

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 243 [NW260E]

DATE OF PUBLICATION: 22 February 2013

243. Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether any category of farmer is eligible to (a) apply for and (b) receive loans from the Land Bank at rates substantially lower than prime as a result of the intervention of the Government in this regard; if not, what is the position in this regard; if so, what are the relevant details?

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REPLY:

a. Yes

b. No

The Government intervention is targeting small scale emerging farmers.

The Bank has with the assistance from the Department of Agriculture, Fisheries, and Forestry (DAFF) been offering the Wholesale Finance Facility (WFF) Product to the emerging farmers. These loans have been offered at interest rates (costs) of 4 % to the farmer. The Bank then receives funds from the department which are then used to lower interest rates and pass the lower rates (4%) benefit to the emerging farmer.

The above financing to emerging farmers implies that the farmer pays a rate of 4%, while the other 4% (from the DAFF) is then passed on to the service provider to enable them to provide after care services (agronomy, training etc..) to the emerging farmers. The DAFF's contribution to the scheme has enabled the bank to offer this subsidised rate to emerging farmers as the bank currently raises funds at a rate of 6%.