Farmland transfers in KwaZulu-Natal, 1997-2003: A focus on land redistribution including restitution

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Abstract

Census surveys of land transactions show that 203,300 hectares of KwaZulu-Natal's commercial farmland transferred to previously disadvantaged South Africans over the period 1997-2003. This represents 3.8 per cent of the farmland originally available for redistribution in 1994. The annual rate of land redistribution in the province fell from a peak of 1.06 per cent in 2002 to 0.41 per cent in 2003, following an increase in the real price of farmland. Transactions financed only with government grants accounted for almost one-half of the redistributed farmland. However, the quality of farmland financed with grants awarded under government's land redistribution programme was poor relative to that financed privately. The LRAD programme introduced in 2001 improved government's contribution to land reform, attracting private capital and expertise into the process. Unfortunately, the number of transactions financed with a combination of LRAD grants and mortgage loans fell from 14 in 2002 to just six in 2003. It is recommended that all reputable banks (and not just the Land Bank) should be allowed to approve LRAD grants for eligible clients. Previously disadvantaged women gained less land, and much less land wealth, than did their male counterparts. Somewhat surprisingly, women were well represented in transactions financed by Ithala Finance and Investment Corporation to establish emerging sugarcane farmers. However, the same was not true of clients financed by the Land Bank.

1. Introduction

The main purpose of this paper is to inform the land reform debate in South Africa by providing objective information about the redistribution of commercial farmland in KwaZulu-Natal (KZN). Researchers at the University of KwaZulu-Natal have monitored both private and government-financed farmland transactions since 1997. This study augments an earlier analysis of Transfer Deeds recorded for commercial farmland in KZN from 1997 to 2001 (Lyne & Darroch, 2003:74-81). Apart from extending this earlier work to examine the impact of government's Land Redistribution for Agricultural Development (LRAD) programme after its introduction in August 2001, this

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study also enriches the data by separating farmland transactions financed only with government grants into two categories: Those administered by government in terms of its land redistribution programme, and those concluded under its land restitution programme.

The report is structured as follows: Section 2 gives an overview of the process used to identify land transactions that transferred ownership from previously advantaged to previously disadvantaged people. Section 3 traces the rate of land redistribution in KZN from 1997 to 2003, while section 4 highlights differences in the size and quality of farms acquired by previously advantaged and disadvantaged people. Sections 5 and 6 compare the relative effectiveness of public and private efforts to redistribute farmland in KZN. These comparisons are based on the area and value of land transferred, broken down by year, mode of transfer (including land restitution) and, in section 6, by the gender of new entrants. The report concludes with some policy suggestions intended to help government meet its goal of redistributing farmland in ways that promote political stability and economic growth.

2. Data sources

Data for the study were drawn from annual census surveys of Transfer Deeds recorded for commercial farmland in KwaZulu-Natal from 1997 to 2003. Lyne and Darroch (2003:74-81) previously analysed data from 1997–2001 census surveys. Following their approach, rural land transactions recorded by the Deeds Registry in Pietermaritzburg were filtered and stratified by race, gender and mode of land acquisition (see Figure 1)[2]. Under the filtration process, all transactions listed separately by the Deeds Registry for each subdivision of land, but acquired by the same owner, were consolidated. Then all transactions involving areas smaller than one hectare and those with per hectare prices exceeding that commanded by the best quality agricultural land in KwaZulu-Natal (R45,000 in 2003) were removed in an attempt to exclude transfers of rural land to residential and industrial uses.

Transactions involving land transfers from one formerly disadvantaged owner to another were removed unless the land transferred from males to females. The remaining farmland transfers were then classified as 'advantaged to advantaged', 'advantaged to disadvantaged' and 'disadvantaged to advantaged' based on the race and gender of the previous and new owners.

[2] *The stratification applied to the 1997-2001 census surveys (Graham & Lyne, 1999) was modified in 2002-2003 to account for the introduction of land transfers financed with a combination of LRAD grants and mortgage loans, and to distinguish between grants awarded under government's restitution and redistribution programmes.*

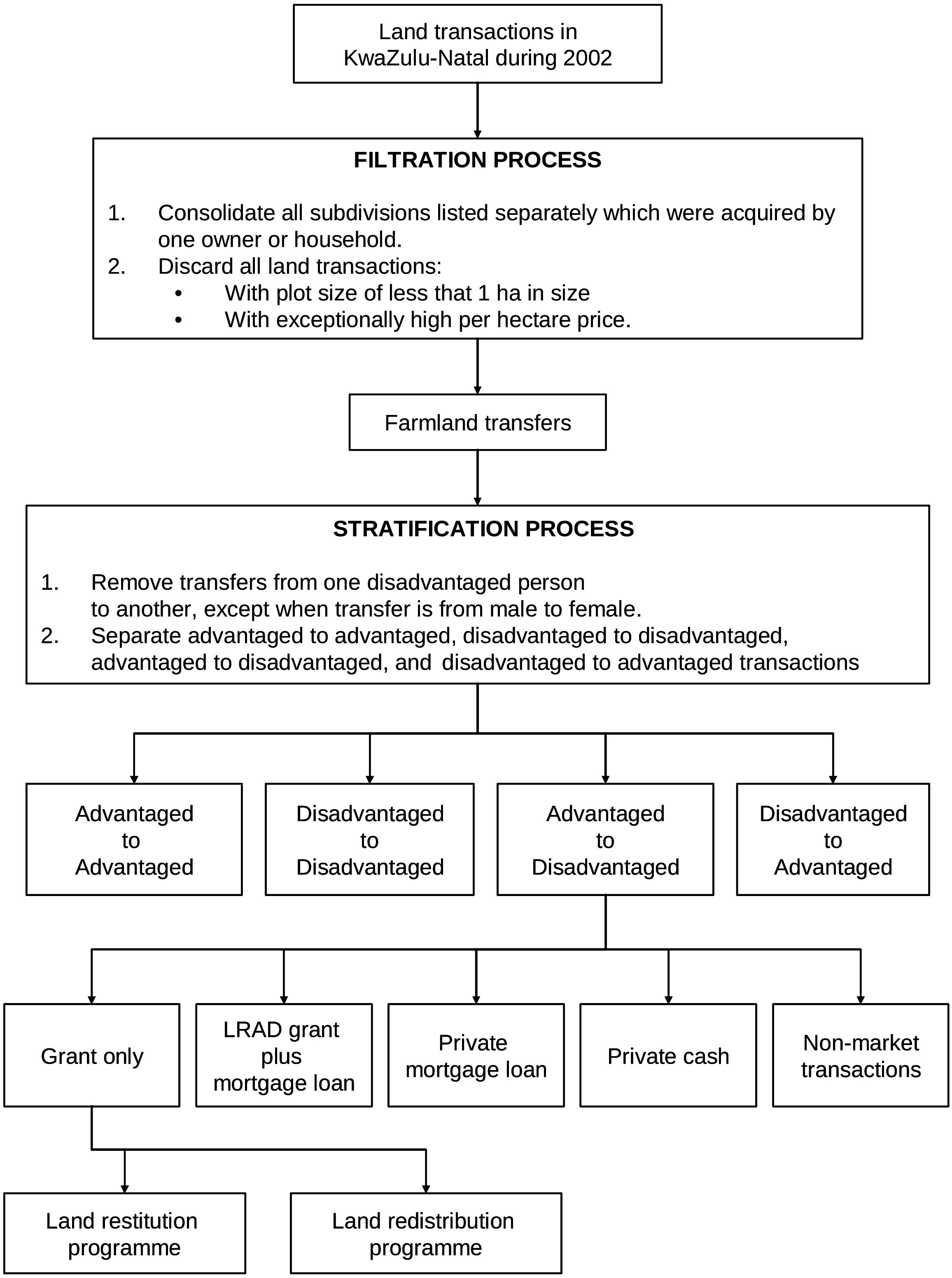

Figure 1: Filtration and stratification of land transaction census data in KwaZulu-Natal, 1997-2003

The 'advantaged to disadvantaged' transactions were categorised into five strata according to mode of land acquisition, namely **grant only**[3], **LRAD grant plus mortgage loan, mortgage financed, cash** purchases and **non-market** transfers. Cases assigned to the grant only stratum were then subdivided into two groups: Those administered by government in terms of its (willing buyer–willing seller) land **redistribution** programme, and those concluded under its land **restitution** programme. This distinction between programmes would not have been possible without substantial assistance from the Department of Land Affairs (Hoole, 2005).

The term 'advantaged' refers to natural and juristic[4] persons that had the right to transact in land prior to 1994 (i.e. whites, government departments and white-owned corporate entities). The 'disadvantaged' group comprises of those persons excluded from land markets because of racial segregation (i.e. blacks, Indians and coloureds). In addition, transfers from previously disadvantaged men to previously disadvantaged women were retained within the previously disadvantaged category so that the definition of 'disadvantaged' refers to all individuals who were previously excluded from land markets because of racial and, to some extent, gender segregation. This process is not entirely accurate because race and gender are established primarily on the basis of the names of the parties transacting farmland. As a result, the true annual rate of land redistribution in KwaZulu-Natal may be understated.

3. The rate of land redistribution

The total area of all farmland transferred to new owners in KwaZulu-Natal annually during 1997-2003 is presented in Table 1. At the time of South Africa's political democratisation in 1994 there were some 5.3 million hectares of land available for redistribution in KwaZulu-Natal (Lyne & Darroch, 2003:75) comprised of commercial farmland and state-owned land, including public protected nature conservation areas. It is estimated that 2,384,009 hectares (or 45 per cent) of this land transferred to new owners (advantaged <u>and</u> disadvantaged groups) over the seven-year period 1997-2003. The area of farmland transacted during 2003 was about one-third less than the average area transacted over each of the preceding six years. This decline coincides with a real increase in farmland prices that may have made farmland less affordable, particularly to previously disadvantaged people. Analysis of the data gathered for this study indicates that the real per hectare price of <u>all</u> farmland purchased in KwaZulu-Natal increased by 27 per cent from 2002 to 2003.

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[3] *'Grant only' refers to land transfers financed partially or entirely with government SLAG or LRAD grants but without mortgage loan finance.*
[4] *A juristic person is a corporate entity representing the interests of one or more parties.*

Table 1: Estimated net annual rates of farmland redistribution in KwaZulu-Natal, 1997-2003

Study year	1997-2000	2001	2002	2003
1. Area of farmland originally available for redistribution (Ha)	5,308,559	5,308,559	5,308,559	5,308,559
2. Area of land transacted (Ha)	1,583,749	267,233	311,229	221,798
3. Area of farmland acquired by the disadvantaged from the advantaged (Ha)	91,160	27,324	57,770	24,046
4. Area of farmland acquired by the advantaged from the disadvantaged (Ha)	-	-	1,454	2,238
5. Net annual rate of redistribution (%) ([(3-4)/1] * 100)	0.44	0.54	1.06	0.41
6 Net cumulative share of farmland redistributed (%)	1.78	2.32	3.38	3.79

The net annual rate of farmland redistribution was computed by expressing the area acquired by disadvantaged entrants less the area acquired by advantaged buyers from disadvantaged sellers as a percentage of the area originally available for redistribution. Trends in the rate of land redistribution are illustrated in Figure 2. Transfers to previously disadvantaged South Africans accounted for 203,300 hectares representing about 8.4 per cent of total farmland transferred, or 3.8 per cent of the 5.3 million hectares originally available for redistribution.

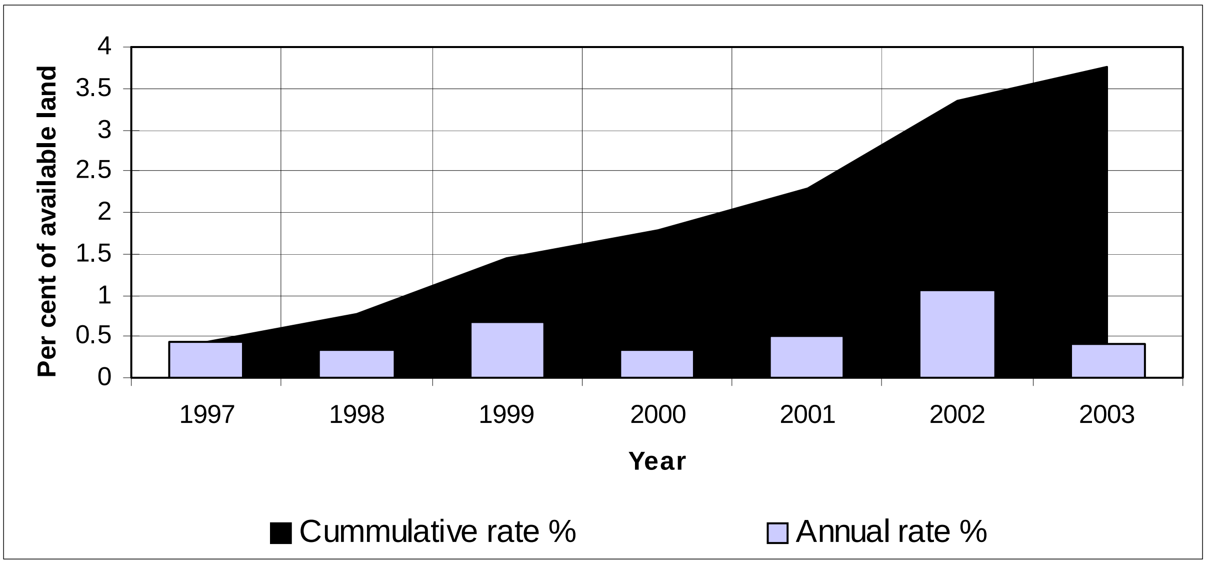

Figure 2: Estimated net annual and cumulative rates of farmland redistribution to previously disadvantaged owners in KwaZulu-Natal, 1997-2003

The net annual rate of farmland redistribution increased to its highest level of 1.06 per cent in 2002 following a promising start by the LRAD programme in August 2001. During 2003 the net rate of land redistribution fell sharply to a level below the average rate observed during 1997-2001. This fall exceeded the slump in the total area of farmland traded within the province during 2003, possibly emphasising the disproportionate effect of rising land prices on buyers who are relatively poor and a decline in the value of LRAD grants relative to land prices. These issues are explored further in section 5. In KwaZulu-Natal, farmland will have to redistribute at an average rate of 2.6 per cent per annum from 2004 to 2014 in order to reach government's target level of 30 per cent by 2014.

4. Characteristics of farmland acquired by advantaged and disadvantaged owners

Table 2 compares the mean area of all farms, and the mean price of all purchased farms, acquired by previously advantaged and disadvantaged people in KwaZulu-Natal over the period 1997-2003. The Table also compares the weighted price of land purchased by members of these groups. All prices are expressed in real terms using 2000 as the base year. The t-values test for differences in the mean characteristics of farms acquired by advantaged and disadvantaged owners.

Although farms acquired by advantaged owners have been larger in both area and market value than those acquired by disadvantaged owners, the gap in mean farm area has closed with no statistically significant differences observed in either 2002 or 2003. The same is not true of mean market values. The result has been growing divergence in the quality of farmland (approximated using weighted real price per hectare) purchased by the two groups since 2000. Reasons for this disappointing finding are discussed in section 5.

Table 2: Characteristics of farmland acquired by previously advantaged and disadvantaged owners in KwaZulu-Natal, 1997-2003 (at constant 2000 prices)

Farm characteristic	Year	Advantaged	Disadvantaged	t-value
Mean farm area (Ha) for all farms transacted	1997	365	125	3.6***
	1998	1,007	100	2.4**
	1999	287	114	6.7***
	2000	268	109	5.7***
	2001	294	179	3.8***
	2002	329	310	0.5
	2003	283	233	1.3
Mean real price (R) for all farms purchased	1997	1,193,882	532,775	1.4
	1998	754,373	318,086	4.4**
	1999	879,400	312,339	3.4***
	2000	638,808	355,668	3.6***
	2001	652,318	382,006	3.3***
	2002	649,084	445,869	2.8***
	2003	723,926	309,418	6.2***
Weighted real land price (R/Ha) for all farms purchased	1997	2,554	2,796	
	1998	1,442	1,791	
	1999	2,761	1,678	
	2000	2,337	2,326	
	2001	1,993	1,660	
	2002	2,006	1,268	
	2003	2,470	1,135	

Note: *** and ** denote statistical significance at the 1 and 5 per cent level of probability, respectively.

5. Modes of land redistribution

Modes of land redistribution identified in the 1997-2001 census surveys included government grant-assisted land purchases, private purchases (mortgage loan and cash), and non-market transfers (bequests and donations). In addition to these modes, the 2002 and 2003 census surveys account for; (a) the introduction of government's LRAD programme by distinguishing between transactions financed with grants but without a mortgage loan ('grant only') and those financed with a combination of LRAD grants and mortgage loans, and (b) differences between transactions financed with grants awarded in terms of government's land restitution and land redistribution programmes. Table 3 compares characteristics of farmland acquired by disadvantaged owners for each mode of land redistribution during 1997-2003. Figures 3, 4, 5 and 6 illustrate how these characteristics have varied within the study period.

All financial values in Table 3 and in Figures 5 and 6 are expressed in constant 2000 prices.

Table 3: Characteristics of farmland acquired by disadvantaged owners by mode of redistribution in KwaZulu-Natal, 1997-2003 (constant 2000 prices)

Farmland Characteristic	Grant only		LRAD plus Mortgage loan	Private mortgage loan	Private cash	Private non-market	Total
	Restitu-tion	Redistri-bution					
Number of transactions	43	146	20	215	364	481	1,269
Total area of land (Ha)	20,926	74,671	5,905	41,188	41,108	19,502	203,300
Total market value of land (R million)	23.81	54.47	16.58	150.35	58.19		303.40
Mean area of farmland transacted (Ha)	487	515	295	192	114	41	
Weighted mean farmland price (R/Ha)	1,198	734	2,809	3,651	1,396		

Although transactions financed only with government grants accounted for 47 per cent of the redistributed land, these transfers involved land of poor agricultural quality relative to private purchases. In particular, farms transferred via government's redistribution programme have a weighted mean price of just R734 per hectare, indicating land devoid of cropping potential. It was anticipated that this situation would change in 2002 following the introduction of LRAD, but improvements in the quality of farmland financed with government grants occurred only where LRAD grants were combined with mortgage loans secured by individual buyers.

Prior to 2002, beneficiaries of both the land restitution and land redistribution programmes were awarded Settlement/Land Acquisition Grants (SLAG) to purchase commercial farms. SLAG beneficiaries were means tested and, being extremely poor, had to pool their meagre grants (R16,000 per beneficiary household) to purchase a farm. In most cases, farms financed with grants and settled by groups (of up to 500 households) were much too small to support all of the beneficiaries as full-time farmers. In addition, members of these groups lacked incentives to invest in collective farming ventures owing to free-rider problems embedded in the community land trusts and communal property associations that were established to represent their interests in the land (Lyne & Darroch, 2003:72). Given this flawed institutional environment, it was rational for groups purchasing farms under government's redistribution programme to buy large areas of 'cheap' land (R734 per hectare) for residential and grazing purposes, rather than small areas of high quality cropland. Restitution claims, on the other hand, cut across farmland of both good and poor agricultural quality (weighted mean price of R1,198 per hectare).

LRAD grants differ from SLAG in one major respect: beneficiaries do not have to be poor to qualify for the basic grant of R20,000 - and those who have more savings and who can raise bigger loans to finance their farms qualify for successively larger LRAD grants. A beneficiary must inject equity and debt capital totalling at least R400,000 to qualify for a maximum grant of R100,000 (Ministry of Agriculture and Land Affairs, 2001:8). This combination of LRAD grants and mortgage loans accounted for six per cent of the total area acquired by previously disadvantaged owners in 2002, and ten per cent in 2003. Twenty farms were acquired using combined grant and loan finance, transferring 5,905 hectares with a market value of about R16.58 million to the previously disadvantaged. At a weighted price of R2,809 per hectare, the quality of farmland redistributed via this mode was significantly higher than that financed only with government grants or privately with cash, and is similar in quality to land purchased privately with mortgage loans (weighted mean price of R3,651 per hectare).

Ithala Finance and Investment Corporation (Ithala) financed 11 of the 14 farms purchased with an LRAD grant plus mortgage loan in 2002. The remaining three farms were financed by the Land Bank. In 2002, the quality of farmland purchased using a combination of LRAD grants and mortgage loans was similar to that of land financed privately with mortgage loans. During 2003, all six transactions co-financed with LRAD grants and mortgage loans were financed by the Land Bank. The average quality of this land was unexpectedly low (R946 per hectare). This seems to reflect a softer approach to lending at the Land Bank compared to Ithala and commercial banks. It is also of concern that previously disadvantaged buyers dealing with other (commercial) banks were not awarded LRAD grants. The Land Bank is the only bank permitted to approve LRAD applications. In 2003, Ithala approved more than R24 million in mortgage loans for the purchase of 23 farms by previously disadvantaged individuals, conditional upon the approval and disbursement of LRAD grants. None of these transactions were recorded by the Deeds Registry in 2003 suggesting that difficulties experienced by commercial banks attempting to access grants for previously disadvantaged clients in 2002 had persisted during 2003. Administrative delays in approving and disbursing grants tend to collapse deals as sellers turn to other buyers who are not reliant on grants.

The number of land redistribution transactions declined from 174 in 2002 to 102 in 2003. Between 1997 and 2002, this figure remained consistently between 150 and 200 transactions per year, except for 1999 when over 300 redistributive transactions were recorded. Figure 3 illustrates changes in the number of transactions within each mode of land redistribution between 1997 and 2003. The number of transactions financed only with grants awarded under government's land redistribution programme fell by 47 per cent from 2002 to 2003. Although this decline coincides with a general slump in the volume of farmland traded in the province, the number of transactions financed privately with mortgage loans fell by a much smaller proportion (18 per cent).

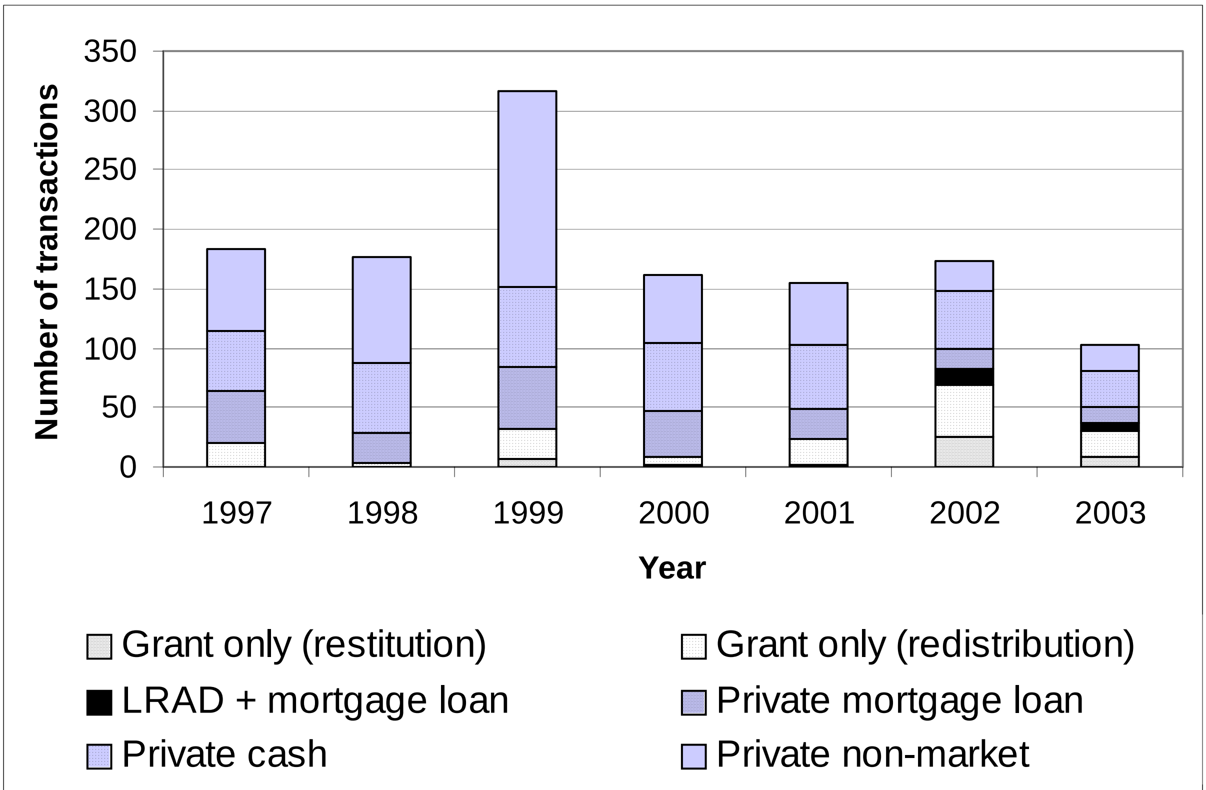

Figure 3: Annual farmland transactions by mode of redistribution to disadvantaged owners in KwaZulu-Natal, 1997-2003

There is no clear trend in the number of transactions financed or co-financed with mortgage loans, and the proportion of transactions involving mortgage finance (with or without complementary LRAD grants) has been reasonably steady, averaging 19 per cent for the study period. The establishment of emerging farmers on medium-scale sugar-cane farms by private sugar millers has contributed significantly towards the number of transactions financed with mortgage bonds during the study period - despite problems that Ithala and commercial banks have experienced in accessing LRAD grants for their clients.

Although non-market transactions are more common than any other type of transaction, the total area of farmland transferred via these transactions is small relative to that transferred by the other modes of redistribution. Over the period 1997–2003, the total area of farmland redistributed by private purchases (82,296 hectares comprising of 41,108 hectares financed with cash and 47,093 hectares financed with mortgage loans) exceeded the area financed only with grants awarded under the government's land redistribution programme (74,671 hectares). Figure 4 shows that the area purchased with government grants increased after the temporary moratorium imposed on SLAG[5] was lifted in 2001, peaking in 2002 but declining significantly in 2003. The area financed only with grants awarded under government's land redistribution programme fell by 47 per cent from 2002 to 2003, while the area purchased privately with cash declined by a massive 74 per cent. At the same time, the area of farmland financed privately with mortgage loans fell by less than ten per cent. These findings support the earlier proposition that rising farmland prices squeezed the poorest buyers out of the market in 2003.

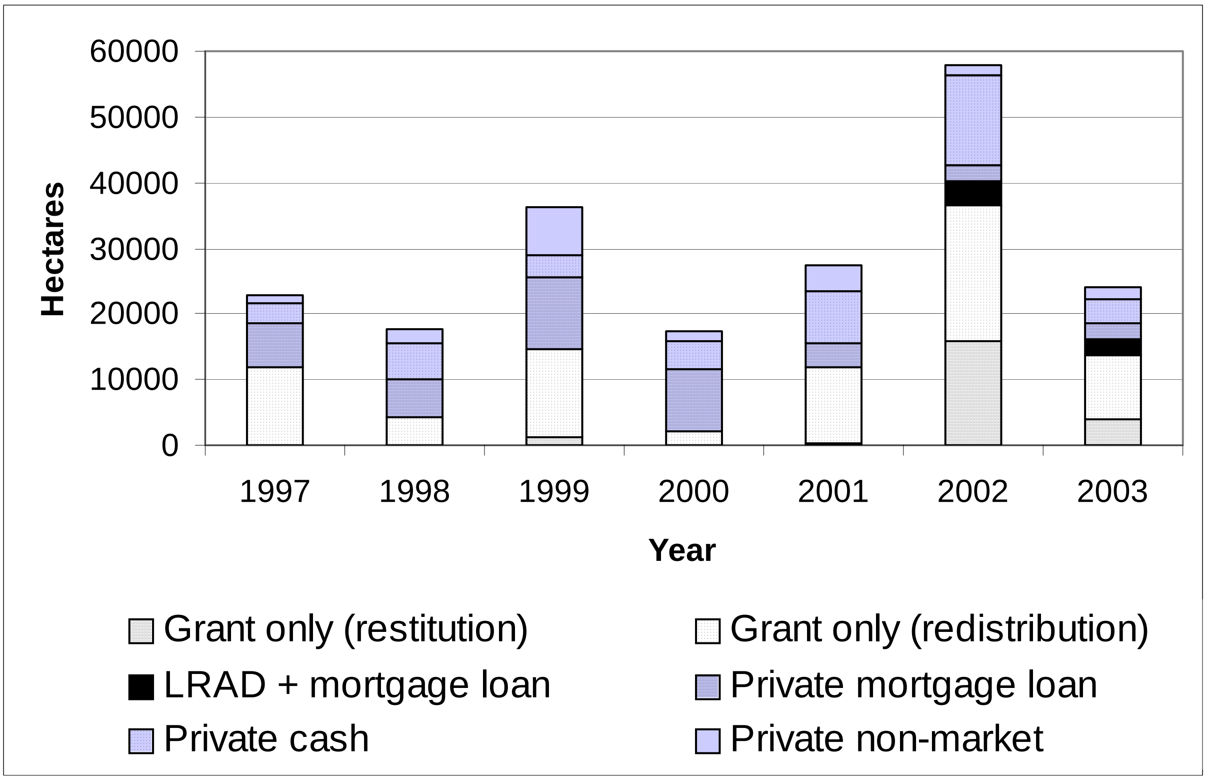

Figure 4: Annual area of land by mode of redistribution to previously disadvantaged owners in KwaZulu-Natal, 1997-2003

[5] *Minister Didiza imposed a moratorium on SLAG in July 1999 while the Ministry of Agriculture and Land Affairs designed the LRAD programme.*

The largest of the redistributed farms were those purchased by groups with government grants (mean of 508 hectares), while the smallest were transferred through bequests and donations (mean of 41 hectares). Within the set of private purchases, the mean size of farms financed with own cash was small relative to those financed with mortgage loans (114 versus 192 hectares). These observations are consistent with Nieuwoudt and Vink's (1995) argument that buyers with limited equity cannot finance large farms using conventional mortgage loans during periods of inflation owing to cash flow problems. Instead, they pay cash for less expensive farms. Lyne and Darroch (2003) argue that Act 70 of 1970, which constrains the subdivision of farms into smaller and more affordable units, prevents many emerging farmers from buying land privately because private transactions - unlike those supported with LRAD grants - are not exempt from its provisions.

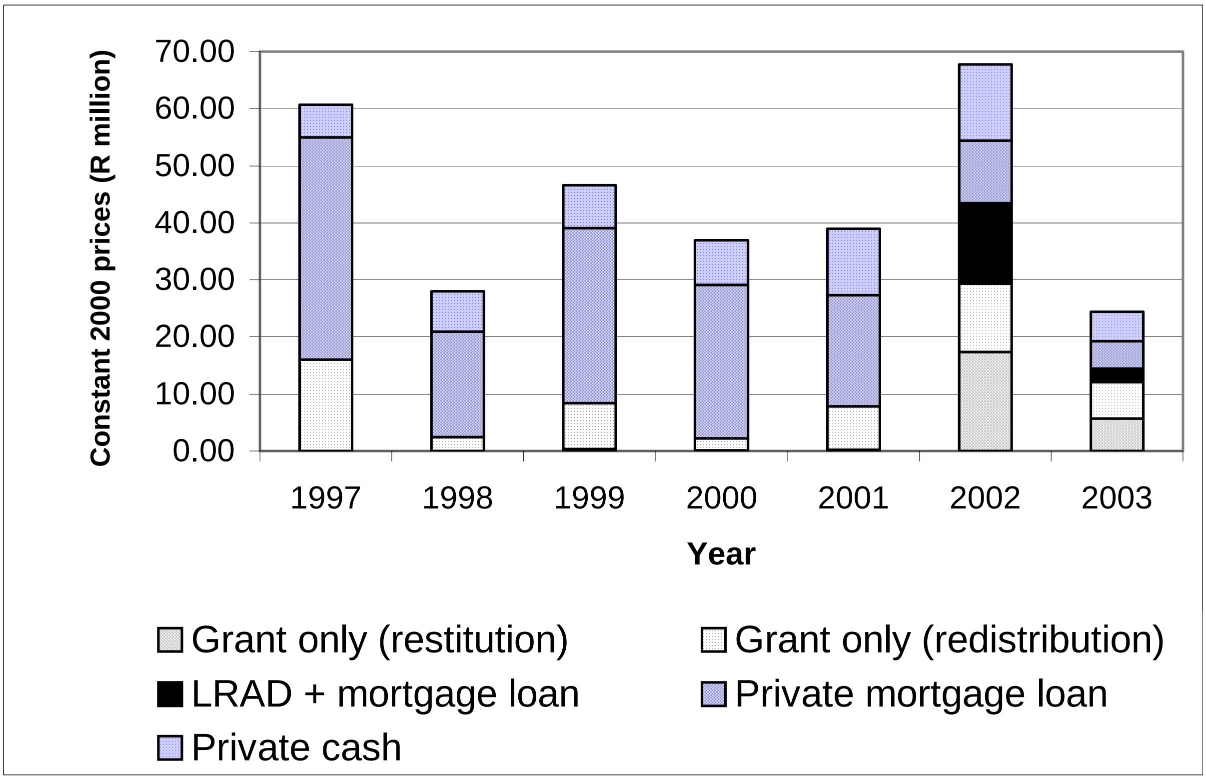

Figure 5: Market value of farmland by mode of land redistribution to disadvantaged owners in KwaZulu-Natal, 1997-2003

Figure 5 contrasts the wealth transferred by different modes of land redistribution (excluding bequests and donations for which market values are unobservable). Transactions financed privately with mortgage loans accounted for the vast majority of the land wealth redistributed in KwaZulu-Natal from 1997 to 2001. However, the situation changed markedly during 2002 and 2003 owing largely to an upsurge in land claims settled under government's restitution programme. When land restitution is excluded, transactions financed only with government grants accounted for 28 per cent of the land wealth redistributed during 2002-2003. This is similar to the shares contributed by private transactions financed with mortgage loans (22 per cent) and cash (26 per cent). The remaining 24 per cent was co-financed with LRAD grants and mortgage loans. Despite its flaws, the LRAD programme has increased government's contribution to land reform and has drawn private capital and expertise into the process.

6. Land redistribution by gender

Table 4 examines the gender attributes of each mode of land redistribution. Women (as sole owners or married co-owners) are well represented in the overall number of transfers to disadvantaged people, particularly those involving bequests. They accounted for 41 per cent of all the redistributive land transactions recorded in KwaZulu-Natal during the study period, Men (as sole owners) accounted for 35 per cent and corporate owners for 24 per cent. Within the subset of market transactions, women were well represented in cash-financed transactions, but were under-represented in transactions financed with mortgage loans. In 2002, women were involved in 50 per cent of all transactions co-financed with LRAD grants and mortgage loans, however this declined to 17 per cent in 2003. It would appear that Ithala (which financed most of these transactions in 2002) is more sensitive to gender equity than is the Land Bank (which financed all of these transactions in 2003).

Table 4: Distribution of land transactions by gender in KwaZulu-Natal, 1997-2003

Mode of land redistribution	**Male owners** n = 448	**Female owners or married co-owners** n = 513	Corporate owners n = 308
Grant only (restitution) (%)	0	0	100
Grant only (redistribution) (%)	0	0	100
LRAD grant + mortgage loan (%)	55	40	5
Private mortgage loan (%)	51	28	21
Private cash (%)	49	36	15
Private non-market (%)	31	65	4
All transactions (%)	35	41	24

The data summarised in Table 5 show that the total area of farmland acquired solely by men during 1997-2003 was larger than that acquired by women as sole owners or married co-owners (45,779 versus 27,740 hectares). Moreover, women gained much less land wealth than did men (R57.7 million versus

R92.6 million). Farms acquired by women were also smaller on average (54 hectares) than those acquired by their male counterparts (103 hectares). To some extent, this gender difference in farm sizes can be attributed to the relatively small size of subdivisions redistributed via non-market transfers (bequests and donations) and the fact that much of the farmland acquired by women is inherited.

Table 5: Farmland characteristics by gender in KwaZulu-Natal, 1997-2003 (constant 2000 prices)

Farmland characteristics	Male owners	Female owners or married co-owners	Corporate owners
Mean area of farms (Ha)	103	54	423
	n = 446	n = 511	n = 307
Total area of land (Ha)	45,779	27,740	129,781
	n = 446	n = 511	n = 307
Total market value of purchased land (R million)	92.56	57.70	153.13
	n =300	n = 198	n =285
Weighted land price (R/ Ha)	2,257	3,176	1,242
	n = 298	n = 197	n =284

Figure 6 shows that with the exception of 1997 and 1999, men purchased almost twice the total area purchased by women. Overall, corporate entrants acquired more land than did males and females together. The gender composition of these corporate entities is not known, except in the case of community land trusts and communal property associations established by government to represent the interests of predominantly male land reform beneficiaries (DLA, 2001). That these groups were primarily interested in maximising land area for residential and grazing purposes is evidenced by the poor quality of land purchased by corporate entities (R1,242 per hectare) compared to that purchased by men (R2,257 per hectare) and women (R3,176 per hectare).

No grant funded equity-sharing schemes were known to be operating in KwaZulu-Natal during the study period. Farm-worker equity-sharing schemes (which redistribute wealth and income streams in going concerns) could help to correct the gender imbalance as women are usually well represented amongst farm-workers. Women accounted for more than 50 per cent of the worker-shareholders on six of nine equity-sharing projects analysed by Knight and Lyne (2002) in the Western Cape during 2001. Equity-sharing schemes have yet to take hold in KwaZulu-Natal despite the success of many such projects in other parts of the country (Gray *et al*, 2005).

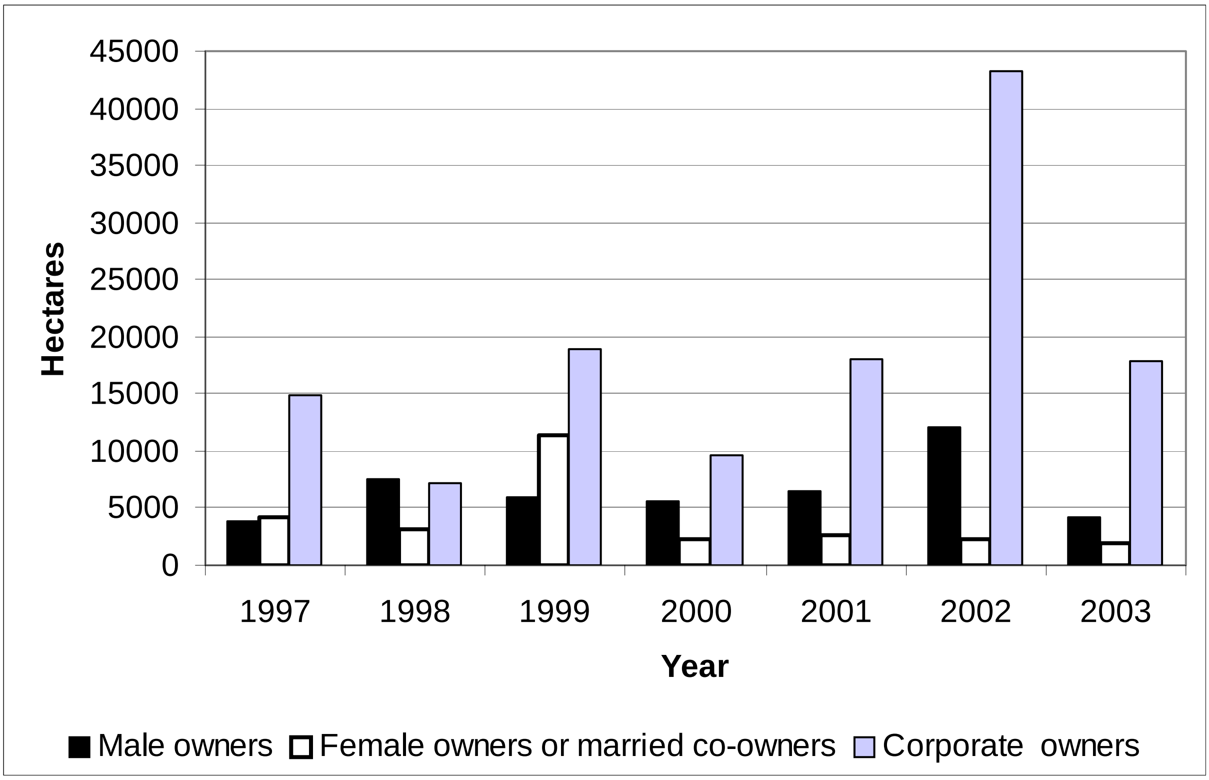

Figure 6: Total area of farmland transacted by category of disadvantaged owners in KwaZulu-Natal, 1997-2003

7. Conclusions and policy recommendations

Annual census surveys of farmland Transfer Deeds show that a total of 203,300 hectares, or 3.8 per cent of the area originally available for redistribution in KwaZulu-Natal, transferred to previously disadvantaged people in the province during 1997-2003. This implies an annual rate of redistribution equal to 0.54 per cent, which falls well short of government's target of two per cent per annum. The annual rate of redistribution increased from 0.54 per cent in 2001 to 1.06 per cent in 2002 after the LRAD programme was introduced; however, it fell to 0.41 per cent in 2003. The spike in 2002 can be attributed to a backlog of SLAG-assisted transfers being processed after a two-year moratorium. The slump in 2003 tracks a decline in the total area of farmland transacted within KwaZulu-Natal and reflects sizeable reductions in the area purchased privately with cash and in the area financed with grants awarded under government's land redistribution programme. The area financed privately with mortgage loans also fell, but by a much smaller proportion. It appears that the poorest buyers were excluded from the market by a general increase in real farmland prices during 2003.

Transactions financed only with government grants accounted for almost one-half of the redistributed land. However, this land was of poor agricultural quality. Groups awarded grants under the government's land redistribution programme purchased large areas of 'cheap' farmland (R734 per hectare) for residential and grazing purposes. By contrast, land purchased privately by previously disadvantaged buyers and financed with mortgage loans was of relatively high agricultural quality (R3,651 per hectare). Restitution claims cut across farmland of both good and poor quality, realising a weighted mean price of R1,198 per hectare. Of significance is that farmland co-financed with government grants and mortgage loans was of good quality except when the mortgage loan was granted by the Land Bank. While this highlights a valuable role for public-private partnerships in land reform, there is concern that the Land Bank has been too lenient in its assessment of creditworthiness and is crowding out commercial banks and other financiers.

Private purchases redistributed more farmland in KwaZulu-Natal over the period 1997-2003 (82,296 hectares) than did purchases financed only with grants awarded under the government's land redistribution programme (74,671 hectares). In addition, the subset of private purchases financed with mortgage loans redistributed much more land wealth over the period 1997-2001 (R134.55 million) than did transactions financed with grants awarded under the government's land redistribution programme (R36.25 million). However, the situation changed somewhat after the LRAD programme was introduced in 2001. When land restitution is excluded, transactions financed only with government grants accounted for 28 per cent of the land wealth redistributed during 2002-2003. This is similar to the shares contributed by private transactions financed with mortgage loans (22 per cent) and cash (26 per cent). The remaining 24 per cent was co-financed with LRAD grants and mortgage loans. Despite its flaws, the LRAD programme increased government's contribution to land reform and has drawn private capital and expertise into the process. These findings suggest that the LRAD programme would mobilise much more private sector finance for land redistribution if Act 70 of 1970, which constrains the subdivision of farms into smaller and more affordable parcels of land, were replaced with zoning regulations to prevent the loss of good quality farmland to non-agricultural uses. The long-awaited scrapping of Act 70 would facilitate private purchases of land and indirectly alleviate cash flow problems associated with the use of conventional mortgage loans during periods of inflation.

The number of transactions financed with a combination of LRAD grants and mortgage finance decreased from 14 in 2002 to six in 2003. All six transactions in 2003 were financed by the Land Bank. The absence of public-private partnerships in financing land during 2003 is of concern. One possible obstacle to these partnerships, voiced by Ithala, is that grant funds are not readily accessible; resulting in delays that cause deals to collapse. The anomaly is that the lack of grant funds is more apparent than real - a situation that arose because the Land Bank, the only bank permitted to approve LRAD applications, did not process many of the deals for which it had approved grants. Grant funding allocated to these projects was unavailable to other banks and remained unspent at the end of the financial year. Historical under-spending by the DLA has been an ongoing problem. It is recommended that all reputable banks should be allowed to approve LRAD grants for eligible clients whose loan applications have been assessed and found creditworthy.

With regard to gender issues, previously disadvantaged women gained less land, and much less land wealth, than did their male counterparts. Women accounted for most non-market transfers and were relatively well represented in cash-financed transactions. Somewhat surprisingly, women were also well represented in transactions financed by Ithala to establish emerging sugarcane farmers. Whereas Ithala financed similar numbers of men and women, only one of six clients financed by the Land Bank in 2003 was a woman. There is also concern that women's interests are under-represented in land purchased by corporate entities, which accounted for 64 per cent of the area and 50 per cent of the land wealth redistributed during 1997-2003. Other research has shown that control of community land trusts and communal property associations established by government to represent the interests of land reform beneficiaries is usually skewed in favour of men, while ownership and control of farm-worker equity share schemes is not.

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