

LRAD



DEPARTMENT: AGRICULTURE
REPUBLIC OF SOUTH AFRICA

LAND REDISTRIBUTION FOR AGRICULTURAL DEVELOPMENT

PREVIEW

The LRAD information booklet provides basic answers to frequently asked questions. This booklet is meant to assist potential beneficiaries and sellers to understand the basic concepts and requirements which must be satisfied in order to benefit from the programme from any point, whether as a seller, agent or beneficiary.

The booklet is not meant to substitute the policy document (LRAD) or the programme manual, but is merely there to supplement and provide quick answers to basic questions.

1. What is the LRAD programme?

The Land Redistribution for Agricultural Development programme was designed to help previously disadvantaged citizens from African, Coloured and Indian communities to buy land or agricultural implements specifically for agricultural purposes.

2. How does it help people?

Most of our people do not have sufficient money to buy land for farming purposes. This programme will make some money available to successful applicants to help supplement what they already have for purchasing agricultural land. This will be done in the form of government grants.

3. What is the LRAD grant?

It is a nonrefundable form of funding or financial contribution to help prospective farmers to purchase land by government.

4. How much will I get?

A formula will be used to determine how much an individual will get. This formula is based on how much money or inputs to be used in the farming operations on that piece of land (own contribution in kind), or a combination of the two a person contributes towards the purchasing of that particular piece of land or on-farm implements (own financial contribution).

The grant amount will be determined according to the total own contribution. Refer to Table 1.

5. What is own contribution?

The grant will only serve as financial supplementation to what an applicant already has. Own contribution is therefore the money that an applicant should bring into the process to form part of the whole capital package, viz. own contribution + grant.

6. Is only cash accepted as own contribution?

There is a number of ways in which own contributions can be made, viz.

(a) Cash contribution

An applicant can contribute from a minimum of R5 000, which will qualify for a matching grant of R20 000 up to a maximum of R400 000 which will in turn qualify for a matching grant amount of R100 000.

(b) Contribution in kind

There are a number of ways you can contribute in kind, viz. property, machinery, equipment and livestock. These will be equated to their current cash value and the total amount then used as own contribution.

(c) Own labour

Any number of labour units will be equated to a maximum of R5 000 own contribution.

7. What assets can be used as own contribution?

Existing agricultural assets that are integral to the operation of the land to be acquired through the programme.

8. What assets cannot be used as own contribution?

Land that was accessed through an earlier grant, restitution, tenure security grant, donation, etc.

9. What if I have not yet finished paying for some of my assets?

Outstanding debt on agricultural assets will not affect the extent to which these will be counted as own contribution.

10. What is the minimum and the maximum amount that one can get and what is the corresponding own contribution?

A minimum amount of R20 000 will require a minimum own contribution amount (cash or in-kind) of R5 000 and a maximum of

R100 000 will require a maximum own contribution amount of R400 000. Between the minimum and maximum amounts, there is a continuum of grant amounts, depending on the participant's own contribution (see scale of grant and own contribution).

11. Why is it that the less money one contributes the larger the grant ratio is?

This programme is aimed at helping poor people. The grant scale is therefore designed in a way that the less money one has, the bigger the grant to own contribution ratio one will receive compared to what someone with a bigger contribution will receive.

12. What can use the grant for?

- (a) Acquisition of land
- (b) Land improvements, infrastructure investments, capital assets and short-term agricultural inputs

13. Which departments are responsible for the programme?

Grants will be provided by the Department of Land Affairs, but both the departments of Land Affairs and Agriculture will work in collaboration to oversee the whole process from start to finish.

14. Who should apply?

You should

- Be a member of a previously disadvantaged group (i.e. African, Coloured or Indian)
- Be 18 years or older
- Intend to use the land for agricultural purposes only
- Intend to farm on a full-time basis (except for safety-net projects)
- Not hold any position within government structures
- Be prepared to participate in a training programme after land acquisition
- Be in a position to make an own contribution
- Be an organised entity if applying as a group
- Have a bank account

15. What are safety-net projects?

The LRAD programme is designed in such a way that beneficiaries will enter the system at various levels of production, viz.

(a) Safety-net projects

This is the level at which beneficiaries will acquire land to produce mainly for own consumption.

(b) Equity schemes

Members of a group will each contribute a certain amount towards accessing the grant. In turn, each member will own a certain percentage (share) of the project according to the degree of their contribution. This share is called equity, and it will be equal to the value of each individual's contribution plus the grant. These shareholders will be both co-owners and employees of the farm.

(c) Production for markets

Some people will enter the programme at a much higher level than the ones mentioned above. These people will most probably have more farming experience as well as access to additional finance through normal bank loans as well as their own assets and cash to purchase bigger farms and therefore farm on a much larger scale.

(d) Agriculture in communal areas

Quite a number of people in communal areas already have secure access to agricultural land, but may not have the money to start using that land productively. Such people will be allowed to apply for assistance to start putting up productive investments on the land. These kinds of projects may either be at the lower scale of production (safety-net projects) or higher up (production for markets).

16. What type of land am I allowed to buy under this programme?

Any agricultural land in South Africa, regardless of its present tenure status, is potentially eligible for redistribution under this programme, except communally-held land in former homeland areas.

17. Can one obtain land and still be working somewhere else?

One of the requirements is that the applicant should be committed to farm on a full-time basis, except in the case of food safety-net projects, where the beneficiaries will only be producing enough for consumption.

18. What kind of assistance will I get from the government after I have obtained land?

The Department of Agriculture has a post-settlement support services framework in place to assist farmers. Training will be provided periodically and field officers will be available in all districts to offer technical assistance to all farmers, emerging as well as commercial.

19. What kind of documentation will be expected from me?

- Land use proposal/farm plan (project proposal).
- An option to sell with an agreed price, if leasing with an option to buy.
- A list of household members or group members, if the proposal is for a group.
- Confirmation that the title to the land is clear, free from land claims, registered in the name of the seller and that the negotiated price is not higher than the appraised market price.
- Evidence of availability of remainder of financing (own funds or contingent loan contract).
- Valuation report.

20. Where can I go for assistance regarding the professional preparation of the above documentation?

Applicants may do all the planning themselves, or may choose to accept the assistance of a design agent. It is not compulsory to employ one if you feel that you can undertake and fulfil all the requirements. District officers will also assist applicants if needed.

If you decide to appoint a design agent, you can do so by accessing the list of agents at provincial land reform offices or provincial agricultural offices. These agents will then undertake all the necessary work and a planning grant will then be made available for their payment.

TABLE 1 Scale of grant and own contribution

OWN CONTRIBUTION	10 000	20 000	30 000	40 000	50 000	60 000	70 000	80 000	90 000	100 000
		25 798	33 278	38 622	42 926	46 592	49 819	52 721	55 371	57 819
1000		26717	33880	39090	43317	46932	50122	52996	55624	58054
2000		27585	34463	39548	43702	47268	50422	53269	55875	58287
3000		28408	35031	39998	44081	47600	50720	53540	56125	58519
4000		29192	35583	40439	44455	47928	51014	53808	56372	58750
5000	20000	29941	36120	40871	44823	48252	51305	54074	56618	58978
6000	21385	30659	36644	41296	45187	48572	51594	54337	56861	59206
7000	22631	31350	37156	41714	45545	48889	51879	54599	57103	59431
8000	23768	32015	37655	42125	45899	49202	52162	54858	57343	59656
9000	24819	32657	38144	42528	46248	49512	52443	55116	57582	59879

OWN CONTRIBUTION	110000	120000	130000	140000	150000	160000	170000	180000	190000	200000
-	62241	64262	66180	68006	69751	71424	73032	74582	76077	77524

1000	62448	64458	66366	68184	69921	71588	73190	74733	76224	77666
2000	62654	64654	66552	68361	70091	71751	73347	74885	76371	77808
3000	62859	64848	66736	68537	70260	71913	73503	75036	76516	77949
4000	63063	65041	66920	68713	70428	72075	73659	75186	76662	78090
5000	63266	65233	67103	68888	70596	72236	73814	75336	76807	78230
6000	63467	65424	67285	69062	70763	72396	73968	75485	76951	78370
7000	63668	65614	67467	69235	70929	72556	74123	75634	77095	78510
8000	63867	65804	67647	69408	71095	72715	74276	75782	77239	78649
9000	64065	65992	67827	69580	71260	72874	74429	75930	77382	78788

OWN CONTRIBUTION	210000	220000	230000	240000	250000	260000	270000	280000	290000	300000
-	78926	80286	81608	82893	84145	85366	86558	87722	88860	89973
1000	79064	80420	81738	83020	84269	85487	86675	87837	88972	90083
2000	79201	80553	81867	83146	84392	85607	86793	87951	89084	90193
3000	79338	80686	81997	83272	84515	85727	86910	88066	89196	90302
4000	79475	80819	82126	83398	84637	85846	87027	88180	89308	90412
5000	79611	80951	82255	83523	84760	85966	87143	88294	89419	90521
6000	79747	81083	82383	83648	84882	86085	87259	88408	89531	90630
7000	79882	81215	82511	83773	85003	86203	87375	88521	89642	90738
8000	80017	81346	82639	83898	85125	86322	87491	88634	89752	90847
9000	80152	81477	82766	84022	85246	86440	87607	88747	89863	90955

OWN CONTRIBUTION	310000	320000	330,000	340,000	350000	360000	370000	380000	390000	400000
-	91063	92131	93178	94206	95214	96204	97177	98134	99074	100000
1000	91171	92237	93282	94307	95314	96302	97274	98228	99168	
2000	91278	92342	93385	94409	95413	96400	97370	98323	99261	
3000	91386	92447	93489	94510	95513	96498	97466	98418	99354	
4000	91493	92553	93592	94611	95612	96595	97562	98512	99446	
5000	91600	92657	93694	94712	95711	96693	97657	98606	99539	
6000	91707	92762	93797	94813	95810	96790	97753	98700	99632	
7000	91813	92866	93899	94913	95909	96887	97848	98794	99724	
8000	91919	92971	94002	95014	96008	96984	97944	98888	99816	
9000	92025	93075	94104	95114	96106	97081	98039	98981	99908	

GRANT SIZE BY OWN CONTRIBUTION

GRANT	20000	30,000	40,000	50,000	60000	70000	80,000	90,000	100000
-	5000	15080	33005	60596	99548	151463	217,873	300245	400000
1000	5710	16489	35301	63953	104130	157427	225368	309415	
2000	6481	17977	37695	67425	108844	163538	233024	318761	
3000	7315	19549	40189	71014	113690	169796	240843	328283	
4000	8214	21204	42784	74722	118671	176204	248825	337983	
5000	9180	22945	45484	78550	123788	182763	256974	347863	
6000	10214	24774	48289	82499	129042	189474	265289	357923	
7000	11320	26693	51201	86572	134435	196339	273772	368166	
8000	12498	28703	54222	90770	139969	203360	282425	378592	
9000	13751	30807	57353	95095	145644	210537	291249	389203	

Because the program is intended to function over 15 to 20 years, benefits (grants) under the program will be indexed to the real value of the Rand

21. How do I start the process

Call (012) 319 7020 or consult your nearest Land Affairs or Agricultural Provincial offices below.

Provincial departments of Agriculture and Land Affairs

Province	Department	Contact person	Tel number
Gauteng	Agriculture	V. Titi	011-355 1317
	Land Affairs	M. Ndlela	012-310 6500
Mpumalanga	Agriculture	R. Matare	013-755 4721
	Land Affairs	A. van der Merwe	013-755 3499
Free State	Agriculture	M.B. Motsie	051-8611258
	Land Affairs	W. Barnes	051-400 4200
KwaZulu-Natal	Agriculture	W. Urquhart	033-343 1397
	Land Affairs	M. Shabane	033-355 4300
North West	Agriculture	Mr Seobi	018-389 5723
	Land Affairs	P. Mongae	018-384 2437
Northern Cape	Agriculture	F. du Toit	053-838 9111
	Land Affairs	O. Mvula	053-831 4090
Northern Province	Agriculture	J. Thupane	015-295 7090
	Land Affairs	E. Letsoalo	015-297 3539
Western Cape	Agriculture	I. Olckers	021-808 5103
	Land Affairs	S. Middleton	021-426 2947
Eastern Cape	Agriculture	Mr Pityi	040-609 3532
	Land Affairs	M. Kenyon	043-743 4689

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