case where OEF used s. 58(3) leases to access individual landholdings: namely, Enoch Cree Nation, where OEF's contracted land included the Certificate of Possession holdings of five individuals (in one case a family). Whether OEF's buckshee arrangements similarly included individual landholdings is unclear, but I did hear of at least two cases where a First Nation's Chief and Council was interested in the venture, but intra-community disagreement over how to deal with individual landholdings ultimately scuppered their participation.[75]

Although OEF field staff claimed that the company had developed a bespoke template for its leases from First Nations (Interview 6, 17 December 2010), there is little indication that the firm's contracts were markedly different from those formed with other tenants. In fact, the ILRS instruments used to codify OEF's formal leases are variations on 'boilerplate' documents developed by provincial INAC offices. Typical of the prairies, OEF's cropping agreements were

[75] Similarly, it is possible that some of the lands leased to OEF that appear to be collectively held in ILRS instruments are in fact individually held, given the irregular and, in Saskatchewan, sparse use of Certificates of Possession (see Chapter 2).

generally cash rental arrangements, and grazing permits seemed to be set on a per animal per day basis.[76] Agreements signed with First Nations in Saskatchewan and Alberta, in turn, contained many similarities but also some important differences, due to divergences in the underlying boilerplates. For example, whereas Saskatchewan agreements simply required that OEF farm "according to community and municipal standards", those in Alberta set out a rigorous, 14-page schedule of "Best Farming Practices" which the firm was expected to follow. In Alberta, multiple year agreements always set fees for the full duration of the contract (thereby limiting First Nations' ability to renegotiate them mid-term), while those in Saskatchewan tended to commit First Nations to rental reviews beyond an initial one to three-year period. With respect to differences between First Nations communities within a given province, agreements were broadly consistent, aside for specifications of the area rented, fees paid, stocking rate in the case of grazing permits, and the interest rate charged on unpaid rent. One important exception were the permits signed by the Kainai Nation, which included additional assurances against a potential default on rent relative to those signed by other Nations, likely reflecting Kainai's more comprehensive experience with agriculture given its large land base and numerous tenancy arrangements.[77]

Recognizing these situations were challenging OEF's ability to expand its land base and to efficiently deploy labour and machinery within its operational pods, by 2010 management was already exploring two further options for growing the venture. First, field staff suggested that the

[76] As discussed below, OEF had difficulty gaining INAC's approval of winter bale grazing of the firm's cattle but were ultimately successful. In later permits where OEF evidently pursued this practice (i.e. where a grazing period is not specified), the firm seems to have used a different formula for calculating permit fees.
[77] Specifically, permits with the Kainai required that OEF possess all-risk crop insurance, that it abide by established seeding cut-off dates (so as not to nullify such insurance), and that at any point the firm be able to provide a letter of credit equivalent to the fees remaining under a permit.

company was working with First Nations to select land for purchase with their outstanding Specific Claims settlement funds that would subsequently be leased to the firm (Interview 5, 17 December 2010). Although delays in the land selection and conversion-to-reserve process likely prevented this strategy from being widely undertaken, the suggestion demonstrates another way (alongside modernization) that OEF was working to reshape First Nations' land rights in the region. The second approach to expansion that OEF explored involved the incorporation of non-native land into its operational hubs. Field staff indicated that the company hoped to establish a land fund similar to those operated by other agri-investors in the prairies (Interview 5, 17 December 2010; see Chapter 2). Indeed, Natcher and Allen (2015:9) suggest that OEF was in "active negotiations to purchase more than one large, successful [farm] from individual(s)…looking…to work their way out of their operations" when SRC learned that, as a publicly traded company, it would be prohibited from making such purchases under the *Saskatchewan Farm Security Act*. The discovery that the same legislation similarly disallowed OEF from renting suitable tracts of non-First Nations land then came as a "second blow" (*ibid.*:10). What the authors don't state was that OEF was already offside this aspect of the regulations, having spent CAD 3.5 million to acquire assets including livestock, feed, equipment and machinery from a private landowner in early 2010 (SRC 2010f, g), and thereafter leasing the Ringstead Ranch near Lanigan, Saskatchewan (Cones 2013). SRC went on to spend a further CAD 10.9 million to acquire a second 'turn key farming operation' comprising a machine shop, grain elevators, and land leased from both First Nations' and non-natives in eastern Alberta, where the regulations are looser, in 2011 (SRC 2011j). Nonetheless, the firm's inability to replicate this strategy in Saskatchewan, where its operations were concentrated, limited both its expansion and its profitability by preventing investors from accessing land appreciation as a valuable capitalization stream. Perhaps because of this, in 2010 and 2011, OEF signed contracts to itself perform custom work on around 10,000 acres of cropland, reversing its own early reliance on custom contractors in 2009 (SRC 2010d, 2011f).

### 3.5.2 Operational Challenges and Faltering Financials

If accessing land presented one set of challenges to OEF, another set regarded its operations on the land it did control. In the years following OEF's establishment, prairie grain and oilseeds producers faced what a staff member from the Agricultural Producers Association of Saskatchewan described as "a powerful trifecta" impinging on their bottom lines (Interview 30, 30 July 2014). The first issue was the weather: between 2010 and 2012, the prairies, a region historically prone to drought, had quite the opposite problem. Extensive rain and flooding in eastern Saskatchewan in 2010 prevented OEF from seeding almost 25,000 acres (36 per cent) of its leased crop land (SRC 2011b:48). The carry-over of excess soil moisture into 2011 and, in one location 2012, delayed spring seeding, reduced yields and grades on harvest, and hampered road and yard access to retrieve and deliver crops (SRC 2011i; 2012d, e). Early frost and snowfall lowered yields in 2009 and 2011, and in 2012 resulted in OEF leaving crops standing in the field over the winter (SRC 2012d, 2013c). OEF's bad luck seemed to be summarized in a humourous, spell check-evading transposition in its corporate reports stating, for example in 2009, that the "crops produced…were canola (66 per cent), wheat (24 per cent) and barely [sic] (10 per cent)". Although the firm collected crop insurance payments of at least CAD 3.4 million between 2009 and 2012, these were insufficient to offset OEF's losses (SRC 2010).[78]

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[78] SRC's financial statements do not indicate whether the company obtained further government payments beyond those identified as crop insurance.

The second set of issues disadvantaging OEF related to what is popularly termed the ‘grain backlog’: a lack of capacity at prairie terminals beginning in 2010 which delayed OEF’s fulfillment of certain crop contracts (SRC 2010i). The former situation – which ironically resulted from restructuring at both the Canadian National and Canadian Pacific Railroads at the behest of a so-called ‘activist investor’ (Allaire and Dauphin 2016) – created serious cash flow issues for prairie farmers. The backlog heightened exposure to the price volatility unfolding in global commodity markets after 2007/8 – the third bet in the aforementioned ‘trifecta’. Indeed, some have argued that grain companies used the backlog to pad their own pockets after comparing the prices paid to farmers in the country and those received by the companies at West Coast ports (see Dawson 2014; see Chapter 6).

Facing this consortium of challenges, OEF attempted to glean improved results in its cropping operations by engaging audit processes. In 2010, the company created and implemented a “field operations data tracking system” collecting information from individual machinery operators to “facilitate management decision-making” and underpin “a full traceability system on all of OEF’s products” (SRC 2011i). One year later, OEF initiated a Geographical Information Systems (GIS) project to gather high resolution satellite imagery to more accurately determine the number of acres it was farming relative to those on which it was paying rent (SRC 2012d). Based on the firm’s findings, “non-productive acres were either removed, subleased to outside parties or were farmed under a custom farming agreement” (*ibid.*:15). These adjustments reflected First Nations’ often imperfect information on their landholdings since records for original reserves are based on historical air photos and the surveying of new acquisitions is often delayed. Interestingly, INAC’s Alberta ILRS instrument boilerplates – and so OEF’s leases in that province – spelled out an allowance for rent adjustments if new information became available. But First Nations in Saskatchewan were caught by surprise, and some found their rents decreased substantially (in one case, by 28 per cent) – a situation that caused offence and a loss of trust. Nonetheless, when even these rent reductions failed to return OEF to the level of profitability expected by management, in 2012 the firm slowed the growth of its crop operations to focus on establishing more consistent operational performance across its different pods and equipment operators (SRC 2012f).

In comparison to OEF's crop operations, its cattle business initially proved marginally more successful. After purchasing and combining Thunderchild First Nation's cattle herd with a second herd acquired from a non-native rancher, OEF set up operations at White Buffalo Ranch where it planned to keep its 'genetics' for its wider operations. The firm fronted the money to install water pipes in the adjoining pastures, helping the Nation to recoup the cost of the improvement from the government (Interview 5, 17 December 2010). Although it evidently took some convincing, INAC ultimately accepted OEF's plan to winter graze its cattle (i.e. on bales left in the field) (*ibid.*), an increasingly popular cost management strategy among prairie producers. Convincing workers to follow the biological protocols required for OEF to market their products as 'natural' proved a more significant challenge, since these differed from conventional practice in the region (*ibid.*). Nonetheless, OEF enjoyed some success: the same excess moisture conditions troubling crop operations fueled lush grass growth, the company piloted its first range fed and natural cattle in 2010, and by 2012 it marketed its first cycle of natural and organic beef brands at a price premium of 25 per cent (SRC 2011e, 2012d, 2013c). But 2012 also saw rising grain and oilseeds prices which pushed up feed costs, and the winter that followed was bitterly cold, catching OEF – which had earlier gloated about its foresight in purchasing 90 per cent of its feed rations prior to the price increases (SRC 2012e) – by surprise.

Company reports suggest that at least 215 of OEF's animals died that season, resulting in a cost of CAD 400 thousand for the company (SRC 2013d, e).

Finally, alongside OEF's land access and productivity challenges, the venture also struggled with issues around labour. By all accounts, the company was very short-staffed the first year – as one of its First Nations employees quipped "one day I was answering phones at the office, two days later, I was driving a sprayer" (Interview 24, 22 July 2014). After relying heavily on custom contractors in 2009, OEF was trying to bulk up its own workforce but experiencing a high degree of attrition (Interview 5, 17 December 2010). The company lost trained workers to the oilfields and struggled with commitment among those who stayed, who conceived of their jobs as nine-to-five even when the demands of farming extended into the wee hours (Interview 24, 22 July 2014). Workers' relative inexperience also led to costly mistakes, such as seeding an entire field with plugged drills (Natcher and Allen 2015). Damages to expensive machinery accumulated (Interview 25, 22 July 2014). Augmenting all of this was what Natcher and Allen (2015) describe as 'cultural insensitivity': a lack of understanding of the challenges facing the population they were trying to engage. For example, field managers were surprised that many potential workers lacked drivers' licenses, would struggle to get to job sites independently, or could not afford necessary protective equipment prior to their first pay cheque (Natcher and Allen 2015). My interviewees described the situation more plainly as racism (a matter I discuss further below). They felt unfairly monitored by OEF's data tracking systems (which placed responders in employees' trucks and required 'triple weighing' of grain at the combine, truck, and storage facility, presumably in anticipation of theft); they suggested that their ideas and ambitions were disparaged; and even I heard crass essentialisms repeated by OEF staff in interviews. Although OEF often talked about doing cross-cultural training, the firm never 'walked the walk' by booking it (Interview 24, 22 July 2014).

With all of these challenges unfolding concurrently, it is perhaps unsurprising that OEF struggled with profitability. Corporate reports show that in its first five years of operations, the company lost CAD 69.2 million (Table 3.2). By 2012, OEF also seemed to be facing a worsening cash flow crunch, since the credit arrangement made that year required that SRC sign a cash flow deficiency agreement with the lender, with the initial cap of CAD 1 million increased

Table 3.2: OEF Financial Results, 2009-2013

| | **2009** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|---|
| **Revenues** | CAD 2.7M | CAD 8.1 M | CAD 18.5 M | CAD 42.8 M | CAD 43.8 M |
| **Expenses** | CAD 5.9 M | CAD 20 M | CAD 32.5 M | CAD 52.7 M | CAD 74.6 M |
| **Net Income (Loss)** | (CAD 3.2 M) | (CAD 11.9 M) | (CAD 14.0 M) | (CAD 9.9 M) | (CAD 30.2 M) |

(Sources: SRC 2011a, 2013b, 2014a)

to CAD 2.3 million in 2013 (SRC 2013c, f). In the meantime, SRC's shareholders and OEF's other investors were becoming restless, as OEF wasn't showing that it could present "a profitable sale to a third party any time soon" (Natcher and Allen 2015:5). Rather, in 2013 SRC's "potential for a sale offering was merely an operating farm on third-party leases with increasingly dissatisfied landlords [and] five years of successive financial losses" (*ibid.*:6).

Natcher and Allen's (2015) assessment of First Nations' increasing dissatisfaction with the project is accurate. According to my interviews, things started off well enough and early First Nations partners felt that they had the ear of OEF management, especially if they had enrolled significant acres in the venture (Interview 2, 13 December 2010). But as OEF came under increasing financial stress, its model shifted, and First Nations were “relegated to the role of landlords and not business partners” (Natcher and Allen 2015:9). OEF’s First Nations lands staff told me that they tried to intervene, writing letters expressing their concerns and fielding tense phone calls and meetings with OEF management. But their suggestions were rebuffed or ignored. Turning the stereotype of ‘angry Indians’ on its head (see Native Canadian 2004; Coulthard 2014: 105-130; Jago 2018), one of the liaisons described his own efforts as follows: “I went to go and meet the CEO, I used to get him mad, he’d just go red, because I’d debate with him” (Interview 27, 24 July 2014). There was no word on whether the colour change was permanent for the man whom another interviewee once described, with a measure of exasperation, as “white as white can be” (Interview 25, 22 July 2014). In any case, tensions around the venture mounted to the extent that two communities – Thunderchild First Nation in Saskatchewan and the Kainai Nation in Alberta – ultimately asked OEF to leave their reserves before the company’s leases had expired (in each case for reasons that interviewees preferred not to disclose).

### 3.5.3 Faltering First Nations Benefits

If the race relations playing out inside OEF were one source of frustration for participating First Nations, another was that the benefits they had anticipated receiving through the project proved slow to materialize. In keeping with Natcher and Allen’s (2015) respondents, many of the representatives I interviewed suggested that OEF’s role in raising reserve rental rates was the most significant benefit delivered by the venture. But a careful review of ILRS instruments suggests that OEF’s performance in this area was actually somewhat uneven (Table 3.3).

Corporate documents indicate that between 2009 and 2013, SRC paid some CAD 16 million in rent to its First Nations partners and non-native landowners. As for whether its leases corrected past undervaluation, ILRS records show that the cropland rents charged by two First Nations (Keeseekoose and Enoch) increased substantially with the arrival of OEF on their respective reserves, and that one additional First Nation (Thunderchild) increased its rental rates two years later. In three other cases (Coté, Yellow Quill, and Kainai), First Nations had already started to push up cropland rents prior to partnering with OEF. With respect to OEF's claim that it paid 'fair market value' for the land it leased, comparing the cropland fees set out in ILRS records with lease rate surveys completed by the governments of Saskatchewan and Alberta suggests that

Table 3.3: Rental Rates on Participating First Nations, OEF and Other Tenants, Based on Indian Land Registry System (ILRS) Records[1]

| **First Nation** | **First Year with OEF as Tenant** | **OEF (per acre)** | **Surrounding Region[2] (per acre)** | **Concurrent Tenants[3] (per acre)** | **Previous Tenants[4] (per acre)** |
|---|---|---|---|---|---|
| Coté | 2011 | CAD 45.00 | CAD 33.60 | CAD 36.00 - 45.00 | CAD 35.00 - 45.00 |
| Kawacatoose | 2011 | CAD 32.43 | CAD 28.60 | Not using ILRS | Not using ILRS |
| Keeseekoose | 2011 | CAD 45.00 | CAD 33.60 | CAD 25.00 - 32.00 | CAD 12.50 - 23.00 |
| Star Blanket | 2010 | CAD 29.00 | CAD 28.76 | Not using ILRS | Not using ILRS |
| Thunderchild | 2009 | CAD 32.00 - 33.00 | CAD 35.40 | CAD 17.00 - 20.00 | CAD 17.00 - 20.00 |
| Yellow Quill | 2011 | CAD 30.00 - 50.00 | CAD 28.76 | CAD 27.50 - 35.00 | CAD 30.00 |
| Kainai | 2010 | Irrigated: CAD 160.00<br>Other: CAD 45.00 | Irrigated: CAD 150.00<br>Other: No data | Irrigated: No data<br>Other: CAD 45.00 | Irrigated: No data<br>Other: CAD 40.00 - 45.00 |
| Enoch | 2012 | CAD 60.00 | CAD 25.00 - 55.00 | CAD 60.00 | CAD 33.00 |

[1] As noted in the text, several First Nations did not utilize the ILRS or utilized it irregularly prior to and during their partnership with OEF.

[2] In Saskatchewan, averages for the surrounding crop region are drawn from the Ministry of Agriculture's 2012 'Private Lease Rate Survey' (Government of Saskatchewan 2012). In Alberta, response ranges for the surrounding county are drawn from the Ministry of Agriculture's 2012 'Custom Rates Survey' (Government of Alberta 2012).

[3] Based on similar-term leases finalized in the same year that OEF became a tenant. I have excluded one unusually high result.

[4] Based on similar-term leases covering the year prior to that in which OEF became a tenant. I have excluded one unusually low result.

in most cases (six of eight First Nations), OEF paid slightly higher than average cropland rents compared to other tenants in the surrounding regions. Evaluating OEF's fees against those paid by concurrent tenants with similar term contracts on participating reserves, in turn, shows that in three cases (Keeseekoose, Thunderchild and Yellow Quill), OEF paid more for at least some portion of its leased land, and that it was at the upper end of the rental range in one additional First Nation (Coté). In two other cases (Enoch, Kainai), OEF paid the same rate as other tenants. Unfortunately, data limitations make it difficult to assess how OEF's rates for grazing permits compared with those of past tenants or the current market; although for the one First Nation (Mistawasis) where such calculation is possible, OEF's fees (CAD 0.60 per animal per day) were considerably lower than the average for that crop region (CAD 0.89 per animal per day).

Even where First Nations leveraged improved rents out of participating in OEF, it is unclear that such participation yielded the best possible financial deal for their lands. As mentioned earlier in this chapter, OEF's Alberta agreements held fees constant across the full duration of the permit or lease. Although most First Nations in Saskatchewan retained rental reviews, ILRS records reveal only one case (Yellow Quill) where the Nation used such review to increase the rent charged to the firm year-over-year.[79] Meanwhile, prairie farmland was appreciating rapidly in value, rising 154 per cent in Saskatchewan and 66 per cent in Alberta between year-end 2008 and 2014.[80] Although lease rates do not necessarily directly track land values, it is clear that in such context static rents deprive First Nations of possible revenues. While in some cases First Nations used OEF's presence as a bargaining chip to leverage better rents out of existing tenants, in at least one other case a First Nation chose OEF over other

[79] Again, First Nations' inconsistent use of the ILRS – including, in this case, to codify the results of rent reviews – makes it difficult to conclude what happened in other cases.
[80] Author derived data, based on Farm Credit Canada's reporting on farmland values (see FCC 2017).

tenants offering higher rates. One of the venture's First Nations liaisons blamed this decision on the strength of his sales pitch: "I sold OEF so good they gave it to us for less. I suckered 'em right in" (Interview 24, 22 July 2014). Add to this the fee reductions that First Nations incurred after OEF's implementation of its GIS protocol (discussed above) and it is easy to understand why some First Nations might still feel slighted on lease payments.

Turning to OEF's pledge of improved stewardship, the firm's practices were similarly hit and miss. As noted earlier, the farming practices set out in OEF's formal contracts with First Nations were not noticeably more rigorous than those followed by other tenants. There is similarly little indication that OEF got beyond the usual "ecological contradictions" of prairie farming (see Magnan 2012:170). While OEF did implement crop rotations and utilize low- or no-till farming systems, it also relied heavily on the use of agrichemicals, fossil fuels and large, soil-compacting machinery. As for the company's cattle operations, although OEF followed 'natural' and 'organic' protocols on a sizeable proportion of its herd, photos on the company's website showed cattle wading in a stream against appropriate riparian practices. One lands manager suggested that her Nation's lands had been overgrazed (Interview 19, 17 July 2014), while the high mortality experienced in OEF's herds over the winter of 2012/3 raises serious questions regarding animal welfare.

OEF also fell short with respect to the other benefits that First Nations anticipated receiving from the venture. In terms of training, the CAD 5 million 'Inroads to Agriculture Institute' launched by OEF ran for just two years before disappearing, although the pre-existing 'Green Certificate' apprenticeship program that it utilized remains available to both First Nations and non-native students. The University of Saskatchewan's Post-Graduate Diploma in 'Aboriginal Agriculture and Land Management' continued on for several additional years, perhaps facilitated by Blaine Favel's role as Chancellor of the University (2013-16). It was then absorbed into a larger restructuring of the school's First Nations programming. With respect to jobs, in 2011, when OEF was leasing 103,002 acres of crop land, it had a total of 31 First Nations employees which, while comprising 37 per cent of OEF's overall work force, was considerably short of the at least 103 positions apparently predicted by the rates set out in OEF's Letters of Offer (OEF 2011).[81] Finally, with respect to OEF's Lease Equity Program, it is unclear that the model OEF settled on – where First Nations would receive shares in certain operational subsidiaries rather than in OEF as a parent company – would have yielded significant returns (Figure 3.3). For example, this share structure would seem to prevent First Nations from enjoying the full financial benefits that could be leveraged from an IPO, and similarly to exclude them from benefitting from OEF's extension into value-added sectors (discussed further below). In any case, SRC still had not issued any units to participating First Nations by March 2013, a full 26 months after the Program was finalized.

### 3.6 OEF's Restructuring (2013 – 2017)

OEF's fifth operating season in 2013 marked a watershed for the venture. In February of that year, OEF acquired Beretta Farms, a purveyor of hormone- and antibiotic-free meats into markets in Toronto and Vancouver. SRC suggested that the acquisition was the "first instance of OEF's strategy of vertical integration and branded food products" (SRC 2013g). But the development also marked a turning point in the company's operational model, leading management to evaluate a "reallocation of capital" between OEF's farming operations and its

[81] Natcher and Allen (2015:9) similarly suggest that even at the height of its operations, OEF's early estimates of 250 First Nations jobs were missed by more than 200.

new, higher margin, value added business unit (SRC 2013c:24). Such evaluation coincided with a shake up in the venture's management, with Ruud, OEF's President and CEO leaving the company and Mike Beretta, the founder of Beretta Farms, taking his place. The firm's new top executive later said that he "never bought into" the idea of a corporate farm, failing to see how the numbers would "pencil out" (Beretta, quoted in Pratt 2014). Even in years when other prairie farmers enjoyed good yields and prices, "OEF still managed to lose money", and "to be honest…didn't show any ability to generate anything remotely resembling profitable numbers" (*ibid.*). Beretta proposed exiting crop operations, arguing that amid ongoing commodity price volatility, the high capital investment required could be better deployed elsewhere. The Board evidently agreed with this assessment since it implemented an exit from crops over 2013 and 2014. Concurrently, OEF transitioned its cattle operations into third party custom management arrangements, contracting them out to ranchers to better "align costs with supply chain objectives [and] opportunities in the domestic and international market for beef" (SRC 2014:4).

These shifts in OEF's business model resulted in the company severing its ties with most of its hitherto First Nations partners.[82] OEF left the communication of its decision to its aboriginal liaison staff, a move that several interviewees suggested demonstrated a lack of accountability, transparency, and common decency on the part of the firm. One staff member attributed OEF's actions to outright fear, again bringing to mind entrenched views on the prairies of First Nations' as "wild and dangerous", animalistic, ruthless "wagon burners" whose anger – itself a "force of nature" (Jago 2018) – proved that they were not far removed from savagery. As the staff member put it: "I was the one that told the people the bad news – not them, they wouldn't go out, they were fucking scared" (Interview 27, 28 July 2014). Indeed, so keen was

[82] The company initially maintained one First Nations cattle manager and one crop operation.

OEF to avoid confrontation, he suggested, the company even removed its cattle from reserve lands under the cover of night. So too were negotiations and arrangements for those reserves where a portion of OEF's lease term remained left to the firm's lands staff. In some cases, liaisons secured subletters to fill the remaining term, while in others OEF agreed to pay a set fee (in one case, a year's rent) to Chief and Council, who then selected their own tenants (Interview 25, 22 July 2014; Interview 27, 28 July 2014). OEF, in turn, sold off all their equipment, repaid their credit arrangement and equipment loans and used the resulting revenues to expand its brands business. The reverberation of OEF's restructuring decisions up the management chain became apparent when Bambrough – SRC's co-founder and OEF's original champion – left the parent company in October 2013, and Sprott himself ceded his role as Chair to Terrence Lyons, hitherto SRC's Lead Director (SRC 2013h). Bambrough continued to express his faith in SRC, noting in January 2014 that he had yet to sell a share in the company, and that he looked forward to getting back into the "distressed resources market" when his non-compete period expired (Humphreys 2014).

Over the next two years, OEF continued to expand its brands business while maintaining its new approach in cattle operations. The firm acquired Toronto-based Sweet Pea Baby Food in September 2013 and added a catering and meal-delivery service to Beretta Farms later that year (SRC 2014a). SRC invested an additional CAD 3.4 million in OEF in 2014, raising a further CAD 7.6 million from existing shareholders (SRC 2014b). That October OEF purchased Canadian Premium Meats, "a federally regulated and EU-certified slaughter and processing facility…in Lacombe, Alberta" (SRC 2015b). The firm subsequently acquired two Western Canadian beef labels, Prairie Heritage Producers, which markets hormone and antibiotic-free under the label Heritage Angus and Chinook Organics, which includes the private label Diamond

Willow Organics (*ibid.*). At the end of 2014, OEF's beef herd included nearly 17,500 animals being raised under custom protocols on 12 ranches spread across Saskatchewan and Alberta (*ibid.*). When SRC last provided disaggregated data in 2013, OEF generated an overall net loss of CAD 30.4 million, but its brands segment almost broke even (reporting a net loss of CAD 0.2 million) (SRC 2014c). Early in 2015, OEF hired public relations and marketing firms to assist it with creative design, brand positioning and other marketing activities (Harris 2015; Taccone 2015). Nonetheless, at the end of that year, SRC put the fair value of the company at CAD 28.1 million, less than a quarter of the CAD 123 million the company and its co-investors had sunk into the venture over the years (SRC 2016a:8).

The effective collapse of OEF as SRC initially envisioned the venture led to much discussion and great speculation as to causes of the firm's demise, including among its First Nations partners. The popular perception was that OEF grew "too big, too fast", that the firm "bit off more than they could chew" (Interview 19, 17 July 2014). Here OEF's ambitious target of becoming Canada's largest farm – which Natcher and Allen (2015) suggest was rooted partly in ego and partly utility insofar as "the title was useful for marketing and raising capital" – may have ultimately disadvantaged the firm. Interestingly, Beretta later suggested that when he took over the reins as CEO there were still several company figures who insisted that OEF simply needed to grow further to attain profitability, a gesture to the continuing salience of the 'size versus efficiency' debate among farmers and perhaps financial managers (see Pratt 2014). Many of OEF's First Nations partners felt that the company also had a problem with overspending. OEF bought all new farm machinery when they could have gotten by leasing some of it (Interview 26, 23 July 2014). After one staff member recounted that he had seemed to be visiting "Merlin Ford [a local automobile dealership] every other day to buy a truck", his colleague teased him that he hadn't secured one as a 'retirement' gift (Interview 24, 22 July 2014). The firm insisted on using technology that many considered unnecessary: it wasn't clear, for example, why staff needed an iPad (which OEF used to give work instructions) to tend cattle (Interview 19, 17 July 2014). Even the firm's labour commitments seemed high, with another staff member suggesting that what OEF was trying to do with 15 workers at one location, a neighbouring farmer was able to do with four (Interview 17, 24 July 2014). "It was crazy," reported still another, "money was flying all over" (Interview 24, 22 July 2014). Although SRC's management doubtless felt bound by a concern for 'shareholder value', this evidently didn't transmit to OEF's farm directors and field bosses, of whom one interviewee surmised: "when it's not your money, you don't give a shit" (Interview 27, 24 July 2014).

OEF's scalar and spending habits raise interesting questions around the extent to which the venture's financial orientation contributed to its challenges. Some suggested that the firm's management was "too top heavy", and that its "many lines of authority" (Interview 27, 24 July 2014) and penchant for making decisions "from the boardrooms in Toronto, without having boots on the ground here" (Interview 24, 22 July 2014) compromised responsiveness. As one interviewee put it, "crops don't wait" (Interview 24, 22 July 2014). Additionally, the audit processes implemented by SRC and the monitoring and reporting required to support an eventual IPO added significantly to OEF's expenses while exacerbating demands on an already overstretched work force. Indeed, even a measure of OEF's 'cultural insensitivity' might be attributed to the culture of financial operations. As Natcher and Allen (2015) surmise, the venture was perhaps "'too loud' and 'too fast'": in a sector that disparages boastfulness and bragging, OEF "didn't need to let all the neighbours know what it was doing". Perhaps most fundamental of all were the time demands imparted by OEF's venture capital roots. As one interviewee put it, OEF was “trying to make money right off the hop” (Interview 26, 23 July 2014), which sets one up for failure “when things don’t go according to plan – as is the norm in farming” (Rance 2014). Natcher and Allen (2015:7) similarly pin the failure of the venture on investor impatience, a matter of “seemingly compatible goals on paper” being “conflicted in terms of timelines of execution.” While such assessment is decidedly a-political as to the demands of global capitalism, it also contains a measure of truth.

When I was last on the prairies doing fieldwork in 2014, OEF’s First Nations partners were still reflecting on the collapse of the venture. Interviewees recognized some positive outcomes from the project, including the aforementioned improvement in rental rates obtained by some First Nations, the close relationships forged among First Nations staff who functioned “almost like a family”, and the fact that some white co-workers may have gained a greater appreciation of First Nations traditions and culture through their work with the company (Interview 27, 24 July 2014). The project also had negative impacts. One First Nation was left making payments on a CAD 2.5 million grain storage facility which it had constructed as ancillary business to OEF (Interview 25, 22 July 2014). The displacement of long-term tenants heightened fractiousness between some First Nations and their non-native neighbours. The project also contributed to tensions within and between First Nations communities. Said one of the firm’s lands staff: “I always used to tell them: fuck, I have to live in these communities when you guys are gone” (Interview 27, 24 July 2014). Another remarked wryly: “I made a lot of enemies in a lot of places. Some bands don’t even let me go on their reserves now” (Interview 24, 22 July 2014). Many expressed feelings of frustration and disappointment: “It was sad. I believed in it, I was so loyal. I really felt bad when it went under.” (Interview 27, 24 July 2014). Cynical questions and remarks remained:

> “Was it a front? We had guys there with academic degrees in business. We had the best. But the best didn’t do any good for the poor, for those that had nothing. They say they had the best people hired. Our mistake was that it was the worst people at the top.” (*ibid.*).

Many were still scratching their heads over how a company could lose so much money:

> “They started out with [CAD] 123 million. They should have given us – the Indians – [CAD] 50 million. We’ll show you how to farm without dead cows and sprouted grain. We would have made you money.” (*ibid.*)

First Nations were similarly considering their next steps. Interestingly, participating in OEF had convinced several of the venture’s former partners to consider establishing (or reestablishing) autonomous farming operations, whether at the community level or in partnership with other Nations. These Nations were proceeding cautiously, careful not to repeat the mistakes they felt OEF had made. For example, Thunderchild was developing a job description and list of duties for an Agricultural Manager the Nation hoped to hire in 2015 (Interview 20, 17 July 2014). Yellow Quill had completed feasibility studies and was developing a business plan for a 3000 acre operation with a single line of equipment that the Nation hoped would help it to secure bank financing (Interview 24, 22 July 2014). Both Muskowekwan and Coté saw opportunities for consolidating their land base with others in their area (Interview 25, 22 July 2014; Interview 27, 24 July 2014). Several were also carefully watching Ochap Farms and saw potential for instituting a similar, staged model on their reserve lands and eventually undertaking contract work for neighboring farmers. A lingering frustration among these Nations was that their Councils had not been offered a chance to buy the equipment that OEF offloaded when it exited crop operations, still another lost opportunity through which the venture could have better supported First Nations (Interview 27, 24 July 2014).

As for SRC's only other investment in agricultural production, the firm continued, at the end of 2015, to hold 6.3 per cent of the shares in UAG (SRC 2016a:8), which had by then consolidated almost 1 per cent of Uruguay's land mass (SRC 2014:31). SRC put the fair value of those shareholdings at CAD 29.2 million relative to the CAD 28.7 million it invested in the company beginning in 2008 (SRC 2016a:8), a slight rate of return, but a decidedly better one than the company achieved with OEF. Meanwhile OEOG, SRC's other major initiative engaging First Nations did not fare well amid the turbulence that hit energy markets starting in 2014. After securing interests in oil and gas deposits underlying and adjacent to three aboriginal communities in Canada and the U.S.A. (none of which were involved in OEF), OEOG conducted exploration work and by the end of 2013 was producing oil and natural gas from seven wells (SRC 2014a). But in August 2015, OEOG sold off two of its properties at significantly reduced prices due to production problems and the collapse in oil prices. By November of that year, the company had entered bankruptcy protection and continued to negotiate the sale of its interests in a joint venture formed with a Métis community in the Peace River region of Alberta (Sametz 2015).

### 3.7 Conclusion

Despite the failure of OEF as SRC initially envisioned the project, the venture provides useful insights into the elements of agrarian repair projects and the fixes they purport to offer. Similar to other agricultural investment projects in the region and globally, OEF attempted to incorporate both capital accumulation and wealth preservation functions for finance capital battered by the financial crisis (see Cotula 2012; Fairbairn 2014; Sommerville and Magnan 2015). SRC suggested that investing in large scale farming would effectively reground and regenerate its financiers' capital amidst shifting fundamentals in the agricultural sector and financial market and policy disarray. It aimed to liberate sizeable returns off of farming its geographically diversified land base and through an eventual spin off or sale of the company. Bolstered by Eric Sprott's pedigree and its well-connected management team, the venture raised a huge amount of money to invest in its operations and expanded them steadily over its first four years.

OEF's access to farmland and its subsequent expansion depended intimately on the second repair the project promised. The venture's proposal that it would fight discrimination against First Nations and provide for their fuller and fairer inclusion in the prairie farming sector hinged on promises of improved rents and sustainability, training and employment opportunities, equity in the venture, and ancillary business prospects for its community partners. In combination with the local history of discrimination against First Nations agriculture (see Chapter 2) and the challenges that many band farms were experiencing amidst deepening agricultural liberalization, OEF's promises were alluring enough to lead some Nations to cede autonomous farms to the venture. Others turned over lands tenanted to neighbouring farmers, tired of the discrimination they experienced in local land markets. Although initially relations between OEF and its First Nations partners were positive, they soon soured as the project ran into financial difficulties. Within five years SRC pulled the plug, evaporating its commitment to establishing a 'new standard' for business relations between the private sector and Indigenous communities.

OEF demonstrates the ways that racialized histories and experiences can be both mobilized and monetized in contemporary agricultural investment projects. It suggests that the operation of racial capitalism at the settler colonial interface depends on two interrelated aspects of First Nations' subjectivities. The first regards First Nations' history as a colonized peoples, whose lands and members remain characterized by distinctive features on account of this history. The second regards First Nations' centering within contemporary recognition and reconciliation paradigms, and associated redress programs relating to land claims and economic development. SRC selectively incorporated each of these subjectivities into its capital accumulation and valuation strategies (e.g. recognizing some aspects of the colonial origins of First Nations' experiences of dispossession and discrimination while exploiting other elements of the colonial relationship). Nonetheless, such strategy yielded considerable benefits for the company and its wealthy investors, and not merely for OEF's First Nations partners.

In fact, OEF's engagement of its First Nations partners provided not only the conditions of possibility for the venture but also mediated many other aspects of its business model. The land base that these partnerships provided access to was unhindered by provincial legislation and was actively expanding through ongoing land claims processes. Engaging Indigenous communities supplied OEF with farmworkers in a tight labour market and allowed SRC to avoid training costs and obtain wage subsidies through the IAI program. As the centrepiece of OEF's ecological and social 'responsibility' practices, OEF's First Nations partnerships yielded several additional allowances. They likely eased oversight from government agents, such as the officials whose approval was necessary for OEF's formal leases. They enabled OEF to secure financing from the First Nations-focused CAPE Fund, and doubtless appealed to other investors concerned that their capital should exercise 'responsibility'. Finally, they provided opportunities for marketing to consumers who might be motivated by a similar sense of accountability and a desire for 'reconciliation' with Indigenous peoples, and for access to the premiums such markets would convey. Indeed, OEF likely delivered still further possible benefits to investors that have so far proven difficult to trace out – such as advantages generated by First Nations' exemption from income tax on earnings from reserve agriculture. In short, OEF's 'responsible' partnerships with First Nations provided a steady stream of revenues, premiums, subsidies, savings, cost avoidances, and competitive advantages. In a sense, it was this stream that SRC sought to brand and financialize − to turn into capital gains upon investors' exit from the venture.

Ultimately the returns that OEF leveraged off of its First Nations partnerships were unable to save the venture from its larger profitability woes. From the get-go, OEF was plagued by the same range of weather and market factors that have undone many prairie farmers since the settlement of the region some 150 years ago. The venture faced particular challenges associated with its decision to operate over a very large-scale and decentralized land and labour base while retaining decision-making powers in Toronto. The hubristic habits that other scholars have attributed to finance (Engelen et al 2011) also played a role, contributing to considerable cost overruns. Nonetheless, this does not mean that the racialized returns mobilized by OEF off the back of their First Nations partners were insignificant. Indeed, whether similar channels are helping to sustain agricultural investment projects elsewhere in the world is a question worthy of further attention from researchers in critical agrarian studies and related disciplines. To this end, in the next two chapters, I consider an 'agrarian repair' project in South Africa that has so far lasted much longer than did OEF. This allows me to reflect on both the particular form that agrarian repair projects may take in a second national setting, on the channels of racialized returns that such projects may mobilize, and on the role that such channels may play in ensuring the projects' endurance.

# Chapter 4: Finance, Fruit Farming and Racialization in South Africa

## 4.1 Introduction: At Acornhoek Plaza

'Land First, Everything After' declares the t-shirt worn by Mmoledi Speaker Mahlake, strolling with me through the aisles of Pick'n'Pay, a national grocery chain in Acornhoek, a township in the Northeast of Mpumalanga province in South Africa (Figure 4.1). It is September 2014 and Mahlake, General Secretary for the Land Access Movement of South Africa (LAMOSA), is accompanying me while I fetch ingredients for dinner at my guest house later in the day.[83] Seeing his t-shirt superimposed against the colourful canned goods lining the supermarket shelves strikes me as a succinct visual summary of the contradictions and conundrums that beset contemporary Mpumalanga. The plaza is testament to the sustained wave of retail development unfolding in Bushbuckridge, the surrounding municipality, also home to the highest population density, highest poverty levels (some 80 per cent) and lowest levels of infrastructural development (at least aside from shopping malls) in Ehlanzeni District (CGTA n.d.). Informal traders, often women selling vegetables, line the edges of the parking lot vying for customers alongside the three large supermarkets in the plaza complex. On a weekly basis, a long queue of people trails from one of these stores out along the sidewalk, cashing in the social grants that are a key part of area livelihoods. Another important income source comes from the surrounding countryside. The commercial farms stretching from here South to Nelspruit, the provincial capital, comprise the second largest citrus producing area in South Africa. The farms grow a

[83] LAMOSA is a community-based organization advocating for land and agrarian rights. See: https://lamosa.org.za

third of the country’s orange crop along with subtropical fruits including mangoes, avocadoes, litchis and bananas. Pecan and macadamia nuts, sugarcane, and vegetable crops round out the


Figure 4.1: ‘Land First, Everything After’, Acornhoek Plaza, Mpumalanga, South Africa, October 2014

(Photo by author)

Note: Mahlake’s t-shirt is from an event held by the Limpopo People’s Assembly to connect local people with their elected representatives.

agricultural offerings. Early in the morning and again in the evening, the surrounding roads are cluttered with buses transporting workers from Acornhoek and surrounding townships to employment on the farms, competing with the traffic of visitors making a day trip to nearby Kruger National Park.

If Acornhoek Plaza and the other malls springing up along the R40 highway are a sign of change, the continuing importance of agriculture in the region seems also to indicate continuity. But farming in the region is undergoing rapid transition. Not least, this is because Mpumalanga and the neighboring province of Limpopo have seen some of the highest numbers of claims lodged by black communities seeking redress for the dispossession of their lands under colonialism and apartheid. Indeed, some estimates suggest that between 50 and 70 percent of these provinces' land base is under claim through South Africa's land restitution program (PLAAS 2016:30). This and a parallel land redistribution program have been charged with addressing the highly racialized distribution of land that prevailed at the close of apartheid, when commercial farms in regions such as this were virtually exclusively white-owned. Twenty years into South Africa's democracy, the results are unclear. Both the restitution and redistribution programs have struggled with timely delivery on their mandate, and those communities that do obtain land often found it difficult to keep it in commercial production. In part, this reflects the challenging market environment that communities face, not least because efforts to 'deracialize' South Africa's agriculture sector have coincided precisely with its aggressive deregulation. Racialized poverty remains deeply entrenched in rural areas, hampering the straightforward aspiration expressed on the back of my friend's t-shirt. Catching up some weeks later over a beer with Koos (Kosie) van Zyl, former chair of the Agricultural Credit Board and current advisor to the producer organization AgriSA, I summarize my early findings. Kosie listens attentively while I describe my meetings with communities who have obtained land under land reform, only to find themselves exploited all over again by powerful, white-dominated agribusiness firms and finance capital. He shakes his head sympathetically: "it's an old, old story, Melanie – a very old story" (Interview 46, 7 November 2014).

While land reform has become a site of particular tensions under the post-apartheid dispensation, it mediates a larger national context, in which questions about South Africa's delivery on national democracy are constantly being raised. I arrived in the country at a moment that some might consider a watershed: just four days prior to the passing of Nelson Rolihlahla Mandela, anti-apartheid revolutionary and the country's first democratically elected president (1994-1999). My field work spanned the national election of 2014, the first time 'born frees' could vote. From the titles of the books lining my favourite Cape Town bookstores, it was unclear that things were unfolding as the population might have hoped. Hein Marais' (2010) 'South Africa: Pushed to the Limit', struggled with the question of why, in contemporary South Africa, "the colour of people's skin still decides their destiny". Gillian Hart's (2013) 'Rethinking the South African Crisis' sought to shed "new light on the transition from apartheid", even if she was adamant that the country should not be thought of as a kind of 'limiting case' – that is, she maintained that pressures therein were "extreme but not exceptional" globally. Alex Boraine (2014) was meanwhile asking 'What's gone wrong?', claiming that South Africa hovered "[o]n the brink of a failed state". Although I have not personally inquired, it seems probable that five years on, his view is that things continue to go rapidly downhill – that they have only gotten, well, 'brinkier'. The Economic Freedom Fighters (EFF) – a radical opposition party launched in 2013 by Julius Malema, the expelled former president of the African National Congress (ANC) Youth League – have the ANC under constant pressure. Having gained 6.35 per cent of the national vote in 2014, the EFF's ensuing gesticulations have dominated large portions of the news cycle since. Many of the party's pronouncements have focused around land as "a symbol of disenfranchisement" (Kepe and Hall 2018:128), a metaphorical anchor for public displeasure amidst the profound economic difficulties still faced by the majority of South Africans after twenty years of democratic rule.

These are the larger circumstances – the elements of change, continuity, and the constant visioning of crisis – that underlay the 2010 establishment of a new agricultural investment fund by Futuregrowth Asset Management (FAM), a venture that I examined during my dissertation research as a counterpart to my Canadian work. As I will explain in Chapter 5, FAM's new venture built upon the earlier efforts of a related company, South African Fruit Exporters (SAFE), first established as a fruit exporter in the citrus and grape sectors. This chapter lays out the context necessary to understanding the operations of these and related firms, their financiers, and their intersections with South Africa's land reform processes. I explore how a history with superficial similarities to Canada's but also significant differences has nonetheless resulted in a parallel contemporary conjuncture: one where an 'agrarian repair' project could be postulated as both a way out of the accumulation crisis and a means of boosting black inclusion in and empowerment through the commercial farming sector.

The chapter proceeds in six parts. In the next section, I describe the contours and characteristics of South Africa's commercial fruit sector, where SAFE operated and where FAM would later establish its first Agri-Fund. I focus in particular on the system of state supports that underpinned commercial fruit farming prior to the aggressive liberalization of the sector in the mid-1990s, and the intense differentiation, consolidation and concentration pressures that deregulation unleashed. I then explore how processes of corporatization and financialization in the sector over the last 15 years have propelled land- and production grabbing, as well as the potential implications of these processes for farmers grappling with rising farm debt, increasing farmland prices, and deepening tensions with respect to farm labour. In the third section, I circle back to consider the deeper history of white domination in commercial fruit production, first established under colonialism and resubstantiated under segregation and apartheid. I review debates around the drivers of African marginalization in commercial farming during these periods, resulting from both political and economic factors. Next, I examine the land reform programs that South Africa implemented following the country's transition to liberal democracy in 1994. Looking at both the land restitution and redistribution programs, I trace a narrowing focus on cultivating a class of black commercial farmers. State efforts to advance this goal have relied heavily on the two measures I explore in the fifth section of the chapter: the engagement of the white-dominated agribusiness sector in the delivery of land reform, and the implementation of black economic empowerment legislation. In the last section of the chapter, I consider recent criticisms that these policy approaches have compromised the decolonial ambit that many associated with land reform and South Africa's democratic transition more generally. I argue that such compromise has positioned South Africa at a tense racial juncture which 'agrarian repair' projects seemed poised to help address but may in fact exacerbate.

## 4.2 State Support and Destabilization in South Africa's Commercial Fruit Sector

South Africa is often said to have a dualistic agrarian economy. While this characterization risks construing the two 'halves' as unrelated each to the other (an assumption I problematize below), it does describe the peculiar co-existence of a sizeable, high value and export-oriented commercial agriculture sector alongside subsistence and smallholder farming. My research focuses on the commercial side of this dualism, and in particular on the commercial fruit sector, whose products have long been one of South Africa's most valuable agricultural commodities. Since nearly its emergence, commercial fruit farming has been white-dominated, clustered along major river valleys in those areas of South Africa that were historically white-controlled. In this and the next section, I trace the shifting fortunes of these commercial fruit farmers and their labour force, leaving aside temporarily the racialized dispossession that reinforced the sector's growth and power historically until the third section of the chapter.

Commercial farming remains important to South Africa's economy. In 2010, primary agriculture contributed just under three per cent of the gross domestic product (GDP)[84] and provided approximately five per cent of formal employment as well casual jobs for a much larger number of workers (DAFF 2010a; 2011). Hall (2009) suggests that while these numbers might not seem impressive, they mask the true economic significance of agriculture due to its many up- and downstream linkages. The sector provides markets for inputs, generates products for processing and retail distribution, earns foreign exchange, and ensures that in most years South Africa is a net exporter of agricultural products – an important attribute given the country's larger export-oriented economic policy (*ibid.*:121). The commercial fruit sector, valued at more than ZAR 30 billion[85], generates more than 50 per cent of these exports (FruitSA 2015). Indeed, the fruit sector is weighted towards export production, with about 59 per cent of its products being sold in markets including the European Union (30.9 per cent of exports), Middle East (17.6 per cent), Far East (16.2 per cent), United Kingdom (11.7 per cent), Russia (8.7 per cent), the Americas (4.2 per cent) and the broader African continent (10.2 per cent). The remaining 41 per

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[84] The figure does not include the value of subsistence and informal market production, which Greenberg (2017:476) puts at approximately ZAR 15.5 billion.
[85] At 1 April 2010 (a date that roughly corresponds with the launch of the Futuregrowth Agri-Fund described in the next chapter) the Bank of Canada exchange rate was ZAR 1 = CAD 0.14.

cent is split between local markets (12 per cent), processing (28 per cent) and drying (1 per cent) (*ibid.*). Citrus and grapes – the two subsectors where the companies profiled in the next chapter focused their early activities – are among South Africa's most important commodities by export value (Helliker 2013:89). The country also produces large volumes of pome and stone fruits, as well as a growing range of sub-tropical fruit and nut crops (FruitSA 2015).

South Africa's commercial agriculture sector developed under a comprehensive system of state support measures for white farmers (Vink and Kirsten 2000; Hall 2009; Helliker 2013). Not least among these supports was farmers' access to subsidized credit, which Van Zyl (2014) suggests was central to both the settlement of the country and its recovery from the second Anglo-Boer War. In 1912, agricultural credit functions were taken over by the Land and Agricultural Development Bank, which channelled subsidies to white commercial farmers and consolidated their debts, especially during the Great Depression in the 1930s. After the Cooperative Societies Act was passed in 1922, part of the Land Bank's lending was shifted to farming co-operatives formed to boost farmers' marketing power and strengthen prices. The gazetting of the National Marketing Act in 1937 allowed for the creation of a series of single channel, monopsony marketing control boards which further extended farmers' power. After 1966, the Agricultural Credit Board provided assistance to less credit-worthy farmers. Farmers also received regular bail outs for periodic droughts and benefitted from grants for infrastructure (fences, houses, and dams), investments in irrigation schemes and water subsidies, access to veterinary and horticultural advice and extension, subsidized rail rates, and tax relief across the first half of the 20$^{th}$ century and in the post-war years (NDA 1998). Much as in Canada, state supports for agriculture were then considered to be in the national interest. "For good or bad," writes Greenberg (2010:19), the system "kept many farmers on the land who otherwise would have gone bankrupt."

While this "marathon" of state intervention (Vink and Van Rooyen 1993:19) helped to build up a strong commercial farming base, it failed to fully insulate the sector against impending changes in both agriculture and the broader political economic system. The adoption of increasing mechanization in the post-war years led to significant labour shedding even as South Africa's cultivated land base expanded (Vink and Kirsten 2000). The onset of double-digit inflation after 1973 drove up farm input costs, which rose faster than product prices despite efforts to maintain purchasing power parity (van Zyl 1986). A severe drought between 1982 and 1984 caused widespread crop failures. After deregulation of the financial sector in the late 1970s, agriculture began slowly to follow suit: market and price controls were liberalized, budget allocations declined, and subsidies were gradually suspended (Vink and Kirsten 1994). Farmers borrowed extensively to survive, aided by the availability of cheap credit and indeed the negative real interest rates that persisted across much of the 1980s (Coetzee *et al* 2002). Their luck turned sharply when the South African Reserve Bank (SARB) implemented an interest rate policy in the late 1980s causing a sharp climb in borrowing rates. By the end of the decade commercial agriculture was in "serious trouble" (Hall 2009:122), with declining farm incomes and exports, and huge debt loads.

In their ground-breaking article on the South African citrus sector, Mather and Greenberg (2003) trace the ascent and subsequent destabilization of state supports for agriculture and the implications for commercial fruit producers. In their telling, the creation of the South African Cooperative Citrus Exchange in the mid-1920s and a subsequent marketing scheme in 1937 allowed for the creation of an impressive citrus infrastructure funded in large part through producer levies. The component nurseries, research and extension services, network of pack houses and cooling plants, and transport capacities including a shipping line soon helped South Africa to become the largest producer of citrus in the Southern hemisphere (*ibid.*). During this period, farmers excelled at producing "huge volumes of reasonable quality, but fairly standardised citrus between April and September, year after year" (*ibid.*:122). Yet by the 1980s this stalwart productivism was fast turning from a strength into a hindrance, making the system "rigid and inflexible" (*ibid.*). Tensions inside the Exchange were rising as higher quality growers resented their apparent subsidy of lower quality ones. Internal inefficiencies drove outsized costs for the government. Outside of South Africa, retailers were beginning to differentiate on quality, but growers were not responding, leading to a mismatch between products and markets. This mismatch was exacerbated by the inability of infrastructure designed for oranges and lemons to handle the new 'easy peeler' varieties (e.g. mandarins and satsumas) that retailers increasingly demanded. There was growing interest in opportunities associated with the free market, both inside and outside of the country (*ibid.*).

While the challenges facing agriculture in the late 1980s were severe, they were soon dwarfed by the conditions following the onset of a formal and extensive deregulation process in the early 1990s. Scholars identify two main drivers for this process, each linked to South Africa's transition to a liberal democracy after 1994. The first driver was the new ANC government's 1996 release of a conservative, Washington consensus-style macroeconomic plan called the Growth Employment and Redistribution (GEAR) strategy (Mather and Greenberg 2003). Taking the view that agricultural liberalization would help to integrate South Africa's "national economy more fully into global processes" (Helliker 2013:79), the plan was aligned with global shifts, namely agriculture's incorporation into the WTO. The second driver was political: "[f]or the ANC government, the apartheid state's system of agricultural marketing had supported white farmers at the expense of black producers and, as such, was incompatible with a democratic post-apartheid South Africa" (Mather and Greenberg 2003:399). In anticipation of deregulation, many co-operative marketing boards were converted into private companies, with shares being distributed to producer co-operatives and individual growers (Mather and Greenberg 2003; Du Toit *et al* 2008).[86] After 1996, supports to farmers were rapidly dismantled.[87] Land Bank credit facilities were reduced and the Agricultural Credit Board disbanded in 1997, resulting in farmers borrowing at unsubsidized market-driven interest rates from private commercial banks (Mather and Greenberg 2003). Marketing controls were phased out in most sectors, and price controls for certain commodities replaced by the South African Futures Exchange, ostensibly offering farmers a way to continue managing their risk (Hall 2009).[88]

The commercial fruit sector was greatly impacted by deregulation. The Citrus Co-operative Exchange was privatized, becoming Outspan, which subsequently amalgamated with Unifruco, the single channel marketer for deciduous fruit, to become Capespan. Statutory control over fruit marketing was lifted in 1997, by which point a large number of export agencies were attempting to set up shop. Many were domestic but some, including SAFE, were founded by foreign nationals. Mather and Greenberg (2003) estimate that in this period more than 240

[86] Interestingly, such privatization proceeded despite certain political arguments against this course of action. For example, Du Toit *et al* (2008:13) describe how Derek Hanekom, Minister of Agriculture and Land Affairs, challenged the privatization of KMV, one of South Africa's wine producer co-operatives, "on the grounds that assets accumulated…under apartheid statutory regulation…should be considered a public property and benefit the entire industry." The case was settled out of court in 1997 when KMV agreed to fund an industry trust that would provide services to the industry as whole while supporting transformation.

[87] In fact, South Africa eliminated producer supports faster than was necessary under the WTO and was soon second only to New Zealand in the degree to which agriculture had been liberalized.

[88] Historically, international agricultural futures exchanges focused on grain, oilseeds and livestock commodities – but China launched world's first fresh fruit futures contract transaction in December 2017.

exporters were roaming the countryside trying to sign up growers, leading to what one journalist described as the ‘carton wars’ (Eurofruit 1999:17, cited in Mather and Greenberg 2003:402). Capespan evidently underestimated the implications of such activity, thinking that producers would remain loyal and the firm’s massive infrastructure would give it a competitive advantage. But the transition was difficult for many packing co-operatives, some of whom had themselves privatized by 2000 in an attempt to secure further investment. Producer members were deserting these packers in favour of new exporters or alternatively building their own pack houses. The resulting volume loss compromised the former co-ops’ ability to pack cheaply, and higher packing costs in turn drove further desertions (*ibid.*). The situation was aggravated by the huge debts the former co-ops had incurred in 1980s and early 1990s, in part to upgrade infrastructure. Some tried to retain growers through packing rights. In the Eastern Cape’s Sundays River Valley, the Sunday’s River Citrus Company had a 75 per cent packing right when SAFE came knocking on growers’ gates. SAFE was able to secure the remaining 25 per cent from some of these growers, which it packed a rented facility until it could acquire land on which to build its own Packhouse (see Chapter 5). A secondary problem facing former co-ops alongside the loss of fruit is that it tended to be the better growers that left, leaving the organizations with poorer quality product in an oversupplied market, a problem they could little afford (Mather and Greenberg 2003). Retailers were increasingly reluctant to engage with companies that could not guarantee traceability. In this context, integrating new (black) growers provided a way to boost volume, whether by direct mentorship or arrangements such as the strategic partnerships examined later in this chapter.

One outcome following deregulation was a sizeable increase in agricultural output, with exports rising 350 per cent between 1995 and 2007 (Greenberg 2010:x). While farm incomes also rose, input prices grew faster, creating a cost-price squeeze and offsetting the positive effect. Although irregular censuses hamper precise tracking, overall farm numbers declined significantly, dropping from just over 60,000 to 40,000 between 1996 and 2007 (Greenberg 2017:476).[89] Farmers exiting the sector saw their properties bought up by neighbours or agribusiness, resulting in the centralization of ownership and concentration of land (Hall 2009; Helliker 2013). Nonetheless, these general trends hide significant differential impacts for farmers. In citrus, better resourced farmers who had built private pack houses prospered by exporting to Europe (Mather and Greenberg 2003; see also Helliker 2009). These producers tended to have larger volumes and be more 'market oriented', upgrading to new fruit varieties and exploring other means of gaining a competitive edge. Other farmers struggled, especially those with smaller volumes, poorer quality fruit, or unsustainable debt. Those who did not have sufficient size or returns to deal with periodic production crises or to suffer several consecutive difficult seasons were similarly disadvantaged (Mather and Greenberg 2003). The result, scholars suggest, was that some farms transitioned out of fruit into less labour-intensive crops and other initiatives like game farms and tourism (Mather and Greenberg 2003; Hall 2009). Ironically enough, such transitions were partly countered by producers in lower margin sectors – for example, field crop production – switching over to fruit in the hopes of securing better returns.

Deregulation also had major repercussions for farm labour, which in the post-apartheid period continued to be performed by individuals who, under the apartheid system, were categorized as 'coloured' or 'black'. On select farms a smaller but more skilled labour force

[89] Hall (2009:123) notes that since a single owner frequently owns more than one unit, "one should expect that the number of commercial farming units exceeds the number of commercial farmers".

emerged. But the more general and significant trend was massive labour shedding: for example, between 1993 and 2002, the agriculture sector lost 150,000 jobs and dropped from 10.5 per cent to 7.5 per cent of formal employment (Hall 2009:124). Farm labour was increasingly casualized, to the extent that Helliker (2013) suggests an inversion of the historical balance of full- to part-time workers. There was simultaneously a growing reliance on foreign workers and labour brokering (Du Toit *et al* 2008:13). The government attempted to offset these processes through socially protectionist measures including the establishment of a minimum wage for farm workers and the passing of legislation that was intended to secure the tenure of farm workers.[90] Unfortunately, notes Greenberg (2010:viii), such measures have "not encouraged the 'internalisation' of the costs of labour in farm enterprises, [which rather] continue to be borne by workers and their families in the form of low wages and tenure and job insecurity."

## 4.3 The End of South Africa's Commercial Farmers?

If Mather and Greenberg's (2003) oft-cited work suggests that differentiation and consolidation pressures were already entrenched in the commercial fruit sector ten years into agricultural liberalization, the pace of change since then has been sufficiently hectic as to leave many industry participants bewildered and chronically winded. In part, this is due to the same global processes driving contemporary agrarian change on the Canadian prairies, namely the growing popularity of agriculture as an asset class and associated practices of 'land grabbing' (see Chapters 1 and 2). Indeed, the South African case is an interesting one insofar as – despite the appellation of the term 'global' – early assessments tended to construe the land rush as a

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[90] The minimum wage for farm workers is set under a 'Sectoral Determination' by Department of Labour. The *Establishment of Tenure Security Act* (ESTA), in turn, is meant to formalize the rights of the large population of blacks that, for historical reasons explored later in the chapter, live on land that they do not own.

particularly African phenomenon. For example, the World Bank's much discussed 'Rising Global Interest in Farmland' report suggested that nearly 70 per cent of the 56 million hectares of farmland targeted by investors between October 2008 and June 2009 was in Africa (Deininger and Byerlee 2011:xiiv).[91] Of this, 29 million hectares were located in the sub-Saharan region (ibid.: xxxii). Scholarly work since then has highlighted great uncertainty around the extent of actual acquisitions, not least due to methodological differences between accounts and since many deals were subsequently abandoned (see Hall 2011; Oya 2013; Scoones *et al* 2013; Batterbury and Ndi 2018). Nonetheless, a conspicuous trend emerges in contemporary land grab datasets: namely, the infrequent appearance of South Africa within them. Specifically, while the country is often identified as both a source of investment capital and a mediator of recent land deals elsewhere on the continent, it is rarely characterized as the site of such acquisitions itself. As one example, in data retrieved in September 2018 the Land Matrix, a global and international land monitoring initiative, identified South African interests as primary or secondary investors in 35 agricultural deals, 27 of which (covering 391,308 contracted hectares) the initiative had confirmed as operational.[92] By contrast, the Matrix noted only three agricultural acquisitions in South Africa, only one of which (covering 608 contracted hectares) had progressed to operation. To be sure, such reading reflects the specific criteria used by the Matrix to define a 'land grab', which it suggests implies "the potential conversion of land from smallholder production, local community use or important ecosystem service provision to commercial use." Such definition screens out land deals involving South Africa's commercial farmlands, whether these rest in the hands of white farmers or the disadvantaged groups who are intended to benefit from land

[91] The World Bank's totals were based on a survey of media accounts posted on a website administered by GRAIN, a non-governmental organization, in the specified period (see Deininger and Byerlee 2011).
[92] Author derived data, compiled from https://landmatrix.org

reform programs. Yet evidence is mounting that such lands have been targeted for both direct acquisition as well as various types of 'production grabbing' (Ducastel and Anseeuw 2011), some of which I describe below. My research helps to highlight how these trends have been facilitated by conjoined processes of corporatization and financialization in the commercial farming sector, and their implications for farm owners and farm labourers alike.

With regards to corporatization, scholars have noted three general trends in the commercial farming sector and the associated value chain. The first relates to some farmers' continuing movement up the chain (e.g. into packing), as part of a larger set of strategies which may also include "buying or renting more land, diversifying operations on their present property, exploring different markets in search of higher product prices, [and] seeking to enlarge income and cost margins by improving productivity and increasing yields (Greenberg 2017:477, drawing on Genis 2015). This has facilitated the emergence of a powerful local agribusiness sector which has "thrived at the cost of smaller and poorer farmers, who are unable to take advantage of economies of scale outside of primary production" (Hall 2009:123). The second trend regards outright corporate dominance in certain segments of the value chain, most especially inputs, where significant monopolies exist (Helliker 2013; Hall and Cousins 2018). Hall and Cousins (2018) trace a kind of two-way multinationalization unfolding in these segments, with global firm Dupont having recently acquired much of the South African seed company Pannar, while Sasol and Omnia, the country's main chemical agricultural fertilizer companies, now themselves operate internationally. The third aspect of corporatization regards the emergence of elaborate and integrated businesses stretching across value chain segments, from production to marketing, processing and packaging, distribution and retail, and increasingly agricultural technology and logistics (Hall 2009; Greenberg 2017). While direct corporate participation in primary production remains limited and "decidedly uneven", this is shifting, and expanding practices of supply chain control now co-exist with open-market arrangements, allowing large buyers "a wider supply base to mitigate production risk" (Greenberg 2017:476).

While corporatization processes are proceeding apace, separating these out from the deepening penetration of financial actors and interests into South Africa's dominant agricultural commodity sectors is all but impossible. As Greenberg (2017:486) notes, research on agro-food financialization in the country remains in its "infancy", and many aspects require further examination.[93] Early work by Anseeuw and Ducastel (2017) considered the establishment of two agricultural investment funds, one of which ('Fund B' in their article) is the Futuregrowth Agri-Fund that I profile in Chapter 5. Taking a social studies of finance perspective, the authors highlight the "mediation processes" through which the fund's "transmut[e]" farmland into a profitable and predictable "bundle of assets" (*ibid.*:199-204).[94] My own work, which follows a more conventional political economy line, complements the authors' piece by documenting both the history and larger corporate network of the Fund and its repercussions for farmers and land reform beneficiaries. With respect to financial activities in other value-chain segments, Greenberg (2017) describes the proliferation of new and aggregated investment companies and consortiums that are actively constructing agricultural portfolios by buying JSE-listed shares and through takeovers of private firms. In some cases, this has brought financial interests into contact with the remains of the co-operative sector, resulting in tensions between farmers – who continue

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[93] Greenberg (2017) identifies a particular need for research on the impact of expanding consumer credit and financial inclusion, as well as the use of futures, derivatives and other risk-based financial instruments used in the agro-food value chain.
[94] The authors' analysis highlights the challenges investment managers face in balancing the characteristics and constraints of agricultural production, building an information flow for investors based on recognized standards and benchmarks, and "neutraliz[ing]" certain political aspects of farmland acquisition (Ducastel and Anseeuw 2017:207)

to control large blocks of company shares and figure prominently on boards – and investment managers motivated by the narrow drive for 'shareholder value' (Ducastel and Anseeuw 2018). Interestingly, it appears that one of the main 'value creation' mechanisms utilized to date has been the sale of company debtor books to the Land Bank and/or commercial banks, much to the chagrin of farmers who worry about losing reliable access to credit (*ibid.*:566).

While the acquisition of farmland and off selling of loan books appear as two distinct faces of agro-food system financialization, these mechanisms are sometimes brought together through investment in the integrated corporate value chains described earlier in this section. This is clearly evidenced in the commercial fruit sector, where finance is facilitating continuous consolidation through a relentless spate of mergers, acquisitions, and strategic alliances. Finance is also fuelling the increasingly fierce battle to lock up fruit amongst the powerful companies that result, leading some firms to expand backwards into farm ownership or to forge management arrangements with commercial producers. Continuing with Capespan as an example, the company voluntarily closed both Outspan and Unifruco (the former marketing co-operatives) in 2009, as part of a "shareholder simplification" plan (Meintjes 2009).[95] With the two biggest shareholders in Capespan disappearing, the biggest single equity holder then became international fresh produce group, Total Produce plc, which grew its holdings from 11.5 per cent to 25.3 per cent before selling them to Zeder Financial Services, a JSE-listed investment firm with diversified agribusiness holdings (Total Produce 2013; Greenberg 2017). By 2014 Zeder held 72 per cent of Capespan's shares and in 2015 it acquired nearly all of the rest. In the intervening years, Zeder has undertaking a major restructuring of its now subsidiary, spinning off

[95] Capespan's managing director suggested that these actions would increase share tradability, further commercialise the company, improve corporate governance and produce administrative savings.

certain farm investments to a new division called Capespan Farms Ltd., which immediately began to aggressively expand its landholdings. Claiming that this marked the company "returning to [its] roots", Capespan's stated goal is to source 30 per cent of its export basket from its own farms (the rest will come from independent producers; Brodie 2018). By 2018 the farming division owned 15 production units spanning grapes, citrus, pome and stone fruit (Capespan 2018). In the meantime Zeder, Capespan's parent company, has continued to expand its larger agro-food holdings.[96] In the next chapter I will explore similar strategies enacted by the Futuregrowth Agri-Fund in concert with SAFE, who sourced fruit from both white growers and land reform beneficiaries, as well as by Afrifresh, another upstart exporter who would eventually become another Agri-Fund tenant.

The cumulative impacts of agro-food corporatization and financialization for South Africa's commercial fruit sector are not well understood. In a recent working paper, Anseeuw and Ducastel (n.d.:1) ask whether the current wave of "profound agrarian restructuring" spells the "end of South Africa's commercial farmers". Such farmers, they suggest, may risk becoming mere "service providers" in fully integrated value chains rather than autonomous decision makers with their own land and asset base and control over their production methods and harvests. Whether these restructuring pressures are driving an accelerated rate of exit from fruit production may become clearer when South Africa completes the agricultural census the government initiated in October 2018, the first such survey in more than a decade. For

[96] By early 2019, Zeder held 96.9 per cent of Capespan Group Ltd.; 93.5 per cent of Zaad Holdings (owner of seed companies Agricol and Klein Karoo Seed); 40.9 per cent in Kaap Agri (a former co-operative, now an agricultural input, machinery and fuel retailer); 27 per cent in Pioneer Foods (a JSE-listed branded food and beverage company); 56 per cent of Agrivision Africa (an investment firm focused on the grain value chain in Zambia); and 29.3 per cent of Quantum Foods (an integrated egg and broiler chicken business). See Greenspan (2017:Figure 3) for a helpful diagram of the larger agri-investment web in which Zeder is enmeshed.

Capespan's part, the company's managing director maintains that independent producers should not feel threatened by the expansion of its farming operations, since they can still 'piggyback' on the company's market access (Symington, cited in Kriel 2015). While the firm does acknowledge the increasing sectoral pressures on producer exporters (who may be outcompeted given their smaller volumes and higher marketing costs), Capespan suggests that it can help to service these farmers through its sister logistics company (*ibid.*).

Similar to the situation in Canada, farmers' ability to bear contemporary agrarian restructuring pressures depends heavily on their financial position. Farm debt has grown steadily under agricultural liberalization: while in 1995 it stood at ZAR 19.4 billion, by 2015 it had ballooned to ZAR 133 billion (DAFF 2016). This debt is unevenly distributed, with the greatest share held by smaller farmers generating less than ZAR 300,000 (Hall 2009:125). There has also been a shift in who holds farmers' debt, in particular away from the Land Bank (which as of 2015 held 28 per cent), agricultural co-operatives (7 per cent) and government agencies (just 0.02 per cent) and towards commercial banks (60 per cent) (DAFF 2016). My interviews with industry representatives suggested that commercial fruit production presents particular financial challenges for farmers. Not least, this is because most crops take several years to mature to the point where they yield profitable returns, yet they must receive inputs, irrigation and maintenance (e.g. pruning) in the interim. As a representative from SAFE put it, fruit farms require 'non-productive capital' on top of the regular land and working capital needs of any farm (Interview 4, 24 February 2014). Alongside the growing scale needed to obtain commercial viability, these up-front capital needs create cash flow troubles that sink many growers.

Nonetheless, at the outset of my field research in 2014, it was unclear that concerns around farmers' financial position had yet evenly permeated policy-making or industry representative circles. For example, when I asked Kosie Van Zyl, the former Chair of the Agricultural Credit Board and continuing AgriSA advisor about the rise in farm debt, he shrugged: "no one is bothered about it". The next day we were seated next to each other at an agricultural and rural finance event sponsored by the FinMark Trust. When the farmer who opened the proceedings made a joke that he and his neighbours had taken to calling their local pub "the overdraft", I nudged Kosie with my elbow and looked at him pointedly. By contrast, staff at the Department of Agriculture, Forestry and Fisheries (DAFF) seemed to be more concerned. Indeed, a 2010 report the Department's Economic Research Section explicitly considered why farm debt was increasing so rapidly despite the SARB lowering interest and repo rates from early 2009 in an attempt to curb inflation (DAFF 2010b).[97] The report identified four factors. First, rising inflation pushed up production costs, squeezing farm income and leading to defaults. Second, farmers were increasing their farm investments, in particular through booming demand for agricultural machinery. Third, the average interest rate charged to farmers increased even as the SARB decreased its rates due to the aforementioned defaults and farmers' poor credit profile. Finally, the depreciation of the ZAR against the USD pushed up the costs of machinery and implements from overseas.

Interestingly, one factor that gets limited mention in the DAFF report regards trends in land prices. Research by Obi (2006) suggests that, after a period of relative stability through the 1960s and 1970s, nominal farmland prices began to climb from the mid-1970s, with price increases becoming much more noticeable after the early 1980s. Prices fell in the early 1990s leading into the democratic elections as some white commercial farmers sold up and left the country, apparently doubting "the motives of the incoming ANC government and [South

[97] Farm debt climbed a spectacular 38.8 per cent between 2007 and 2008 (DAFF 2016).

Africa's] long term stability" (*ibid*.:158). But land prices resumed their upward trajectory by the late 1990s and by 2001 began to climb precipitously (Obi 2006; Aliber 2009). They continued to do so until at least 2007, by which point the average price per acre of farmland nationally had more than quadrupled over its 1994 value (Aliber 2009:2). Although adjusting for inflation moderates these trends somewhat, real land prices still rose by a factor greater than two between 2001 and 2007 (*ibid.*). National data stretching beyond this window is not publicly available, but a recent report focused on the Western Cape suggests a softening of land prices from 2006 to 2008, a spike in 2009, and a volatile decline through 2014 (Nower 2014).

Shifts in farmland prices over the last decade may also be contributing to another trend observed by scholars recently: the expansion of South African agricultural capital beyond national borders. Although superficially this trend seems to correspond more closely the 'land grabbing' narrative discussed earlier in this section, most accounts suggest that acquisitions are still focused on commercial farmland and agribusinesses. Additional drivers of the phenomenon include the relative 'saturation' of the domestic market, or at least "constrained domestic demand due to high levels of unemployment and poverty [amidst] stagnating growth" (Hall and Cousins 2018:17). For farmers and companies seeking geographic diversification, Africa is "a natural outlet for numerous reasons, including fast-growing consumer markets driven by urbanization and greater but more concentrated wealth, and similarities in the socio-cultural context for South African corporations" (Greenberg 2017:487).[98] While the resulting arrangements are often presented as a form of "developmental partnership" that will improve local food security, Hall (2012) suggests that they are rather about securing access to lower cost farmland, production,

[98] As Hall (2012) notes, South African farmers are also going further afield. She examines two instances where producer organizations have facilitated "organized expansion" by their members: one in Congo (Brazzaville), and the other in Georgia in Eastern Europe.

and taxation regimes that can result in a larger spread for producers or exporters in overseas markets. Indeed, the search for greener pastures might also be read as referring to US dollar 'greenbacks', since investing abroad can be "a hedging strategy against exchange rate decline and weakening governance and infrastructure in South Africa" (Greenberg 2017:488). As Hall and Cousins (2018) note, the Futuregrowth Agri-Fund whose activities I describe in Chapter 5 are connected to this larger trend, since the Fund's main financial backer is also involved in ventures in several other African countries. Indeed, such geographic diversification strategies among investors may be becoming more important given certain instabilities in farmland markets described in the conclusion to this dissertation (Chapter 6).

While the ongoing transformation of the South African fruit sector may be putting a pronounced squeeze on farmers, they are certainly not the only ones. Farm workers rather bear some of the most significant impacts of accelerating agrarian change. By 2012 accumulating job losses, continuous downward pressure on wages, and deteriorating working conditions combined with historical grievances to bring the situation on certain Western Cape farms to a boiling point. The result was a set of farm worker strikes which, as I will trace in Chapter 5, originated on a property managed by SAFE in August of that year. The strikes soon spread quickly throughout the province, with workers engaging in numerous interstate blockages among other actions (Figure 4.2). Ultimately, the strikes affected at least 26 towns and attracted the participation of some 10,000 workers (Wilderman 2014). At least three protesters were killed by police or private security forces and several properties were damaged (Wilderman 2014). The strikes garnered major attention from national and international media, and by the time they concluded in February 2013, had produced several important outcomes. The Department of Labour established a new national minimum wage for agricultural workers of ZAR 105 per day (taking effect in March 2013) and there was a sizeable increase in farm worker unionization (Interview 11, 10 March 2014). The strikes also fueled intense political contestation, given the impending 2014 national election, the fact that the Western Cape was controlled by the Democratic Alliance (South Africa's main opposition party), and farm owners' historical antagonism to the ANC (Wilderman 2014). Indeed, farm owners were still very much on edge about the situation when I arrived in South Africa for my first round of fieldwork in December 2013. In my very first interview, a farmer touring me through the new equipment lines he was installing in his pack shed explained his actions thusly: "machines don't go on strike" (Interview 3, 6 February 2014). He was hardly unique in his sentiment. Researchers have since documented the ambivalent effects of the strike for farm workers, since some owners mechanized and stepped up worker evictions in response, while others started charging workers for items that had previously been provided for free (e.g. rent and electricity for farm dwellers and transport for those living off farm) (Andrews 2013). After the initial surge, unionization among farm workers fell back to historically low levels and strike leaders were blacklisted and had difficulty finding work (Andrews 2013; Wilderman 2014).


Figure 4.2: Road Block in De Doorns, Western Cape, South Africa during the Farm Workers Strikes, January 2013

(Photographer: David Harrison, Mail & Guardian)

## 4.4 Race, Land and Labour Under Colonialism and Apartheid

Even as the commercial farming sector has experienced pronounced differentiation pressures in recent decades, it needs to be remembered that the sector was a critical support base to practices of white domination for much of South Africa's history (Helliker 2013). Capitalist agriculture came in on the coattails of the processes of land dispossession and systems of slave and forced agricultural labour through which South Africa was colonized and settled. The VOC's establishment in 1652 of a refreshment station at the Cape to supply the company's passing ships with produce soon brought them into conflict with the Khoikhoi, nomadic pastoralists indigenous to the Southwestern Cape (Terreblanche 2002). The company's subsequent support for a group of 'Vrye Burghers'[99] together with the VOC's importation of slaves to work the wheat and wine farms of the expanding Cape Colony facilitated the emergence of a small landed gentry and mercantile elite whose wealth reflected slaves' value both as labour power and as a financial asset (Shell 1994; Dooling 2008).[100]

With successive governors granting grazing permits and loan farms at ever increasing distances from Cape Town, an emerging class of 'Trekboers' relied on a system of indentured child labour to bond the Khoikhoi, whose land and cattle they seized. After Britain annexed the Cape in 1814, the abolishment of serfdom (1828) and slavery (1834) – together with larger resentments around British imperial rule – helped to precipitate the Great Trek (1835-1846) (Terreblanche 2002). This migration of some 12,000 Dutch-speaking 'Voortrekkers' into the South African interior fuelled a series of 'Frontier Wars', involving both the Dutch and the British in bloody conflicts with the Xhosa and resulting in the large-scale dispossession of the latter's land and cattle (*ibid.*). Although Britain quickly annexed the Boers' first attempt at a self-governing settlement (resulting in the Colony of Natal), it eventually recognized both the South African Republic (1852) and the Orange Free State (1854) as independent republics. But Britain's imperial ambitions surged with the discovery of diamonds at Kimberley (1867) and gold on the Witwatersrand (1880s), resulting in the first and second Anglo-Boer wars, where the British were ultimately victorious (Packenham 1979). The Union of South Africa (1910) united

[99] 'Vrye Burghers' were qualified VOC officials released from their contracts and issued land allotments after 1657 in the hopes that they would generate better agricultural returns than did wage labour (Terreblanche 2002). These farmers, who initially drew on provisions and credit from the VOC, are the ancestral kin to the white South African population that became known as Boers or Afrikaners (*ibid.*).

[100] As a form of property, chattel slaves could be bought, sold, bequeathed and used as security for loans (Shell 1994; Dooling 2008). Recent work by US-focused scholars has highlighted the centrality of life insurance policies taken out on slaves by their owners to early cycles of capital accumulation in the US and beyond (see Baucom 2005; Swarns 2016). Although this work is intriguing given that Old Mutual, a company profiled in the following chapter, originated as a life insurance firm, it is unclear that such practice was common in South Africa where emancipation more closely followed the British timeline.

the two British colonies and two Boer republics into a single, self-governing dominion of the British Empire, with a constitutional monarchy and the Crown represented by a governor-general.

The years following Union saw the elaboration of segregationist policies built on earlier practices in the former colonies and republics. In rural areas, the key legislation is generally taken as being the *Natives Land Act* of 1913, later augmented by the *Native Trust and Land Act* of 1936. Together, these acts established a starkly racialized distribution of land in the new country, officially reserving 87 per cent of the land mass for the near exclusive use of white farmers and agricultural companies and just 13 per cent for 'natives' (defined as any "member of an aboriginal race or tribe of Africa" in the 1913 *Act*). The latter groups were prohibited from buying or leasing land outside of a series of 'scheduled areas', consisting principally of reserves and other locations that had been set aside by colonial governments, plus land that had been purchased in the Cape and Natal (Feinberg and Horn 2009). Non-natives in turn were to avoid acquiring land in the 'scheduled areas', ostensibly securing these lands against further alienation (Walker 2017). In an effort to further lessen competition from independent African tenants operating on white land, the 1936 Act outlawed sharecropping in favour of labour and wage tenancy (*ibid.*).

A recent piece by Cherryl Walker (2017) traces the different interpretations that scholars and activists have afforded as to the rationale for the *Acts* and competing assessments of whose interests the legislation was intended to serve. Some argue that the intention was to preserve African reserves as labour reservoirs for South Africa's powerful mining sector – a perspective advanced perhaps the most famously by Harold Wolpe (1972). However, Walker finds the argument that the Acts were rather aimed at reducing black competition around land, labour and produce markets for white farmers more convincing. Some of the support for her position comes from the work of Colin Bundy, whose own seminal (1972) piece traced the emergence of a successful African peasantry in South Africa from 1830, some of whom were competing most effectively with white settlers by 1870. While both the ascent and subsequent struggles of this peasantry were regionally specific, an overarching factor contributing to its success was Africans' ability to retain access to land outside reserves despite ongoing colonial expropriations. As Bundy traces, such access was secured through missions; land grants to certain Frontier War loyalists; cash tenancy and sharecropping arrangements on land held by speculators and absentee landlords (as well as white farmers and graziers); and finally through the occupation of unalienated Crown Land. This allowed Africans to raise sufficient surpluses to offset the taxes that were levied by colonial administrators, to service local markets, and to avoid entering into waged work, despite white farmers' apparently chronic concern about the resultant shortages of labour available to work their farms (Bundy 1972). Once established, the African peasantry was subject to processes of internal class differentiation and stratification alongside measures imposed by settlers and governments to quell the peasants' self-sufficiency and independence. Amidst these processes, the insecure forms of tenure pertaining on much of the land occupied by Africans constituted their 'Achilles heel' (ibid.:382).

While Bundy recognizes that the 1913 Land Act constituted an important political intervention, his contribution emplaces this within a longer-running list of colonial expropriations unfolding in a landscape that was simultaneously undergoing the transition to agricultural capitalism.[101] Whether Bundy views the latter as racialized from its outset is at times

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[101] In Bundy's (1972:384) evocative wording, the 1913 Land Act constituted "heavy artillery" in a longer running campaign of "sniping".

unclear, but the matter soon became clear enough in history given that the system of state supports for white farmers described in the previous two sections of this chapter emerged in lockstep with the dispossessive Acts (Vink and Van Rooyen 2000). Walker (2017) suggests that the 1913 Land Act was central to marking out the Union government's "vision of South Africa as pre-eminently a 'white man's country'" (*ibid*.:7). As she notes, the debates preceding the passing of the Act were "one of the major provocations" leading to the January 1912 establishment of the South African Native National Congress, which would go on to become the ANC. Nonetheless, the effect of the Act on rural social and economic relations was a gradual one, partly due to the uneven application and implementation of the Act across provinces. Although share-cropping was immediately proscribed in parts of the Orange Free State, leading to a wave of evictions, it was allowed to continue in Natal and the Transvaal (Bundy 2015:19). The Cape Province was exempted from the original Act because it conflicted with that province's system of non-racial franchise, but the Cape government ultimately traded the disenfranchisement of African men for the small additions of reserve land promulgated in the 1936 Act (Walker 2017:9). This helps to explain the unexpected trend that the number of Africans on white-owned land increased for the first 40 years following the 1913 Act (Bundy 2015:20). While pockets of sharecropping persisted in some areas, labour tenancy became the dominant form of tenure nationally (*ibid.*:20-21). Whether historical accounts should accord more importance to processes of economic dispossession (in-line with Marxist-inspired readings) or rather to the political actions taken under the reign of white supremacy has been a matter of great debate amongst scholars in the decades since. Understanding that agricultural markets were not colour blind but rather permeated through and through with race from very shortly after their emergence provides a way out of this bind.

Of course, the regime of racialized land access and commercial agriculture that emerged post-Union also reflected shifts in how racial differences were conceptualized relative to earlier colonial periods, by both the government and the diverse settlers that colonized the South African countryside. Terreblanche (2002) suggests that by the 1840s, the evangelical humanitarianism that had helped to abolish serfdom and slavery in the Cape was on the wane, with missionaries increasingly promulgating the doctrine of civilization, which the settler elite quickly adopted as justification for opening up the frontier. Social divisions in colonial society gradually took on a more fixed racial character. They gained a new vigour with the pursuit of segregation after Union. Beinart and Dubow (2005:10) describe segregation as a "generalized and defensive response to the forces unleashed by industrialization", rather than a mere carryover into the 20th century of older traditions such as slavery and frontier conflict. Segregation was a "composite ideology" (*ibid.*:4) serving "a range of white interest groups and even some black ones" (*ibid.*:10; see the chapter for a full review), which nonetheless invoked a particular conceptualization of rural settings:

> "Segregation encompassed a conservative and backward-looking horror at the levelling and atomizing consequences of capitalism. As a policy it therefore appealed to conservatives who were inclined to romanticize the countryside as a source of social order, tradition, and deference." (*ibid.*)

Although segregationism in its early 20th century form was conceived by British officials influenced by social Darwinist thought, it also appealed to South African liberals drawing on the emerging anthropological notion of cultural relativism to steer a path between 'assimilation' and outright 'oppression' (Dubow 2005). While the Afrikaner nationalism that was then gathering strength would continue to draw on both scientific racism and cultural relativism to justify white domination under apartheid, the former tended to be inferred rather than openly asserted, while the latter received greater public emphasis (Dubow 1992).

The larger ideologies of white supremacy and dominance that shaped the politics of race in South African society, were also refracted in the 'micro-politics' playing out on farms. Of particular importance was the institution of paternalism, which Du Toit (1993) links back to slavery but which, he notes, demonstrated a remarkable resilience and persistence after that system's demise. In research conducted on fruit and wine farms in the Western Cape, the author links paternalism to the long-standing provision of tied housing and associated benefits to farm workers, which extended the "obligations between worker and farmer…far beyond labour-wage nexus" (Du Toit 1993:315). Indeed, nearly every aspect of material survival of the worker became bound up in their residence on the farm (*ibid.*). At paternalism's centre, argues Du Toit (ibid.:320) lay a "deeply organic and hierarchical conceptualization of the relationship between the farmer and the workers" which in its most explicit forms saw "the farmer as father of the workers". Since "racial and social identities [were] virtually interchangeable" on the farm, to be a coloured or black worker "in terms of paternalist discourse, [was] to be child-like, unable to take responsibility for yourself, dependent on white masters for protection" (*ibid.*:322). Nonetheless, the apparent 'generosity' and 'benevolence' the farmer claimed to exercise under paternalism hid a deep antagonism and inequality of power relations, which farmers could implement with renewed authoritarianism in the apartheid years.

The National Party won the 1948 election on a ballot of Afrikaner nationalism and white supremacy (Walker 2017). The Party's 1948 'Race Relations Policy' set out its apartheid manifesto, endorsing territorial segregation and a conception of reserves as ethnic homelands that would gradually attain legislative and administrative self-government in balance with the guardianship of the state. The *Population Registration Act*, passed in 1950, transformed "the largely informal sanctions that had policed the racial order in the segregation era" into a "rigid system of race classification", marking out 'white' from 'coloured' and 'native' (and later 'Indian') groups (ibid.:11). In urban areas, the *Group Areas Act* (1950) introduced practices of racial rezoning and residential segregation, while a strengthened system of pass laws regulated the flow of black labour into cities. In the so-called homelands or 'Bantustans', the *Bantu Authorities Act* (1951) resulted in the appointment of regime-friendly tribal authorities. In the meantime, white-owned farms in the countryside were stepping up demands on labour tenants and beginning to mechanize in earnest (Bundy 2015). Indeed, an amendment to the 1936 Lands Act passed in 1964 provided for the phased abolition of labour tenancy (Walker 2017). The result was a massive relocation of former tenants into the Bantustans. The effect was magnified during the 1970s through a series of forced removals addressed to eliminating so-called 'black-spot' communities – areas where blacks had gained freehold title – as part of an effort to consolidate the homelands. The Surplus People Project, a national research initiative turned not-for-profit organization that documented these relocations assessed that when farmworker evictions were added to the forced removals, at least 1.84 million rural peoples were affected between 1960 and 1983 (SPP 1983, cited in Walker 2017:14). The numbers continued to climb through the 1980s with the onset of agricultural deregulation.

The assault on black rights after 1948 helped to galvanize the ANC and its allies in the Congress Alliance, an anti-apartheid political coalition uniting many of the liberalization forces in South Africa, into a phase of more radical resistance (Walker 2017). In 1955 the Alliance released the Freedom Charter, which envisaged a non-racial order that would distribute land on an equitable basis (Hall 2004). However, the ANC's focus remained largely on urban centres and land reform was not prioritized (Klug 2000). In the 1980s, a national network of land rights NGOs emerged allied to United Democratic Front (an anti-apartheid social movement), championing both individual community struggles against forced removals and the demand for land reform as part of a future democratic dispensation.

Constitutional negotiations towards this dispensation kicked off in 1991 after the National Party unbanned political parties and repealed the Land Acts, *Group Areas Act* and *Population Registration Act*. The core features of South Africa's approach to land reform were negotiated in this period (see Klug 2000, Walker 2008). The National Party had initiated a state-land disposal program called the Commission on Allocation of Land in 1991 as a "pre-emptive" gesture to "stave off" more radical land redistribution.[102] While the National Party wanted to protect white land rights, the ANC had more radical ambitions but soon moderated its demands, frustrating land sector NGOs and rural claimant groups. South Africa adopted an interim constitution in 1993 and held its first democratic elections in 1994, sweeping the ANC and Mandela into power. The ANC spearheaded the dismantling of the Bantustans and the reincorporation of their territory into the Republic of South Africa. Most provincial borders were redrawn. A national Truth and Reconciliation Commission – a restorative justice body designed to address human rights violations committed between 1960 and 1994 – was held in 1995-6. The new Constitution promulgated in 1996 set out the three pillared approach to land reform described in the next section, which I describe in the next section.

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[102] The Commission's cases were subsequently transferred to the Commission on Restitution of Land Rights, which Walker (2017) notes hobbled the latter organization from the start.

### 4.5 Putting 'Land First'

South Africa's approach to land reform was forged during the negotiated transition to democracy in the early 1990s. The 1996 Constitution acknowledged the possibility of land claims by those who suffered dispossession of their rights, but also the need for broader and more equitable access to land nationally. South Africa's resulting land restitution and redistribution programs respectively, described further below, are the site of certain of the corporate and financial activities undertaken by SAFE and its associates and detailed in Chapter 5 of this dissertation. I leave aside the matter of tenure reform, often considered the third "pillar" of land reform (Hall 2004:5), which intersects with my work only indirectly.[103]

Land reform in South Africa is subject to the Bill of Rights, the second chapter of the Constitution, which includes Section 25, the so-called 'property clause'.[104] This clause prevents the arbitrary deprivation of private property but also recognizes the state's power to expropriate when it is in the public interest, subject to compensation and several other provisions. A topic of considerable discussion during the drafting of the Constitution (see Klug 2000), the clause's wording was finalized at the last minute and its inclusion, particularities, and implications have been debated ever since (see for example Ntsebeza 2007; Klug 2000, 2016). Driven by input that originated in the World Bank following its mission to South Africa in 1993, South Africa adopted a 'market-assisted' approach of land reform, and programs since have followed a 'willing buyer, willing seller' model. For Lahiff (2007:1580), this focus reflects the fact that the foundations for land reform were laid when the ANC was in "rapid transition from a Marxist-

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[103] For a comprehensive overview of land reform programs and their delivery in the first ten years of democracy, see Hall (2004). PLAAS (2016) provides a succinct and eminently useful update to 2016.

[104] For a deeper consideration of the deliberations underlying the drafting of Section 25, see Klug (2000). For an overview of legal interpretations since, see Klug (2016) and Dugard (2018).

influenced national liberation movement to a neoliberal party of government", and "was in-line with the wider investor-friendly macroeconomic strategy" adopted by the party (including through GEAR, described earlier in this chapter). At least until 2018, the state's expropriative powers had not been widely used, and insofar as land is concerned, had served mainly to facilitate acquisitions at a lower price than the landowner demanded. Nonetheless, expropriation has been a constant topic of discussion among land reform critics and has recently come to the forefront again due to circumstances described in Chapter 6.

Over the past twenty-five years, land reform programming has undergone pragmatic changes, but also a shift in its overall orientation. Critical scholars suggest that immediately following South Africa's transition to democracy, programming was characterized by a "pro-poor" vision (Kepe and Hall 2016:6; see also Hall 2004). Under the Mandela presidency (1994-1999) the government's early framework was set out in a 1996 Green Paper and 1997 White Paper. Land reform was intended to service the land needs of "diverse interest groupings" within the 'rural poor', including "the victims of land dispossession, farm workers, labour tenants, communal area residents, people living in informal settlements, small-scale farmers, women and youth" (PLAAS 2016:6). But things shifted under the presidency of Thabo Mbeki (1999-2004), when a narrowing focus on meeting the needs of a group of "aspirant black commercial farmers" came to the fore (*ibid.*:10). Subsequently, greater emphasis has been placed on market efficiency and the deracialization of the existing commercial agriculture sector, an approach that some have critiqued for its steadfastly "productivist" orientation (Helliker 2013). For Cousins (2018a), the government's de facto abandonment of smallholder agriculture – enforced most baldly through a refusal to subdivide transferred properties[105] – has severely compromised the contributions made by land reform to land ownership, job creation and poverty reduction. That these choices have similarly delimited the extent to which land reform has addressed the injustices associated with colonialism and apartheid seems the natural extension to such argument and is a point I return to later in this chapter.

South Africa's land restitution program is a rights-based program that aims to provide redress to black communities and individuals dispossessed of land as a result of past racially discriminatory laws following the passing of the 1913 *Natives Land Act* (see above).[106] The cut-off date of 1913 was a pragmatic and political compromise intended to minimize the potential for competing claims and avoid the "impossible complexity" that would have resulted from choosing 1652 (marking the arrival of Dutch settlers), one of the alternatives advanced by certain land activists (B. Cousins, personal communication, 26 September 2018).[107] By neither choosing 1948 (the onset of National Party rule), earlier expropriations under colonization were still given some credence. The *Restitution of Land Rights Act 22* of 1994 established a Commission on Restitution of Land Rights under a Chief Land Claims Commissioner and seven Regional Commissioners representing South Africa's nine provinces. The *Act* also established a Land Claims Court to adjudicate on each claim and make restitution orders. The Commission, which opened in 1995, set an initial deadline for the lodgement of claims of 31 December 1998. Approximately 80,000 claims were filed by that date (CRLR 2015). In 1999, owing to slow

[105] Scholars from the Institute of Poverty, Land and Agrarian Studies (PLAAS) at the University of Western Cape assert that there "not a single case of the formal subdivision of a farm has been reported" (PLAAS 2016:77).
[106] Under South Africa's land restitution program, claimants can choose to receive land or financial compensation. See Bohlin (2004) for an interesting piece on the factors leading some beneficiaries in the Western Cape to choose the latter, and the different ways such choice politicizes processes of marginalization and reconciliation.
[107] Walker (2008:50-67) examines the process of negotiating restitution (including the drafting of the Restitution Act and associated sections of the Constitution) between 1990 and 1996.

progress on resolving claims, the Restitution Act was amended, and the judicial, courts-drive process replaced with a largely administrative one, allowing the Minister of what was then the Department of Land Affairs to settle claims through negotiation. This greatly improved the speed of claims settlement – for example, PLAAS (2016:10) calculates that while only 41 claims were settled between 1995 and March 1999, a total of 12,314 claims had been resolved by June 2001. Nevertheless, it soon became clear that the great majority of those South Africans potentially eligible to submit claims had not done so during the original submission window, in many cases because they had been unaware of the process (*ibid.*). In the intervening years, this situation helped to drive arguments for the reopening of the claims process, which the Commission subsequently did in 2014 (a matter I discuss further below).[108]

Running alongside land restitution is South Africa's land redistribution program, an "affirmative action" type program (Klug 2000) that aims to facilitate a more equal distribution of land among citizens. Early redistribution programming was application- and grant-based. The 1997 White Paper provided for a Grant for the Acquisition of Municipal Commonage, made available to municipalities wishing to provide land for use by the poor, typically for grazing purposes. The Settlement/Land Acquisition Grant (SLAG), in turn, offered a ZAR 16,000 household grant directly to the poor on a means-tested basis. SLAG accommodated both individuals and communities and was "agnostic on what type of farming and social relations would be supported" (PLAAS 2016:16). However, the small size of the grant relative to typical farm sizes and land prices meant that recipients tended to pool them, resulting in a "rent-a-crowd" phenomenon and intra-community conflict (Hall 2004:6). In 2001, SLAG was replaced

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[108] The Commission itself estimates that only 10 per cent of those eligible to file a restitution claim did so in the original lodgement window (CRLR 2007, cited in PLAAS 2016).

with the Land Redistribution for Agricultural Development (LRAD) program. LRAD offered sliding scale grants ranging from ZAR 20,000 to ZAR 100,000 per individual. The program required applicants to make an 'own contribution' scaled to the level of support (at the lowest tier, this could include sweat equity), effectively meaning "that those who were better off would get more state support" (*ibid.*:17). LRAD was limited to those wishing to farm and prioritized those with commercial ambitions, with the result that one's "ability to contribute financially was viewed as a proxy indicator of their commitment to farming" (*ibid.*). The program ultimately prioritized businessmen with outside earnings over the majority of rural farmers (*ibid.*:17-18). Although LRAD officially limited the size of groups to ten individuals, in practice large groups continued. In 2006, the government launched the Proactive Land Acquisition Strategy (PLAS), which initially ran alongside LRAD but by 2011 had replaced the latter and all other grant programs. PLAS differs from the previous, grant-based programs since the policy sees the state purchase land for redistribution purposes directly. Although the 'proactive' emphasis was evidently meant to quell criticisms of the state's continuing reliance on a 'willing buyer, willing seller' approach, it appears that state acquisitions under the program are still determined by what is readily on offer, rather than on demands or priorities identified through local consultations (*ibid.*).

The establishment of PLAS also marked an important shift in the government's approach to title following land redistribution transfers. Under SLAG and LRAD, grant recipients purchasing land with state grants saw title to the property transferred to their name. Under PLAS, the state retains title to the land, instead leasing it to beneficiaries. Initially, such leases were on a trial basis spanning three years, but the State Leasehold and Disposal Policy of 2013 subsequently introduced a tiered approach allowing leases of up to 30 years (with a 20 year right of renewal) (see Kepe and Hall 2016:26, 68). Under the concurrent land restitution program, communities have continued to receive title to restored land. However, here and for early community redistribution projects, legal entities have been created to hold and manage the transferred land. In commercial farming areas, the two main options are community trusts (CTs) and so-called Communal Property Associations (CPAs), the latter being a special type of entity created expressly for restoration purposes. Although communities are ostensibly provided with information on both options and are free to choose between them, the Department of Rural Development and Land Reform (DRDLR) actively encourages them to adopt CPAs (DRDLR 2010). CPAs draft and are governed by a Constitution, while CTs develop a Trust Deed. These documents set out the composition of the respective communal property institution (CPI), which typically includes elected office bearers or trustees and often, in restitution projects, representation for traditional authorities. The CPIs created for land reform purposes have experienced many challenges, including under-resourcing; limited support from government; uneven rights allocations and abuses of power among members; and tension with traditional leaders (DRDLR 2010; CLS 2015). The DRDLR (2010) suggests that one possible 'remedy' for these problems is for beneficiaries to adopt a more 'business-like' approach by differentiating the entity holding the land from that running the community's business affairs (DRDLR 2010:8). Regardless of the structure, there appears to be almost no government monitoring of the distribution of benefits from CPIs or their business ventures to communities, although at least some government officials suggest that this is an area that DRDLR should move into (Interview 38, 5 November 2014).

Although it was initially intended that redistribution "would be the central thrust of land reform and much larger in scale than restitution" (B. Cousins, personal communication, 26

September 2018), in practice the two programs' contributions have been somewhat more balanced. In August 2014, the DRDLR suggested that restorations to date had comprised 4,313,168 hectares of redistributed land and 3,078,948 hectares of restituted land (DRDLR 2014).[109] Transferred lands are unevenly distributed across South Africa's provinces (Tables 4.1, 4.2). Under restitution, provinces in the Northern half of the country and towards the Eastern seaboard have transferred the largest hectarage, although as Ramutsindlela *et al* (2016) point out, many provinces also still have significant numbers of unsettled or only partially settled claims. Certainly this geography has been influenced by the 1913 cut-off date, which allows claims by those subject to more recent dispossessions (e.g. under the 'black spot' removal campaigns of the

Table 4.1: South Africa Land Reform Statistics, Restitution Program, 1995 - March 2014

| **Province** | **Claims** | **Households** | **Beneficiaries** | **Hectares** |
|---|---|---|---|---|
| Eastern Cape | 16466 | 67653 | 257476 | 136752 |
| Free State | 2685 | 7619 | 49022 | 54058 |
| Gauteng | 13327 | 14157 | 64432 | 17189 |
| KwaZulu-Natal | 15171 | 85477 | 499722 | 771022 |
| Limpopo | 3655 | 50731 | 256489 | 639287 |
| Mpumalanga | 2850 | 53832 | 257597 | 473673 |
| Northern Cape | 3722 | 22631 | 120225 | 575732 |
| Northwest | 3741 | 40478 | 202934 | 407057 |

[109] In the same period, ZAR 11.6 billion in financial compensation was paid to land claimants who opted to receive cash settlements (Nkwinti 2017). Minister Nkwinti suggested this was equivalent to a further 2,772,457 hectares of land (*ibid.*).

| | | | | |
|---|---|---|---|---|
| Western Cape | 16005 | 28613 | 131439 | 4178 |
| **TOTAL** | **77622** | **371191** | **1839336** | **3078948** |

(Source: DRDLR 2014)

apartheid years), while excluding those who lost their land earlier from claiming redress. On the redistribution side, numbers in certain provinces such as the Northern Cape and Eastern Cape were elevated by the commonage program[110], while those in the Western Cape reflect that province's prioritization of equity share schemes, a particular approach to land reform discussed further below (Kepe and Hall 2016). Within provinces, the 'willing buyer, willing seller'

Table 4.2: South Africa Land Reform Statistics, Redistribution Program, 1994 - March 2014

| **Province** | **Projects** | **Households** | **Beneficiaries** | **Hectares** |
|---|---|---|---|---|
| Eastern Cape | 816 | 1356 | 26563 | 491980 |
| Free State | 843 | 2158 | 7809 | 385977 |
| Gauteng | 368 | 5987 | 7425 | 49530 |
| KwaZulu-Natal | 884 | 42117 | 76552 | 528002 |
| Limpopo | 362 | 6085 | 9793 | 132800 |
| Mpumalanga | 615 | 17961 | 17513 | 448308 |
| Northern Cape | 336 | 4176 | 1990 | 1344991 |

[110] According to Kepe and Hall (2016:19), "[c]ommonage projects accounted for nearly half of all land redistributed in the period 1994-2002", but the program seems to have been discontinued with the shift towards supporting commercial farmers and the advent of LRAD.

| | | | | |
|---|---|---|---|---|
| Northwest | 481 | 32969 | 57977 | 407284 |
| Western Cape | 310 | 9201 | 27667 | 524297 |
| **TOTAL** | **5015** | **122010** | **233289** | **4313168** |

(Source: DRDLR 2014)

approach to redistribution has also resulted in a "mosaic" pattern to land transfers, since land is acquired as it becomes available rather than in blocks (*ibid.*:36). A similar challenge pertains in restitution, where despite the state often 'bundling' farms for transfer to communities, it is not necessarily the case that said farms are contiguous or that the bundle corresponds to the boundaries of a given community's claim area.

Although the numbers in Tables 4.1 and 4.2 might look impressive, in fact South Africa's land reform programs are widely recognized as having fallen well short of anticipated delivery targets and timelines. Drawing on the World Bank's input, South Africa set an initial target of transferring 30 per cent of white-owned agricultural land to black farmers by 1999. This deadline has twice been extended when it became clear that it would not be achieved: first to 2014 (Lahiff 2007) and then to 2025 (Ensor 2009; cited in Greenberg 2010:5). Given that the transfers noted above amount to only 9 per cent of South Africa's agricultural land base, it is unclear that even the latest extension will suffice. This said, some suggest that these statistics underplay the progress that has been made on land transfers. For example, a recent study by agricultural economist Johann Kirsten (2017:10) estimates that if one also considers state procurements; the equivalent land area for which beneficiaries rather selected financial compensation; and white-to-black sales on the open market alongside restitution and redistribution program transfers, the total amounts to 17.44 million hectares, roughly 21 per cent of the freehold farmland in South Africa (see also Sihlobo and Kapuya 2018). The fact that Kirsten's research was funded by AgriSA together with *Landbouweekblad*, a prominent agricultural magazine, illustrates the degree of tension that commercial agriculture continues to feel around the land question. Shortly after the study's release, the DRDLR provided results from a long-awaited land audit, the absence of which had helped to spark Kirsten's study. Although the government cautioned that it could only establish ownership for the 33 per cent of rural land that is held in private title, it suggested that of this subset white South Africans (who make up nine per cent of the population) owned 72 per cent of agricultural holdings; coloured people (9 per cent of the population) owned 15 per cent; Indians (2 per cent of the population) owned five per cent and black Africans (79 per cent of the population) owned only four per cent (DRDLR 2017:2).[111]

Debates over why land transfer has been so delayed are even more vexed than those over transfer and ownership totals. Some critics fault the market-based 'willing buyer, willing seller' model, and the government itself has blamed resistance from landowners and high prices (Lahiff 2007:1581). Whether the problem originates in the Constitution or in a lack of political will is a matter of ongoing disagreement. Arguing in favour of the latter, Hall (2004:57) calculates that in the first ten years of democracy, the budget for land reform never surpassed half a per cent of the national total, and PLAAS (2016:63) suggests that it has only crept past one per cent in two years since (2007/8 and 2008/9). Limitations in governmental capacity are another contributing factor, due to high vacancy rates at the DRDLR as well as staff who lack appropriate professional training and have "little first-hand experience of the realities they are attempting to change or

[111] The remaining 67 per cent of land in South Africa was held by trusts, companies and community-based organizations (e.g. churches, CPAs), which the state could not racially classify (DRDLR 2017).

support" (*ibid.*:79). What is clear is that there remains a "wide gap between plans [with respect to land reform] and the resources available to realize them" (Greenberg 2010:5). Still a different perspective on governmental operations regards the allegations of corruption that have periodically dogged the DRDLR and officials therein. In some cases, including two detailed in the next chapter, these have resulted in formal investigations and staff dismissals. Corruption Watch (2013), a non-profit organization that monitors such issues, suggests that it has received "a sizeable number of complaints" from the public "implicating the [DRDLR] involving abuse of power, corruption in procurement processes and bribery".

One of the concerns that has sometimes arisen in both departmental monitoring efforts and corruption investigations regards the price paid for farmland under land reform programs. Some investigations have turned up instances of overpayment; and while in some cases this seems to have involved the collusion of government officials, in others it seems to reflect the larger governmental capacity problems noted above. In either case it has also depended on landowners, speculators and/or private valuers engaging in price inflation. Certainly during fieldwork I regularly heard anecdotes about local landowners making minimal improvements (e.g. fencing) and selling off their properties or portions thereof to the government, as well as of shorter-term speculators (sometimes purportedly foreigners) acquiring land for resale to the state, in each case with a presumed step up in value. Indeed as I discuss in Chapter 5, my research traced property deeds and other reports that may detail similar activities undertaken by the companies I studied. Nonetheless, it is difficult to assess the frequency with which farm flipping or price inflation has occurred or the implications for land reform in South Africa. Virtually the only available relevant data on pricing suggests that, "from the late 2000s, the amounts being paid per hectare on average [by the government] in both redistribution and (to a greater degree) in restitution exceeded the general average price" of farmland transacted nationally (Kepe and Hall 2016:43). As Kepe and Hall (2016:43) assess:

> "In restitution, this may be because high-value land is under claim, but also because the state may offer higher prices to landowners who refuse to sell so that claims can be settled. In redistribution, one cannot say for sure why higher prices are being paid; this could indicate that higher-value land is being targeted, or that the state is paying above-market value. With limited information available, one cannot say for sure why this is the case, and also what the trends have been since 2008."

For its part, the government has taken steps to address the perceived overpayment problem. In February 2011, President Jacob Zuma issued a proclamation mandating the Special Investigations Unit to investigate the alleged and/or unlawful "application for and award of grants, the transfer of land or the payments of funds to the beneficiaries and the administration thereof by the department, under the Department's Land Reform Programme". The SIU's report, released in March 2018, is discussed further in Chapter 6. A second important measure is the government's creation of the Office of the Valuer General (OVG), a central valuation body intended to protect the property rights of citizens and communities as laid out in Section 25 of the Constitution (discussed above). Although the OVG must now sign off on all land reform transactions, staffing shortages and other capacity challenges mean that the "overwhelming majority of the valuations conducted for the…programme were conducted by valuers in private practice, reviewed and quality assured by the OVG" (OVG 2018:7). Representatives from the Freedom Front Plus, an Afrikaner nationalist party, have since suggested that it is now the OVG that constitutes the main source of delays in land reform programs, rather than unwilling sellers (FF Plus 2018).

While the slow pace of delivery remains a serious challenge for land reform, still another set of problems unfold following land transfer. These are linked to the lack of post-settlement support to beneficiaries, necessary to ensure the continuing productive use of transferred land (Greenberg 2010: vii). Cousins (2016) argues that these problems result from a larger ‘decoupling’ of land reform and agricultural policy in the post-apartheid period. In agriculture, deregulation and liberalization has “raised (rather than reduced) barriers to entry for small scale farmers”, effectively pulling in the opposite direction of land reform (*ibid.*). Land reform has never been “embedded” within a fuller concept of agrarian reform and rural development (PLAAS 2016:15). This disconnect persists despite programs that have been conceptualized as offering a more ‘comprehensive’ approach at both the individual and community level. Regarding the former, the Comprehensive Agricultural Support Programme (CASP), established in 2003, offers a one-off grant to land reform beneficiaries and other emerging farmers. At the community level the DRDLR launched the Comprehensive Rural Development Program (CRDP) in 2009, intending to target areas of deep poverty starting with a pilot project in each province. Interestingly, both of these programs seem to have been used mainly to facilitate infrastructural development in the intervening years: on-farm in the case of CASP and community amenities and facilities in that of the CRDP. It remains unclear how such focus might link up with agrarian transformation (PLAAS 2016).

Amidst these larger shortcomings, an area that has been particularly challenging for new farmers regards access to finance. Alongside the limited nature of CASP, researchers have also highlighted significant delays and the non-delivery of grants under the restitution program, including the discretionary grant (set at ZAR 3300 per beneficiary) and development grant (25 per cent of the land value), which are meant to flow to claimant communities (Lahiff *et al* 2012).[112] At the same time, access to commercial finance is limited by the forms of tenure allocated to reform beneficiaries, which prevents land from being used as collateral. Alternative bases for lending are not yet well developed in South Africa (de Klerk *et al* 2013). In an effort to address these challenges, the state introduced the Micro Agricultural Finance Institutions of South Africa (MAFISA) program in 2006. Administered by the Land Bank but delivered through a series of intermediaries, MAFISA was presented as the new version of the Agricultural Credit Board, available only to black South Africans with gross off-farm monthly incomes below a certain cut-off (Department of Agriculture 2005). Although the reach of MAFISA remains unclear, a recent report suggests that several intermediaries were struggling to recover loans issued under the program (DRDLR 2012). At least one intermediary was also in the process of being terminated due to the mismanagement of funds involved (*ibid.*). In 2011, the Land Bank introduced an additional tool for emerging farmers who have been unable to secure credit elsewhere, called the Retail Emerging Markets package (Pletts 2012). Unfortunately however, the program is not available for long-term crops including fruit because the Bank prefers farmers who can cycle through several harvests and associated rounds of training in a given calendar year (*ibid.*).

Parallel to the challenges of accessing finance, new farmers also often struggle to access markets. In fact, market access is often interlinked with access to capital given the historical centrality of the former co-operatives in providing production loans to growers. Processor and

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[112] An additional planning grant (ZAR 1500 per beneficiary), which is intended to support the preparation of business plans and similar documents by outside consultants, has similarly been plagued by late or non-delivery.

retailer on-lending still occurs in some sectors but is limited to "the very small group of farmers who are firmly integrated into [formal] value chains" (de Klerk 2013:12). Even parastatal lenders such as the Land Bank are increasingly demanding off-take agreements as a loan condition (Ngubane 2018). Yet many land reform beneficiaries and smallholder farmers rather supply informal markets and "loose" value chains and are arguably better suited to such arrangements (Cousins 2016). Challenges in accessing national and export opportunities include the smaller scale and inconsistent volumes and quality of smallholder production, as well as potentially sizeable transport and packaging costs (Williams and van Zyl 2008). While in certain instances beneficiaries may be able to enter established marketing channels with the support of industry mentors (*ibid.*), they may find themselves unable to establish preferential terms due to their partners' size and vertical integration across other stages of the value chain.

In recent years the scope of these and other challenges have generated a high level of public concern about the viability of current approaches to land reform. This sentiment reached a crescendo in 2010 when, shortly after taking office, Minister of the DRDLR Gugile Nkwinti announced that some 90 per cent of land reform farms were "not productive" and "not functional" – in effect, that the farms had failed (Nkwinti, cited in BBC 2010). Although Nkwinti later admitted that his statement had no basis in fact (PLAAS 2016:74), this has not prevented certain private sector actors from latching on to the Minister's statement and promoting themselves as capable of delivering a revitalized land reform model. Indeed, the Futuregrowth Agri-Fund and SAFE have relied precisely on this storyline, as I review in Chapter 5. For its part, the state's response was to introduce a new program, the Recapitalization and Development Programme ('Recap'), which is intended to help resuscitate "distressed" land reform projects and return them to "100 per cent productivity" through the injection of additional funds (DRDLR

2013). Since 2010, Recap has been financed through a special fund created from 25 per cent of the baseline land reform budget per annum. Initially focused around a five-year, declining schedule of contributions to infrastructure and operating costs, the program was reformulated in 2013 and after that point replaced all previous forms of post-settlement funding in both the restitution and redistribution programs (PLAAS 2016). Recap is not available to all land reform projects, and while it appears to be becoming de rigeur for projects still in the start-up phase (Kepe and Hall 2016), some suggest that it has concentrated sparse funds in a small number of projects (PLAAS 2016). To access funds, beneficiaries must submit detailed business plans, which are officially evaluated by a national committee chaired by the Minister of DRDLR. Beneficiaries must also have business partners recruited from the private sector who serve as mentors or 'co-managers', or alternatively must be integrated with private interests through share equity schemes (described below) or contract farming arrangements.[113]

The advent of Recap has further consolidated the government's focus on supporting an emerging class of black commercial farmers, first initiated under LRAD and PLAS programming. Indeed, the document setting out the contours of the reformulated program in 2013 is possibly the earliest example of a phenomenon noted by Walker (2017): namely, a tendency in recent ANC documents to position party policy as reversing the 1913 Land Act and restoring the 'vanquished peasantry' the Act purportedly destroyed. In the document the DRDLR (2013:15) explicitly states that one if its policy objectives is to "rekindle" these "fledgling…farmers". But the Recap program also reaffirmed another aspect of land reform that

[113] In some documents, DRDLR suggests that that "co-management, share equity schemes and contract farming arrangements are all variations of a larger category called 'strategic partnerships". PLAAS (2016:20) notes that "[t]he definition of 'co-management' is confusing but seems to imply some kind of joint venture for a specified period of time".

the ANC has been steadily pursuing: namely, the involvement of the private sector in facilitating this 'rekindling'.

## 4.6 Agricultural Transformation and the Private Sector

The emphasis placed upon private sector involvement in South Africa's land reform programs fits closely with the government's market-based approach. The private sector has welcomed this emphasis since, as Hall (2004:8) points out, it "fit[s] in well with the desire of commercial farmers to leave the agricultural sector structurally intact" even as it is deracialized. The result is a variety of industry led and -supported initiatives couched in the language of 'transformation'. These include a range of joint venture arrangements that bring together land reform beneficiaries and other emerging farmers with existing agribusiness interests. Joint ventures are particularly common in areas where land is expensive and the type of farming pursued requires high capital inputs (Mayson 2003). Proponents suggest that they offer a 'pragmatic' solution to land reform that will help black farmers advance into commercial production. Mayson (2003:3) however describes the diverse interests that commercial and corporate actors may have in joining forces with 'previously disadvantaged' peoples, including "rationalising their operations, improving the profile of the company from a marketing point of view, [and] accessing capital for expansion of production, [alongside] pursuing altruistic and social responsibility goals." Moreover, early experiences with certain joint venture sub-types (described further below) have led some to conclude that the arrangements represent "a new form of exploitation, a mechanism through which white commercial farmers and corporations are able to spread the risk of engaging in an increasingly complex and capital-intensive sector, while gaining market and political credibility in the process" (ibid.:1). In Derman *et al*'s

(2010:321) view, joint ventures must be considered in concert with the state's neglect of supports for land reform beneficiaries post-transfer. That is, joint ventures represent an effective "privatization of post-settlement support" (ibid.:321).

In the commercial fruit sector and particularly the Western Cape where production has historically been concentrated, one of the most common types of joint venture arrangements are equity share schemes. These arrangements enable farm workers, small-scale farmers or other disadvantaged people to buy shares in commercial farms or agricultural processors using government grants. The resulting beneficiaries hold their equity through a joint legal entity (frequently a trust) which is also meant to represent them in decision-making processes. Equity share schemes are premised on yielding a return on investment through dividends. Such dividends may either be disbursed to boost beneficiary livelihoods or reinvested to grow their interest in the company. Other particularities of the schemes vary. For example, the schemes may be used to spread equity in either existing or new businesses components, and while beneficiation may be tied to being an employee of the business in question, this is not always the case.[114] Oftentimes shares are not tradeable, at least not for an initial holding period, and they may not be inheritable upon death. Critics thus note that the deals frequently involve highly uneven power relations. Indeed, Mayson (2003) suggests that farm workers included in schemes may not have been involved in setting up the venture and may find themselves locked into the scheme without knowing or understanding it. Potential benefits are constrained by the small size

[114] Many equity share schemes are also open to farm workers' families or other community members. This can lead to a highly confusing array of differential benefits among people on or associated with the farm. For example, de Laat's (2017:70-75) case study of an LRAD grant funded equity share scheme on a commercial fruit farm highlights the uneven distribution of benefits among trustees, working shareholders, and non-working shareholders, including with respect to access to labour and training opportunities; salary, dividends, and other remunerative benefits (e.g. school uniforms); and authority, decision-making and voting rights.

of any individual beneficiary's stake, their limited participation in the daily management and growing of the business, and the low priority placed on training and skills development by commercial or corporate partners (ibid.). Du Toit *et al (*2008) note that beneficiaries may wait several years for dividends on slow-to-mature fruit crops. Indeed, the DRDLR's own assessment is that they may wait longer still: in an evaluation of the 100-odd schemes existing in 2009, the Department found that only nine had yet paid any dividends and in half of these cases the payments had been reinvested with minimal input from the beneficiaries (Erasmus 2010). For these reasons, some have argued that equity share schemes have functioned principally as a source of extremely cheap capital for farm owners to increase their competitiveness following deregulation, and/or a means for owners to make a gradual exit from the sector or fend off bankruptcy (Kingwill 2002; Mayson 2003). The DRDLR placed a temporary moratorium on the arrangements in June 2009 but subsequently lifted the ban in March 2011. The Democratic Alliance (which controls the Western Cape) continues to view the schemes as "the most successful model of land reform currently on offer" and lambastes the ANC for not throwing their weight behind the approach nationally (James 2012).[115]

Another common joint venture approach to land reform regards strategic partnerships. Derman *et al* (2010) trace the origin of this model to certain high-value restitution claims in the low-veld region of Limpopo, and Lahiff *et al* (2012) suggest that strategic partnerships have

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[115] Perhaps due to this pressure, the ANC appears to be considering pursuing the schemes with increased vigour. In March 2014 the party tabled a new policy proposal ('Strengthening the Relative Rights of People Working the Land') that would compel farm owners to cede 50 per cent of ownership to farm workers in proportion to the length of their service. This new policy – which has not been finalized but is evidently being piloted – leaves several areas unclear. These include whether the transferred equity pertains only to the land or the larger farming business, how such acquisitions would be financed by the government, and how the policy will benefit workers, who might rather face enhanced retrenchment pressures as they approach the service term at which they would acquire a holding (see Hall 2014).

become the norm in that region since 2005.[116] Indeed, the latter authors claim that government officials in that province are now making land restoration conditional upon beneficiaries accepting a strategic partner, a situation that my own research confirmed also pertained in Mpumalanga and the Northern Cape.[117] Strategic partnerships are intended to "smoot[h] over [the] major challenges related to capital, skills and competitiveness" that land reform beneficiaries experience after transfer (Lahiff *et al* 2012:4). The commercial partner is charged with securing and investing working capital, handling farm management decisions, and connecting the community with produce markets, often in return for a management fee (ibid.). The claimant community, in turn, may benefit from "rental income for use of their land, a share of profits, preferential employment, training opportunities, and the promise that they will receive profitable and functioning farms at the termination of the lease agreements" (Derman *et al* 2010:307).[118] The two parties form a joint operating company, specifying their respective responsibilities through documents including a shareholding agreement, a lease agreement, and sometimes a management agreement. Many commercial strategic partners operate across multiple properties (some of which they frequently own directly) and are vertically integrated across other stages of the value-chain (e.g. packing and exporting). The ironic result is that strategic partnerships are increasing consolidation in the commercial fruit sector (Lahiff *et al*

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[116] As mentioned previously, the government's 'Recapitalisation and Development Programme' has placed new emphasis on strategic partnerships since 2010, although under this program the classification includes both equity share schemes as well as the co-management type arrangements described here. While the distinction is sometimes blurry, co-management style strategic partnerships typically distribute at least 50 per cent of the equity in a given venture to beneficiaries, while in equity share schemes the proportion is often lower.

[117] Lahiff *et al* (2012:50) note that "[t]he joint venture model is defended by community leaders…as having the potential to involve the communities in all aspects of agriculture, maximise benefits to the community in terms of income, jobs and management skills, while preparing them for the eventual take-over of the enterprises after 10 or 15 years". Nonetheless, the authors suggest that "[t]here can be little doubt that this preference was greatly influenced by [state restitution] agencies" and that the extent of support for this model among the general members of the communities remains unclear (*ibid.*).

[118] Although in some cases a share of equity is reserved for farmworkers (Derman *et al* 2010), this has not been the case with the strategic partnerships enacted by the firms discussed in the next chapter.

2012). Beneficiary communities, in turn may have just one partner or several where restitution claims cover a large area.[119] Engaging multiple partners to mitigate risk has turned out to be a good idea, since many early partnership arrangements have run into trouble due to one or more of three main sets of challenges with the model (Lahiff *et al* 2012). The first difficulty regards the haste with which government developed the model and the complexity of arrangements involved. The second challenge relates to delays in land transfer and in the payment of restitution grants.[120] The third is commercial partners' apparent difficulty in securing adequate working and investment capital, possibly because the new and still experimental nature of the model and early failures have made the ventures unattractive to commercial banks. Like equity share schemes, strategic partnerships are characterized by highly asymmetrical power relations. While commercial partners certainly expect to profit from the arrangements, the results for beneficiary communities are unclear and workers on the farm (separate from the claimant community in many restitution cases) may go unprotected (Derman *et al* 2010). Recently, these difficulties have led some groups, such as the Vumelana Advisory Trust, to advocate for a simpler model called a Community Private Partnership which involves "a standard lease agreement with an agri-business company, with the added promise of employment and training opportunities for community members" (Lahiff *et al* 2012:2).[121] Under Community Private Partnerships the operating company is controlled entirely by the commercial partner and while the community does not receive a share of profits they are also liberated from having to invest in the venture.

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[119] For example, among the claimant communities mentioned in the next chapter, both the Moletele CPA and Matsamo CPA have several partners across different restituted farms while the Riemvasmaak CDT and Mosimetsi CPA each have just one.
[120] As I will explore in Chapter 5, these delays mean that properties may already be distressed by the time they arrive in community hands and/or that early operations are effectively hamstrung.
[121] The Vumelana Advisory Trust is a not-for-profit group that helps land reform beneficiaries develop their land. See: http://www.vumelana.org.za.

The ANC's emphasis on improving land reform beneficiaries' representation in the commercial agriculture sector through joint ventures also connects with another of the party's policy focuses in the post-apartheid era: black economic empowerment (BEE). Following the passing of the affirmative action *Broad-Based Black Economic Empowerment Act* of 2003, a sector-specific code for agriculture (the AgriBEE Charter) was formalized in 2008. The Charter establishes a scorecard to evaluate agribusinesses as to the degree of black representation in their ownership, management, employment, and supply channels. Compliance with the Act is voluntary, with the main incentive said to be the possibility of securing procurement contracts from government (PLAAS 2016:20-21). Some have argued that BEE ratings may also have a positive branding effect, conveying a type of "symbolic inclusion" (McEwan and Bek 2006:1031) that helps to repudiate South Africa's agricultural production regimes from their apartheid past in the consumer imaginary (Du Toit *et al* 2008). BEE measures have many supporters, but some suggest they encourage non-productive 'rent-seeking' activities, rather than adding authentic value to the national economy (Cargill 2010). Critics charge that the measures have allowed big business to transfer a small portion of its assets to black elite, many of them members of the historical resistance movement, "in return for them leaving the business environment as they found it" (Mbeki 2009). While some have benefitted from the instant wealth created by this "financial razzmatazz", the conditions of the majority of South Africa's black citizens have deteriorated (ibid.). Looking specifically at agriculture, Du Toit *et al* (2008:6-7) suggest that empowerment discourses and arrangements have effectively "contain[ed] and captur[ed]" the transformation agenda, displacing potentially more "uncomfortable options to redress current and past race-based imbalances", including land redistribution and improved conditions for farm workers (*ibid.*). Nonetheless the government has continued to expand its

BEE infrastructure, amending the *Act* in 2013 to criminalize 'fronting', or the misrepresentation of a company's BEE status or the degree to which its ownership and activities have been 'transformed'.[122] In 2016, the government established the BBBEE Commission to oversee and investigate adherence to the 2003 Act and a growing array of private 'BEE verification' agencies is emerging.

### 4.7 Land Reform and Recolonization

The government's deepening emphasis on private sector-led transformation approaches and BEE is concerning given that such programs do not seem to hold much liberatory potential for the vast majority of Africans. Indeed, twenty-five years into democracy, South Africa has arguably made limited progress in addressing the rural legacies of the country's colonial and apartheid past. Land reform was widely expected to help soften historic injustices, but this has not come to pass. As scholars from the University of the Western Cape's Institute of Poverty, Land and Agrarian Studies (PLAAS) recently noted in their diagnostic report for a High Level Panel convened by the South African parliament,[123] while rare success stories do exist, in general "the livelihood and poverty reduction impacts of land reform have been much weaker than anticipated" (PLAAS 2016:76). PLAAS goes on to point out that "the structure and functioning of South Africa's rural

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[122] Fronting commonly includes cases where black people are appointed or introduced to an enterprise on the basis of tokenism, and where they may be discouraged or inhibited from substantive participation in the enterprise (so called 'window dressing'). It may also include cases where the expected benefits are diverted rather than flowing through at the ratio specified in BEE documentation and/or in accordance with an individual's status in the enterprise. Finally, it may include cases where the identity of supposed beneficiaries is in question. Since 2013, fronting has been punishable with a fine of up to 10 per cent of annual turnover for a firm, and a fine and/or imprisonment of up to ten years for individuals.

[123] In December 2015, the Speakers' Forum, a parliamentary entity, established the High Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change. The independent panel convened South African experts to produce reports and make submissions related to three thematic areas: (i) poverty, unemployment and the equitable distribution of wealth, (ii) land reform: restitution, redistribution and security of tenure and (iii) social cohesion and nation-building.

economy has barely been altered by land reform" (ibid.:77), due to the limited amount of land transferred, the challenges encountered post-settlement, and the absence of a larger framework for agrarian reform, as discussed above. Such assessments are echoed by other scholars, who note that inequality remains rampant in South Africa's countryside, which remains strongly racialized in its socio-spatial character (Anseeuw et al 2015). This is nowhere more evident than in high-value fruit regions, where Anseeuw et al (2015:48) argue that commercial consolidation is "perpetuat[ing] segregation [and] reinforc[ing] territorial and agrarian dualisms". Indeed, it is worth reiterating Lahiff et al's (2012) assessment that land reform in these regions is fueling such consolidation, rather than countering it – a finding that I amplify in Chapter 5 by tracing the 'production grabbing' (cf Anseeuw and Ducastel n.d.) that certain land reform approaches have facilitated.

Facing up to this perplexing situation has led some scholars to conclude that South Africa's land reform programs continue to refract and indeed perpetuate the practice of colonialism, now tied to the specific formations of capital that the state has cultivated and defended in the post-apartheid period. Cliffe (2000:281), for example, suggests that the government's emphasis on commercialization and creating a class of entrepreneurial black farmers evidences a colonial mentality that only select Africans are capable of becoming 'master farmers' and as such are "worth resourcing". Fraser (2007) suggests that the strategic partnerships discussed in the previous section are but one example where "colonial-style relations and practices endure or are reactivated because they suit the political economic needs of accumulation". More recently, Kepe and Hall (2018) have traced a similar trend in the government's ongoing PLAS program, describing how the program's emphasis on the 'productive use' of land as well as the state's retention of title under 'trusteeship' arrangements each revivify long-established colonial tropes. Such debates necessarily tie back to larger public concerns about the delivery on South Africa's democratic transition, the limits of the racial liberation it has yet achieved, and the continuing problems of racialized inequality and widespread poverty that beset the country under its democratic dispensation (discussed at the entry to this chapter).

## 4.8 Conclusion

The situation in contemporary Mpumalanga and other rural areas of South Africa reveal the deep paradoxes associated with the country's concurrent transition to a liberal democracy and its implementation of far-reaching deregulation in its agriculture sector. Agricultural liberalization eroded many of the supports that had helped to establish the country's commercial farming sector and to consolidate its power through the mid 20$^{th}$ century. The results were a major shake-up whose destabilizing effects have been particularly profound in the commercial fruit sector, which produces one of South Africa's most valuable export crops. Surging output coincided with a proliferation of fruit export firms, from independent producer exporters to domestic and foreign firms expanding from other segments of the agro-food value chain and beyond. In the decades since, farms have been subject to intense differentiation, consolidation and concentration pressures while the larger value-chain has become increasingly corporatized. In this context, the sudden surge of interest in agriculture among global investors found an industry at an historical inflection point. Arriving as an "unexpected guest" (Anseeuw et al 2015:318), finance capital has fed into and fuelled pre-existing trends, indeed accelerating them. One result is the solidification of new alliances between finance and established agribusiness firms amidst an intensifying scuffle to lock up fruit against their competitors.

The Futuregrowth Agri-Fund and SAFE, the two main firms whose activities I explore in the next chapter, are engaged in just such an alliance. Their operations have brought them into direct contact with South Africa's land reform programs and the purported and potential beneficiaries of these programs. Understanding these interactions demands attending to the processes of racialized dispossession and exploitation that underpinned commercial fruit production under colonialism, segregation, and apartheid, where Africans' participation was restricted to the role of low-cost labourers. South Africa has attempted to address this history through land reform programs effected as part of its transition to liberal democracy. However, such programs have struggled to meet their delivery targets and the projects that result are often compromised by both weak post-settlement support and the lack of a "coherent national strategy for agrarian reform…(to which land reform can contribute)" (PLAAS 2016:77). In the meantime, the government's growing reliance on private sector partnerships as a means of delivering land reform, and on Agri-BEE as a path to black economic empowerment, seem rather to be resubstantiating white commercial production and revitalizing colonial relationships. In the next chapter, I consider the insights that the companies at the centre of my research can offer into this troubling dynamic.

# Chapter 5: Futuregrowth Agri-Fund and South African Fruit Exporters

## 5.1 Introduction

On 13 April 2010, then Minister of Agriculture, Forestry and Fisheries of South Africa Tina Joemat-Petersson created a major stir in South Africa's agricultural sector with her comments in a briefing prior to the national budget vote. In the briefing, Joemat-Petersson referred to a new agricultural investment fund spearheaded by Old Mutual Insurance Group (South Africa) (OMIGSA), a "developmental partnership" between the private sector and government that she suggested should "be celebrated and emulated" (Joemat-Petersson 2010a). Mentioning the Fund again in an article she authored for national newspaper the *Mail and Guardian* later that month, Joemat-Petersson suggested that it would focus on crop and livestock production, skills development, and marketing, and would also result in "experts with critical skills, such as agro-economists, [being] seconded to the department" (Joemat-Petersson 2010b). Although her announcement of a partnership turned out to be somewhat premature (see Christie 2010a, and below), the Minister's attention was doubtless appreciated by Futuregrowth Asset Management (FAM), the Old Mutual boutique that managed the fund, and UFF African Agri Investments (UFFAAI), a related company that served as Fund Advisor.[124] Since launching the venture the month prior, the companies had been promoting it as creating "a market driven response to land reform" (Howard, quoted in FAM 2010a). In doing so they played to public concern spurred by the recent announcement by Gugile Nkwinti, then Minister of Rural Development and Land Reform, that some 90 per cent of farms in South Africa's land reform program had failed (BBC

[124] The Advisor for the Agri-Fund has gone by the name UFF Asset Management, UFF Agri Asset Management, and UFF African Agri Investments since 2010. Below, I will use the acronym for the last of these, the company's current name (UFFAAI).

2010; see Chapter 4). Lining up governmental support was a coup for the Agri-Fund, helping to raise its profile. As reporter Shannon Sherry (2010) put it following the Fund's launch, the initiative could be "just what the government needs to extricate itself from an increasingly sticky situation": an effective means of transferring land and supporting emerging black farmers while retaining productivity in South Africa's valuable commercial agriculture sector.

In this chapter I examine the Agri-Fund established by FAM and UFFAAI as well as the activities of two related firms: South African Fruit Exporters (SAFE) and Bono Holdings (Bono). I argue that the overlapping operations of these firms reflect both the growing global interest in agricultural investments and the particularities of the South African commercial fruit sector following agricultural deregulation. While the Agri-Fund provided a capital fix to interests in each of these camps, it also claimed to also be advancing social goals by contributing to land reform and empowerment programs established to provide redress to those South Africans who were 'previously disadvantaged' under colonialism and apartheid. I review the operations of SAFE and Bono, which the Agri-Fund claimed it would replicate, showing how the firms have worked government programs and numerous poor communities to their advantage. Although the Agri-Fund is promoted as a socially responsible investment, I question whether it will improve on SAFE and Bono's track record. I reflect on the particular channels of capital accumulation and valuation deployed by the different arms of the corporate family and the obstacles they have encountered. The Agri-Fund has not yielded the profits its manager and advisor predicted, but the companies remain active in South Africa and indeed are expanding their operations across the African continent. I suggest that the case provides additional insights into the characteristics and capacities of 'agrarian repair' projects and their limited liberatory potential in the national setting and beyond.

This chapter draws on research conducted between September 2011 and September 2018, including two rounds of field work in South Africa, spanning from December 2013 to April 2014, and from August to December 2014. During these trips, I conducted a total of 57 interviews involving 54 individuals, including corporate directors and staff, national and provincial government officials, farm and civil society organization representatives, and board members, trustees and other representatives from four communities engaged in so-called 'strategic partnerships' with the companies central to my research. Parallel to my field work, I tracked the companies' operations in property markets through WinDeed, an online product providing access to Deeds Office records and information gleaned from other public sources.[125] I also examined documents the companies were required to file with securities regulators and/or prepared for the benefit the Fund's investors. Concurrently, I completed detailed reviews of the firms' broader corporate documents, websites and other communication materials, as well as media stories related to their activities. Finally, I analyzed documents provided by interview participants and other contacts where these were made available to me.[126]

The companies at the centre of my South African research were not well known when I began my work. Nonetheless, their activities have sometimes been captured in other academic and journalistic reports focusing on land reform and related issues in South Africa's commercial fruit sector. This includes Nerhene Davis' and Edward Lahiff's research in Limpopo with the Moletele CPA, who were then engaged in a strategic partnership with one of the firms (see Davis and Lahiff 2009; Lahiff et al 2012). Indeed, it was these scholars' work that first encouraged me to go looking for a case study in South Africa, after Edward noted compelling similarities with

[125] See: http://www.windeed.co.za
[126] Because such documents were sometimes provided on a confidential basis, I have avoided directly citing them and including them in my reference list, unless I have the explicit agreement of the provider.

my Canadian research at an early conference presentation.[127] Jesse Wilderman (2014) touched on the companies' involvement at Keurboschkloof Farm in his writing on the Western Cape farm worker strikes. The companies' operations at nearby Nirwanda were the subject of a multi-part investigative journalism series, produced by Hazel Friedman from the South African Broadcasting Corporation (Friedman 2015a; 2016; 2017a,b). In the Eastern Cape, the firms' activities at Sunland Farms and the adjoining pack house were explored by Ruth Hall and Thembela Kepe in 2013 and are discussed briefly in the authors' recent article on the 'elite capture' of land redistribution in that province (Hall and Kepe 2017). Tabelo Timse (2014), an investigative journalist from amaBhungane, wrote a key piece on the plight of Riemvasmaak Community Development Trust with one of the firms in the Northern Cape. Finally, Antoine Ducastel and Ward Anseeuw (2017) have profiled FAM and UFFAAI's Agri-Fund in recent work on the financialization of South African agriculture. Below, I draw on each of these studies to contextualize my own community-based work and connect it with the experiences of communities elsewhere in South Africa.

The remainder of the chapter proceeds as follows. In first section, I introduce the corporate actors behind the Agri-Fund and emplace them within their larger family of companies, identifying the key personalities therein. I then describe the Agri-Fund's investment rationale, together with its original and revised business models. From there I make a lateral shift to examine the contemporaneous activities of SAFE and Bono and their intersections with South Africa's land reform programs. This allows me to more critically consider the Agri-Fund's operations and the firms' subsequent establishment of a series of further funds elsewhere on the

[127] My presentation was at the Land Deal Politics Initiative's first international conference on Global Land Grabbing (6-8 April 2011, Institute of Development Studies, University of Sussex).

African continent. Finally, I conclude the chapter by highlighting key aspects of my study and what they can tell us about the possibilities and pitfalls of agrarian repair projects in the South African context.

## 5.2 Introducing the Parties

Old Mutual plc, the ultimate parent company of FAM, the asset manager behind the Agri-Fund and the vehicle's eventual successors, is an international investment, savings, insurance, and banking group. First established as a mutual insurance company in 1845 in South Africa, the company was demutualized in 1999 and listed on stock exchanges in London, Johannesburg, Zimbabwe, Malawi, and Namibia. At year end 2009, Old Mutual managed assets exceeding USD 500 billion through 18 asset management businesses globally (OMAAF 2013:43). The company was then headquartered in London and included on the Financial Times Stock Exchange 100 Index (FTSE).[128] FAM, established in 2000 and headquartered in Cape Town, managed assets approximating ZAR 100 billion (FAM 2010b). Sometimes described as the "venture capital arm" of Old Mutual's South African operations (Sherry 2013), the company focuses on 'socially responsible', 'sustainable' and/or 'developmental' investing – in their words, "that which provides investors with both commercial returns and tangible social and development impact" (FAM 2014a).[129] In line with Old Mutual's larger operations in the region, FAM's traditional investors are the life insurance and retirement funds industries. FAM

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[128] In March 2016 Old Mutual began a "managed separation" strategy designed to create value for shareholders. The strategy entailed the separation of its four component businesses (Old Mutual Emerging Markets, Nedbank, UK-based Old Mutual Wealth, and Boston-based Old Mutual Asset Management) into standalone entities. When executed in June 2018, the strategy resulted in the de-listing of Old Mutual plc and the listing of Old Mutual Ltd. and Quilter plc (formerly Old Mutual Wealth), now independent businesses.
[129] Old Mutual itself put FAM's market share at about 39 per cent of the socially responsible investment field (OMAAF 2013:43).

describes itself as primarily a ‘fixed income house’, which loans capital to promising companies in order to generate returns for its clients (Kalam 2015).

FAM’s partner and the advisor for the new Agri-Fund was UFFAAI, a company whose “hard-core farming experience” (FAM 2010a) was said to underpin the Fund’s investment strategy (Howard, cited in Christie 2010a). Headquartered in Cape Town, UFFAAI is registered in Mauritius, a country frequently regarded as a tax haven (Oxfam 2016). UFFAAI was founded in 2010 as a joint venture between FAM, FMO (the Netherlands bilateral private-sector development bank)[130], and “local management” (OMAAF 2013:45). The “local management” in question is actually two Dutch entrepreneurs, Duncan Vink and Erwin Bouland, who both resided and had business interests in South Africa when the Fund was established. In fact, UFFAAI is a spin-off of one of Vink’s earlier projects, called the United Farmer Fund Trust (UFFT). Vink set up UFFT in 2006 through Pincio Capital, his independent corporate finance advisory company, in concert with FAM; FMO (Vink’s previous employer)[131]; and Edward Nathan Sonnenbergs, South Africa’s largest law firm (Gilbert 2009). Described as a ‘Broad Based Black Economic Empowerment’ (BBBEE) trust representing some 1200 South African farm workers, UFFT’s mandate is investing in agriculture and social development in rural areas of the country (ibid.).[132] Billing itself as a “one-stop solution for agribusiness to address land reform and workforce empowerment”, UFFT specializes in “structur[ing] worker beneficiation

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[130] FMO, whose mission is “to stimulate sustainable economic growth and optimize development impact in emerging markets” is “one of the largest bilateral development banks worldwide” (OMAAF 2013:44). With an investment portfolio of EUR 3.4 billion at the Agri-Fund’s launch (*ibid.*), FMO’s major shareholders are the Dutch Government (51 per cent) and large Dutch commercial banks (42 per cent).
[131] Vink had previously worked as the Investment Manager responsible for FMO’s portfolio in Turkey and Central Asia (Global AgInvesting 2016).
[132] Foreshadowing a recurring theme in this chapter, the precise identities of UFFT’s beneficiaries, the nature of the benefits generated by the Trust, and how such benefits are distributed are all points that remain unclear. The only UFFT beneficiary that has yet been publicly identified is the Fruit Workers Development Trust, another BBBEE trust set up by Hortgro, the organization representing South Africa’s deciduous fruit industry.

transactions which optimize social equity and beneficiation to previously disadvantaged groups" (OMAAF 2013:44).

Although it was not discussed in the promotional material around the Fund's launch, the Agri-Fund was not the first collaboration between FAM and UFFAAI executives. FAM had previously backed UFFT's investments in CareCross, a private "affordable healthcare" firm, and the Open Learning Group, "the largest private open distance learning company in South Africa" (HWB Communications 2009). The two companies had also collaborated on an earlier agricultural enterprise. Some five months prior, FAM had provided a ZAR 25 million loan to UFFT to finance the latter entity's acquisition of 50 per cent of the equity in a company called SAFE Farm Ventures (SFV) from existing shareholders in SAFE, "one of South Africa's leading global fruit exporting and logistical services providers" (HWB Communications 2009).[133] As Vink (cited in HWB Communications 2009) put it in the press release announcing this "large empowerment transaction", the new venture would "accelerate the growth" of SAFE's activities, "particularly…in the area of land redistribution and reform." Not only would the deal "empowe[r] all of SAFE's [existing] farms", SFV would "continue to acquire farms and embark on new BEE initiatives" (De Vries, cited in HWB Communications 2009). Similar to the Agri-Fund, then, SFV was based on expanding a "tested model" of operations in South Africa's agricultural sector: namely, those of its partner SAFE (HWB Communications 2009).

These earlier connections between UFFAAI and SAFE are unsurprising since Erwin Bouland, who in 2010 joined with Vink to launch UFFAAI, is also one of the co-founders of SAFE. SAFE was established in 1997 by Bouland and his old school friend, still another Dutch

[133] FAM suggested that the loan to UFFT was provided "on behalf of investors in its Infrastructure Development Bond and the Development Equity Fund" (HWB Communications 2009).

citizen named Anton De Vries. The two businessmen, then based in Holland, were acting upon a tip regarding the impending deregulation of the South African fruit sector (Ursem 2012; see Chapter 3). Seeing an opportunity for establishing a business exporting fruit to Europe, de Vries and Bouland moved to South Africa and joined a group of independent exporters that were putting pressure on the national fruit board and championing the dissolution of the single desk marketing arrangement (Ursem 2012). They shortly won an export license and began purchasing fruit from South African farmers, selling it in turn to importers in their home country (SAFE 2014). Like UFFAAI, SAFE is registered in Mauritius but headquartered in Cape Town. In 2005, the company gained FMO as its first external shareholder, with the bank investing at least EUR 5 million risk capital in the company in return for ten per cent of SAFE's equity (FMO 2006:49).[134] In 2018, Lancaster Capital, a BBBEE investment holding company founded by South African entrepreneur Jayendra Naidoo, also acquired a shareholding in SAFE, although neither the size of that company's capital contribution nor of its equity holdings has yet been disclosed (Fresh Plaza 2018).

Originally, SAFE was purely a fruit exporter and marketer, but the company's operations have expanded over time to also include fruit production, farm ownership, farm management, and supply chain logistics (SAFE 2014). SAFE representatives have said that such shifts were driven by certain capacity challenges that the firm experienced in meeting markets (ATMS 2015). Specifically, amid the proliferation of exporters that emerged following deregulation (see

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[134] I say 'at least' because FMO's Annual Report for 2005 puts its investment in SAFE at EUR 5.0 million (FMO 2006:49) on one page, and EUR 6.5 million (*ibid.*:23) on another. At the time, SAFE's remaining shares were split between de Vries (45 per cent) and Bouland (45 per cent). SAFE has said that FMO's support helped it to grow dramatically (Scheldwacht n.d.), helping to stabilize the firm's cash flow system in the years since (AMSCO 2014:21). As of 2013, SAFE remained "FMO's largest agricultural investment on the African continent" (OMAAF 2013:45).

Chapter 4), SAFE was having difficulty securing fruit in sufficient quantity and appropriate quality (ATMS 2015). As the company's Chief Financial Officer (CFO) Quentin Scott put it in an early interview for my research, SAFE realized it "had to work backwards" to lock up supply (Interview 4, 10 February 2014). They hence developed a strategic interest in acquiring and managing farms. Over the coming decades, SAFE would invert its original supply chain arrangements: whereas initially 90 per cent of the fruit marketed by the company was produced outside of SAFE's value chain, by 2014, 90 per cent was produced on farms that were "owned or controlled" by the company (ibid.). Both SFV and the new Agri-Fund launched by FAM and UFFAAI played a role in this transition, and within two years of launching these initiatives, SAFE was regularly claiming to be among the top five fruit growers and exporters in South Africa (see for example Ursem 2012; OMAAF 2013:44). Yet SAFE's growth also depended intimately on still another company, namely a subsidiary called Bono Holdings. Together with SAFE, Bono helped to test and prove the models that both SFV and FAM's first Agri-Fund later adopted. In a sense, the two companies were the later ventures' pioneers.

SAFE formed Bono Holdings by joining their fortunes with a black South African entrepreneur named Evans Nevondo in 2007. At the time of the Agri-Fund's establishment, SAFE and Nevondo each held 50 per cent of the shares in the company, with Nevondo's being controlled through his BBBEE company, Fresh Solutions Trust. Bono describes its vision as "becoming the leading facilitator of agricultural empowerment in South Africa." (Bono Holdings 2014a). The company suggests that it will contribute to governmental aims of poverty alleviation in underdeveloped areas by helping to build a class of "entrepreneurial" and "self-sufficient" (black) farmers who will "no longer be a liability to the state" (Bono Holdings 2014b). SAFE has suggested that it established Bono to take advantage of certain opportunities associated with

South Africa's ongoing land reform program (Ursem 2012). Nevondo, in turn, claims that he conceptualized the company's approach while working as a Research Manager in the Office of the Speaker for the South African parliament (2005-8), a position that followed a stint advising the Eastern Cape government on structuring BEE deals on farms (2003-5) (Interview 5, 10 February 2014). As I will explain further later in this chapter, Bono provides a means by which SAFE can secure access to fruit and other benefits associated with farms in the land reform pipeline. Some of Bono's operations have drawn on grants from Old Mutual's Foundation and loans from the group's Masisizane Fund, a "non-profit funding entity" providing "loan financing and support to small, medium and micro enterprises".[135]

Emplacing the Agri-Fund within the longer running history and the larger corporate family described above risks creating some confusion for my reader, who may be begrudging my expectation that they should keep all of these actors straight. Indeed, I felt similarly resentful for the great majority of my research until finally I gained sufficient clarity to produce a series of diagrams (Figures 5.1a through c). Going forward, it is helpful to disaggregate the companies' activities into three business streams that, while developed sequentially, now operate simultaneously. Although it is the last of these streams that corresponds directly with the Agri-Fund's activities, the other two streams feed into this one in important ways. Effectively, if SAFE and Bono's operations (Figure 5.1a) served as the original template for the Agri-Fund's current operations, SFV (5.1b) was the companies' first attempt to implement what the Fund (5.1c) has ultimately achieved – namely, raising capital to expand the larger corporate family's operations. However, this first attempt evidently hit a speed bump, since between SFV's

[135] Both organizations were created following Old Mutual's 1999 de-mutualization. The Masisizane Fund, which was created from unclaimed shares in 2007, focuses on two areas that Bono and its related companies might be seen as having demonstrated strengths: agribusiness and supply chain development.

establishment in 2009 and 2013, UFFT passed its shares in the company directly to Old Mutual (who had originally financed the deal through FAM), citing capitalization difficulties due to an unspecified conflict of interest between SFV and UFFT's successor, UFFAAI (CTSA 2015). Such conflict of interest is clarified through the 20:20 vision of hindsight. As it happens, SFV has gone on to both sell farms to FAM's Agri-Fund series and to lease them back for SAFE's fruit producing operations. Both of these actions would have been distasteful to investors given

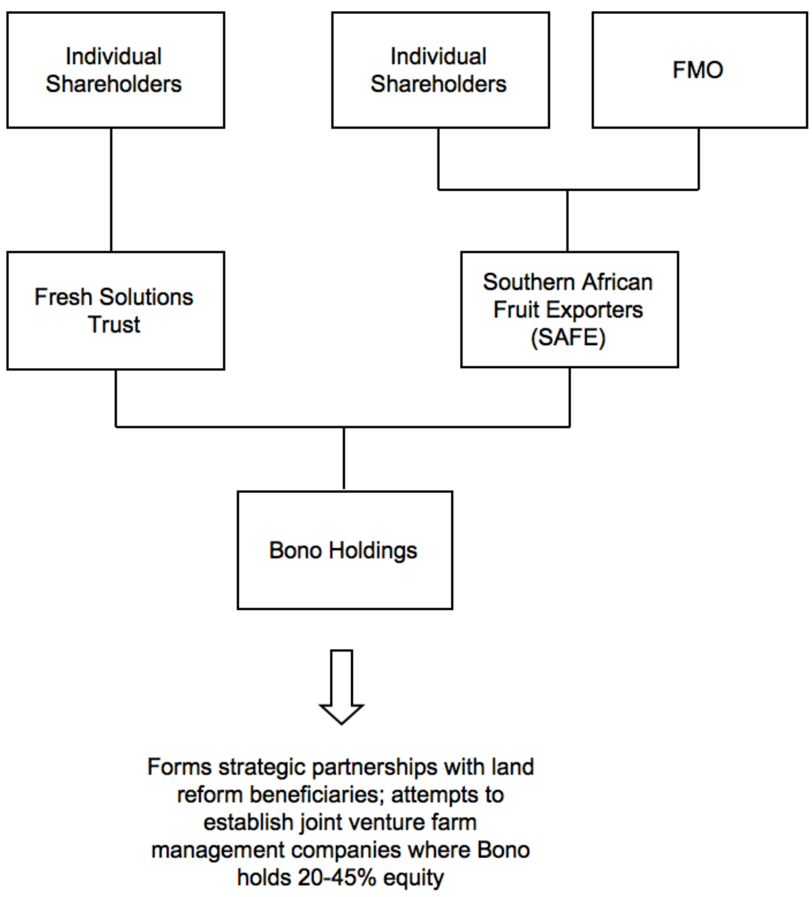


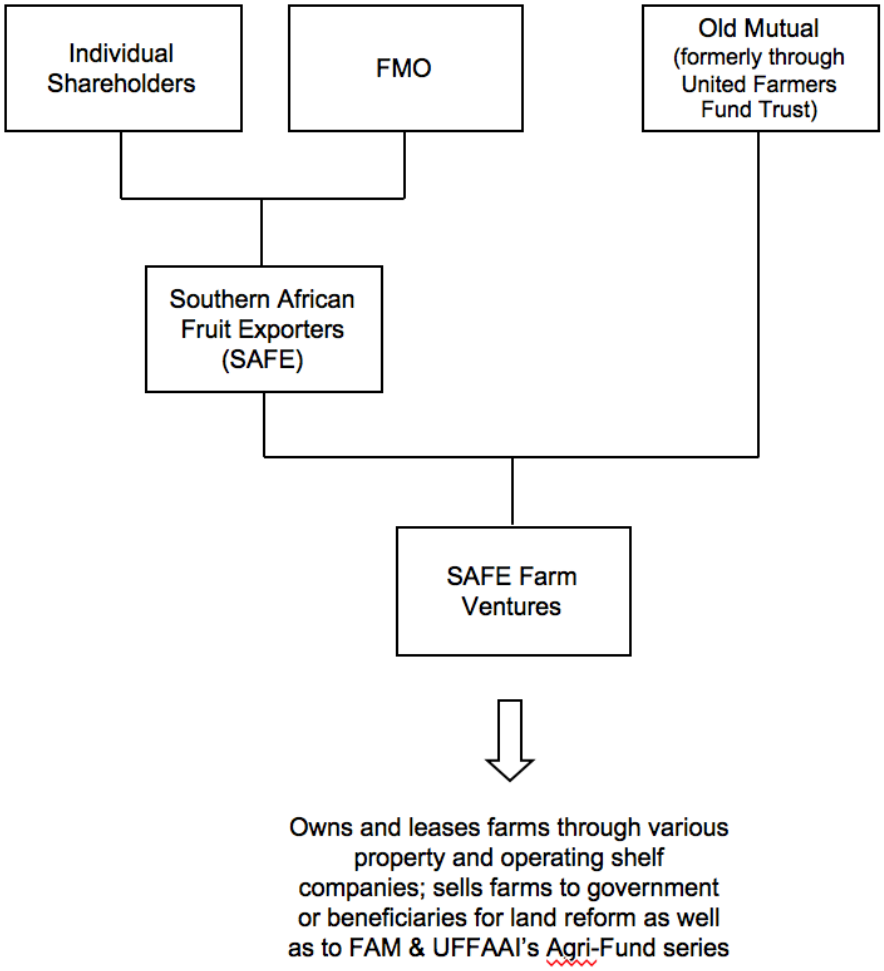

Figure 5.1: Main Arms of the Corporate Family at April 2014

a) Bono Holdings arm

Note: As of February 2014, SAFE was sourcing approximately 50 per cent of its fruit through this channel

(Interview 4, 10 February 2014)

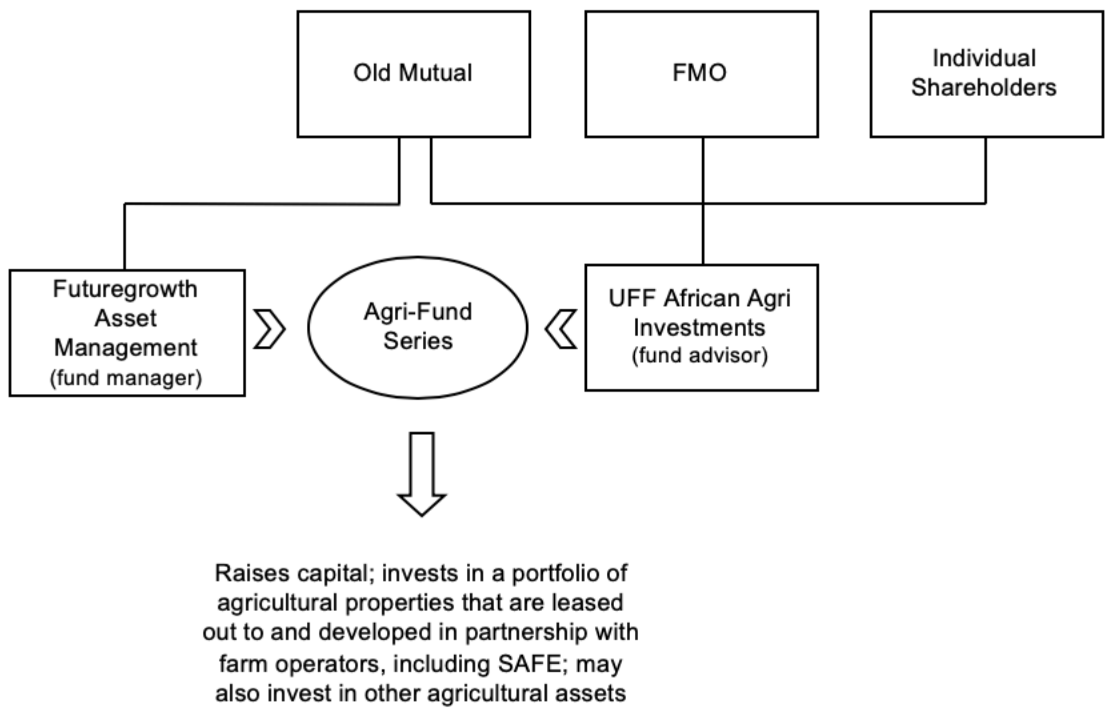
(Source: author)




b) SAFE Farm Ventures arm

Note: As of February 2014, SAFE was sourcing approximately 25 per cent of its fruit through this channel (Interview 4, 10 February 2014)

(Source: author)




c) FAM and UFFAAI Agri-Fund arm

Note: As of February 2014, SAFE was sourcing approximately 25 per cent of its fruit through this channel (Interview 4, 10 February 2014)

(Source: author)

that SFV was initially a direct subsidiary of UFFT-turned-UFFAAI. Passing UFFT's shares in SFV to Old Mutual worked to sever this formal relationship, allowing the companies to enact their strategy, albeit not without some potential costs for SAFE (which I discuss further below).

Of course, the hazard of disaggregated diagrams is that they may fail to convey the degree of connectivity between the companies and the larger dramatis personae involved. Attentive readers will already have noted the repeated appearance of two financial backers: Old Mutual (the owner of FAM, an investor in both UFFT and UFFAAI, a partner in SFV, and a granter and lender for Bono's operations) and FMO (an investor in both UFFT and UFFAAI, and a shareholder in SAFE). Alongside Bouland's founding role in both SAFE and UFFAAI, there are multiple overlaps between the management of the different firms (Table 5.1), and junior staff seem to be passed among them at will. In part, such transfers have been facilitated by the African Training and Management Services (ATMS), a United Nations Development Program initiative that assists small and medium-sized enterprises in Africa and which, between 2005 and 2015, seconded at least five managers moving between SAFE, UFFT, UFFAAI, and additional related companies (AMSCO 2008; ATMS 2015). Until June 2017, SAFE and Bono's offices were co-located in an office park in Kenilworth, a Cape Town suburb. That month SAFE moved to UFFAAI's office building in the trendy De Waterkant district of the city (SAFE 2017a).

As I will discuss further below, these and other interlinkages between the companies create major challenges for anyone who might have an interest in tracking their operations and/or holding them to account. In addition to this researcher and other scholars, such list may include governments (as regulators, tax collectors, and grant providers), lawyers, police and anticorruption authorities, investigative journalists and, of course, marginalized communities and the civil society organizations that aim to assist them. In the case of the corporate family at hand, the resulting confusion is manifested by governments using certain of the company names interchangeably, by community members telling me they never had a clear sense of who they were dealing with (a point that I return to later), and even by some of my fellow scholars – likely following the lead of one such community – choosing to abridge two of the companies' respective names as 'Bono-SAFE' (see Davis and Lahiff 2009). The situation is not improved by the companies' heavy reliance on shelf companies. As of April 2014, data retrieved through WinDeed Spider Searches allowed me to link the firms' key managers (De Vries, Bouland, Scott, and Nevondo) to some 87 different corporate entities, and through these and other records, to at least 66 different South African farm properties where SAFE, Bono, SFV and/or UFFAAI

Table 5.1: Management Connections in the Corporate Family at November 2014

| **Manager** | **Roles** |
|---|---|
| Erwin Bouland | Co-founder (1997) at SAFE; Co-founder (2010) and Director at UFFAAI |
| Anton De Vries | Co-founder (1997) and Director at SAFE (and several of its subsidiaries); Board Member at Bono Holdings |
| Duncan Vink | Founder of UFFT (2006); Co-founder of UFFAAI (2010); Director at SAFE Farm Ventures; Financial Director at Bono Holdings |
| Miné Van Wyk (née Nel) | CFO of UFFAAI; formerly Acting CFO of SAFE (replaced by Quentin Scott) (also formerly a Director of SAFE subsidiaries) |
| Quentin Scott | CFO of SAFE (and director of several of its subsidiaries); Director of SAFE Farm Ventures; Board Member at Bono |
| André Botha | Agronomist at UFFAAI; former agronomist at SAFE; Operations Director at Bono |
| Dries Van Rooyen | Operations Manager and Director at SAFE (and one of its subsidiaries); Professional Director at Bono |

(Source: author)

have operated (Figure 5.2). Both of these lists continue to grow as Old Mutual and UFFAAI expand their Agri-Fund series.

My research helps to shed light on the deliberate obfuscation that such corporate interconnections and false separations yield, but also on another important purpose of these practices: the manipulation and creation of value and accumulative advantage. At the same time, the companies' complex structure ought not be understood as pure Machiavellian scheming, since it also reflects both opportunism and a kind of relentless experimentation, which so often seems to run ahead of careful thinking and proper due diligence in intensely competitive markets. After all, as we have already observed through the companies' early efforts to raise capital through SFV, not all of the families' pursuits have been uniformly successful. Some have rather created a drag on profitability while others have helped to substantiate it. Indeed, as

SAFE's CFO put it to me, it sometimes seems to him that the company has "made every mistake in the book" (Interview 4, 10 February 2014). Noting that SAFE was still "struggling to recover" from some of its early ventures, he lamented that while the firm had projects that it "would like to cut loose from a financial perspective", it could not do so "politically due to the need to maintain good relations and capital access" (ibid.).

To be sure, this is not how the companies and key personalities behind them tell their stories in more public settings. In corporate and media profiles, there is very much a flavour of self-made men from humble origins whose success in Africa – a continent that one of the Agri-Fund's early investment partners described as "the final frontier" for business (Röhrbein 2011) – results from a certain willingness to buck convention and the application of sheer entrepreneurial elbow grease. Vink, for example, was "born a scion of a flower bulb farming family" (Global AgInvesting 2016) while de Vries, prevented from taking over his family's independent oil trading business by his father's untimely death, got only one year into his Master of Business Administration degree before calling it quits (Ursem 2012). A recent profile describes the latter as an "ordinary bloke without undue ostentation" ("[e]en gewone jongen zonder overdreven uiterlijk vertoon"), a casual dresser who is "not afraid to get his hands dirty" ("type 'handen uit de mouwen'") (ibid.:112). De Vries and Bouland each stress the struggle they faced getting established in South Africa. Said De Vries: "We started SAFE with a laptop and a rental car. When we arrived, we didn't know whether to go left or right" ("We zijn SAFE begonnen met een laptop en een huurauto maar toen we aankwamen, wisten we niet of we links- of rechtsaf moesten.") (ibid.:114). Or in another article: "we knew no one here and actually had no experience" ("we kenden hier niemand en hadden eigenlijk ook helemaal geen ervaring") (Scheldwacht n.d.). He jokes that it took the duo eight trips to the bank to even open an account

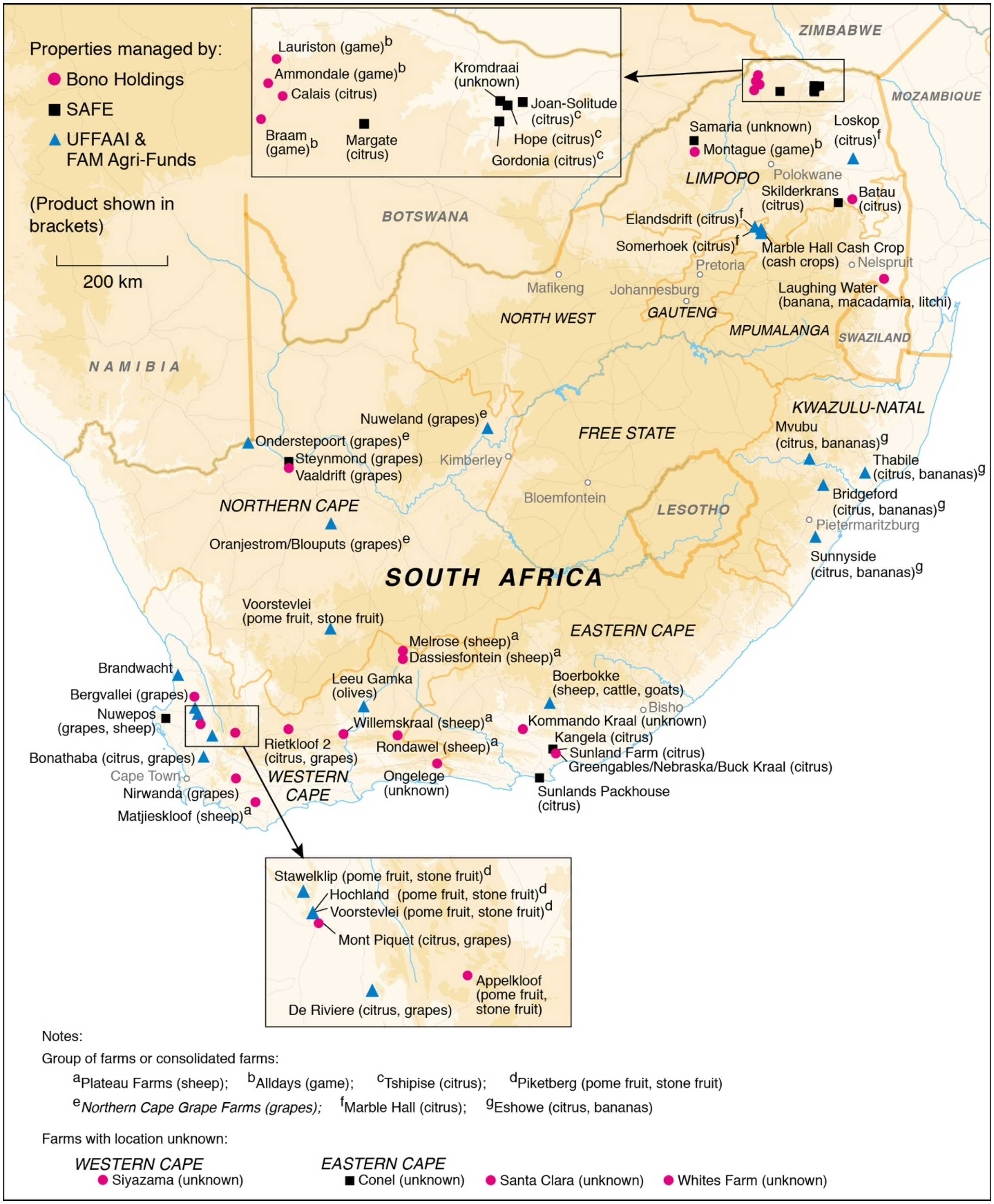



Figure 5.2: Past and Present Properties Owned and/or Managed by Futuregrowth Agri-Funds, South African Fruit Exporters, and Bono Holdings, as of November 2018

(Cartographer: Eric Leinberger)

(Ursem 2012).[136] Their “perseverance” (“doorzettingsvermogen”) (Scheldwacht n.d.) evidently paid off, since the same profiler that earlier remarked on De Vries’ absence of ostentation felt compelled to also mention his BMW X5 SUV with personalized license plate (SAFE ONE), the Porsche in the driveway of his home in Camps Bay (a wealthy Cape Town enclave), and his penthouse in Dordecht in the Netherlands. Bouland, in turn, co-founded a racing yacht business after his boat came second in its class in the ‘Cape to Rio Ocean Race’ in 2003 (his ‘Madiba Racing Team’ donated the sponsorship proceeds to Nelson Mandela’s Children’s Fund) (Classy Life 2014). Such are the apparent advantages of being a “first mover” (Scheldwacht n.d.). Until September 2018, UFFAAI’s website offered inspirational quips apparently selected by each of the company’s staff members over their respective profiles. Vink’s is: “Everyone knew it was impossible until someone came along who didn't know” (UFFAAI 2018a). Bouland’s is: “Stop dreaming, make it happen now in Africa” (ibid.)

### 5.3 The Agri-Fund Investment Rationale

Bouland’s quote about ‘making it happen in Africa’ is characteristic of a larger philosophy at Old Mutual and FAM as its regional asset management firm. This philosophy inflects the marketing of the first Agri-Fund, which has often been promoted jointly with other Funds in UFFAAI’s and Old Mutual’s larger agricultural series. Old Mutual is a strong proponent of the ‘Africa rising’ narrative celebrated by certain African public figures (e.g. Mahajan 2011;

[136] To be fair, it took me three to accomplish the comparatively simpler task of cashing a Canadian traveller’s cheque.

Moghalu 2013), but which has also been critiqued by scholars (e.g. Obeng-Odoom 2015; Beresford 2016; Taylor 2016; Bond 2017a, b). As the company expresses it:

> "We firmly believe that the prospects for African growth are strong, and are underpinned by sustainable, structural factors: a growing population, with more workers entering the formal economy for the first time [who] are keen to protect their wealth and assets; strong domestic GDP growth; growing political stability; increased urbanisation and consumerisation; and an underpenetrated financial services market." (OMLACSA 2018)

Old Mutual asserts that Africa is undergoing a transition from "low price production area to a demand centre" (Old Mutual Corporate 2014:8), and as such is "the great investment story of the next 50 years" (CEO Diane Radley, cited in OMIGSA 2013a). Part of the continent's strong investment case is its supposed isolation and limited linkages to the global economy (ibid.). South Africa's status as a "gateway" to the sub-Saharan region, while not without challengers, remains reasonably secure: the country provides a familiar and stable base for many multinational headquarters and has notable expertise in sectors where African markets are growing rapidly, including agriculture and water management (OMC 2014:11). Some considered that South Africa was also less impacted by the global banking crisis due to the introduction of a credit act the preceding year (De Vries, cited in Scheldwacht n.d.), although critical scholars might protest such interpretation given the crisis' intensifying effects vis-à-vis economic inequality (see Ashman et al 2011).

Naturally such messaging has much to do with Old Mutual's own ambitions on the continent: the company is actively working to expand its "footprint" (OMC 2014:6) to become "an African financial services champion" (OMLACSA 2018). The firm's recent decision to relocate its head office from London back to Cape Town (as part of a larger unbundling of its global operations – see Wasserman 2018) is very much in keeping with this goal. The new 'scramble for Africa', it seems, regards who will get to be the continent's financier. Old Mutual's view is that sustainable economic development in Africa can best be achieved through deepened collaboration between business and government (OMAI 2018).[137] While investment opportunities in Africa have historically proven most attractive to emerging market fund managers, interest has been growing amidst a wider array of actors, including pension funds and private equity. Old Mutual references its own long history in South Africa and certain other African countries when promoting its revitalized focus, emphasizing the company's "experience, expertise and…competitive advantage" (OMLACSA 2018). Claiming that Old Mutual is best positioned to understand Africa's investment environments, manage associated risks, and deliver the products and returns that customers expect is central to the firm's marketing. "As with all great economic opportunities, timing is everything," states the narrator in one of the firm's promotional videos, "and there's no question that the time to act in Africa is now." (OMAI 2018)

If Africa is the new frontier of business opportunity, the Agri-Fund series that Old Mutual has launched through FAM and under its larger corporate label offer a particularly exciting opportunity "on a highly promising continent that is difficult to access on a direct basis" (OMAAF 2013:13-4). The company describes the "long term positive macro-drivers within the farmland and agricultural sector", noting that while the sector has struggled with

[137] Lest the reader be left with any doubt as to the firm's developmental philosophy, Old Mutual elevates Elon Musk alongside Nelson Mandela and Desmond Tutu as among the "great Africans who have made their mark on the world" (OMC 2014:24-5). Musk and his electric car company, Tesla, recently paid USD 40 million in fines to the US Securities Commission to settle a fraud charge brought against Musk due to the market turmoil created by his Twitter statement that he had secured funding to take Tesla private. The Commission maintains that Musk's statement was a joke meant to impress his girlfriend, Canadian musician Claire Boucher, who goes by the stage name Grimes.

underinvestment historically, this is changing amidst "increasing fear for global food scarcity in the near future" (ibid.):

> "In the past couple of years almost all agricultural products have experienced significant price increase [sic]. Population growth, rising incomes and the increased interest in and subsidization of biofuels are having dramatic effects on the demand of agricultural products and farmland." (ibid.)

The firm suggests that climate change, urbanization, increasing water scarcity and decreasing arable land availability are similarly putting "productivity under pressure" (ibid.). Agricultural investments in this context offer "strong capital preservation characteristics", due to their "limited to negative correlation" with other asset classes (enabling portfolio diversification), and "superior performance in an inflationary environment" (ibid.). The effect is accentuated by the investment funds' focus on agricultural land, resulting in a "large 'real' asset component" and so "significant stable" and "solid" returns (ibid.). Old Mutual suggests that pension funds (the group's historical constituency) may find farmland particularly attractive given their relatively long-term investment horizon. Amidst "economic turbulence globally [and] the low interest rate environment", real assets such as farmland can provide "safety as well as yield" (OMAAF 2015). Indeed, Old Mutual suggests that agriculture has a kind of instinctive appeal to the retirement industry, since "[m]any of the trustees, especially on the worker side, come from rural areas, and so agriculture is an area they really support" (Howard, cited in Christie 2010a).

Of course, in Old Mutual's framing, Africa also has several features that make it an especially alluring destination for agricultural investment. The continent is home to "low-valued premium farmland and agribusiness" whose capacity could be expanded still further with improved irrigation infrastructure (FAM 2013a:2). It also has a large labour force, many of whom are already engaged in farming (OMIGSA 2015a). Indeed, in the future, Africa will be home to the world's largest workforce (Nienhuys 2016). While for critical scholars such prediction invites an uneasy remembrance of the capital accumulation patterns associated with South Africa's native reserves or 'homelands' as labour reserves (see Legassick and Wolpe 1976), the vision evidently proves compelling to financiers. Expressing a sentiment common among agricultural investors globally (see Fairbairn 2014), but which has particular resonance given local resource extraction history, agriculture is "the continent's untapped gold mine" (OMIGSA 2015a). Again, South Africa – the investment site for the companies' first Agri-Fund – is singled out. In a series of 'research reports' produced in 2013, FAM highlights South Africa's diverse bioclimates, "counter-seasonality to Europe", "competitive input costs", highly skilled labour, and "world-class infrastructure" (FAM 2013b:1). South African agriculture is "undergoing structural changes towards a more developped [sic] and efficient system" – a transition which FAM suggests the Fund can help to facilitate (ibid.:2). On the political side, the country has a strong economy, "relatively stable democracy and a low level of sovereign risk", and a growing array of trade agreements with the EU, USA, and other sub-Saharan African countries (ibid.:1). As for farmland in the country, FAM suggests that in the past two decades agricultural property has yielded higher returns with more moderate volatility than other common asset classes. Would-be investors are similarly reassured that the "South African land market is liquid and deep" to address potential concerns about capital lock-up (FAM 2013c:2; see also OMIGSA 2015a).

But if Africa's promise is key to the Agri-Fund's marketing, so too are the continent's challenges. In publications with titles such as '*Bearing Fruit: Investing in African Agriculture to help close the food gap*', Old Mutual deploys statistics gleaned from reports by the United

Nations Food and Agriculture Organization, the World Bank and other international governance institutions to illustrate "how hunger continues to stalk Africa more than any other region globally" (OMIGSA 2015a:3). Africa in this reading is uniquely challenged not only by high rates of fertility, population growth and malnutrition, but also by a prevalence of low crop yields, degraded soils, high household food expenditures, climbing food imports, and a persistent agricultural 'investment gap' (OMIGSA 2015a, 2016). If Africa is rising, these 'darker' attributes cling to it like a shadow, a reductionistic "scopic regime" (Campbell and Power 2010) that helps Old Mutual and UFAAI to sell their funds as corrective interventions. Noting that investments in agriculture have both higher job creation potential and a greater impact on poverty reduction than those in any other sector, Old Mutual suggests that in "a world that is an ever more African place" (OMIGSA 2015a:2), "unlocking our agricultural potential is not just an attractive option but a necessity" (ibid.:4). Agriculture is "the continent's lifeline for a sustainable future" (UFFAAI 2018b).

A related point advanced by the Agri-Fund regards agriculture's potential boost to "social inclusion" which, following the World Bank, Old Mutual defines as "[t]he process of improving the terms for individuals and groups to take part in society" (Nienhuys 2016). Such discourse positions agricultural investment as underpinning economic access and participation. But this overlooks the dynamics of commercial farming districts where, as Du Toit (2004) has cogently assessed, the chronic poverty of farm workers is arguably more productively understood as a condition of "adverse incorporation" into markets rather than one of 'social exclusion'. Nonetheless, according to Old Mutual, Agri-Fund investments will help to unlock a trajectory of "agriculture-led growth" (ibid.:3), benefitting both the continent's hungry citizens and what Elsner (2015:211) calls "the appetite of big capital". Indeed, Old Mutual's marketing scheme depends on a certain collapsing of the different interests between two groups, stating that for the institutional investors whose assets the banking group manages, food security is a "vital interest of their constituency" (OMIGSA 2016b:5). Through this lens the Agri-Fund offering constitutes "local investment" with a sheen of self-help: "Africa for Africa by institutional investors" (UFFAAI 2018b). Old Mutual, in turn, will "safeguard [this] shared prosperity" through its implementation of affirmative action and sustainable farming techniques during the Agri-Fund's holding period (Nienhuys 2016).

While addressing some of Africa's larger challenges are thus part of the Agri-Fund's social responsibility 'sell', there is also a somewhat more local priority that, at least initially, FAM and UFFAI suggested the first Agri-Fund would help to facilitate: land reform. As noted above, the companies launched the Fund within three weeks of then DRDLR Minister Gugile Nkwinti's announcement regarding the high failure rate of farms acquired by the South African government under restitution and redistribution programs (see Chapter 4). FAM and UFFAAI mentioned this announcement repeatedly in their early promotional material around the Fund. Acknowledging that "[p]olitically, land reform is high on the government's agenda", the firms opined that if the existing "trend is allowed to continue, it will wipe out 30 per cent of South Africa's arable land" (FAM 2011a:1). They suggested that:

> "In a country where racial inequality in terms of land ownership is high, land ownership is deeply symbolic of economic and political freedom. Agrarian reform is therefore key to the redistribution of wealth" (ibid.)

Recognizing that "South Africa has huge tracts of land still owned by a relatively small group of white farmers - a leftover from Apartheid", UFFAAI suggested that the situation was neither being adequately addressed nor was it something that could be changed by government alone

(Vink, cited in Gilbert 2009). Moreover, when coupled with the global drivers described above, the fact that "disadvantaged communities in rural areas [are] being given prime agricultural land" made for "the ideal time to be involved in agriculture through investment" (FAM 2011a). The Agri-Fund model, FAM and UFFAAI hastened to add, had been explicitly "developed to support the land reform process" (ibid.). Understanding this argument, the Agri-Fund's intersections with land reform, and the advantages that investors might leverage off of governmental programs requires a closer examination of the Agri-Fund's business model and its evolution over time.

### 5.4 The Agri-Fund Investment Model

FAM and UFFAAI launched their first Agri-Fund in March 2010. Early on, the Fund's initial capital target of ZAR 4.5 billion was reduced to ZAR 1.5 billion and the close date extended by a year to December 2012 after one of its original sponsors, Netherlands-based impact investment manager SNS Asset Management, was nationalized by the Dutch government following the financial crisis.[138] The Agri-Fund, which has a 12-year term with a three-year commitment period, set a target return of ten per cent plus the cost of inflation (measured by the Consumer Price Index or CPI) (ibid.). The Agri-Fund is a closed end fund and has a minimum capital commitment of ZAR 50 billion (ibid.). In 2012, the companies added a USD-denominated, Luxembourg domiciled 'Société d'investissement à capital variable' (SICAV), similar to a unit trust or unincorporated mutual fund. The 'Old Mutual African Agricultural Fund' (OMAAF) SICAV sits on Old Mutual's balance sheets, and is intended to service investors with concerns

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[138] FAM initially suggested that SNS Asset Management would provide half the money for each of the South African Agri-Fund and the parallel ex-SA Fund (Howard, cited in Christie 2010a). SNS established the SNS African Agriculture Fund, which Pouw (2014) suggests had USD 13 million committed, but it is unclear what became of the initiative after SNS' nationalization.

about liquidity.[139] Although the SICAV has no lock-up period (units can be redeemed subject to 45 days' notice), FAM cautions investors that the fund is based on long term value generation prospects and that it "may not be appropriate for investors who plan to withdraw within 3 years" (OMIGSA 2016a:2). The SICAV had a lower capital commitment of USD 1000 and given its different currency basis set a target return of 12 per cent (ibid.). Both the SICAV and the Agri-Fund have a management fee of 1.75 per cent (split between FAM and UFFAAI) and a performance fee of 20 per cent of outperformance on their targeted returns.

Initially, the SICAV intended to collect funds to service both FAM and UFFAAI's first South African Agri-Fund as well as a parallel fund focused on Africa outside of South-Africa (the 'ex-SA Fund'). Sponsors committed ZAR 62 million (at the time equivalent to USD 7 million) to the South African Fund and USD 7 million to the ex-SA Fund (OMIGSA 2012:2). But while draw down on the South African commitment began immediately, the ex-SA commitment sat untouched until 2013, when the sponsors redeemed it, apparently to "diminish[h]…cash drag" within the SICAV (OMIGSA 2013b:4). Old Mutual subsequently reopened a new, closed end pan-African Fund (confusingly called the Old Mutual African Agriculture Fund 1) in 2015, as well as series of country specific funds in South Africa and other African nations from 2011 onwards (detailed further at the end of this chapter). Because of its structure, the SICAV is subject to different reporting requirements than the larger Agri-Fund series, meaning that it offers a limited window of transparency on certain aspects of the corporate families' operations.

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[139] Under Luxembourg law, SICAVs are required to have both a Custodian and an Administrator. The OMAAF SICAV initially used Credit Suisse (Luxembourg) S.A. as Custodian and Administrator but in 2014 switched its Custodian to UBS (Luxembourg) S.A. and Administrator to Maitland Luxembourg S.A.

As noted in the previous section, FAM and UFFAAI's early promotional material described the firms' new Agri-Fund as creating a "market driven approach to land reform" (FAM 2010a:1). In investment brochures since deleted from FAM's website, the asset manager suggested that the Fund would invest 50 per cent of any capital raised in developing and empowering "failed and non-starter" farms in the land reform "pipeline" (Howard, cited in Christie 2010a). FAM acknowledged that its strategy depended on a close relationship with the South African government, although the Fund emphasized Nkwinti's DRDLR over the DAFF whose Minister, Joemat-Petersson, spoke so enthusiastically about the venture during the pre-budget briefing described at the chapter's entry. FAM had made similar claims with SFV. With that earlier initiative, FAM had stated that SAFE's "ongoing relationship" with the DRDLR had "created a path for sustainable ownership transfer" of land reform farms (HWB Communications 2009), a framing that clearly demonstrates the continuity of thinking between the two initiatives.

When it came to the Agri-Fund, FAM provided an illustration of its proposed land reform model (Figure 5.3), describing it in an accompanying handout as follows:

> "In partnership with the South African government, as prime farms are identified to form part of the land reform programme, the fund will facilitate the purchase of suitable farms, while government begins the process of land reform transfer. The fund pays the farmer a discounted price and: keeps existing workers on the farm and/or employs workers from the community; plugs [the farm] into well-developed marketing and distribution networks, taking advantage of available export markets; [and] is monitored by sophisticated management information systems which measure all aspects of the farming operation. Over time (up to approximately 10 years) and once the farm is running smoothly, the [DRDLR]

transfers ownership of the land to the community…Upon land transfer, the community can choose to run the farm themselves or continue to use an operator." (FAM 2011a:2)

In this schema, the Fund would not run the acquired farms itself, rather appointing professional operators who would also be responsible for implementing "upliftment" programs related to basic education, employment, agricultural and managerial skills transfer, and healthcare during what it suggested would be a 10-year holding period (FAM 2011a, b). Such model essentially

positioned the Agri-Fund and its operators as a contractor, delivering 'empowered' farms that were 'reformed' in all but title at a price that was variably said to be "based on market value" (Howard, cited in Christie 2010a) and "guaranteed" by the government (FAM 2011a:2).

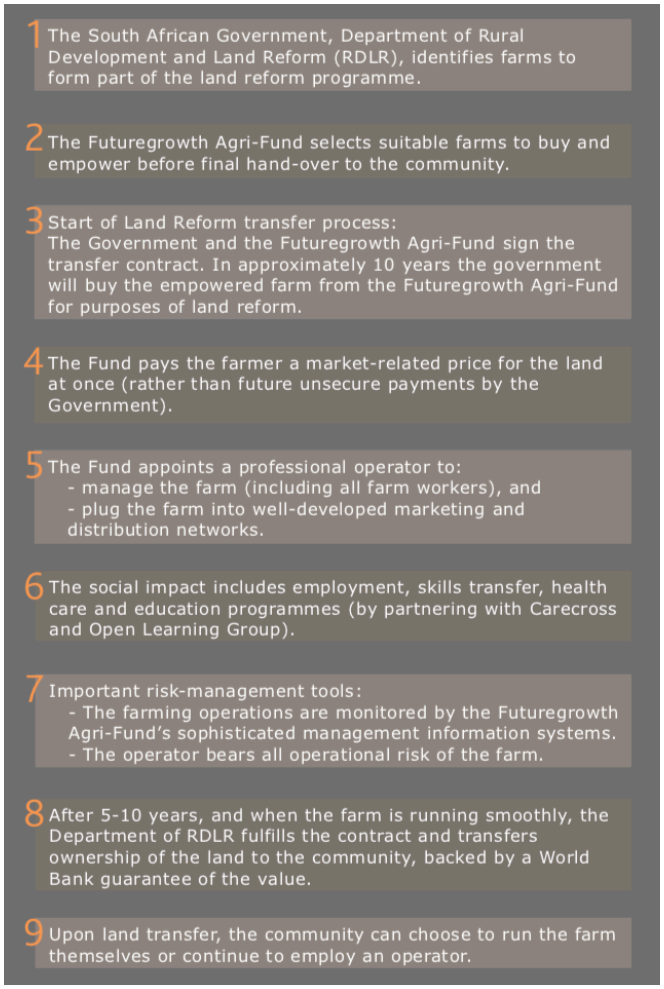


Figure 5.3: Original Fund Model: Land Reform Focus

(Source: FAM 2011b)

According to Howard (cited in Christie 2010a), FAM's approach would help to address shortcomings in existing governmental programs, including farmers' lack of experience with transformation, their unwillingness to invest working capital in farms they had already elected to sell, and their frustration with the government's graduated payment schedule for transferred farms.[140] In short, he suggested, farmers "often for sentimental reasons…just want to walk

[140] Howard (cited in Christie 2010a) suggested that farmers were also frustrated with government's graduated payment schedule for transferred farms, stating that "[a]t the moment 50 per cent is paid out after six months and the

away" (Howard, cited in Christie 2010a). In contrast, the Fund's model would create a natural 'alignment' since the operator "wants to be aligned with the local community so they'll retain management of the land, or at least access to the products, should government buy the land and give or lease it to the community" (ibid.).

This emphasis on land reform persisted for almost two years after the Agri-Fund launch. But by March 2012, FAM and UFFAAI were changing their tune. Questioned about this shift by a reporter, FAM conceded that announcements of a governmental partnership had been "premature" (Christie 2010b). Howard (cited in Christie 2010a) explained that FAM and UFFAAI had "expected to sign a memorandum of understanding with the land affairs department to make it easier to access underused land and establish certain securities around this issue". While stressing that the companies had a "very good relationship with the government", he noted that such a "formal relationship" would not come to pass. "Government can't agree upfront to buy the land back from the fund," said Howard, "but we believe that within four to six years these farms will be ideally positioned for government to acquire to meet land reform objectives, once transformation has been achieved and if government has the necessary funding". He went on to note that although "[g]overnment remains an important partner to the fund, and its buy-in is crucial if we're to achieve our land reform objectives", the companies would not "rely on government to move forward" (ibid.).

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balance is kept for up to six years, because government wants the farmers to enact the transformation on the farm." Although such payment schedule was never part of formal policy, it may have been a practice in certain DRDLR offices (B. Cousins, personal communication, 26 September 2018). However, the point is interesting because SAFE claims that its early success in securing export rights to farmers' fruit came from a similarly aggressive payment policy: while under the National Marketing Board farmers sometimes waited for as much as 10 months for payment, SAFE paid 50 per cent within two days and the other 50 per cent within 10 weeks of fruit transfer (Scheldwacht n.d.).

With land reform off the table, that left commercial agriculture, where FAM and UFFAAI had initially planned to focus the remaining 50 per cent of the Agri-Fund's investments and which, after 2012, became the primary focus of the Fund. The Fund's activities in the commercial sector depended on a model that was similar but more straightforward than its proposed land reform offering (Figure 5.4). According to Howard (cited in Christie 2010a), the Fund's commercial deals would be composed primarily of "joint ventures with businesses that need capital to develop land, or [to] acquire more land to consolidate and create a large viable operation". Here, too, the Fund's basic model was to purchase farms and appoint established operators who would lease the land and pay rent to the fund, with lease fees typically set at eight to ten per cent of the assessed land value, escalating annually with the CPI (OMIGSA 2013c). The focus would be on acquiring farms with strong developmental potential – for example those with large tracts of arable but uncultivated veld and/or excess water rights – and the Fund would provide financing to the operator for farm improvements and expansion. The same marketing and distribution networks would be put in place, and the operator would still deliver the aforementioned skills transfer and upliftment programs. According to FAM, this combination would create "a sustainable competitive advantage" (Sherry 2010) for operators, while also "speed[ing] up the turnaround" on the Fund's investment (Howard, cited in Christie 2010a). The shift towards concentrating the Agri-Fund's investments in the commercial sector changed the character of the venture's social license bid for its investments, with less emphasis being placed on land reform and more on broader processes of agricultural and rural development, including farmworker and community empowerment (OMIGSA 2012; FAM 2013d). Nonetheless, the Fund still sometimes plays the land reform card. For example, Dafne Nienhuys

(2016:29), UFFAAI's Environmental, Social and Governance (ESG) Manager, has suggested that:

> "As custodians of the pension fund capital invested by large groups of employees, the Agri-funds' constituency is a reflection of African society and its

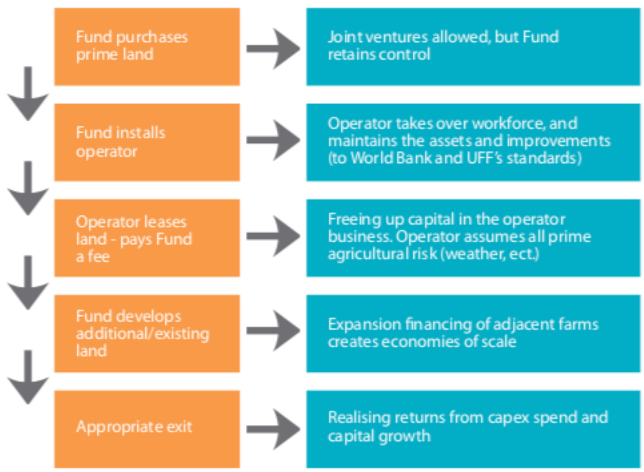


Figure 5.4: Revised Fund Model: Commercial Agriculture Focus

(Source: FAM 2013d)

> employee base. By investing in farmland, we effectively convert land from individual ownership into collective ownership, resulting in land reform of a different and sustainable nature."

In an interview conducted early in my research, Vink (UFFAAI's co-founder) made a similar point, suggesting that the Agri-fund enacted "land reform through the back door" based on Old Mutual's diversified client base (Interview 1, 21 January 2014).

Focusing on commercial agriculture also affected the Fund's strategy for exiting or "evergreen"ing its acquired properties at the end of the ten year holding period (OMAAF 2016:5). According to Howard (cited in Christie 2010a), while it remained possible that the government would ultimately acquire Agri-Fund farms as "flagship projects" given that FAM and UFFAAI "would have involved the local community", a more likely purchaser would be "a partner that we would have from the start, or the operator." Since 2013, Agri-Fund impact reports have suggested that: "The preference of the Fund is to seek local exits at the end of the Fund term by selling its holdings to local farm managers and empowered workers, thereby contributing to local ownership" (OMIGSA 2013d:6). As such, the main difference from the land reform business model is that on the commercial side there is no guarantee of government purchase or an assured purchase price at exit (FAM 2011a) – although neither have UFFAAI and FAM firmly shut the door on government acquisition of Fund farms (or potentially, interests therein, a point that I return to below).

I have more to say about the empowerment aspects of this strategy below, but before turning to that it is worth pausing to examine the value creation proposals that the Agri-Fund offered to existing and would be investors. Both the Fund's land reform and commercial models offered variations on what Fairbairn (2014a) calls the 'own-lease out' investment strategy, a common model among agricultural investors globally. As I have noted elsewhere (Sommerville 2018b), such strategy attempts an agrarian twist on the so-called 'opco-propco split' (on which, see Christophers 2010), effectively separating land ownership from the operations or production side of farming. Indeed, for most of 2012 and 2013, FAM and UFFAAI explicitly classified the Fund as comprising investments in "agricultural land" (e.g. FAM 2012; 2013a, b). The companies have also periodically issued articles and reports clarifying the investment case for South African farmland, suggesting that it has historically yielded a higher return in comparison to local and international equity indices, the local bond market, and other local real estate, with moderate levels of volatility (see FAM 2013a, b; Vink 2015).[141] So promoted, FAM and UFFAAI's Agri-Fund is said to offer investors three interlinked potential income streams: first, the rent derived from operators; second, property appreciation over the Fund holding period; and third, improvements in "yield, efficiency and management" achieved through the redevelopment and expansion of the Fund's farm properties, which in turn feeds back into the first two streams (FAM 2014b:1). FAM suggests that it uses the first of these income streams to generate an annual payout to investors, after deducting the established management fee (see Sherry 2013). In turn, this is also part of the Fund's 'responsibility' offering to its prospective farm operators, whom the Agri-Fund claims to assist by removing "the largest liability for the farmer, being the land purchase" (FAM 2013a:1).

All of this is quite typical of other 'own-lease out' farmland investment vehicles globally, which often undertake 'transformations' (see Fairbairn 2014a) to improve the value of their assets during their holding period, and which promote their activities as beneficial to 'forward-thinking' farmers and the broader agricultural sector (see Sommerville and Magnan 2015). But there is a continuing question regarding the Agri-Fund's own involvement on the operations side of farming, and whether this extends beyond mere monitoring. The prospectus for the OMAAF SICAV (which subsequently invested in the Agri-Fund) contemplates exposure to both the property and operations sides of agriculture. On the former, investments "will typically take the form of an investment in a special purpose vehicle owning the farm including the farmland", while on the latter, they "will typically take the form of participation in a partnership with the

[141] For example, using time series data covering 1999 to 2009 and considering both "cash return on property" and "indirect return on asset or capital gain", FAM suggested that investments on South African farmland "yielded a higher return in comparison to local and international equity indices (FTSE/JSE and MSCI World), local bond index (ALBI BEASSA) and local real estate (IPD index)" while also being characterized by lower volatility relative to RSA- and International-equities (though slightly higher than SA real estate or SA bonds) (FAM 2013a).

Farmland Operator that funds the working capital needs of a farm – effectively a short term profit-sharing loan – and by which the Company shares in the results generated by the Farmland Operator in operating the farmland" (OMAAF 2013:17-8).[142] Moreover, in 2014, FAM and UFFAAI shifted the classification of its Agri-Fund away from "agricultural land" to the broader category of "agriculture", a move that coincided with the Fund making a loan to a new agri-finance firm (SMT Agri Finance – about which, more later). Whether the parties will use this company or other mechanisms for providing similar loans to operators on its farms is an open question: Old Mutual has variably suggested that the farm operator "provides all working capital" (see for example OMAAF 2013:7) and that the operator "must co-invest in working capital requirements (at a risk position)" (ibid.:15). What this last quotation does make clear is the Fund's consistent position on the distribution of risk. On this point, the fund reliably stresses that the operator assumes all "prime agricultural risk" (Figure 5.4), resulting for example from weather and other production factors. Additionally, the Fund seeks to further reduce its exposure to agricultural risk through geographic diversification, the acquisition of farms with "different crop and livestock profiles", and the provision of professional advice and support to its operators (FAM 2011a). In this way, the Fund's main exposure on the farming side regards "lease default risk" (OMIGSA 2016a:2) – the assumption being that it can always get another tenant.

Of course, production-associated factors and lease default risk are not the only threats that investors in FAM and UFFAAI's Agri-Fund might encounter. On a scale where one

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[142] Interestingly, the OMAAF (2013) SICAV prospectus also these two types of investment in terms of anticipated returns, suggesting that "[t]he annualised net return of the investments in property companies is targeted at CPI+10 per cent to CPI+15 per cent, while the annualized net return of the operational farming investments is targeted at CPI+20 per cent to CPI+25 per cent", where CPI (consumer price index) is used as a measure of inflation. The USD-denominated SICAV set a hurdle rate of 12 per cent, in contrast to the 10 per cent set by the ZAR-denominated Agri-Fund.

represents a “low risk/typically low return” investment and seven a “high risk/typically high return” one, FAM ranks the Agri-Fund at a six (OMIGSA 2016a:2). Drivers of this ranking include the short “track record” of the Fund manager and advisor and limited availability of assets and cash to fund disbursements or share redemptions, as well as uncertainty in the firms’ financial projections (OMAAF 2013:22-23). But the most significant factor relates to political risk, given that the Fund operates in a country “with political economic, social and business environments substantially different from, and typically less favourable than, such environments in more developed countries” (ibid.). Factors such as a decline in economic growth, high inflation and pronounced interest rate fluctuations could deleteriously impact investments, as could government actions around foreign investment or exchange controls, expropriation, nationalization, and confiscatory taxation, as well as “generalized social or political instability” (ibid.:21). The companies suggest that land ownership raises particular sensitivities in Africa, although they note that the Fund’s emphasis on “the productive use of land, coupled with beneficiation of the local communities”, may help to “avoid, insofar as possible, any negative political impact” (ibid.). To be safe, the Fund mitigates this risk by subscribing to the World Bank’s Multilateral Investment Guarantee Agency, which covers instances of expropriation, currency incontrovertibility and transfer restrictions (OMIGSA 2016a).

### 5.5 Examining the Corporate Family’s Other Business Arms

Following the launch in March, FAM and UFFAAI made the Fund’s first farm acquisition on Christmas Eve 2010. Over the next three years, the Fund would acquire a total of 13 properties, consolidating these into four large farms, one each in Limpopo, the Northern Cape, the Western Cape, and KwaZulu-Natal (Figure 5.2). The acquired farms produce a range of fruit crops and each featured large areas of undeveloped land at acquisition. For example, the Northern Cape Grape Farms, the Fund's largest, comprises an astonishing 3,183 hectares of which only 222 hectares were under primary production and associated infrastructure at the time of purchase.[143] The Fund appointed professional operators at the farms and worked with them and UFFAAI's in-house agronomist to develop and begin implementing detailed expansion plans. Although the Fund gives its operators a rent break on newly developed lands (rent kicks in once orchards come into full production), it also requires operators to spend a minimum of 0.5 per cent of capital the Fund invests in their farm on healthcare and education programs for farm workers (effectively, the Fund's empowerment offering).[144] Initially, the Fund suggested that healthcare programming would be provided by CareCross and educational programming by Open Learning Group (OMIGSA 2012b), both companies that FAM (via loans to UFFT prior to the Agri-Fund launch) held interests in (HWB Communications 2009; see above). While such programming was part of the Agri-Fund's social responsibility sell, it thus also provides a further income stream for the corporate originators behind the Fund (a point which FAM and UFFAAI have avoided mentioning in their Agri-Fund promotions and reporting).

When I first began my fieldwork in South Africa, I hoped I would be able to visit the Agri-Fund's farms and speak with farm workers as well as the Fund's upstream investors to get an unbiased read on the venture's activities. However, UFFAAI's management did not support this plan, which their then CFO suggested might compromise the Fund's "competitive

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[143] Although the three farms comprising the Agri-Fund's Northern Cape Grape Farms are amalgamated as one investment, they are situated more than 40 km each from the other (OMIGSA 2015b). As such, while the farms are under a single operator, they have their own management teams and pack houses, unlike the Agri-Fund's other properties where more geographically proximate lands are managed as a single production unit.
[144] UFFAAI and FAM have suggested that in practice, this means that up to six per cent of lease income is being spent on such programs by the Fund as a whole (OMIGSA 2015c).

advantage" and violate "certain disclosure limitations" (Q. Scott, personal communication, 16 February 2014). This resulted in access challenges.[145] My solution was to examine another arm of the corporate family's operations, specifically, the activities of SAFE and Bono on land reform farms (Figure 5.1a), where access was easier to obtain. I also met with representatives from several of the companies' competitors, from an off-farm pack house that they had contracted, and from relevant government departments and agricultural organizations that could lend insight into the family's different business arms. Additionally, I retrieved data on the companies' operations in agricultural property markets. Below, I present some of the findings from this research.

For convenience of explanation, going forward we can divide the companies' activities into two broad if interlinked categories by invoking the same opco-propco split I discuss above. The first category concerns the companies' acquisition and disposal of farms (and, through loans and shares, interests therein), through South Africa's 'willing buyer, willing seller' land reform programs and related agricultural empowerment initiatives. Although ostensibly pursued as part of SAFE's effort to secure its fruit supply, such actions have also yielded significant capital gains which the companies can use to reinvest in and expand their operations. The second category regards the companies' farm management activities, which similarly interface with land reform and empowerment programming. While these management arrangements similarly harvest fruit for SAFE's marketing channels, they have simultaneously secured a variety of other corporate income streams. In the sections below, I describe each of these property and operations sides of

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[145] The Fund's farms are all security fenced and many of the workers live on site. My efforts to reach out to Farm Operators through South Africa's agricultural organizations neither yielded results, since the Operators had evidently been told to clear all visitors through head office (Interview 52, 8 December 2014). Finally, efforts to engage FAM as the Fund's most proximate investor led to re-referrals back to UFFAAI.

the firms' activities, before returning to consider their intersections with and implications for the Agri-Fund. My research yields important insights into the "proven operating model" (FAM 2011a:2) on which FAM and UFFAAI based the Fund's investment strategy (see above) as well as different value-generating and fee-taking opportunities within the larger family's domain. Additionally, my work highlights the firms' differential treatment of land over which they exercised full ownership and control versus that they leased from marginalized communities (and/or the government in their stead), laying the groundwork for a critique of the companies' supposed social responsibility contributions.

### 5.6 SAFE and Bono's Farm Property-Related Activities

Relative to the farm management activities described in the next section, SAFE and its corporate associates' involvements in South Africa's agricultural property markets have generally received less public scrutiny and scholarly attention. A possible exception regards the situation at Kangela, a citrus farm located in the Sundays River Valley in the Eastern Cape that was the site of a major land reform scandal in 2004. Kangela resulted from a BEE deal agreed to by Norman Benjamin, a local citrus farmer and property developer, and Max Mamase, then Member of the Executive Council (MEC) for Agriculture for the Eastern Cape (see Robinson 2004, 2005; Botha 2013; Trollip 2013). Under the deal, Mamase's department would purchase a 49 per cent share in Benjamin's farms on behalf of 44 of his workers, with the remaining 51 per cent equity continuing to reside with Benjamin. The Department of Agriculture agreed to establish the Kangela Empowerment Trust (KET) to represent the farmworker beneficiaries and manage their equity share. In 2004, the Department of Agriculture transferred ZAR 15.7 million as payment for the shares to Uvimba Bank (formally the Eastern Cape Rural Finance Corporation), a parastatal agency that provides micro-financing to emerging farmers, which in turn transferred funds onwards to companies owned by Benjamin.[146] The Uvimba transfer was later found to be statutorily irregular, and it was alleged that Mamase received kickbacks in the deal.[147] Moreover, it was soon revealed that the Department of Agriculture had issued payment for the shares prior to the establishment of the KET, and that the land had not been properly evaluated prior to the share transfer. Benjamin himself had reportedly bought the property for a mere ZAR 9.2 million some 20 months earlier (Botha 2013), and a retrospective valuation conducted after the share transfer to the state suggested that the farm as a whole was worth ZAR 16 million, meaning that the Department of Agriculture had paid almost twice what it should have for its minority interest. An investigation by the anti-corruption agency the Scorpions[148] led to corruption and fraud charges against Benjamin, Mamase and two others. But justice was frustrated by a series of events that prevented any of the accused from being successfully convicted on the charges they faced (Hartle 2015a, b).[149] Nonetheless, the Eastern Cape government continued to support the Kangela venture, even transferring additional funding of at least ZAR 5 million to the project in

[146] The Uvimba Bank was a former homeland lending agency.

[147] Regarding the kickbacks, it was alleged that in addition to a direct payment made by Benjamin's companies to Mamase, Benjamin accompanied Mamase on a house hunting expedition and his companies paid the transfer duty and certain mortgage payments on the house that the Minister acquired on that trip.

[148] Created in 2001, the Directorate of Special Organizations (or 'Scorpions') was an independent, multidisciplinary agency created to investigate and prosecute organized crime and corruption in South Africa. A unit of the National Prosecuting Authority, the Scorpions were disbanded in 2009 after coming into conflict with the then head of the South African Police Service.

[149] Specifically, Benjamin ceded his shares in Kangela to the state and subsequently passed away before the court cases advanced to trial. Mamase, in turn, suffered a series of strokes, leading to a court ruling that he was mentally incapacitated and could not stand trial (although a Magistrate subsequently ruled that he had likely committed the alleged fraud on a balance of probability). Mamase's then wife Neo Moerane Mamase – at the time the Eastern Cape's Minister of Housing, Local Government and Traditional Affairs – as well as the couples' accountant, Emiliya Peneva, were also charged. Peneva turned state witness, but subsequently emigrated to Australia, becoming untraceable to prosecutors. In March 2015 charges against Moerane – the only remaining defendant – were withdrawn based on delays in the case and Peneva's disappearance. Prior to these developments and concurrent with the Scorpions' investigation into the case, then Premier of the Eastern Cape Nosimo Balindela fired several high-ranking officials who had criticized the Kangela payments, a move that Robinson (2005) asserts indicates was the Premier "protecting her own".

2005 (ZAR 3.5 million of which was passed on to Benjamin), while the Scorpions' investigation was underway. In 2009, the Department of Agriculture transferred full ownership of the land underlying Kangela to the KET. Equity in Kangela Citrus Farms – the farm's operating company – remained split, with 49 per cent held by KET and 51 per cent being passed from the Department to Uvimba in 2009. In 2012, Uvimba became the Eastern Cape Rural Development Agency, which continues to hold the Kangela Citrus Farms shares today.[150]

The situation at Kangela is relevant to this case study because, from 2006 until 2017, the citrus farm was managed by interests that were variably identified by corporate management as Bono, SAFE, and/or SAFE Farm Ventures.[151] For its part, SAFE maintains that they only became involved with the farm following the questionable empowerment deal two years earlier. But such reading is open to interpretation. In fact, Nevondo was the Farm Manager at Kangela from 2003 until 2005, having been recruited to that role by Mamase in order to help structure a BEE deal on the farm (Interview 5, 10 February 2014). Nevondo has said he met SAFE due to their interest in Kangela's fruit (ibid.). SAFE, in turn, suggests the company was approached by the Department of Agriculture to assist with marketing and financial support at the farm (Holtzhausen, cited in Botha 2013). As such, Kangela appears to have served as incubator for Nevondo and SAFE's future collaborations, soon formalized through the establishment of Bono in 2007.[152] In the decade that followed, reports suggest that Bono interfered in the KET; SAFE

[150] The Eastern Cape Rural Development Agency, which focuses on "facilitating, promoting and ensuring the implementation of a comprehensive and integrated rural development strategy" (ECRDA 2016), was formed when Uvimba amalgamated with the Eastern Cape office of the Accelerated and Shared Growth Initiative, another government program.
[151] For example, SAFE's reply to Botha's (2013) article identifies Kangela as a SAFE project. In 2014, Kangela was listed as part of Bono's production directorate (Bono Holdings 2014c). That same year, SAFE's CFO claimed to me that it was a SAFE Farm Ventures project (Interview 4, 10 February 2014).
[152] Originally, Nevondo held 34 per cent of the shares in Bono Holdings until SAFE was convinced the joint empowerment model would work (NFS 2016). By 2012 the model had proven sufficiently successful that Nevondo's holdings were increased to 50 per cent (*ibid.*)

gained repeated management contracts on the farm against farmworker beneficiaries' wishes; there was limited if any benefits conveyed to the workers (the supposed owner of Kangela's assets); and SAFE made hardly any investments in the farm, despite benefitting from the sale of its harvest – all points that I return to in future sections. While the case received considerable attention from Nkwinti (see Butler 2012) and the DRDLR Portfolio Committee and well as the Department's Shadow Minister (see Trollip 2013), interventions were hampered by the fact that Kangela was an Eastern Cape project rather than a DRDLR one. In the meantime, SAFE and Bono seem to have gone on to reproduce their activities on a number of other farms in the province and around the country using slight variations on the Kangela model.

While the situation at Kangela is concerning, it is also somewhat unusual in the larger spectrum of land reform because the empowerment deal involved provincial agencies instead of the national government via the DRDLR. A parallel case involving the national department is that of Nirwanda, a table grape farm located in the Hex River Valley of the Western Cape. Nirwanda has been the subject of a South African Broadcasting Corporation investigative journalism series (see Friedman 2015a, 2016, 2017; Loggenberg-Roberts 2018), which coincided with my own tracing of the farm's history.[153] Land in the Hex River Valley is in very high demand because the climate favours early season table grape production. Title deeds suggest that Nirwanda consists of portions of a farm previously known as De La Haye, which until 2007 was owned and farmed by a man named Stephanus Du Toit and his son. The Du Toits marketed their fruit through SAFE (NFS 2016). In 2005, the family accepted a production loan of ZAR 1.8 million from the company, which was registered as a bond against the farm. SAFE subsequently

[153] I visited De Doorns, the main town in the Hex River Valley in February 2014 to conduct field work on Keurboschkloof, another farm discussed later in the chapter. At the time, I asked about Nirwanda under the farm's previous name De La Haye, but my research participants were not familiar with the property.

recalled the loan and when the Du Toits could not pay up, SAFE purchased the farm through a shelf company set up expressly for the purpose called Quickvest 427 (Pty) Ltd (ibid.).

Preying upon distressed farms and farmers and those who are having trouble financing farm succession seems to be part of SAFE's modus operandi. At Nirwanda, Du Toit and his son each retained ten per cent in Quickvest, and initially continued managing the farm.[154] In the interim, Quickvest bonded Nirwanda for ZAR 3.8 million with ABSA, a large South African bank, whether to preserve working capital for the farm or for use as financing in purchasing additional properties. Although Quickvest had only paid ZAR 7.3 million for the Nirwanda property in 2007,[155] property records show that in 2012 the company flipped the farm to the DRDLR for ZAR 19 million under South Africa's redistribution program. As at Kangela, this was not the last that farm workers saw of SAFE, since Bono continued on managing the farm until late 2017, in this case under a loosely codified DRDLR strategic partnership arrangement (see below). Although the situation was complicated by the concurrent appointment of an unrelated beneficiary group, Friedman's (2015a; 2016; 2017a,b) research suggests that the results were similar to those at Kangela, that is, beneficiary interference and limited reinvestment in the farm under the companies' tenure. While I again have more to say about these processes below, in the interim, it suffices to note an emerging pattern whereby the companies are able to secure both fruit for marketing through SAFE and capital for the companies' expanding operations. The latter results when the companies, having bought a farm (or interests therein) at a 'distressed' price, sell it on to government at full or inflated value, resulting in an unusual

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[154] It is unclear that the Du Toits knew what was to happen next or indeed that SAFE shared the proceeds it obtained through Quickvest with the family. In this sense, the family might be seen as fellow victims rather than as perpetrators of the shady transaction.

[155] They evidently also paid approximately ZAR 1 million for the movables (NFS 2016).

appreciation rate. In 2014, Nirwanda was flagged for investigation by the DRDLR's Forensic Investigation Directorate and the farm was subject to an external forensic investigation in 2016. While the resulting report has not been publicly released, a query and response on the National Assembly Question Paper suggests that the investigations yielded the dismissal of Vusi Mahlangu, Deputy Director General of Land Reform, and the suspension (pending the outcome of a disciplinary hearing) of Babalwa Magoda, the former Chief Director of Recapitalisation and Development. Unfortunately, Mahlangu was subsequently hired to be the CEO of the Office of the Public Protector, an independent state institution established under the South African constitution to support and defend democracy (see Cele 2018).

As disturbing as the cases at Kangela and Nirwanda are, a still more troubling case appears to exist at Sunland, another citrus farm located close to Kangela in the Sundays River Valley. Records suggest that SAFE acquired the underlying property from Sunland's previous owner halfway through 2006, again using a shelf company set up for the purchase, this time called Altivex 267 (Pty) Ltd. Altivex paid ZAR 14.8 million for the property in June 2006, which at that point was without a pack house.[156] SAFE set about building one, bonding the property for ZAR 27.5 million with ABSA and a packaging company, presumably to help with construction costs. Once the pack house was complete, SAFE subdivided off the land underlying the building. The firm then seems to have turned around and sold the remaining land (devoid of packing infrastructure) to the government for ZAR 36.6 million in September 2008. If one does the math,

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[156] SAFE had previously leased a pack house in the Sundays River Valley, which it used to get a foothold against competitor the Sundays River Citrus Company, which at the time had the rights to market 75 per cent of the fruit from the valley (R. Hall and T. Kepe, personal communication, 8 December 2013). SAFE has suggested that the company was successful in signing up farmers because it could would pay them quickly. Said de Vries (cited in Scheldwacht n.d.): "We paid fifty percent of the expected return within two days and the other half within ten weeks. Here it was normal that the farmers had to wait at least ten months for their money." ("Wij betaalden vijftig procent van de verwachte opbrengst binnen twee dagen en de andere helft binnen tien weken. Hier was het normaal dat de boeren minstens tien maanden op hun geld moesten wachten.")

this makes for an astounding appreciation rate of 146 per cent in 27 months (not including the value of the new pack house, which SAFE retained by transferring it from Altivex to yet another shelf company called Pedal Trading 230 (Pty) Limited, for ZAR 16.2 million).[157] It is no wonder that, without identifying the farm or company by name, the OMAAF SICAV prospectus brags about its advisors' success in concluding "[i]n 2008…the largest government funded empowerment and land reform transaction in the agricultural sector in the Eastern Cape" (OMIGSA 2013:45). Based on the timeline, this is likely Sunland. Just as at Kangela and Nirwanda, Bono went on to manage the farm and indeed continues to do so today. At Sunland, this was facilitated by the DRDLR signing a sale agreement granting Altivex rights not only to any income from the 2008 citrus crop, but also to all fruit produced on or by Sunland for a minimum of 9 years (R. Hall and T. Kepe, personal communication, 8 December 2013). More remarkably still, the sale agreement contained, as a material and suspensive term, two annexes: the first a management agreement with Bono, and the second a lease agreement. This sale agreement and its annexes are separate from the deed of transfer submitted to the Eastern Cape property registrar office (which does not contain these terms), although both documents were signed by Mr. Daliwonga Armstrong Matta, then Chief Director of the Eastern Cape DRDLR office.[158] Matta was subsequently dismissed from his post (and other officials in the department put on terms) (R. Hall and T. Kepe, personal communication, 8 December 2013). The former Chief Director has subsequently been appointed as the Eastern Cape Program Manager for the Old Mutual Foundation (OMF 2018). In the interim, Sunland seems to have been plagued with

[157] The figures presented here are culled from WinDeed Deeds Office Property Reports. When I attempted to confirm the values by requesting copies of the original deeds, one such deed was returned blank.
[158] Interestingly, the copy of the sale agreement I have is unsigned by SAFE (it is unclear whether a signed copy exists).

many of the same beneficiation and management problems as Kangela and Nirwanda. As for SAFE, in addition to its guaranteed fruit supply from Sunland, it also packs and markets fruit from Kangela and at least one other farm (Greengables) controlled by the companies in the Valley (Trollip 2013).

As of mid-2014, the cases profiled above represent the only instances I identified where SAFE and its associates transferred a farm property or a sizeable interest therein directly to government.[159] However, title deeds also show cases where the company acquired interests that were subsequently transferred to a trust, which at least in some cases, appear to be an equity share scheme for farm workers or other 'previously disadvantaged' groups drawing on governmental support. The paradigmatic example is that of Appelkloof, a pome and stone fruit farm in the Langkloof, a valley spanning portions of the Western and Eastern Cape. In 2005, the farm's prior owner, Nelis Johnson Sr., elected to transfer 25 per cent of his interests in Appelkloof to 103 of his farm workers (Hortgro 2010). The workers drew on LRAD funding of ZAR 20,000 per beneficiary to acquire these shares, which were registered to the newly established Appelkloof Workers Trust (ibid.). In 2007, the farm's prior owner combined the management of Appelkloof (where he retained a 75 per cent interest) with that of two other farms he owned nearby under the banner of Appelkloof Ltd. (ibid.). In 2008, Appelkloof Ltd., SAFE, and the workers trust concluded an agreement wherein Appelkloof Ltd. sold its assets (including the original owners' other two farms, Grensplaas and Valleiplaas), declaring a dividend with the surplus (DFJFI 2018). The workers trust purchased the remaining 75 per cent shares in Appelkloof farm, drawing on loans of ZAR 7.6 million from ABSA and ZAR 2.6

[159] In February 2014 SAFE's CFO suggested that the company was trying to sell two Limpopo farms - Tshipise and Kromdraai - to the government for restitution purposes. Tshipise evidently remained under SAFE's management as recently as June 2017; Kromdrai's status is unclear.

million from SAFE to do so. SAFE then continued to manage and provide further financing for the farm, which began operating under the shelf company Mistico Trading and subsequently had two difficult years. By 2011, Mistico's growing debt included ZAR 11.6 million owed to ABSA and ZAR 6 million to SAFE (ibid.). SAFE evidently then converted its loan to shares, becoming a 75 per cent shareholder. With the beneficiaries facing the potential loss of the farm, the DRDLR intervened, purchasing the ceded shares and debt for ZAR 17.5 million in 2011 (ibid.). The trust then ended its relationship with SAFE. Given the double dose of financing that the DRDLR had by then provided for the farm (first through LRAD grants and subsequently through the emergency intervention), a regional producer organization representative described Appelkloof to me as "one of the farms that the Department bought twice" (Interview 51, 8 December 2014).

### 5.7 SAFE and Bono's Farm Management Related Activities

The cases of Kangela, Nirwanda, and Sunland suggest that SAFE and its associates have regularly garnered contracts to manage farms that they previously owned after divesting of their interest in the underlying land. The firms seem also to have secured similar arrangements on other properties where they have not held a land ownership interest. In the majority of cases, SAFE's management activities have been undertaken through so-called strategic partnerships with land reform claimants and beneficiaries, under the guise of agricultural empowerment. An important exception to this pattern is the case of Keurboschkloof, a table grape farm located in the Western Cape's Hex River Valley, close to Nirwanda. Keurboschkloof is relatively well known in South Africa for being the site where the Western Cape farm worker strikes broke out in 2012 (see Chapter 4). Less well known is the fact that the property was under SAFE's management at the time. Given the strike's important implications for agriculture in the Western Cape and indeed across the country, in this section I first discuss the Keurboschkloof case before drawing on a wider range of examples to highlight the most common features and outcomes of the companies' empowerment model.

SAFE's operations at Keurboschkloof began early in 2012, when the company signed a five-year lease agreement with the farm's then owner, a man named Pierre Smit (Interview 9, 18 February 2014). SAFE had been marketing the farm's grapes when Smit fell terminally ill. Prior to his illness, Smit was well known in the Valley for paying the workers on his farm – most of whom lived with their families in Stofland, a large informal settlement at De Doorns – better than average wages. Although the minimum wage for farm workers was then only ZAR 69 per day, workers at Keurboschkloof earned between ZAR 90 and ZAR 127 per day, depending on their role and skill level (Interview 10, 21 February 2014). When Smit leased the farm to SAFE, he signed an agreement with the workers that their wages and working conditions would be maintained. Initially, SAFE apparently respected this agreement. But upon completing its first season, the firm found that production costs were notably higher than it had predicted (de Vries, cited in Jones 2012). SAFE's solution was to slash workers' wages to ZAR 64 across the board (Interview 10, 21 February 2014). The workers, who were understandably indignant, were not unionized. With some support from PASSOP (People Against Suffering Oppression and Poverty), a local NGO, they nonetheless organized, elected a committee of representatives, and undertook an unprotected strike. The strike began on 27 August 2012, and after the first day SAFE agreed to meet with the Keurboschkloof workers to discuss their demands. When negotiations subsequently broke down, SAFE announced that it would dismiss more than 90 per cent of the farm's workforce, leading to a second strike in early September (Knoetze 2012).

Although SAFE initially stalled further negotiations by bringing in contract labourers, the company was forced to concede some days later when protesting workers blocked the Keurboschkloof gates around the clock (Interview 10, 21 February 2014). Eventually, with the help of representatives from Congress of South African Trade Union's Food and Allied Workers Union (FAWU), the two sides met again and agreed on an average wage of ZAR 105 per day with a bonus structure, and the workers returned to their jobs (de Vries, cited in Jones 2012). But their success emboldened other workers in the region, who with support from local NGOs, ANC councillors, and other community leaders, instituted a series of additional strikes that would ultimately spread to at least 26 towns in the Western Cape, attracting participation from more than 10,000 workers (Wilderman 2014). As discussed in the previous chapter, one outcome of the strikes was a new sectoral determination (minimum wage) for farm workers across South Africa, set at ZAR 120 per day, which in the intervening years has had ambivalent effects for workers rather than clearly benefiting them (Ngubane and Hall 2015; Visser and Theron 2015).

In addition to influencing the larger conditions facing farm workers in South Africa, SAFE's operations at Keurboschkloof evidence the company's versatility in sourcing fruit for its marketing channels. SAFE's tenure at the farm was concurrent with the company's engagement in strategic partnerships with communities under South Africa's land reform programs, where the firm has demonstrated similar flexibility. SAFE's strategic partnership model has shifted over time and space, evidently in response to government programming. Ultimately, the company has been involved in partnerships on at least nine redistribution[160] and five restitution[161] projects around the country.

In most cases, SAFE's strategic partnerships were undertaken through its BEE partner Bono, whose name is therefore recorded in government databases and records. Occasionally – as was the case at Kangela – SAFE retained operations under its own name and/or that of SFV after the latter's creation in 2009. Additionally, there is a subset of projects started late in 2010 and early in 2011, when FAM and UFFAAI were still planning to make land reform a focus of their new Agri-Fund and evidently presumed that Bono would manage the resulting projects. Once it became clear that there was no guaranteed exit strategy from these investments, FAM and UFFAAI stepped away, but Bono apparently continued on where it had been appointed (Plateau Farms). Here and at two additional projects (Rietkloof and Mont Piquet) where Bono drew funding from Old Mutual's Foundation and Masisizane Fund, government records identify Old Mutual as a strategic partner alongside Bono. This said, for many community representatives, the true identity of their supposed partner remained unclear. "We never knew who we were dealing with", said one representative from Moletele CPA, recounting that when committee members would telephone or email Bono, SAFE would reply and vice versa (Interview 26, 21 October 2014). A representative of Mosimetsi CT suggested that the division of responsibilities between the companies was similarly muddy, since the firms would "pass the buck" back and forth when it came to community meetings (Interview 27, 21 October 2014). As such, where below I specify

[160] The redistribution projects are: Mont Piquet, Rietkloof, Plateau Farms (consisting of Dassiesfontein, Melrose, Rondawel, Willemskraal, and Matjieskloof), Nirwanda, Bergvallei, Appelkloof, Sunlands, Greengables (consisting of Greengables, Nebraska and Buck Kraal), and Kommando Kraal.

[161] On the restitution side, the companies have partnered with CPIs including: Riemvasmaak Community Development Trust (on the farm Vaaldrift), Moletele Communal Property Association (Batau), Mosimetsi Community Trust (Calais), Matsamo Communal Property Association (Laughing Water), and Tshivhula Communal Property Association (Alldays, consisting of Braam, Ammondale, Louriston and Montague).

‘Bono’, that company should always be considered in the context of its larger corporate family, and particularly its close relationship with SAFE.

As noted in the previous section, one of SAFE’s earliest engagements as a strategic partner (after Kangela, matchmaker for SAFE and Bono) was at Sunland in the Eastern Cape. The empowerment model that Bono originally proposed to implement at Sunland offered a kind of temporally graduated, partially recompensed means by which the government could transfer farms to beneficiaries for redistribution purposes. SAFE’s transfer of the farm (via Altivex 267 (Pty) Ltd.) to the government was conditional on the DRDLR signing agreements allowing Bono to lease and manage the farm for nine years (R. Hall and T. Kepe, personal communication, 8 December 2013).[162] According to these agreements, Bono would establish a separate division to handle Sunland's operations and was responsible for registering a trust for the agreed beneficiaries for the farm, in this case farm workers. During the leasing period, Bono would finance Sunland's capital needs through loans from Bono or SAFE. Bono was also required to ‘empower’ the trust with knowledge, skills, and the ability to negotiate finance and to build up the trust’s financial reserves. Bono would pay a lease fee to the government; electricity, water and tax charges to the appropriate authorities; a ten per cent marketing commission to SAFE (who had exclusive rights to market the fruit for the duration of the lease) and would itself collect a management fee. Any residual profits would flow to the empowerment trust. At the end of the nine years, the DRDLR would transfer title to Sunland to the trust at a deeply discounted price (R. Hall and T. Kepe, personal communication, 8 December 2013). The trust would then continue to lease Sunland to Bono for a further ten years (the agreement had already been

[162] Technically, the agreements were three years (the maximum allowable lease at the time) with a right of renewal for two subsequent three-year periods (R. Hall and T. Kepe, personal communication, 8 December 2013).

signed) (ibid.). Records for the farm show Bono suggesting that the resulting partnership would consolidate an empowerment farming operation into a large commercial farm, while delivering meaningful and immediate benefits to farm workers as employees.

The management agreement that the DRDLR signed with Bono at Sunland anticipated that there would be 'further farms' that the Department would acquire, and that Bono would go on to manage on the same terms. Indeed, Bono seems to have started a recruitment drive for partner farms mid-way through 2008. The firm was appointed as a strategic partner on properties in at least five provinces. Governmental offices facilitated such appointments through conditional transfers (as at Sunland) and/or by selecting the firm after it bid on public tenders (in some cases, tenders were apparently used to codify pre-existing relationships). In other cases, Bono was selected without bids due to the firm being active on other farms provincially or nationally. Perhaps the firm was working the same government contacts that FAM and UFFAAI would go on to foreground following the Agri-Fund's establishment. As for communities, when they were given a choice (generally more the case for restitution than redistribution partners, for reasons clarified below), Bono would play up its BEE credentials. The chairman of Mosimetsi CT suggested that Bono's black face initially made a good impression on him, since "theoretically, we could speak the same language" (Interview 26, 21 October 2014). At Moletele CPA, the Chairman noted that while he had advised the committee against signing on with Bono after a visit to Sunland failed to impress him, "when people are desperate, they don't listen" (Interview 27, 21 October 2014). Both CPIs (which had each experienced prior, failed strategic partnerships and were hence under pressure to secure new partners lest their farms fall into disrepair) consequently forged 'gentleman's agreements' with the company while working out the terms of formalized arrangements.

In 2009 the DRDLR's Recapitalization and Development Program came on-line, further codifying the idea of strategic partnerships and creating new opportunities for obtaining grants by those who participated in them. In response, Bono seems to have refined its empowerment model to reflect these opportunities. Specifically, the company attempted to forge joint venture agreements with its partners on farms where it had been or would be appointed. In draft agreements, equity would be shared between Bono (20 to 45 per cent) and the community partner (55 to 80 per cent). Under redistribution projects, the community partner was an empowerment trust (often for farm workers such as Bono had set up at Sunland), or sometimes a farming co-op. Under restitution projects (as at Moletele or Mosimetsi), the community partner was a community trust or CPA. Other elements of the model followed the firms' earlier activities at Sunland: Bono's responsibilities included providing capital via loans, empowering the workers, remitting rent to the landowner (the government in the case of redistribution partnerships, and the CPI in the case of restitution projects), and collecting a marketing commission and management fee. Bono would write business plans aggressively pursuing grants under the Recapitalization and Development Program (see Chapter 4), which would then be paid into the joint venture company. Profits from farming operations would be deposited similarly (although see below). Much as with its original strategic partnership model, such plans show Bono claiming that its revised approach to empowerment would increase production on land reform farms, helping to graduate them into commercial operations. Additionally, Bono's involvement would purportedly allow the government to maintain control of their growing financial investment in farms, supposedly preventing mismanagement of land reform properties and projects.

### 5.7.1 Implementing the Strategic Partnership Model

My research suggests that Bono tried to implement the joint venture model at Batau (Moletele CPA), Calais (Mosimetsi CT), Laughing Water (Matsamo CPA), and Vaaldrift (Riemvasmaak CDT) (Figure 5.2). None of these efforts succeeded. At Batau (under the aforementioned gentleman's agreement), Moletele CPA preferred to finalize a Community Private Partnership (CPP) over a joint venture style strategic partnership[163], but Bono pressured the community towards the latter because joint ventures were eligible for recapitalization funding while CPPs were not (Interview 26, 21 October 2014). The CPA was not keen on the proposed terms, and after two years of Bono stalling, not meeting the agreed rent, and refusing to reinvest in the farm (even as the firm harvested several fruit crops), the CPA evicted Bono.[164] A parallel story unfolded at Calais, where Bono left of its own accord after Mosimetsi CT refused to go along with the firm's plans, leaving the community scrambling to find a new partner to pick and market their crop (Interview 27, 21 October 2014). Bono seems to have left Laughing Water (Matsamo CPA) under a similar cloud. At Vaaldrift, Bono was on year-to-year leases while Riemvasmaak CDT was under third party administration due to a historical misappropriation of funds by certain trustees (Interview 15, 13 September 2014). The administrators (a white attorney and accountant) evidently declined signing on to a joint venture and extended lease with Bono while the trust was under their control (at another property, Bono's proposed lease was for 20 years with a ten year right of renewal). Representatives from each of these communities

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[163] The CPA was seeking a low risk arrangement that would provide a steady income stream to complement several other strategic partnership projects in which the community was already engaged (Interview 26, 21 October 2014; see Lahiff *et al* 2012).

[164] The CPA's perspective is that Bono was deliberately stalling because the firm wanted the community to sign over another of their recently restituted farms, called Richmond, to the firm (Interview 26, 21 October 2014). It is no wonder. One of the gentlemen who founded Matuma Farms, Moletele CPA's current strategic partner at Richmond, described it as "one of the best farms in the world", saying that it has great soil, lime, and water access (Interview 40, 5 November 2014).

suggested that Bono and SAFE rarely visited their farms, rather appointing local farm managers to handle operations. Since all of these are restitution communities, they may have some advantages over redistribution partners in negotiating with Bono – for example, a greater familiarity with their legal rights due to the particularities of the restitution process.

However, a substantive concern arises in certain redistribution cases where Bono was given responsibility for registering a trust on behalf of farm workers or otherwise intervening in the beneficiary selection processes, as at Sunland and the anticipated 'further farms' in the Eastern Cape. Here and at Kangela, corporate registration records show that Nevondo was the founding member of such trusts. At Rietkloof and Mont Piquet, in turn, Nevondo is a member of the co-operatives that are the official beneficiaries of the redistribution projects. Bono and its corporate partners are not necessarily secretive about their role in selecting beneficiaries on these properties. Indeed, the company's CFO (who based on appearances is white) told me of a case where he (alongside Nevondo) had been a "stand-in" beneficiary, while 'authentic' beneficiaries were arranged (Interview 4, 10 February 2014). These situations allow Bono a deeper level of control over farms than the company gains through seats on joint venture operating companies' boards of directors – although here, too, Bono may secure undue influence by equalizing its seats to those held by beneficiary representatives (out of proportion to Bono's equity, which is always less than 50 per cent). Community records suggest that Bono also retains control of key tasks such as purchasing and sales, while allocating itself a veto vote for key decisions based on its superior financial power. As for cases where Bono is also involved in beneficiary selection, these would appear to create situations where beneficiaries are beholden to Bono, their effective patron. While the government may have tried to avoid such situations – for example, by establishing independent processes for the appointment of beneficiaries in later years – things evidently do not always work out as they should.

This is clearly demonstrated at Nirwanda, the redistribution grape farm in the Hex River Valley mentioned above. Here, Bono was irregularly selected as the strategic partner after SAFE transferred ownership of the property to the DRDLR through Quickvest 427 (Pty) Ltd (NFS 2016). In the meantime, the DRDLR also selected a beneficiary for the farm through a process that, while also irregular (see below), seems to have occurred independently of Bono. That beneficiary was the Big Five Farming Co-operative. Foisted upon each other after Co-op members moved on to the farm in December 2012, the two parties did not get along (Friedman 2015a). SAFE and Bono harvested two crops while the Big Five were excluded from operations. With tensions building between the Big Five and the DRDLR, the Co-op was eventually allowed to reselect their strategic partner (ibid.). They chose the Karsten Group, another South African fruit supplier and importer with operations in the Valley (ibid.). But before the change could take effect, Bono and/or governmental representatives apparently intervened, insisting that the farm workers at Nirwanda must also become beneficiaries alongside co-op members, and that the broadened beneficiary cohort be allowed to re-reselect their strategic partner (NFS 2016). This third selection in turn chose Bono. It seems likely the farm workers had been coached as to how to vote. In such situation, one naturally empathizes with the Big Five whose dreams of establishing Nirwanda as a “model of black excellence in the valley” (Bongo, quoted in Friedman 2015a) were at least temporarily scuppered. But one also empathizes with the farm workers, as Bono may have told them that they were Nirwanda’s rightful beneficiaries all along.[165] Indeed, Bono may have presumed that that was how things would work, since this is what happened at other partnership farms like Sunland. Ultimately, there was a forensic investigation and Bono left Nirwanda.

As noted earlier, restitution CPIs appear to be relatively more protected from these abuses, given that beneficiary lists are generally formulated during the claim process well before strategic partner selection. But even here, the situation is not foolproof. At Riemvasmaak CDT's farm Vaaldrift, which Bono leased year-to-year under the aforementioned third-party administrators (2009 to 2017), community members allege that the firm worked with the administrators to divide the community – for example, by granting special privileges (e.g. airtime for mobile phones) to some individuals over others (Interview 15, 13 September 2014; Interview 16, 22 September 2014). In 2013, the administrators began a beneficiary 'verification' process, to reconfirm the lists submitted at the CDT's creation. Although this verification seems to be linked to longer standing intra-community tensions, Bono's presence and activities evidently did not help matters.

### 5.7.2 Empowerment Pays

These nuances of Bono's access to and operations on land reform farms leave aside an important point: namely, what does the firm get from being a strategic partner? If the picture painted in corporate and community records and my interviews is accurate, such partnerships were evidently originally intended to secure fruit for SAFE's marketing channels, creating the opportunity for profits on exports. There is some question about whether SAFE pays producers

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[165] Friedman (2015a) in fact tried to ask after the farmworkers, but they would not speak with her. It seems likely that they were told they would suffer repercussions as have farmworkers and beneficiaries on other SAFE and Bono properties (discussed further below).

fairly for this fruit. At Nirwanda, for example, the original owners who lost their farm after SAFE bonded it claim they were underpaid relative to neighbours who marketed through other exporters (NFS 2016). As I will discuss below, the same issue arises with land reform beneficiaries. In both cases, SAFE's control over packing and marketing together with provisions in its management agreements create the potential for the firm to transfer earnings up the value chain, by purchasing fruit at a distressed price and selling it in export markets at a significant premium (a similar dynamic to what the company has seemingly done with certain farm properties). But strategic partnerships also allow Bono to mobilize a number of other income streams off of agricultural empowerment.

The first of these income streams regards loans apparently issued by Bono to operating companies to finance the working capital needs of land reform farms. Such loans seem to be financed at least in part by lending among Bono's various joint venture companies as well as borrowing between Bono, SAFE, and/or SFV. For example, financial statements for Sunland Farms (Pty) Ltd show the company granting a loan to Greengables Development (Pty) Ltd in 2012 and getting one in return in 2013 (Sunland also took smaller loans from Bono and SFV). These loans can quickly grow to overwhelm community partners. SAFE's loan to Kangela Citrus Farms (Pty) Ltd surpassed ZAR 18.1 million by 2012/3 (ECRDA 2013). It was only repaid in 2016/7, following the ECRDA's infusion of ZAR 19.3 into the farm, after which SAFE left the property (ECRDA 2016). As noted earlier in this chapter, the Appelkloof Workers Trust became similarly indebted to Bono through their joint operating company Mistico Trading, which ultimately required a similar government rescue (DFJFI 2018). Although at Kangela SAFE's loan was interest free, other communities are not so lucky. Business plans prepared for Bono's recapitalization applications to the DRDLR suggest that at Sunland the interest rate is nine per cent, and at Calais it would have been 12 per cent. These plans also appear to give Bono discretion to set off such loans against the proceeds of harvests undertaken on partnership properties. As such, against Bono's suggestions that it will help beneficiaries secure financing to run their farms autonomously, communities seem rather to become locked into borrowing from the company, making it difficult to end their partnership.[166] If or when the loan is repaid, communities may still have a working capital gap, and therefore need to secure loans from another financier.[167]

Alongside loans, the sale of fruit from farms under strategic partnerships entitles Bono to a share of profits in proportion to its equity in the joint venture company. But still other income streams arise from fruit production, including management fees and marketing commissions that Bono and SAFE suggest are needed to keep its partnerships commercially viable. Bono's management fees seem to run from ZAR 3 to ZAR 7 per packed carton, while marketing commissions are set at ten per cent on the gross selling point of the fruit. One of SAFE's competitors suggested that the company's strategy thus differed from other strategic partners, who try to leverage returns from the volume boost gleaned from land reform farms whereas SAFE operates based on "commission rather than mere volume" (Interview 40, 5 November 2014). These management and marketing payments provide a buffer for Bono and SAFE in years where a farm generates a loss or even sub-par yields. The empowerment trust, co-op, or CPI that signs onto a deal with the firms by contrast has no such buffer. Community records show that Bono and SAFE may also be reinforcing profits in their larger corporate family profits by

[166] As noted in Chapter 3, land beneficiaries often have difficulty raising financing, whether because they do not hold title to the land or because such title is inalienable.
[167] For example, the Appelkloof Workers Trust subsequently secured a loan from the Land Bank (DJFI 2018).

contracting services from related firms – for example Agro-Tech IT SP (Pty) Ltd, another SAFE subsidiary that focuses on agricultural information technology.

A third income stream regards government grants and contributions from other institutions. The firm has been quite successful in obtaining funding under the DRDLR's Recapitalization and Development Program: responses on the National Assembly Question Paper suggest that between 2010 and 2016, the company received at least ZAR 34.6 million in grants.[168] Bono's success apparently relies at least in part on scaremongering, with the firm's business plans regularly suggesting that production on a given farm will 'end' without recapitalization to replace and expand orchards and improve infrastructure. Although grants are meant to be spent in accordance with specified budgets and timelines, it seems that this does not always occur. At Sunland, government and farm records suggest that the farm received ZAR 2.9 million in recapitalization by March 2012. More than 18 months later, only ZAR 649 thousand had evidently yet been spent. A grimmer situation still pertains at the Plateau Farms, where DRDLR monitoring staff found none of the anticipated improvements or acquisitions (NFS 2016). Yet even where government grants are properly spent, Bono apparently benefits when grants are paid into the joint venture company, rather than directly to the empowerment trust, co-op, or CPI. An interview respondent from Mosimetsi CT suggested that Bono claimed government grants that his community regarded as rightfully theirs as rather part of the firm's financial contribution (Interview 27, 21 October 2014).[169] Parallel benefits such as funding and subsidized loans from Old Mutual, and free trees from horticultural association Hortgro, again

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[168] According to my limited records, the single largest allocated grant was ZAR 7.8 million for Rietkloof in the Western Cape. In its draft business plan for Calais, Bono anticipated requesting ZAR 20.4 million.
[169] The fact that Bono may then 'lend' its share of the money to the empowerment trust and extract interest on it, as above, doubles up the offence.

ostensibly meant to benefit community partners, similarly also benefit Bono under joint venture structures.

Government records show that a similar situation regards movables such as farming implements and equipment, which when owned by Bono are sometimes double counted, with the firm valuing them as part of its contribution to joint ventures and simultaneously charging rent for them. At Kangela, SAFE removed irrigation pivots used for vegetable production (Botha 2013), and beneficiaries allege it sold two large tractors provided by the government, hiring two smaller ones in return (Trollip 2013b). Riemvasmaak CDT similarly suggested that equipment sourced from a local NGO for use on the community's vineyard was being used on other local SAFE properties while the firm had tenure at Vaaldrift (Interview 17, 22 September 2014). At Batau, Moletele CPA was prevented from selling bakkies (pick-up trucks) to recoup losses from the farm's prior failed strategic partnership when Bono claimed the implements as part of its acquisition of the prior partners' debt (Interview 26, 21 October 2014).[170]

The income generated through loans and interest charges, management and marketing fees, government grants and other contributions, and the leasing and resale of movables all provide potential reasons for Bono to enter strategic partnerships with land reform beneficiaries. But there is still one further potential income stream to describe, which regards Bono's exit from such arrangements. Bono's proposed joint venture agreements allow either shareholder to sell its equity to a third party if the other receives first option to meet the specified price. The agreements also set an asking price should a shareholder contemplate disposing of their equity in

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[170] Community records suggest that when Bono took over the management of Batau from Moletele CPA's prior partners (who declared bankruptcy), Bono purchased the company's debt for 20 cents on the rand. Since the community was one of Bono's creditor, this created a possibility that the CPA could make a claim against Bono and SAFE. After obtaining legal advice the CPA elected not to file such claim for reasons discussed below.

the absence of an interested third party. In the agreement proposed to one community, the asking price was the Net Asset Value (NAV) of the shares plus six times the average stated earnings of the joint venture company in the previous two years (i.e., very high). These specifications create the opportunity for a substantial capital gain that Bono is far better able to exploit relative to its beneficiary partners. Not only will community shareholders have an interest in maintaining productive rights to their land, they would have trouble raising sufficient capital to regain full control of the joint venture company. When I interviewed company representatives in early 2014, Bono was trying to turn its empowerment model into an investment stream by bringing in the Industrial Development Corporation (IDC), a national development finance institution owned by the South African government (Interview 5, 10 February 2014). Although it is unclear whether the bank has yet signed on to any of Bono's projects, government records show that the IDC met repeatedly with Bono; the DRDLR; the Northern Cape Department of Agriculture, Land Reform and Rural Development; and the two administrators who were then Riemvasmaak CDT's trustees in recent years.

Inasmuch as research has been done on strategic partnerships (e.g. Derman et al 2010; Lahiff et al 2012), the income streams that Bono extracts from these arrangements are fairly typical. One possible exception (noted above) is the marketing commission charged by the companies. Additionally, exit strategies for strategic partners have not received much attention from scholars – at least, beyond a recognition that further research is needed in this topic (see Derman et al 2010). In any case, my work strongly reaffirms Derman et al's (2010) suggestion that strategic partnerships require that we ask strategic questions, including around the distribution of decision-making, revenues, and other potential benefits resulting from these arrangements. If the picture painted in corporate and community records and my interviews is accurate, such partnerships have provided numerous returns to SAFE and Bono as corporate entities: in this case fruit, opportunities for cross investment and contracting between different members of the larger corporate family, as well as the partnership payouts documented above.

In fact, recent events might lead us to ask whether fruit is losing its centrality in the companies' business model. In an early interview conducted by a Dutch reporter, Bouland once quipped that it was just by chance that he and de Vries ended up as fruit exporters, inasmuch as SAFE's co-founders were "just looking for a new challenge" ("Wij zochten gewoon een nieuwe uitdaging'') (Schouten-Oudgenoeg 2001). Bono seems to be embracing a similar sentiment, with the firm expanding its land reform partnerships to farms producing other agricultural commodities. The aforementioned Western Cape Plateau Farms – which a SAFE representative suggested that they took on as a favour to DRDLR (Interview 1, 21 February 2014) – are sheep farms. Among the agricultural assets that were missing when DRDLR officials went to follow up on recapitalization grants made to the farm were the animals themselves (NFS 2016).[171] Another example is Bono's partnership with Tshivhula CPA, where the community obtained a set of four game farms near Alldays, Limpopo, under restitution. In September 2015, the farms became the site of a highly controversial driven hunt.[172] The case attracted huge attention from conservationists and animal rights activists, with media attention focused on the role played by De Vries (SAFE's co-founder) in organizing the hunt for European tourists (see Friedman

[171] In the meantime, SAFE reports that it has established a Dorper sheep stud operation at its farm Nuwepos near Vanrhynsdorp. Started in 2017 as a "community enterprise development project in partnership with farm workers", SAFE suggested that it may ultimately lead to the "diversification of SAFE's operations" or "grow into an auxillary income stream" for the firm (SAFE 2017f). By May 2018 SAFE's flock had grown to more than 1800 animals (SAFE 2018c).

[172] In this style of hunting, animals are driven towards a chain of waiting hunters by a crew of so-called 'beaters' to increase their odds of killing an animal. At Alldays, hunters waited perched on wooden platforms and killed more than 100 animals (Friedman 2015b). South Africa's National Council of Societies for the Prevention of Cruelty to Animals was on-site to monitor the hunt, and subsequently issued a statement of concern about the practice.

2015b; Naidoo 2015). But a presentation given by the CPA chair to the South African National Biodiversity Initiative earlier that year provides useful background on the desperate straits that led the CPA to such activity (as well as photographic evidence that Nevondo also hunts) (see Mafela 2015).

### 5.7.3 Disempowered Empowerment

If Bono's business model has created profit opportunities for the firm and its corporate relatives, what of its purported empowerment of the company's beneficiary partners? One of the thorniest matters regards rent. Where the government retains title to the underlying land Bono's lease agreements with the DRDLR set rental fees at a fixed percentage (typically five or six percent) of net farm income. The reader with an excellent memory will note that this differs sharply from the eight to ten per cent of assessed land value that UFFAAI and FAM charge Agri-Fund tenants. Farm balance sheets suggest that as a percentage of net income, Bono's payments are frequently hampered by its joint venture companies' apparent challenges in declaring a profit (a point dissected further below). At Kangela, SAFE claimed that the workers empowerment trust offered to forego rent as part of the farm's recapitalization (ECRDA 2015). Whether such offering is truly voluntary seems questionable given the range of other grievances raised by beneficiaries at that farm, including in a highly circulated letter (see Trollip 2013, Attachment 2). Where a beneficiary CPI owns the land (or will soon own it), they do not necessarily have an easier time. Moletele CPA agreed to give Bono a break on rent for the first months of its gentleman's agreement at Batau, since the company was "resuscitating the farm" (Interview 26, 21 October 2014). The parties subsequently settled on a payment of ZAR 500,000 to cover water and electricity charges (paid by the CPA). Bono paid ZAR 150,000 up front, with the rest to follow in installments. When the CPA followed up on a missed payment, Bono protested that the community was being insufficiently thankful for the firm's supposed assistance (ibid.). Even when the CPA offered to reduce the total amount owing to ZAR 300,000, it did not receive another cent. Similarly, Mosimetsi CPA – which had settled on ZAR 200,000 and a four per cent profit share with Bono at Calais – was still owed at least ZAR 150,0000 when Bono left the farm (Interview 43, 6 November 2014). Bono suggested that the payment should be offset against farm improvements it claimed to have made, invisible to the community's trustees (ibid.). A rare exception to the trend is the case of Riemvasmaak CDT, where financial statements show that the trust collected ZAR 1.9 million in rent from SAFE between 2010 and 2012. Nonetheless, community representatives assert that this was less than the ZAR 1.5 million per annum SAFE had originally agreed to pay (Interview 15, 13 September 2014; Interview 16, 22 September 2014). Indeed, the statements show that the rent charged to SAFE was dropped to ZAR 750,000 in 2011 and then to ZAR 450,000 in 2012, while the trust was under third party administration.[173]

Another prospective empowerment benefit regards the employment and dividend opportunities associated with a partnership. SAFE had obviously set a low bar for farm labour at Keurboschkloof, although the resultant strikes did boost the sectoral minimum wage for farm workers after February 2013 (see Chapter 4). Unfortunately, research and reportage conducted later that same year suggested that Bono still was not meeting that determination in at least two locations (Presence 2013; R. Hall and T. Kepe, personal communication, 8 December 2013). Regarding dividends, beneficiaries at some properties report sporadic annual payments of ZAR

[173] In any case, since at least some of SAFE's lease payments appear to have gone towards offsetting the third-party administrators' costs, the community was not much further ahead.

3,000 to ZAR 4,000. An absence of publicly available data makes it difficult to determine an industry standard against which this could be assessed. But a sense of just what beneficiaries could be missing was provided at Nirwanda, where an assessor calculated that, between 2012 and 2016, the farm could have supported dividends to beneficiaries or the state totalling between ZAR 3.6 and ZAR 4.2 million (NFS 2016). Due to the difficulties with formalizing beneficiaries, described above, no dividends were paid.

As for other amenities and services, at Kangela, Trollip (2013) reports that he found workers living in shipping containers. At Greengables, the crèche for workers' children lacked heating or even a carpet to protect youngsters against the bare and cracked concrete floor (R. Hall and T. Kepe, personal communication, 8 December 2013). Bono and SAFE suggest that workers on this farm and others in the Sundays River Valley can access a health centre that the firms built in partnership with CareCross, the private health care group where UFFAAI's predecessor, UFFT holds an interest (via financing from FAM). But for Riemvasmaak CDT, the Vredesvallei clinic is a shipping container and ill patients must wait outside, exposed to the elements, on those days when a doctor is available (Interview 17, 22 September 2014).[174] As I will discuss near the end of this chapter, the provision of housing and other amenities marks one of the biggest apparent differences between SAFE's operations on land reform farms and the Agri-Fund farms owned by FAM and UFFAAI.

SAFE and Bono's delivery of skills training seems to be equally unsteady. As with the Agri-Fund the firms suggested that they would provide adult basic and educational training to farm workers through the Open Learning Group (where again, UFFT holds an interest). Yet

[174] The next nearest clinic is the municipal clinic at Sending, some 60 km away, which was built under the state's Comprehensive Rural Development Program.

beneficiaries suggest a complete absence of skills transfer around farm management and marketing, the areas where they are most keen to acquire training. Representatives state that they are left out of decision making, that the companies refuse to share information about the farm's most basic operations, and that they run "closed books" on matters such as volumes, export pack-outs and prices. Williams (2012) quotes Themba Maki, a 60-year-old worker and resident at Kangela since his childhood, as stating that "workers felt like idiots" because they had "no idea what was going on" on the farm. A representative of Mosimetsi CT succinctly summarized the problem this presents, insofar as the "control of information is central to the extraction of profits" (Interview 43, 6 November 2014).

Indeed, it seems that only rarely do SAFE and Bono declare a profit from land reform farms managed under their empowerment model – at least until they need to show one to benefit from government rescue or another form of exit from the property. Not only does this limit benefits for the firm's community partners, it also means that the companies avoid the basic courtesy of income tax. ECRDA records suggest that at Kangela, SAFE only declared a profit eight years into its official involvement in the farm (i.e., in 2014/5), and two years after the government began recapitalizing the farm (despite the fact that citrus trees typically take seven years to mature to the break-even point). Financial statements for Sunland suggest that neither had SAFE profited five years into its operations (i.e., in 2012). Representatives from both Moletele CPA and Mosimetsi CT said that Bono claimed its operations on the communities' farms were similarly unprofitable. However, when the former took rough figures regarding harvests to a trusted community advisor, they were assured that the companies were "making a killing" (Interview 26, 21 October 2014). When the CPA began to "pressurize" Bono, the firm reminded them that the community need also contribute to the partnership: “So then we realized, if [Bono] owed us [ZAR] 5000, they also put in [ZAR] 5999 that we are owing them” (ibid.)

To be clear, the matter does not appear to result simply from poor management. Over the years, there have been occasional suggestions that SAFE does tend towards higher than average production costs, which one of their neighbours attributed to input providers taking advantage of the firm’s relative inexperience and their presumed access to government funds: “everybody wants a piece of the pie” (“Almal probeer ’n hand in die ‘paai’” – see Botha 2013). Nonetheless, an agricultural economist who reviewed records at Nirwanda assessed that SAFE and Bono appeared to be reasonably efficient and that the companies achieved average yields and export pack-outs (NFS 2016). Indeed, Nirwanda did turn a profit for three out of four years between 2012/13 and 2015/16, but the scuffle over beneficiary selection (described above) meant that there was no one with whom the firms would have to share such profit. Financial statements from other properties suggest the companies record decent incomes, but counterbalance this with high depreciation. In the meantime, at least until government recapitalization is secured, the firms evidently minimize reinvestment in their partnership farms. When the Moletele CPA commissioned a report on Batau after Bono left the farm, the agronomist’s “professional opinion [was] that it can be proofed without reasonable doubt that these farms have been reaped for the benefit of the recent operator only and with no intention to maintain and improve the production potential” (Boela Bruwer Consultancy 2013). He assessed that the farm would incur losses of more than ZAR 6 million from its asset value as a result. Tshivhula CPA, in turn, assessed that the driven hunt that SAFE and Bono organized on the community’s game farms might have damaged their business prospects permanently (Naidoo 2015). Alas, even where SAFE and Bono do secure recapitalization and subsequently re-invest in farms, the residual working capital gap at the firms' departure means that the properties may be on their way to becoming distressed all over again. For example, in the most recent annual report yet issued for Kangela (for the 2016/7 season), the ECRDA (2017) notes that pruning was not completed on the property since SAFE's impending departure made it unclear that costs would be recovered. Whether such neglect will be corrected or will rather yield long term profitability implications remains to be seen.

### 5.7.4 Racial Tensions

The apparently dismal outcomes from projects that SAFE and Bono suggest will yield agricultural empowerment and improved prospects for 'previously disadvantaged' persons are obviously frustrating for those who expected to benefit from said projects. During a visit to Sunland by the DRDLR portfolio committee, representatives spoke with one of the 27 beneficiaries living on the farm, who surmised that "Nothing had changed since becoming a beneficiary. He still felt like a farm worker" (Trollip 2013). At Riemvasmaak CDT, a community member suggested that they were merely "paper beneficiaries", without any meaningful ability to control their future (Interview 15, 13 September 2014). Representatives from this and other communities were indignant about Bono's self-promotion and claims that results would be otherwise. Their shared view was that Nevondo was a "hired black", and that Bono simply provided cover for SAFE while the latter firm called the shots and controlled the purse strings (Interview 43, 6 November 2014). "Fronting! They're fronting!" exclaimed one respondent about the firms (Interview 48, 8 November 2014). From this perspective, Bono's claims to be delivering empowerment are mere tokenism and window dressing. Said a Riemvasmaak respondent: "People claim that apartheid is over, but nothing has changed. We're still a black dot on a white system" (Interview 19, 7 October 2014). Indeed, SAFE itself appeared to admit as much in a 2012 interview with a reporter, when Anton de Vries (quoted in Ursem 2012) drew on a fruit-picking analogy to quip that in South Africa, “it might be a black woman at the top of the ladder, but it’s a white man standing at the bottom” (“De zwarte vrouw staat hier het hoogst op de ladder, maar als blanke man sta je helemaal onderaan”).

Yet even as SAFE and Bono have evidently exploited and exacerbated tensions between ‘previously disadvantaged’ populations and whites in rural areas, they have also played up fault lines between groups within the former category. This appears to be part of a larger ‘divide and conquer’ strategy, wherein the companies secure the favour of certain beneficiaries (their clients in a patronage-like relationship) over others to retain access to a farm. At Riemvasmaak CDT, the intra-community tensions that SAFE and Bono are fueling have roots in the division and relocation of supposedly ethnically distinct community members during the apartheid period (see Chapter 4). The companies similarly contributed to volatility between the coloured farm workers of Nirwanda and black beneficiaries (the Big Five Farming Co-op). The DRDLR had deliberately (and irregularly) selected these beneficiaries for the farm, apparently to break what some officials saw as a white monopoly hold on the Hex River Valley (NFS 2016). Co-op members assert that Bono was feeding racial conflicts among workers and the Co-op in the hopes that the latter would be pushed off the farm. Said member Manduleli Mzayiya (quoted in Friedman 2016):

> “We have been called kaffirs [a deeply derogatory slur used to refer to black people in South Africa] in this farm not once, not twice, more than four or five times. You know, ‘people who came from the Eastern Cape to steal our land.’ And we know that is not coming from the workers. But the workers have fallen into that trap.”

Ironically, when it became clear that the Co-op would not be so easily intimidated, Bono then appears to have switched tacks, trying to promote itself as the integrator of the two sides, and championing the resultant broadening of the beneficiary cohort.

### 5.7.5 Attempted Interventions

Given my findings regarding the companies' farm management activities – and indeed, the growing amount of 'bad press' such activities are generating – one fact remains surprising. This is that Bono and SAFE have each successfully secured numerous accreditations and certifications meant to attest to their corporate responsibility. Both firms are accredited under Global GAP, an international certification scheme focused on improving farm management through Good Agricultural Practice, as well as SIZA (Sustainability Initiative of South Africa), a national monitoring program to ensure ethical and environmentally sustainable trade.[175] More remarkable still is that both firms are Fairtrade certified by Flocert, allowing the companies to charge a premium on their fruit which is meant to be reinvested in social projects that better the lives of producers. SAFE's Fairtrade certification concerns their role as a trader, while Bono's is as a multi-estate producer, specifically for the farms Mont Piquet and Rietkloof in the Western Cape. However, the latter firm presents its certification as spanning the entire company (see Bono 2018), even suggesting in its recapitalization business plans that it will market fruit from properties that do not have certification under the Fairtrade label. In fact, Bono lost its certification in 2015 due to what a Flocert representative described as "major non-conformities with the global standard for hired labour" (B. Page-Shipp, personal communication, 22 April 2016), but subsequently managed to regain it. Although Flocert is aware of the allegations

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[175] On Global GAP, see: https://www.globalgap.org/uk_en/. On SIZA, see: https://siza.co.za.

against the firms, these do not relate to the specific production entities under certification, and the limited official documentation and lack of formal legal actions against the companies make it difficult to decline accreditation.

If such official actions and documentation have not been filed, it is not for lack of trying by SAFE and Bono's community partners. Several of the firms' supposed beneficiaries have been both steadfast in their criticism of the companies and exemplary in their self-advocacy. On matters directly and indirectly related to Bono and SAFE's tenure on their farms, communities have engaged their trustees and Directors on the boards of joint venture companies; Minister Nkwinti, the Portfolio Committee and other DRDLR representatives; MECs and other representatives from agencies with mandates relating to agriculture and land reform; professional consultants (the Vumelana Advisory Trust); national and local law firms (Richard Spoor Attorneys, Webber Wentzel, Bester and Lawrens Attorneys, Peter Mangwana); human rights organizations (Legal Resources Centre, South African Human Rights Commission); judiciaries (Masters of the High Courts); provincial Premiers; the President of South Africa (then Jacob Zuma); the national police (the South African Police Service) and prosecutors (the National Prosecuting Authority). The aforementioned forensic investigation into the firms' activities at Nirwanda was completed in 2016, and the companies may also have featured in the investigation of the Eastern Cape DRDLR Office. The Special Investigations Unit's ongoing investigations into the DRDLR (initiated February 2011 and July 2017) may also draw attention to their activities. At Kangela, the DRDLR states that it cannot intervene because it is an ECRDA project. At Riemvasmaak, it is because beneficiaries are represented by a community trust rather than a CPA (see Chapter 4). Lawyers in turn are hampered by the companies' complex corporate structure and the 'limited liability' this creates, as well as the difficulty of gaining a panoptic view on the firms' activities. At least some of the critical media coverage concerning SAFE and Bono has resulted from beneficiaries reaching out to journalists, and Friedman tells me that her exposés on Nirwanda generated a flood of emails and documents from similarly ensnared communities (H. Friedman, personal communication, 12 October 2017). Beneficiaries do this despite the fact that they are apparently docked wages or suffer other repercussions for speaking out. A respondent at Riemvasmaak expressed communities' frustration that everywhere they turn is a "closed door" and that "no one is prepared" to help them (Interview 19, 7 October 2014). Describing himself as a "die-hard ANC comrade", he notes that community members "have to go to opposition parties to get exposure" (ibid.). Indeed, representatives of the Democratic Alliance (DA) including the party's Shadow Minister for Rural Development and Land Reform have been following SAFE and Bono's operations closely, publishing reports and lodging at least six questions regarding the firm's activities on the National Assembly Question Paper between 2011 and 2017. In May 2013, the DA suggested that it would request that South Africa's Public Protector investigate the firms.[176] While it is unclear whether such request was in fact made, in 2018 Vusi Mahlangu, the former DRDLR official dismissed over dealings at Nirwanda, became the Public Protector's CEO.

## 5.8 Returning to the Agri-Fund

I have traced the activities of SAFE and Bono in property markets and farm management arrangements in some detail for three reasons, all of which reconnect with points advanced earlier in this chapter. The first reason is that both the Agri-Fund and SFV (the corporate parties'

[176] The Public Protector, an independent state institution established under South Africa's constitution, is charged with protecting the public against maladministration and improper conduct by government officials.

first attempt at a capitalization vehicle) explicitly modelled their operations on key figures' prior activities performed under the mantle of SAFE (and by extension Bono). Much of what FAM described as UFFAAI's "hard core farming experience" (FAM 2010a) came with Bouland (co-founder of both SAFE and UFFAAI) and other senior executives when they crossed the floor from SAFE to form UFFAAI in 2010 (see Figure 5.1). Neither are the connections between the companies purely historical – which comprises the second reason for my exposition. As I will outline below, the Fund has created opportunities for SAFE to grow both its business activities and its profits, because it has both purchased farms from SAFE (or shelf company interlopers) as and appointed the firm as operators on several Fund farms. The third reason in turn is future oriented, and specifically regards what will happen at the Fund's exit from its holdings (the first of which is anticipated in 2020). Although FAM and UFFAAI have moved from their original target of interfacing with land reform farms directly from the get-go (refocusing on the looser aim of agricultural 'empowerment', as above), the firms continue with soft messaging around their product's ability to deliver an alternate approach to land reform that (at least during the holding period) advances the deracialization of farmland ownership and commercial agriculture in South Africa. As noted earlier, this may evidence a continuing hope that the government will eventually acquire the Fund's farms or interests therein (the latter through an equity sharing setup) as "flagship" projects (Howard, cited in Christie 2010a). Indeed, such proposition may become increasingly attractive to the government as it scrambles to meet the long delayed, post-apartheid target of transferring 30 per cent of agricultural land in the country to blacks (see Chapter 4).

For all of these reasons, it is important to consider the activities of the Agri-Fund in a fuller historical context – where such 'history' includes both the past and contemporaneous activities undertaken by other firms in the larger corporate family. Again, if the picture painted by corporate and community records and my interviews is accurate, SAFE and Bono have identified a strategy that enriches and expands the larger family by exploiting government land reform programs, the intended beneficiaries of such programs, and farm workers. While the Agri-Fund hasn't yet drawn on land reform programming, it may yet go on to do so at the end of the holding period. In the interim, it is unclear how the Fund's purported empowerment agenda is playing out. Below, I discuss these matters before closing out the chapter.

### 5.8.1 Agri-Fund Opportunities for SAFE and Related Companies

One of the ways that SAFE has apparently benefitted from the Agri-Fund is by selling certain farms to the Fund. As one example, Deeds Office Registry data suggests that the company flipped a portion of the Fund's Northern Cape Grape Farms (NCGF) from SAFE shelf company Fanchon Trading to SFV and eventually on to Matlotlo Trading 27, NGCF's property holding company. The data shows sizeable capital gains at each flip (i.e. a property valued at ZAR 2.5 million in 2004 was valued at ZAR 10.2 million by 2011).[177] It is unclear whether these gains reflected further investments in the property made by SAFE or rather value manipulation similar to that which has apparently occurred in SAFE's sale of land reform farms to the state. While ultimately the value obtained by investors in such transactions is their business, the question takes on a particular charge considering that some of the Agri-Fund's investors are public service pension plans and public insurance schemes. Although not all Fund financiers have disclosed

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[177] Company registration also data suggests that SAFE also facilitated the Agri-Fund's acquisition of properties underlying the Fund's Marble Hall. A potentially much more extreme case of value machinations constitutes five portions of another NGCF, which SAFE seems to have a acquired for ZAR 28.5 million in 2010 and resold to Matlotlo for ZAR 461.7 in 2011. However, further property deeds data is needed to confirm this latter case.

their participation, the Public Investment Corporation (PIC), the South African state-owned entity responsible for managing public holdings, suggests that it has sunk ZAR 200 million from the Government Employee Pension Fund and ZAR 500 million from the Unemployment Insurance Fund into the venture (PIC 2018). The National Fund for Municipal Workers has also invested, although it has not disclosed the size of its commitment (NFMW 2018).

Concurrent with SAFE's transfer of properties to the Fund, the firm has also been appointed as an Agri-Fund operator – a type of sale-leaseback arrangement common among farmland investors in other locations globally (see Fairbairn 2015; Sommerville and Magnan 2015). SAFE operates NCGF as a sole proprietorship. Marble Hall is operated as a joint venture by SAFE and the farm's former owner, Mr. Nelis Potgieter. In an interview early in my field research in 2014, SAFE's CFO suggested that the company would like to sell more of their farms to the Agri-Fund (Interview 4, 10 February 2014). However, they were limited by the Agri-Fund's need for operator diversification as a form of risk management. This problem seems to have been resolved by FAM and UFFAAI's creation of a second Agri-Fund (Agri-Fund 2) in 2014, to which SAFE sold further properties now comprising Bonathaba Farm. Agri-Fund 2 also owns two other consolidated fruit farms and has made a further investment in the production of cash crops at the Marble Hall Agri-Fund 1 farm. Agri-Fund 3, in turn, was launched in 2016 and rapidly completed its first closing before acquiring an olive farm and a large livestock enterprise, although it is unclear if SAFE was involved in these transactions. FAM and UFFAAI have not yet disclosed the operators on the Agri-Fund 2 and 3 properties, but SAFE has acknowledged being the operator at Bonathaba and the firm continues to operate Marble Hall where the further investment in cash crops was made.[178] As an Agri-Fund operator, SAFE still hires local managers for day-to-day farm management, but the company retains the fruit supply. SAFE and their local managers have to meet all of the conditions specified by the Fund with respect to operations and 'empowerment' programs for farm workers.

The fact that SAFE cannot be the operator on all of the Fund's farms (from a diversification perspective) raises some intriguing questions: will the Fund end up disadvantaging SAFE, UFFAAI's brother-in-farms, by helping to grow the firm's competition? Will it contribute to new relationships and eventually collaborations or mergers between SAFE and its competitors? The first Agri-Fund hired two other operators besides SAFE. One of these (International Fruit Services) seems to have been custom built drawing on UFFAAI's contacts with retailers in the Netherlands. The other operator, Afrifresh, is an interesting firm. Like SAFE, Afrifresh got its footing in the years immediately following deregulation of the fruit sector, built up a large collection of farms in order to secure fruit supply, and is keen on joint ventures. Also parallel with SAFE, Afrifresh previously owned the Fund properties where it is now the operator, and similarly operates farms in both the first and second Agri-Fund. Recently, the company underwent a two-step absorption into a large agriculture and food investment holdings group, Acorn Agri and Food.[179]

In addition to sale-leaseback arrangements with the Agri-Fund, corporate registrations show that SAFE's CFO is also the director of SMT Agri-Finance, the company that obtained a

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[178] It seems likely that SAFE also manages the other two properties in Agri-Fund 2, since at the third property the operator was identified as 'SFG' – possibly an acronym for 'SAFE Farm Group' - and the fourth specializes in grapes and citrus, SAFE's hallmark products.

[179] Acorn Agri and Food formed partly out of the spoils of two South Africa's former agricultural co-ops that went private at deregulation: the Caledon Boeren Groep Koöperatiewe Vereniging (which became Caledon-Riviersonderend Landbou Beherend Beperk) and the Bredasdorp Boeren Koöperatiewe Vereniging (which became BNK Landbou Groep). The two entities amalgamated in 2005 to form Overberg Agri Limited.

generous loan from the first Agri-Fund, apparently to sop up some of the Fund's excess capital.[180] Whether such company is lending to Agri-Fund operators, to other SAFE-associated firms, or perhaps doing something different altogether remains unclear. In the meantime, SAFE continues to operate on each of its Fund farms, those it co-owns through SFV, and those the firm has acquired independently since. In fact, there is some indication that SAFE is increasingly dependent on these farms because, early in 2017, it seems to have parted ways with Bono (which as of 2014, still supplied 50 per cent of SAFE's fruit – Interview 4, 14 February 2014). SAFE has suggested that going forward it would focus exclusively on farms that the firm fully owns or controls (Scott, quoted in SAFE 2017b). Nonetheless, SAFE's admission of Lancaster Capital, the BEE holding company, as a shareholder in July 2018 might construe a new attempt at empowerment partnerships (Fresh Plaza 2018). In the intervening years, SAFE has also established two new subsidiaries: Agro-tech, which "provides agronomic, farming financial and general [information technology] services" to its farming units, and Neutral Logistics, which "provides financial, logistical and export support services" connecting farms to final clients (SAFE 2018a).

SAFE's tenure as an Agri-Fund operator is interesting, because it allows for a comparison between the firm's practices on Fund farms and the approach taken by Bono on land reform farms. A key difference regards the fact that while Bono's investment in farm development and replanting appears to have been kept to a minimum (at least until government recapitalization grants were received), the Agri-Fund works with its operators to develop, implement and potentially help to finance ambitious expansion plans. As discussed earlier in this chapter, such

[180] SMT Agri-Finance was previously named Kommando Kraal Development, one of the joint venture companies SAFE established to secure recapitalization funding for a land reform property. The company's name was changed in October 2013.

expansion is central to the Fund's value creation strategy. At land reform farms, where it was less clear that SAFE or Bono would benefit from an eventual capitalization gain, the companies evidently decided not to make such investment.

### 5.8.2 Agri-Fund Environmental, Social and Governance

Another key difference between SAFE and Bono's practices on land reform farms and those under their management as an Agri-Fund operator regards so-called 'Environmental, Social, and Governance' (ESG) activities. While SAFE and Bono talked up their delivery of agricultural empowerment, the companies' operations in fact seem to have hinged on the continuing exploitation of land reform programs, purported beneficiaries, and farm workers (see above). At Agri-Fund farms, SAFE (and other operators) are subject to a more considerable ESG infrastructure. This seems to stem from FAM's involvement in the Fund given the Asset Manager's focus on socially responsible, developmental and impact investment. It may also reflect Old Mutual's assessment that this is what the group's client base and/or existing and prospective investors in the Agri-Fund vehicle will demand. In any case, UFFAAI retains an in-house ESG specialist, and claims to incorporate ESG considerations into its due diligence and investment processes (Figure 5.5). Before closing a transaction, the Fund identifies ESG "improvement measures" (OMIGSA 2015c:19), and independently monitors and reports on the impacts of its investments. Each of Old Mutual, FAM and UFFAAI are signatories to the United Nations Principles for Responsible (UNPRI), an investor led initiative that has drafted "voluntary and aspirational" investment principles (UNPRI 2018). Agri-Fund Impact Reports suggest that the latter two firms endorse the Code for Responsible Investment in South Africa (CRISA), a similar set of national guidelines (OMIGSA 2015c:8). Like SAFE the Fund requires all its farms

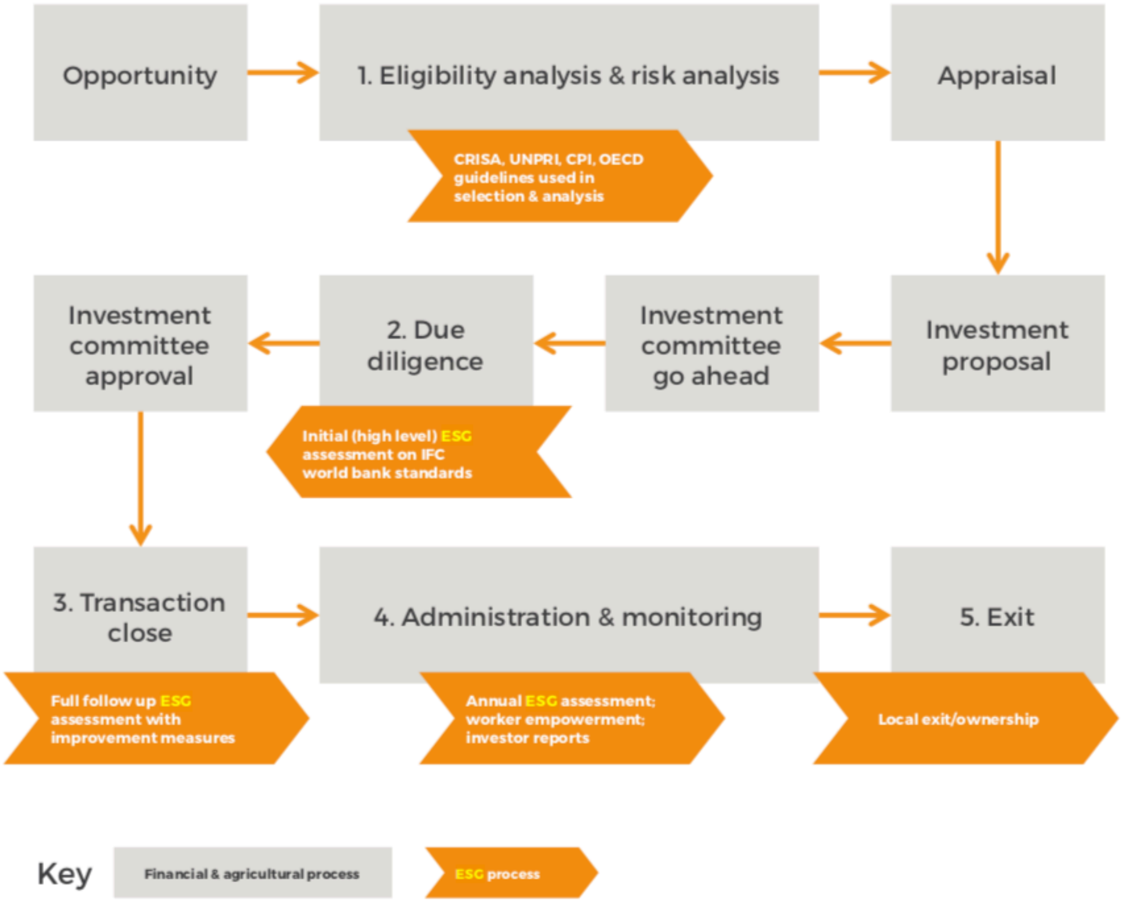


Figure 5.5: Agri-Fund Integrated Governance Process

(Source: OMIGSA 2015c)

to be Global GAP certified and claims that they operate in line with SIZA. The Fund is working to accredit its properties and pack houses to global standards set by the British Retail Consortium, which aim to harmonize food safety across the supply chain and provide protection for the end consumer. As described earlier in this chapter, the Fund also requires its operators to commit to a minimum spend on healthcare, education, and training programs for farm workers. As for the intended endpoint of all of this, the Fund suggests that its aim is to enact “meaningful” and “permanent change, rather than a tick-box approach” (OMIGSA 2017a:10). In an instance of humorous cross-messaging, SAFE meanwhile suggests that its corporate social investment programs “tick all the right boxes” (SAFE 2018g).

Without the possibility of an independent assessment, it is difficult to say how much substance there is to these ESG components. Certainly Agri-Fund reports would have us believe they are substantive, and the reports do describe some activities that may construe important advances. For example, the first Agri-Fund has expanded and upgraded housing on all of its farms – by year end 2016, FAM and UFFAAI claimed to have constructed 568 new housing units and upgraded a further 283 units. While the companies suggest that this housing will help Fund farms to attract “quality workers”, their actions run counter to larger industry trends towards downgrading services and indeed evicting farm workers (see Chapter 4). Drawing on grants from Old Mutual and FAM corporate social investment programs, the Fund has also upgraded crèches for farm workers’ children. As for training, operators have implemented adult basic education programs using local providers, in contrast to the Fund’s initial claim that these would be sourced from the Open Learning Group, where Old Mutual is invested. The Fund also introduced a custom management training program in 2016. FAM and UFFAAI claim that their efforts have resulted in 164 new permanent jobs across the four farms. With respect to healthcare, three of the first Agri-Fund’s farms have been signed on to OscaCare, the prepaid private health care program run by CareCross, another of Old Mutual’s investments. The Fund also collaborated with the Limpopo Department of Health to build a clinic on its Marble Hall farm and purchased minivans for farms where transportation to doctors or other farm amenities was an issue. Investors can track all of this (right down to the number of visits workers make to the doctor) in the Fund’s quarterly reports. Unfortunately, what the Fund doesn’t report on is farm worker wages, which are arguably one of the most effective and obvious ways to make a meaningful difference in workers' lives.

All of this reporting indicates a certain logic or mentality that is perhaps best summarized in one of the Agri-Fund's own impact reports, which quipped that "to measure is to know" (OMIGSA 2012b:11). Indeed, it seems that one of the Fund's most profound 'impacts' may be the introduction of new monitoring regimes for both its operators (and by extension farm managers) and workers. Farm managers field weekly phone calls and periodic visits from the Fund agronomist (previously employed by SAFE) and are required to submit written reports and photos on a quarterly basis. SAFE uses web- and cloud-based software to push managers on its farms to set production goals, to allow monitoring of harvests in real time, and to track the fruit all the way to delivery (SAFE 2016, 2018b). Some managers have been replaced when they were evidently not performing up to snuff. As for farm workers, a photograph in a Fund report shows them being tracked against quotas through a projection on a pack shed wall. While the Fund claims that the "system enables management to investigate and help teams who may be experiencing problems as soon as they occur" (OMIGSA 2015d:6), it is unclear that all such 'underperformance' interventions are so innocuous. All the while, SAFE insists that it eschews a "top-down management approach", rather encouraging a "culture of ownership" among both managers and staff, wherein employees can "act as they think fit, provided that they work within the broad company framework and assume full accountability for their actions" (SAFE 2018c). This is quite ironic, since it is precisely the lack of ownership of the property in question that both managers and workers have in common under the Agri-Fund model.

FAM and UFFAAI suggest that the Agri-Fund's monitoring regimes also extend to environmental measures, stating that Fund farms track water, petrol and electricity use carefully.

Operators have been trained in carbon footprinting through the 'Confronting Climate Change' initiative, sponsored by government and producer organizations in the fruit and wine industries.[181] Fund farms have undertaken both a considerable expansion of water infrastructure and improvements in water efficiency, but these efforts are mainly a response to a crippling drought in South Africa in recent years and in any case perhaps best seen as a cost-savings strategy. The Fund implements Integrated Pest Management programs as part of their Global GAP certification, but again, this is increasingly the industry standard.

In implementing this ESG programming, the FAM and UFFAAI's evident assessment is that these investments, too, will be rewarded at exit. Whether that will be the case ultimately depends on the exit strategy selected, but this may point back towards the government being an envisaged buyer, or perhaps to an intent to 'evergreen' the Funds. In the interim, the professional evaluators the Fund engages annually seem to have trouble seeing the value in certain of the vehicle's investments. For example, in early 2015 evaluators placed a lower value on the Fund's housing expansion and upgrades across all farms than had FAM and UFFAAI, who maintained their "differing opinion… that these housing facilities…are essential to the functioning of the farms" (OMIGSA 2015b:9). In the same quarter, the evaluator at NCGF suggested that the Fund had overpaid for the planting of new vineyards, which FAM and UFFAAI value at cost until they come into production. The Fund, by contrast, expressed confidence that plantings could not have been achieved at the evaluator's price, meaning that FAM and UFFAAI were unconcerned that this would degrade the value of the asset over the long term (ibid.).

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[181] See: http://www.climatefruitandwine.co.za

### 5.8.3 Agri-Fund Financial Performance and Fund Expansion

The challenges with evaluators are not the only difficulties faced by the Agri-Fund and its operators. While farm managers have sometimes achieved favourable yields, they have also struggled with a host of production problems. Over the first few years, NCGF and Marble Hall experienced regular bouts of damaging rains, hail, severe cold snaps and heavy frost, which sometimes reduced yields by 30 to 40 per cent. Piketberg, which had fewer such issues, initially offered something of a bulwark and doubtless the Fund hoped that Eshowe (acquired two years after the initial three properties) would perform similarly. However, by mid-2015 all four farms found themselves under pressure of a worsening drought, compounded by very high temperatures in the North. Culminating in water restrictions of up to 80 per cent from regional irrigation schemes, the drought induced irregular growth and dormancy patterns, low fruit set rate, reduced fruit size, sunburn, and a mysterious incidence of fruit drop on citrus properties. Despite expanding and upgrading their water infrastructure to improve irrigation efficiencies, the drought crippled Fund farms. Although such production factors bite more sharply on the operator (who carries the prime risk), by September 2017 (the last public reporting by the OMAAF SICAV) things were evidently severe enough that the Fund was making emergency interventions to ensure the "survival of the asset" (OMIGSA 2017a:6).[182] In addition to the weather, operators have also struggled with disease and pest outbreaks, including black spot at citrus properties (OMIGSA 2014a) and false codling moth at Picketberg (OMIGSA 2017b). Marble Hall,

[182] Picketberg was facing the prospect of a zero crop, and Eshowe was protected only because many of the trees had been pulled in preparation for replanting, which was put on indefinite hold (OMIGSA 2017a).

meanwhile, was troubled by pests of a larger sort when the farm sustained damages from antelope and monkeys entering from neighboring Augrabies National Park (OMIGSA 2013e).[183]

Agri-Fund operators including SAFE also face marketing pressures. For the four years spanning 2012 through 2015, the average export ratio at Marble Hall was 50 per cent, 86.5 per cent at NCGF, and 35 per cent at Piketberg.[184] Outside of South Africa, Europe remains the Fund farms' largest market, followed by the Middle and Far East. While these figures complicate claims by FAM and UFFAAI about the Fund's direct contribution to local food security, they are not out of line with industry averages – for example, statistics from FruitSA (2015) suggest that 59 per cent of the fruit produced in the country went to export markets in 2015. SAFE and other Fund operators face heavy competition from producers in South America in export markets, especially at the beginning and end of South Africa's production window (SAFE 2017c, 2018d). SAFE has been trying to gain a competitive edge by attending trade shows and stationing a manager in Europe to meet boats and buyers as shipments arrive in port. The company suggests that receivers seem to appreciate this "hands on, personal approach" (SAFE 2018e) and – using terminology that is ironic given both SAFE's relative removal from day-to-day farming and the company's apparent racial politics – that being at the "coalface" of the market allows them to provide direct feedback on current trends back to managers in South Africa (SAFE 2018f). The firm is also trying to grow markets in the Middle and Far East (including by working with an on-line retailer in China) as well as North America (SAFE 2017d, 2018d). Quality control continues

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[183] I had a face-off with a baboon from the same troop of monkeys that trouble SAFE over my own fruit bowl while staying in the park during my field work. The baboon quickly grabbed my bananas and apples, while I only managed to rescue my onions and potatoes. It was clear who was the smarter monkey.

[184] Author's calculations. Export packouts for Eshowe, the Agri-Fund's fourth farm, are harder to calculate. When the Fund acquired Eshowe, the farm was exporting 92 per cent of product, but this fell rapidly amid tree removal for replanting and the onset of drought.

to be of the “utmost importance” (SAFE 2017c), as is the traceability delivered through SAFE’s complete control over the value chain. Says Wibo van den Ende, marketing and sales director at SAFE: “Our export clients know the fruit they’re buying is not ‘anonymous’. They receive data of their fruit’s journey, and know it’s been produced, packed and distributed specifically with them in mind” (SAFE 2017e).

Through all of these challenges, the Agri-Fund’s financial performance – at least insofar as this can be tracked through the proxy of OMAAF SICAV shares – has been uninspiring. The NAV declined steadily from USD 100 in mid-2012 to USD 73.97 by December 2015 (OMIGSA 2015d:3). The main problem was the weakening rand, linked to end of quantitative easing in the USA. This dragged down the asset price even as it boosted the profitability of export-oriented farm operators and managers. The Fund suggested that such operational profitability should translate into increased farm values in the medium term. But reality has unfolded somewhat differently, due in part to the weather impacts and valuation questions noted above. After a brief period where the NAV rose, as of September 2017, it was sliding downwards again due to the growing debate about reopening the South African constitution to allow ‘expropriation without compensation’ (see Chapter 6). Since public reporting stopped at that quarter it is difficult to trace what has happened since. However, a recent news report suggests that the government’s decision to go ahead with a constitutional amendment has sanded nearly a third off of farmland values in the country (see Monteiro 2018). Although the ZAR-denominated Agri-Fund had somewhat more promising returns, it took until the end of 2016 for the Fund to reach even half of its anticipated benchmark, and it has doubtless been similarly impacted by the expropriation question.

Interestingly, the underperformance of the first Agri-Fund does not seem to have dissuaded UFFAAI and Old Mutual. In 2016, Old Mutual increased its stake in UFFAAI from 28 to 49 per cent while continuing as the parent firm to South Africa-focused FAM (Kruger 2016). As noted earlier in the chapter, the companies have launched two follow-on South African Agri-Funds: Agri-Fund 2 in 2014 and Agri-Fund 3 in 2016 (Figure 5.2). In keeping with Old Mutual's ambitions to become the leading African financial services provider, the companies have also expanded their operations beyond South Africa. In addition to the aforementioned pan-African Agri-Fund launched in 2015 the companies have founded a series of in country funds, including the Swaziland Agri-Fund in 2011 (through which they have since acquired a pineapple farm and a dairy operation), the Nigerian Agri Fund (which bought a grain and oilseeds farm)[185] and the Malawi Agri Fund in 2018 (yet to announce any acquisitions). The parties have suggested that they are working on establishing similar in country funds in Morocco, Algeria, Namibia, and a regionally focused vehicle in East Africa (spanning Ethiopia, Kenya, Tanzania, Rwanda, and Uganda) (UFFAAI 2018c). In Zambia, the companies bought two farms even though they do not have a Fund there yet. UFFAAI purports to also have deals in the pipeline in Angola, Cote d'Ivoire, Gabon, and Mozambique (ibid.). Given that SAFE has for some years been reporting that it is undertaking research in several of these countries (see for example AMSCO 2014), it seems possible that they are involved behind the scenes in at least some of these initiatives as well.

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[185] The Nigerian Agri Fund is a partnership between Old Mutual and the Nigerian Sovereign Investment Authority (a sovereign wealth fund). Both parties have made "commitments for an initial fund size of [USD] 50 million ahead of the targeted fund size of up to [USD] 200 million" (UFFAAI 2016).

## 5.9 Conclusion

Alongside my Canadian study, the machinations of FAM, UFFAAI, SAFE and Bono in South Africa offer another perspective on the origins and modalities of 'agrarian repair' projects and the specificities they may take on in a distinct national setting. The companies' tangled and overlapping activities reflect the conjoined character of corporatization and financialization in the South African commercial fruit sector following agricultural deregulation (see Chapter 4). The Agri-Fund's business model proposes to harness the growing enthusiasm for agricultural investments globally to SAFE and Bono's existing business model, prettied up and repackaged. Agri-Fund investors stand to profit on land appreciation, as well as rent from farm operator tenants and potentially interest on loans to these operators. SAFE (facilitated in some locations by Bono) stands to benefit by securing access to fruit that it can market at handsome margins overseas, as well as access to capital to expand its operations. In Old Mutual, the parties found an established brand and a reliable source of pension capital, even as they serviced their patron's interest in re-establishing and expanding its operations on the African continent. The Agri-Fund's foregrounding of the 'Africa rising' narrative pushed stories of financial market mayhem and shifting agricultural fundamentals that are commonly invoked by agricultural investment managers (including the Fund's Canadian counterparts) somewhat into the background. Yet where the Fund did deploy such stories, the plot lines and their portended capital accumulation and wealth preservation channels and functions sounded remarkably similar to those featured in tales being spun by SRC and OEF half the world away. By contrast, the capital fix contemplated by both the Agri-Fund and SAFE relied relatively more on leveraging Africa's position as a strengthening business frontier where valuable export crops could still be produced reasonably cheaply, and on South Africa's position as a gateway to the continent.

In turn, FAM and UFFAAI originally suggested that the Agri-Fund would help to advance South Africa's land reform programs, which have struggled mightily despite being an important form of redress to African communities who were 'previously disadvantaged' under colonialism and apartheid. Whether the Fund will ultimately offsell farms or interests therein to the government at the close of its holding period remains to be seen. Additionally the firms claim that they contribute to governmental goals of black economic empowerment and helping graduate emerging farmers to commercial producers. Insofar as the Fund purports to convey such empowerment to land reform beneficiaries and/or larger contingents of farm workers, they are effectively copying the earlier operations of SAFE and Bono. Here, government demands and conditionalities requiring that communities engage a strategic partner have played an important role in forcing corporate and community partners into bed with each other and test-driving the Fund's ultimate model, although communities who wish to retain their lands in commercial production may also find appeal in such partnerships.

The 'agrarian repair' project emerging from the activities of FARM, UFFAAI, SAFE and Bono in South Africa highlight the many opportunities that financial and corporate interests can command from commercial operations in the context of an active (if, as noted above, underperforming) land reform program. In addition to gaining access to land, such interests find opportunities for passing it (or alternatively interests in farms) to the government (or beneficiaries, drawing on government grants) at substantial (and potentially inflated) market values and appreciation rates. Land reform beneficiaries or the government (where the latter retains title) have evidently found themselves shorted on rent, with workers paid less than the mandated minimum wage and subject to intensifying monitoring regimes. Housing and farm infrastructure may be maintained in ill-repair, and beneficiaries apparently fail to obtain the dividends they are due. The purported partners to these communities extract sizeable marketing and management fees in addition to earnings on fruit (or other products) sold in export markets and the sizeable margin such markets convey. Land reform beneficiaries and government can be denied information about production volumes and prices obtained, hampering their ability to hold the financial and corporate partners accountable. Beneficiaries have found themselves subject to usurious loans that they have little hope of repaying, and the government drawn into financial rescues – even when the financial and corporate partners are not themselves contributing to the public purse by paying income tax. There is little indication that sufficient monitoring exists to prevent companies from gaining additional appointments from government as well as valuable industry certifications and associated premiums despite their practices. Instead, financial and corporate partners have apparently found ever more creative means of extracting value from the system – such as by engaging affiliated companies offering technical and logistics support and even privatized social services (e.g. health care). These many avenues of profit generation and revenue retention doubtless substantially pad the financial and corporate partners' bottom lines and may helping to enable the firms and their projects' survival in an intensely competitive market, such as that pertaining in fruit export in South Africa.

In my conclusion to my study in Chapter 3, I discussed how the racialized returns that SRC and OEF mobilized off of the companies purported First Nations partners in the Canadian 'agrarian repair' project depended on the latter's dual subjectivity, namely as a population centred in historic processes of colonization as well as contemporary programs of redress. Another, slightly shifted way of theorizing these subjectivities regards communities being under concurrent processes of exploitation and empowerment. In the South African project, the exploitation side is more clearly visible, but it still remains intimately dependent on the empowerment side. Without being able to legitimize their activities by claiming that they are addressing historical injustices by advancing land reform and empowering South Africa's emerging farmers, many of the opportunities and offtakes that financial and corporate interests leverage from exploitation would be far more slender, if indeed they existed at all.

In terms of profitability, the Agri-Fund has not yet yielded the returns that FAM and UFFAAI expected. SAFE and Bono's respective financial statuses are more difficult to gauge. As in Canada, the range of factors eroding the companies' returns relate to the general risks that beset agriculture, the specific demands of large scale and decentralized operations, and the particular habits of finance-gone-farming. That the companies and their agrarian repair projects have survived thus far likely relates in part to certain specificities of their structure and business model – in particular their ability to leverage land appreciation, as well as their control over the packing and export stages of the value chain. The firms in question doubtless also benefit from being in fruit, a higher margin sector than the grain and oilseeds and beef cattle production that SRC and OEF attempted in Canada. Whether the South African venture's success (or at least survival) also depends on a higher extraction rate of what I have called racialized returns is difficult to say for sure, but it certainly seems possible. In any case, the capacity for financial and corporate interests to extract such returns raises important questions about South Africa's land reform programs and whose interests they are predominantly benefitting.

# Chapter 6: From 'Agrarian Repair' to 'Reparative Capitalism'

## 6.1 Introduction: The New History

When my thoughts are muddled and sitting at my desk is not proving helpful in clarifying them, I take walks. A common destination from my home when I lived in East Vancouver was New Brighton Park, on Burrard Inlet just West of Second Narrows Bridge, where the water turns North into Indian Arm.[186] The park provides a rare stretch of grass on the working waterfront of Vancouver's Port. Next to it is a grain terminal for Viterra, the private company formed from the spoils of prairie grain co-operatives, where OEF's CEO was a board member and which purchased some of the venture's harvest (see Chapter 3). I am always interested in happenings at the terminal, where grain arrives daily in rail cars painted with the obligatory wheat sheaf, to be loaded into ocean-going bulk carrier ships. It was there that in November 2018 I observed what immediately struck me as capstone scene to my dissertation: a bulker called the 'New History' snuggled up against the elevator's wharf, its holds ready to receive the results of farmers' continuing efforts to wrest a living from an oft-inhospitable and unpredictable region (Figure 6.1). I hoped with some fervor that the 'New History' was scheduled to sail to South Africa on its voyage that evening and imagined the grain it carried finding its way to the bellies of my research participants, friends, and colleagues.[187] Africa has been 'snapping up' Canadian wheat, according to the International Grains Council (see Pratt 2018). Although Nigeria is our largest

[186] The names inscribing Vancouver's land- and waterscapes leave little doubt as to Canada's continuing settler coloniality, despite the fact that – unlike in the prairie provinces – the great majority of land in the province of British Columbia (including that underlying Vancouver) was never ceded under historical treaties.
[187] Alas, the ship was evidently bound for Japan.

customer, South Africa's purchases have been growing, especially amidst the recent drought (ibid.; see Chapter 5). Between January 2009 and December 2018 Canada shipped 1.08 million

Figure 6.1: The 'New History' filling up with prairie grain at the Viterra Cascadia Terminal, Vancouver, Canada, 10 November 2018

(Photo by author)

tonnes of grain to South Africa. In the meantime, South Africa has been working its way up Canada's top ten list of source countries for imported fruit. Ninth on the list in 2010, by 2017 it had advanced to sixth, supplying CAD 158.2 million worth of products (AAFC 2018:22). Indeed, over the course of my research, South African citrus has appeared in my neighborhood green grocers with increasing frequency, although always from SAFE's competitors, despite the company's claim that that accessing the "booming" Canadian market is one of its "highest priorities" (SAFE 2017f).

The scene at the terminal captured my imagination not only for its connection to one of my research sites. Additionally, it seemed to be the perfect visual metaphor for the 'agrarian repair' projects my research has explored and documented. 'Agrarian repair' ventures are literally freighted with the hope that tides are turning in both the agrarian economy and race relations in their respective settings, Canada and South Africa. Despite these aspirations the projects seem to be beset by intractability, delivering neither their anticipated financial nor social returns. The operations of 'agrarian repair' projects reveal the many barriers that agriculture presents to financialization: the projects' pioneering financiers experience many of the same pressures that farmers have since their settlement on capitalism's frontiers. But the projects also tell us something about the ways that racial and colonial histories can be mobilized and monetized in agricultural investment projects. More pointedly, they tell us something about the balance between change and continuity that such activities entail.

In the Canadian prairies, SRC promised investors that OEF would revolutionize the farming sector and yield record financial harvests from its mega-scale grain and oilseeds and cattle farm. The firm gained access to the growing land base that First Nations are securing through land claims settlements, promising a long-term partnership that would improve Indigenous inclusion and participation rates in commercial agriculture. The venture capitalized on the long history of dispossession, discrimination and devaluation that First Nations have experienced under settler colonialism. The government's waning support for farming and a recent turn towards new regimes of resource extraction as the solution to First Nations poverty also played a role. SRC sunk considerable shareholder capital into OEF and raised additional financing from regional agribusinesses, a First Nations-focused development finance fund and other investors. This allowed OEF to expand its operations quite rapidly over five years, engaging 16 distinct First Nations communities. But bad weather, poor management decisions, and high operational costs soon pushed the venture deeply in the red. When SRC cut their losses and restructured towards the value-added food sector, it also cut ties with its First Nations partners. The redress obtained by First Nations through the project was small at best: principally some improvement in rental revenues but none of the equity First Nations had negotiated. Employment levels fell short of job targets and training opportunities turned out to be short-lived.

In South Africa, FAM and UFFAAI launched their Agri-Fund after another failed attempt to raise capital for the operations of SAFE, a closely related fruit exporting firm. The Agri-Fund attracted support from a UN-sponsored international business program and capital commitments from several pension and employment insurance funds. The Fund manager and advisor originally planned to replicate SAFE's operations in the land reform space, which saw the latter company act as both an intermediary flipping farms to the government and a so-called strategic partner to land restitution and redistribution beneficiaries. These partnerships are an increasingly central plank of governmental efforts to develop a class of entrepreneurial farmers among those 'previously disadvantaged' by dispossession, oppression and exploitation under colonialism and the apartheid regime. Strategic partnerships attempt to use the private sector to compensate for the aggressive liberalization of South Africa's agricultural sector and the absence of post-settlement state support to land reform beneficiaries since the country's democratic transition. Relying on the credentials of its BEE partner Bono, SAFE quickly expanded its fruit supply through numerous appointments by the government. The model the firm employed seems to have resulted in strong capital gains for the company but dubious results for its community partners, who experienced many challenges related to rent, wages and working conditions, dividends, fee-taking and potentially remuneration for harvests from their supposed landholdings. It is difficult to say if the Agri-Fund will ultimately do better by farm workers or will attempt to leverage land reform programs going forward. Despite only moderate financial returns to date, FAM and UFFAAI continue to expand their operations within South Africa. Records suggest that added together, the Agri-Fund, SAFE and/or Bono have been involved on at least 66 farms to date. The Agri-Fund model is now being rolled out to other countries elsewhere on the African continent, expanding the scope for both investor profits and community pitfalls in due course.

My findings with respect to 'agrarian repair' projects generate important insights for scholars interested in processes of agrarian transition, the evolution of settler colonialism, the operation of racial capitalism, and the challenges of decolonization under liberal democracy. Below, I focus on two areas where I feel these insights are particularly rich. First, I consider what the projects can tell us about the challenges facing contemporary land claims and land reform programs, in particular in my research settings but potentially also beyond. Second, I examine what the projects might reveal about the economics of colonial and racial repair projects more generally, that is, about the operations of what I term 'reparative capitalism.' Finally, I close out the dissertation by reflecting on the continuing uncertainties facing reconciliation in Canada and South Africa, examining three issues where such uncertainties arise in each country.

## 6.2 Finance, Land and Agrarian Reform

One of the most obvious areas of scholarship that my research on 'agrarian repair' can usefully contribute to regards that focusing on contemporary land claims and land reform programs. In particular, my research points to accelerating changes in the structure and organization of commercial farming in each of Canada and South Africa, highlighting the many challenges such changes present to land programs and their intended beneficiaries. As I note in my introductory chapter, scholars have recognized the reconfiguration of such programs under neoliberalization and an attendant dilution of their political potential. However, insofar as I am aware, virtually no work has been done on the intersection of land claims or land reform and *financialization*. My research demonstrates a clear need for critical agrarian scholars to be more attuned to the shifting configurations of finance in farmland markets, commercial farming and the agro-food system more generally. In Canada and South Africa, financialization appears to be exacerbating worrisome trends: for example with respect to expanding farm sizes, climbing land prices, deepening farm debt, and the consolidation of inputs, processing, and marketing in the commercial farming sector. My studies of OEF and the Futuregrowth Agri-Fund highlight the diversity of financial actors, vehicles, and capital sources that are now active in the sector; the speed at which they have moved to mark out their territory; the extent of their experimentation when things go awry; and the complexity of the economic arrangements that may result.

While such accelerated restructuring and deepening financial imbrication poses challenges for all farmers, the historically colonized and racialized peoples that land claims and land reform are intended to benefit are differentially exposed to the fallout. In part, this is due to the substantive erosion of a once comprehensive system of state supports and subsidies for farmers, which as I have noted has corresponded quite precisely with the establishment of land programs. Additionally, such populations face institutional particularities and unique barriers when engaging in commercial farming – ranging from racism in rural communities in land markets to historical deskilling to difficulty accessing credit and markets – which in turn leave them differentially exposed to the risks that agriculture entails. In the absence of a substantive and comprehensive system of agrarian supports, land claims and reform beneficiaries who wish to engage in commercial farming face ever steepening odds, dulling still further these programs' ability to contribute to economic redistribution and agricultural deracialization.

'Agrarian repair' projects unite the expanding landholdings of these communities with capital from investors drawn to agriculture by the promise of secure accumulation and wealth preservation amidst financial market turmoil. In Canada, OEF was a relatively unique venture and since its collapse, First Nations have again faced the choice between pursuing high-risk autonomous farming and leasing out their land, usually to the white farmers and agribusinesses who still dominate the commercial sector. There is a need for more work to understand the economic choice that this entails, with attention to both the specificities of the regional setting and to First Nations' institutional particularities. How do returns off of leasing out farmland actually compare with what can be earned from crop or cattle farming over, say, a ten-year period – for a prairie resident generally and once one accounts for matters such as First Nations' difficulty accessing equitably priced financing? As I discuss in Chapter 2, farmland on the prairies has appreciated very rapidly in recent years (although such appreciation is now slowing). How do these valuation dynamics play out on First Nations held land? Can Nations reliably leverage their landholdings to increase rental revenues or ensure greater access to credit?

In South Africa, by contrast, there seems to be more relatively more concern around the possibility of communities becoming 'mere landlords' for white commercial farmer and agribusiness tenants. For example, in PLAAS' (2016:77) aforementioned diagnostic report for the government's High Level Panel, the Institute suggests that:

> "A scenario not beyond the bounds of possibility is one in which land reform beneficiaries hold reasonably secure land rights, but engage in no production at all on their own land, renting it out instead to companies for an annual fee – a 'rentier' model of land reform that would see most profits earned by economically powerful outsiders and a small, often insignificant, flow of rental income shared amongst large groups of poor people."

My research suggests that there is good reason for this concern, not least since one of the institutional particularities faced by many restitution and redistribution beneficiaries (and the government in their stead) seems to be a limited ability to collect on rent. Still, there are some who suggest that with sufficient fortification of rent-collecting capacities (for example, through more formal legal contracts) and additional measures such as job commitments, models such as 'community private partnerships' are a good option for impoverished communities (see Vumelana 2015). While PLAAS (2016) accepts that partnerships may be required in some agricultural sectors and regions (including high value commercial fruit production), the Institute suggests that the more promising opportunity rather lies in bolstering smallholder agriculture. What then is the appropriate balance between these approaches (on which, see Cousins 2016)?

Again, this is all sounding awfully economistic, and as I stated clearly in my introductory chapter there are multitudinous other reasons to support land claims and land reform programs and processes. But neither can economism be tidily disentangled from these 'extra economic' rationales. As we saw in the Canadian prairies, some First Nations perceive the ability to boost their economic self-sufficiency through the generation of 'own-source revenues' as being closely bound up with aspirations of political self-determination. Whether improved community revenues and livelihoods are understood as similarly linked to notions of political autonomy in South Africa is somewhat less clear (to this researcher, in any case). The point is, land does not function independently of the broader web of relationships (political, economic, social) in which it is enmeshed. Indigenous peoples in many parts of the world have long understood this. Perhaps agrarian political economists need to catch up and do so as well.

### 6.3 From 'Accumulation by Dispossession' to 'Accumulation by Reparations'?

Even as the structural and organizational changes wrought by financialization pose new difficulties for land claims and land reform beneficiaries as would-be commercial farmers, my research also raises another still more worrying outcome. This is that finance's agricultural turn may see it attempt to harness land programs yet more directly, which is indeed precisely what occurs in 'agrarian repair' projects. In the preceding chapters, I have argued that such projects successfully mobilize a kind of double subjectivity characterizing colonized and racialized populations in settler-colonies-turned-liberal-democracies. Although such double subjectivity takes on somewhat different forms in my two research settings, in each case it involves a simultaneous centring within historical paradigms of colonialism (deepened and extended under apartheid in South Africa, continuing in Canada) and also in contemporary regimes of reparations (including through land reform and land claims in the two countries, respectively). To better understand the interplay of these two aspects, we can look to recent thinking by political ecologists. In particular, Fairhead et al.(2012:242) note a similar duality underpinning contemporary "green grabs", arrangements that they suggest reveal a conjuncture where nature is "doubly valu[ed]...both for its use, and for its repair". My tracing of 'agrarian repair' projects suggests that similar "econom[ies] of repair" (ibid.) characterise contemporary social relationships, including those purporting to deliver redress for historical experiences of colonialism and racialization through practices of investor and corporate ecological and social 'responsibility'. Perhaps redress, reconciliation, and responsibility are the new '3Rs'?[188]

This dissertation ultimately argues that 'agrarian repair' projects turn land claims and land reform programs into a site of value appropriation and extraction for investors. In these projects, claims to be providing redress to injustices experienced under colonization and racialization are ultimately of greater service to investment managers and investors than to the populations subject to such injustices. The projects' claims to be repairing capital accumulation and valuation stalled under the financial crisis in fact overwrite their promises of delivering agricultural inclusion as a means of effective reparations, instrumentalizing the latter to the former. The result is that land claims and land reform and associated redress efforts become the site of new forms of colonial and racial appropriation. As such, reparations are effectively diverted to resubstantiating the status quo. In the end, 'agrarian repair' projects reinscribe many of the same injustices they purport to fix.

Of course, what this points to is the operation of a common capitalistic strategy of containment. Pressured by social revolt or even mere displeasure, capital responds by co-opting and neutering the oppositions of its audience and customers. Yet as my research shows, this dynamic goes beyond simple hollow symbolism: it also delivers material results. In other words, similar to ecological restoration, in 'agrarian repair' projects social reconciliation can also be made to pay – but the main beneficiaries of this function may not be the ones advertised by project proponents and supporters. While such payments may not fully offset the ventures' larger

[188] That is, a contemporary take on 'reduce, reuse, recycle'.

losses, they still demand our attention if we are to accurately understand the operation of financialized racial capitalism at the settler colonial, agrarian interface.

'Agrarian repair' projects therefore highlight the central dynamic of what I term 'reparative capitalism', whereby capitalism can incorporate its critiques – here about its colonial and racial past – as new sites of accumulation. This is indeed "responsibility to the rescue" (Clapp 2017:223), where what is being saved is corporate and financial capital as 'responsibility' for appropriate colonial and racial redress is co-opted as a source of returns. Repair effectively reinforces. In short, it turns out that what David Harvey (2004) has famously conceptualized as 'accumulation by dispossession' might, unfortunately for those who suffer(ed) because of it, be followed by 'accumulation by reparations' (and potentially more suffering). Or, in the language I used in my South Africa study, 'accumulation by empowerment' follows on 'accumulation by exploitation'. Indeed, dispossession and reparations – or exploitation and empowerment – seem to be happening simultaneously or at least contiguously at the current conjuncture, and sometimes in the very same project.

These findings have important implications for future research by critical agrarian scholars and others interested in questions of race and racialization in hitherto and continuing settler colonies. They suggest a need to consider how capital is resubstantiated through processes of political 'recognition', 'inclusion', 'redress' and 'empowerment' alongside those of 'erasure', 'exclusion', 'oppression' and 'exploitation. Similar dynamics may also beset other decolonial and race-related redress movements and projects, for example, other forms of affirmative action intended to correct racial discrimination, or even reparations against slavery. Indeed, such dynamics doubtless also operate on other axes of differentiation and marginalisation (e.g. gender, sexual orientation, ethnicity). This brings me back to a point made near the beginning of this dissertation, in my introductory chapter. There, I discussed certain resonances between 'agrarian repair' projects and the formations that Rickford (2016) calls 'corporate liberalism' and Fraser (2017) calls 'progressive liberalism'. Interestingly, both scholars frame their interventions as diagnosing formations that are on the wane. For Rickford, corporate liberalism is "crumbling before our eyes" and Fraser's very title similarly posits "the end of progressive neoliberalism". I am not sure if this next statement marks me as more optimistic or more pessimistic than the authors in question[189], but I do not think that reparativism works that way. Just like improvement can always be improved (see Li 2007), reparativism can always be repaired. In fact, perhaps the recent retrograde and frightening political events that the authors (and many of the rest of us) are so concerned about are in a sense repair repairing itself. Maybe this is capital, on its way to making money off of white – and in South Africa, black – anger, that heady mix of (often un- or underacknowledged) economic exploitation and racial animus.

While agrarian transition does not stop, a dissertation has to. There is clearly potential for additional and future research on the companies and communities my research centred through its study of 'agrarian repair' projects. But there are also other recent happenings in each of my research settings that demand scholars' attention, and which indeed may shed further light on the future of racial reconciliation at our complex, reparative conjuncture.

### 6.4 'Reconciliation Means Not Having to Say Sorry a Second Time'

The title of this, the last section of my dissertation, is taken from an interview of Cindy Blackstock, one of my hugest heroes, done by Amnesty International Canada (n.d.) sometime late in 2015. Blackstock, a member of the Gitxan Nation, is the Executive Director of the First

[189] Maybe it is both at once – my own 'double subjectivity'.

Nations Child and Family Caring Society. In that role, she brought a landmark discrimination case to the Canadian Human Rights Tribunal (CHRT) to challenge the federal government's chronic underfunding of children's services on First Nations reserves. After nine years of holdups while the government stalled and tried to have the case thrown out, Blackstock won, with the CHRT issuing its decision in February 2016. As of February 2019, the CHRT had issued seven distinct non-compliance orders against the Canadian government, who continues its atrocious underfunding practices.[190]

Blackstock's statement has always struck me as a powerful indication of how fraught the prospects of reconciliation continue to be in settler-colonies-turned-liberal-democracies. In Canada, these prospects continue to have a strongly and classically colonial and racialized tone. In South Africa, things are somewhat more complicated given the rise of a (small) black elite or entrepreneurial class. Nonetheless (as I outlined in Chapter 4) the plight of most South Africans remains largely determined by their race and (as I detail below) popular understandings of their situation are similarly racially inscribed. As Canadian Senator Murray Sinclair (2017) reminded us (Chapter 1), and as many critical scholars in South Africa certainly recognize, "apartheid is economic as well as political and legal" and "without immediate economic and social reform, the legacies of racism easily live on". In a sense this is the final commonality between my research settings: the extent to which both Canada and South Africa continue to struggle with the legacies of their colonial and racialized pasts. Below, I document three recently emergent and ongoing issues in each country, where additional scholarly work could help us to understand how we

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[190] For a helpful infographic that traces the twists and turns of the case, see: https://fncaringsociety.com/sites/default/files/chrt_infographic_web.pdf

might advance towards a truly ‘new history’ of more “respectful and healthy relationships” (TRCC 2015) between groups in each country’s rural areas.

Certainly one of the sharpest indications of continuing racial tensions in the Canadian prairies unfolded beginning in August 2016, when Colten Boushie, a 22-year-old member of the Red Pheasant First Nation (Treaty Six), was shot and killed on the farm of Gerald Stanley, a white man, near Biggar, Saskatchewan. Accounts suggest that Boushie had spent the afternoon at a local swimming hole with friends. Returning to their reserve, their vehicle got a flat tire, and they pulled on to Stanley’s farm. Minutes later Boushie was dead. The case received widespread news coverage, hate-filled comments rapidly surfaced on social media, and the Royal Canadian Mounted Police’s handling of the investigation came under sustained criticism. Commentators surmised that Boushie’s killing exposed Saskatchewan’s “racist underbelly” (Cuthand 2016), making clear the “the long way [the province still had] to go in finding…peace on issues of race” (SSPEB 2017). Stanley was tried on charges of second degree murder and acquitted by an all-white jury in February 2018.[191] First Nations, their allies and many justice-minded Canadians were shocked and disappointed. Even Jodi Wilson-Raybould (quoted in Geddes 2018), by then Canada’s Attorney General and Minister of Justice (see Chapter 1) went off script, responding to the verdict with a tweet that Canada “can and must do better”.[192] The following days and weeks saw rallies across the country. At the Vancouver gathering (Figure 6.2), which I attended, Khilselom summed up the sentiment of many First Nations attendees succinctly: “I’m not interested in reconciliation any more, that’s where I’m at. Let’s talk about justice. You give me

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[191] Visibly Indigenous people were removed from the jury pool through peremptory challenge by Stanley’s defence.
[192] Wilson-Raybould’s office was of course deluged by responses, many accusing her of interference and bias, and many others calling for an appeal of the verdict (which the Attorney General subsequently refused) and/or reform of the jury selection process.

150 years of justice, and then we can talk about reconciliation".[193] Tensions have continued to ratchet upwards in the intervening months. The Saskatchewan government recently announced new trespass legislation, which the FSIN has vowed to fight in court, arguing that it impedes First Nations' treaty rights to hunt, fish, and trap in their traditional territories.[194] Fear and distrust is palpable in the countryside. Says First Nations journalist Doug Cuthand (2019): "Our people avoid rural roads and stick to the main highways and we continue to live in two solitudes."

The Stanley trial is not the only instance where First Nations have reason to question whether their interests are well-served by the Canadian justice system. Similar questions surfaced following the Supreme Court of Canada's October 2018 release of its judgement on a case brought by the Mikisew Cree, a First Nation in Northeastern Alberta, against the federal government. The case was filed back in 2013, when the Conservatives were still in power, in response to that government's omnibus budget bills (see Chapter 3). The Mikisew asked for a

[193] The time frame specified refers to the fact that 2017 marked 150 years since Canada's Confederation.
[194] The government has suggested that the change would better protect land from the spread of agricultural disease and property damage (Taylor 2018).


Figure 6.2: Rally for Justice for Colten Boushie, Vancouver, Canada, 12 February 2018

(Photo by author)

judicial review of the legislation, arguing that it impacted their treaty rights and that the government had violated the 'honour of the Crown' in failing to consult with the Nation prior

to passing the bill. The application judge at the Federal Court agreed that the Crown should have undertaken such consultation at the development stage. The Federal Court of Appeal disagreed, saying the Federal Court did not have jurisdiction to hear the original case and that in any case courts could only hear challenges to laws that have been passed, not those being developed and debated, due to the 'separation of powers' in the Canadian constitution.[195] At the Supreme Court, the decision was split, with five judges saying the honour of the Crown was involved at the lawmaking stage, while seven suggested there was no binding duty to consult before a law was passed (see SCC 2018). The Mikisew are vowing to take their fight to international legal bodies. Former Mikisew chief Steve Courtoreille (quoted in CBC 2018) has said that there is "no hope here for [First Nations] to have any fair deals and support in this country". Lawyers weighing in on the split decision, in turn, have noted the "immense uncertainty" it creates for legislators and economic activity in Canada (Newman 2018). Some express concern that "the Court appears to be stepping away from the notion that reconciliation should take place outside the court room given that the only remedy the [majority justices] seem to recognize is after-the-fact litigation" (Evans n.d.). This places "a significant burden on already over-burdened Indigenous Nations to expend resources to secure basic protections for their

[195] According to the Supreme Court's summary of the case: "This was because Parliament, not the Crown, develops and passes law, according to the "separation of powers" in the Canadian Constitution. Separation of powers means that different branches of the state have different roles in Canada's democracy. The executive (which includes the Prime Minister and Cabinet) decides policy and implements laws (for example, by passing regulations). The legislature (Parliament) makes and passes laws. The judiciary (the courts) interprets and applies laws once they are passed. In this case, the Mikisew said the Ministers were acting in their executive roles when they introduced the laws. The government said they were acting in their legislative roles" (SCC 2018).

rights" (ibid.). Newman (2018) goes so far as to suggest that the judges effectively shirked their judicial duty to come to a clear decision about the issues put before them, which he assesses erodes the rule of law in Canada.

But the legal system had still another blow coming its way in events unfolding between January and March 2019. Understanding these events requires returning to Valentine's Day 2018 when, on the eve of the Boushie ruling, the Liberals announced plans to develop a new 'Recognition and Implementation of Indigenous Rights Framework', playing to the reconciliatory emphasis that had helped to get them elected (and which underpinned Wilson-Raybould's visit to South Africa, described in Chapter 1). The framework would allow Indigenous peoples to "pursue greater self-determination, with the ultimate goal of addressing the entrenched economic and social problems in Indigenous communities" (Tasker 2018). Couching the initiative as key to "truly renew[ing] the relationship between Canada and Indigenous peoples" (Trudeau, cited in Barrera 2018a), the government claimed to be "listening to all of the ways it could get out of the way" (Bennett, cited in Barrera 2018a). The framework announcement followed on the government's decision to split INAC into two departments: Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)[196]. The 'dream team' the Liberals established to work on the framework consisted of Wilson-Raybould, Jane Philpott (then Minister of ISC) and Carolyn Bennett (then Minister of CIRNAC). The Ministers set to work, but it soon became apparent that First Nations were not responding well to their efforts. Various groups asserted that the engagement process gathering input for the proposed legislation was woefully inadequate, and that the initiative

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[196] For his excellent critical analysis of both the historical background and purported rationale for the Liberals' decision, see Coburn (2017, 2018).

lacked transparency, was controlled by the government, and was being pushed forward far too quickly (Barrera 2018b).

By November 2018 it was clear that the Liberals would not get their prized legislation passed before the next federal election (fixed for October 2019) (Barrera 2019c) The framework fiasco elevated tensions heading into 2019. In January, Prime Minister Justin Trudeau shuffled his cabinet, moving Philpott from CIRNAC to the Treasury Board presidency to fill a resignation. Wilson-Raybould was moved from Justice to Veterans Affairs, which many First Nations and progressive Canadians saw as a demotion and as further proof that the Liberals' commitment to reconciliation was superficial at best. Things went further off the rails when, in February 2019, Wilson-Raybould resigned from Cabinet, after a national newspaper reported that Trudeau's aides had pressed her to intervene in the prosecution of Montreal-based engineering firm SNC Lavalin over bribery allegations. In the weeks since, Wilson-Raybould has appeared before the House of Commons Justice Committee where she outlined "consistent and sustained" interference from the Prime Minister's office (Wilson-Raybould, quoted in Fife and Chase 2019). Trudeau continues to assert no wrongdoing despite speculation at one point that he would offer a 'statement of contrition' on the matter (Cochrane 2019). Trudeau's top aide quit, evidently trying to take some of the heat for his boss. Then Philpott (2019) stunned the nation by resigning Cabinet and her Treasury Board posting, stating that she had "lost confidence in how the government had dealt with [the SNC Lavalin] matter". The controversy appears to be hitting the Liberals hard in opinion polls. Still another domino fell when Member of Parliament Celina Caesar-Chavannes disclosed that Trudeau had angrily demanded that she delay announcing her own decision not to seek re-election out of concern about the optics of having two women of colour leaving at the same time (CBC 2019). She subsequently quit the Liberal Caucus. In the interim, it has also come out that Wilson-Raybould was offered the post of Minister of ISC in the January cabinet shuffle but refused it, saying she didn't want to play "Indian Agent" to her own people (Barrera 2019a). Mary Ellen Turpel-Lafond (quoted in Barrera 2019b), a member of the Muskeg Lake Cree Nation and current director of UBC's Indian Residential School History and Dialogue Centre, suggested that the ask was "not only inappropriate, it [was] deeply humiliating". As she put it,"[i]t would be akin to asking Nelson Mandela to administer apartheid" (ibid.).

In the meantime, Canada is not the only nation struggling with public consultation around policy development. In South Africa, the ANC passed the *Restitution of Land Rights Amendment Act* in July 2014, re-opening the land claims process for a lodgement period of five years (the original process closed in 1998, see Chapter 4). Gugile Nkwinti, then Minister of DRDLR (quoted in Makinana 2014), suggested that the government was 'heeding the cries' of those who had not claimed in the earlier period.[197] The passing of the new *Act* was hugely controversial. Existing farmers said that it would push them off the land and compromise national food security (ibid.). Critical scholars and activists suggested that it would result in overlapping and competing claims, upending earlier settlements and interrupting claims from the original process which were not yet resolved (Cousins et al. 2014). Neither was it clear that the Act would meaningfully reform the racially skewed nature of land ownership in South Africa, since early filings suggested a preference for cash compensation among claimants and since the continuing lack of post-settlement support could hamper those who did obtain land (ibid.). In any case, the

[197] An impact assessment commissioned by the DRDLR estimated that 397,000 new claims would be lodged, requiring a potential outlay of ZAR 130 to 179 billion (Cousins *et al*. 2014). Cousins *et al*. (2014) suggested that at current rates of settlement, it would take 144 years to resolve all the projected claims, possibly longer if declining restitution budgets were not reversed.

discontent led LAMOSA, the land rights NGO mentioned at the beginning of Chapter 4, to file a case regarding the *Act* with the Constitutional Court (Concourt) which in July 2016 ruled that the government's consultation around the legislation had been insufficient. The 153,000 new claims that had been filed by the judgement (more than twice the 80,000 filed in the original process) were frozen. The ANC subsequently redrafted the legislation, reintroduced it in the National Assembly through a Private Members' Bill in April 2017 and undertook countrywide public consultation hearings in 2018. In November, Parliament asked the Concourt for more time to finalize the bill, having missed its original deadline. LAMOSA opposed this extension request arguing that, once again, there appeared to be insufficient time for proper process to be followed (Mahlakoana 2018). The Concourt's judgement remains in reserve.

Alongside the questions over restitution, scandals related to land redistribution regularly roil the news. One of the biggest ones recently relates to the so-called Vrede Dairy Farm in the Free State province. Framed as a public-private partnership, the project saw the provincial Department of Agriculture grant a 99-year lease on a 4400 hectare farm to Estina, a BEE company, rent-free. The supposed intent was to develop a 'state of the art' integrated dairy, and between 2013 and 2016 the Free State government directed more than ZAR 200 million toward the venture (Bendile 2018). But investigative journalists soon linked Estina to the Gupta family, a trio of three, Indian-born brothers who had moved to South Africa in 1993 and established a spread of media, mining, and computing businesses (see AmaBhungane Reporters 2013; Sole et al 2014). Over the coming years, it came out that the Vrede arrangement had violated Treasury rules yet following an initial investigation the Public Protector did not prosecute the senior officials widely seen as responsible (see Pather 2018; another investigation is currently underway). In 2018 the National Prosecuting Authority seized the farm and associated funds

(Bendile 2018). But the Vrede scandal was only on sign of the Guptas' coziness with Jacob Zuma's presidency. Several public officials have since reported being offered ministerial jobs and bribes by the brothers, who were also granted special privileges, raising widespread concern about 'state capture' (TMG Digital 2016; Staff Reporter 2017).[198] Trying to get out from under the public spotlight, the Guptas engaged Bell Pottinger, the famous British public relations firm, and set about creating a diversionary tactic (Cave 2017; Segal 2018). Bell Pottinger was initially asked to create campaign around 'economic emancipation' but was soon redirected to monitoring public opinion over the Gupta family's activities (Segal 2018). Working from India, the family then appears to have set up a system of twitter bots and social media sites promulgating a highly divisive narrative that Africans' continuing deprivation resulted from 'white monopoly capital'. Such narrative proved to have wide populist appeal and was soon being taken up by radical groups, generating what some have described as the worst racial tensions in the country since apartheid (ibid.). Once parties had linked Bell Pottinger to the Guptas activities, the company's executives and clients started bailing, effectively sinking the firm. The controversy contributed to the ANC's decision to force Zuma out of office in February 2018. A commission of inquiry into state capture, corruption and fraud in the public sector (the Zondo Commission) was initiated in January 2018 and remains underway.[199]

[198] One such special privilege was that the Guptas were allowed to land their private jet ferrying 200 passengers to a niece's lavish Sun City wedding at a nearby Air Force base that was closed to commercial traffic in 2013. It later came out that ZAR 30 million that had been earmarked for the Vrede dairy project had rather been siphoned off to pay for that wedding (see Herman 2018). Five years later, Canadian taxpayers were in a flap after the Guptas turned off the tracking device on a new plane purchased with a USD 41 million loan provided by the federal government's export bank, Export Development Canada (EDC), to assist the family in purchasing a Canadian-made, USD 52 million Bombardier jet (York 2018). A judge in Johannesburg ordered the Guptas to ground the plane after EDC filed a complaint saying the brothers had violated one of the conditionalities of the loan (ibid.).
[199] See: https://www.sastatecapture.org.za.

Continuing populist pressure means that neither has South Africa's new president, Cyril Ramaphosa, had an easy time around questions of race and land ownership. Under the boot of the EFF (see Chapter 4), in December 2017 (the second to last month of Zuma's rule) the ANC passed a resolution at its annual conference to examine the matter of expropriation without compensation as a means of fast-tracking land reform. The ANC then supported an EFF motion on the matter in February 2018 (Madia 2018). Parliament established a Joint Constitutional Review Committee which held hearings on reopening the Constitution to more explicitly address the issue. One can only imagine that civil society organizations, activists, and impacted communities have barely slept in recent months since the Review Committee's hearings happened contemporaneously with those on the new Restitution Act and were immediately followed by those for the Zondo Commission. In August 2018 Ramaphosa announced that the ANC would support a Constitutional amendment and the National Assembly officially adopted the Committee's report in December 2018 (de Wet 2018; Makinana 2018). Parliament published a draft Expropriation Bill for public comment later that month. Critical scholars suggest that while the amendments being considered are not likely to make a pragmatic difference in facilitating land reform, they may send a valuable political signal.[200] Faced with having to reassure the business community, Ramaphosa is stressing that South Africa's new twist on land reform will only "enhance the country's economic capacity and improve its attractiveness as an investment destination" (ANA 2018). Indeed, this was his key speaking point during a two week visit to Canada in September 2018, when he identified this country as an important source of "partnership and collaboration" for South Africa (in particular with regards to mining), meeting

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[200] As Hall (2018:3) points out, the slow pace of transformation "has nothing to do with the Constitution; it has been a political choice to dismantle land reform over the past 10 years."

business executives and financiers to reaffirm that South Africa remained "ripe for investment" (ibid.).[201]

[201] In a queue at a Cape Town coffee shop, a stranger once remarked on my "North American accent". When I thanked him for his unusual diplomacy, he grinned and disclosed that he worked for a Canadian mining firm.

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