

AGRICULTURAL RESTRUCTURING STRATEGIES

The add related to this article runs as follows:

Are you wondering how to deal with the any of the following Scenario's?

1. 1. Land Reform Legislation (30% of your property by 2009)
2. 2. Land Claim against your property
3. 3. Black Empowerment Policy for the Agricultural Sector
4. 4. Proposed Affirmative Action / Equity Legislation regarding management of your farm
5. 5. Devaluation of your land by Government Policy and major financing institutions
6. 6. Having trouble with the banks?
7. 7. Having trouble selling your property?

- † Deal with these issues now by installing a proper strategic plan before these issues develop into major problems.
- † Our strategic plan will produce a properly structured and controlled Agricultural Restructuring Strategy.
- † This could involve a Management Buy In / Out, BEE expansion initiative or a Willing Buyer Willing Seller Strategy.
- † Contingency planning.
- † For more detail see [..Web Page Izak\ARS.htm](http://www.izak.co.za/ARS.htm)

Costs

1. Costs of travel to and from your operation
2. An assessment fee of R 3,000.00
3. Followed by a quote made up of: -
 - a. Anticipated expenses - paid prior to being incurred.
 - b. Construction Costs - paid as incurred
 - c. Commissions earned on the successful implementation of the plan.

**Call Dr. Izak Labuschagne
on (073) 1 5678 25 For an Appointment**

As a Strategic Planner he has been:

Involved with some of the Largest Land reform projects in South Africa.

He has lectured extensively on the subject in the context of SADC and NEPAD. See

<http://www.natgrowth.co.za/0%20Natgrowth%2000%20Aug%2014%2007%2004%20.doc>

Is a leading critic of the clandestine aspects of the Program. See

<http://www.izak.co.za/Full%20and%20Frank%20Disclosure%20of%20Investment%20Risk.htm>

The article proper starts on the next page.

The fact of the matter is that restructuring of some form or another is inevitable for all white farmers in South Africa.

The sooner you do it the better.

The hard facts

If one would be brave enough to get a proper perspective about where things are headed throughout Africa and if one would be honest with one-self, the situation in South Africa regarding Land Restitution and Land reform in general, can be summed up as follows:

Land Claims

1. Most people do not have a clue what the real extent of land claims are at present. If they did they would understand why property prices are dropping so fast.
2. A successful land claim will without any doubt result in them being paid well below market value for their farm.

Revaluation of land

3. Agricultural land is being devalued by the Land Claim / Land Reform process, as well as the other strategies of the state that are afoot at this time.
4. What is more is that this process is being supported and underwritten by the major financiers in the agricultural sector.

Hedging

5. Farmers who tried to hedge their operational investments with a tourism-related development like a guesthouse, hunting lodge or such like are now faced with the Tourism BEE Charter.
6. According to this charter what used to be a family home or farm will become a business in which majority black control will progressively be implemented.

Agri BEE charter

7. The Agri Bee Charter is quite obviously also progressively headed toward wresting management and eventually fiscal control from the farmers and handing it to the farm workers. It is really quite amazing to every analyst abroad, that people still fall for the mind numbing propaganda that there is nothing to fear.

Price regime restructuring

8. Prices for agricultural produce are about as heavily manipulated now as they have ever been, what with SAFEX syndicated trading, statutory board price fixings and manipulations and so.

Multiple statutory encumbrances

9. The agricultural sector is being subjected to a system of progressively more punitive statutorily required fiscal drains and taxes. As a result the performance demographics and ROI's are sinking well below what the financial institutions could hope to continue supporting at present levels.

Punitive foreclosures

10. If people knew at what rate their fellows were being foreclosed they would start to panic.

There is a lot more. I don't think it is necessary to go on.

The options

Denial

One can be a frog in a bucket, which is standing on a fire that feels the heat and jumps out. Or, one can be one of the many that enjoy the hot bath, fall asleep and get cooked. Just like all the many others (latest - Zimbabwe) that were fooled into thinking it would never happen to them. This, of course, is the well-established earmark of Africa's sadly repetitive history.

Exit the trap

How? You ask.

1. Well, one can buy land for much cheaper in a neighbouring country that does not have such draconian land reform policies and carry on farming there.
 - 1.1. Some of them provide massive incentives for such Foreign Direct Investors (FDI) and there is a lot of funding available to people who would like to help start and mentor Community Development Projects in the agricultural sector.
 - 1.2. Those that are doing this are better off than ever before. Most of them are flying their own planes right now, - all over Africa. Makes you think, doesn't it.

OK, so who is going to buy my grossly devalued farm? Anyway there is probably a land claim against it.

Restructuring

1. But your buyer has already identified himself. The land-claimant. If there is no claimant, the government has identified him for you. Your workers that are going to be part of the BEE process. Why fight the inevitable?
2. Now, did you know that provided there is a **properly developed project** supporting a Management Buy Out (MBO) of your property, there are several institutions that will gladly come alongside your workers.
 - 2.1. A project that will enhance the margins of your operation by introducing better technology and value-adding infrastructure to your existing production is one that will throw the triggers on sustainability to the point where institutions that have been waiting for serious projects like that, will throw their money at it. Especially if you ensure inclusion of the following aspects as well.
 - 2.1.1. The exploitation and supply of independent and/or niche markets, either within, in addition to or outside your current scope of operations.
 - 2.1.2. A properly integrated legal regime that is able to develop through a period of mentoring toward proper and realistic mileposts, and in the end, a smooth hand-over of operations.
 - 2.1.3. The necessary guarantees, indemnities and insurances to underwrite the whole thing.
 - 2.2. Accessing the many grant funds, perks and incentives that most farmers are blissfully unaware of, when engaging along this path.
 - 2.3. Installing a strategic plan that will ensure that the mentor's financial planning in respect of what he does afterwards is sound.
3. There are many other aspects to a successful MBO. We will not bore you with intricacies. We are the experts and will guide you through the process in tailor made fashion.

What do I get out of this?

1. 75% of your property's MBO sale price money up front. And that is more than you will get in total from the land claim process.
2. 26% when the mentoring mileposts have been met. Usually after 5 years
3. You keep living on your farm as usual, until paid out. Excepting that now; -

- 3.1.1. You are earning an income from the 75% you just invested elsewhere.
- 3.1.2. You are on a salary for mentoring.
- 3.1.3. And you receive 26% of the profits of the operation.

What happens to the other 75%?

- 1. Some is distributed to the workers, who are now shareholders in their company and therefore have far more incentive to learn and earn.
- 2. The rest goes to their financiers until the loans are repaid. Remember that the financier normally comprises of a large BEE financing institution that closely monitors the whole process. All parties are therefore well protected.

Why would my workers do this rather than just wait for the state to get them the land?

- 1. Because they want to make a success and not form part of the 100% statistic of government instituted and failed Land Reform projects to date.
- 2. Because they will end up with a far better operation than one that was abandoned by an operator who felt robbed of his true value.
- 3. Because the fiscal control demanded by the financing institution and your mentoring will have them driving the vehicles that they aspire to sooner than those who are just out to be land claimant activists with a hostile and negative attitude all round.
- 4. Because they will be able to access the usual government grants for land claims or land reform in any event excepting that this way their operation is not interfered with by government officials who spend most their time trying to justify their salaries with endless committee meetings earmarked by the sowing of discourse and discontent between all the party's instead of reaping the rewards of crops sown when the time was right.

Can you see what just happened here?

You have just gone from being a farmer who was so frightened at what is going on that he was too scared to admit it, to someone who has managed to exploit the very system that was threatening him, has risen above the situation and has turned into a businessman with completely new and wider horizons.

My grandfather was one of the Superfine Wool, Wool Barons of this country and known as *the brain of the Transvaal* in his time. He used to say: -

Don't get stuck in the grass, fleeing insects and veldt fires. Climb a tree, a mountain or take a balloon. Just get some perspective. That way you will also get some direction.

It was then, and still is now, excellent advice, - if not the best there is.

We implore you to take that advice.

OK How do I get this all started?

1. Contact Dr. Izak Labuschagne at the details given below.
2. You will need to cover his costs for coming to your operation as well as his assessment fee which is R 3,000.00
3. This will be followed by a quote made up of: -
 - 3.1. Anticipated expenses - paid prior to being incurred.
 - 3.2. MBO Construction Costs - paid as incurred
 - 3.3. Commissions earned on the successful implementation of the MBO.

Contact details

Dr. Izak Labuschagne
P O Box 412
Mtunzini, 3876
KZN, South Africa
Mobile +27 73 1 5678 25
E-mail izak@izak.co.za
Web Page www.izak.co.za