

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 446**

**DATE OF PUBLICATION: 10 JULY 2009**

**Mr N J J R Koornhof (Cope) to ask the Minister of Finance:**

- (1) What is the official lending rate of the Land Bank to prospective farm owners;
- (2) whether the Land Bank has taken any action against land owners who were indebted to the Bank in 2008; if not, what is the position in this regard; if so, against how many;
- (3) whether any of these land owners are from the previously disadvantaged communities; if not, what is the position in this regard; if so, what are the relevant details;
- (4) whether any farms of indebted farmers were sold to new owners; if not, what is the position in this regard; if so, how many;
- (5) whether any of the new owners belong to the previously disadvantaged communities; if not, what is the position in this regard; if so, what are the relevant details?

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**Reply:**

(1) The Land Bank's official lending rates are as follows:

Term	Risk Category	Rate
<i>Long - term</i> e.g. Mortgage loans, fixed loans etc.	Platinum Gold Premium Gold Silver (on first R500k for 2 years)	Prime minus 1% Prime plus 0.5% Prime plus 3.25% Prime less 0.5%
<i>Medium - term</i> eg. Installment sale finance	Platinum Gold Premium Gold Silver Bronze	Prime less 0.75% Prime plus 2.25% Prime plus 4.5% to 1% Prime plus 2.25% Prime plus 1.75% to 3.5%
<i>Short- term</i> e.g. production loans	Platinum Gold Premium  Gold Silver Bronze	Prime less 0.5% Prime plus 4.25% Prime plus 5.25% to prime less 2.5% Prime plus 5.5% Prime plus 5%

The Land Bank is currently in the process of reviewing its current credit and pricing model. However, it should be borne in mind that the Land Bank obtains its funding from the capital markets and has to pay market - related rates on the borrowed funds.

- (2) As at 30 June 2009, the Land Bank had instituted legal action against 557 land owners.
- (3) Of the 557 land owners 283 (51%) clients are development farmers, while 274 (49%) are commercial farmers. The Land Bank has 4 067 development farmer clients. This translates to 7% of the Land Bank's development clients having been affected.

In an effort to promote government's objective of land redistribution and agrarian reform, once the Land Bank obtains attachment orders, farms are offered to the Department of Rural Development & Land Reform (DRD & LR) for assessment and possible reallocation to qualifying emerging farmer/Development/PDI settlements. Where the DRD & LR confirms interest, the Land Bank places a reserve price on the farm to enable the DRD & LR to buy these farms from the Land Bank. If the DRD & LR's response is negative, the farm is then first availed to PDI/Development interested buyers before it is auctioned in the open market.

- (4) 13 farms were sold in execution since July 2008. It is important to highlight that the Land Bank did not simply repossess the farms but instead followed a due recovery process. We embarked first on a pre-legal process, followed by a legal one. The pre-legal process involved contacting the client to obtain reasons for non-payment, and then considering various options to assist these clients. Options included the restructuring of the debt and an extension on the loan. The Land Bank also conducted assessments of the sustainability and viability of extending the arrear payments. Where extensions were viable, we offered the client another opportunity to rectify the situation. The moratorium placed on developing farms from 2002/03 led to the non repayment of loans by the majority of the farms that were repossessed. In some cases, payments had not been made since that time.

The final step the Land Bank took thereafter was the legal process. This included issuing summons against a client whose account was still in arrears, making judgments against these clients, selling security (movable and immovable assets) to recover amounts owed, and sequestrating the client where necessary.

- (5) Of the 13 farms sold, 7 belonged to development farmers and 6 to commercial farmers. 5 of these farms were purchased by developing farmers and 8 were purchased by commercial farmers.