

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2768 [NW3355E]
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2768. Mr N P Masipa (DA) to ask the Minister of Finance:

- (1) Whether, according to recent media reports alleging that the Land and Agricultural Development Bank of South Africa is taking harsher measures against the clients of the bank who default on loans, he will furnish Mr N P Masipa with the details of the processes that the specified bank is following to recover the loans; if not, why not; if so, what are the relevant details;
- (2) whether the National Treasury has put measures in place in order to support struggling commercial and emerging farmers who are struggling to honour their loan repayments; if not, why not; if so, what are the relevant details;
- (3) (a) what is the average interest rate that farmers at the bank had to pay for their loans, (b) how does the interest compare with the commercial bank loans and (c) what measures has the National Treasury put in place to ensure that the interest rates are affordable for farmers who are struggling and yet provide food security?
NW3355E

REPLY:

(1) Process followed by Land Bank to recover on default loan:-

- (a) At inception the accounts are managed by the Bank's Post Investment Management Services Department (PIMS). So immediately upon default, PIMS team engages the clients with a view of providing compressive assistance to those struggling clients. Such assistance includes restructuring and forbearance measures once the cause/s for default has/have been established.
 - (b) Once all of the aforementioned measures have failed and there is nothing else that the Bank could do to further assist those struggling clients, and as the last resort, the account is then transferred to Legal Department for further management of the client. This is when the legal process commences in order to recover monies owed to the Bank. Even after the commencement of the legal process, the struggling clients can still approach Land Bank and make proposals for consideration by Land Bank with a view of resolving the matter and avoid the legal route because the legal process, as you may be aware, can be protracted and expensive.
- (2) Whether the National Treasury has put measures in place in order to support struggling commercial and emerging farmers who are struggling to honour their loan repayments; if not, why not; if so, what are the relevant details;

Reply: No. National Treasury has not received any request for intervention on this matter for consideration.

(3) (a) what is the average interest rate that farmers at the bank had to pay for their loans,

See the average client interest rates from April 2018 to July 2022:

	Average pricing
201804	9,6%
201805	9,6%
201806	9,6%
201807	9,6%
201808	9,6%
201809	9,6%
201812	9,8%
201901	9,8%
201903	10,6%
201906	11,1%
201907	10,9%
201908	10,9%
201909	10,3%
201910	10,8%
201911	10,8%
201912	10,8%
202001	10,1%
202002	10,4%
202003	9,5%
202004	8,4%
202005	8,1%
202006	7,7%
202007	7,7%
202008	7,7%
202009	7,5%
202010	8,0%
202011	8,0%
202012	7,5%
202101	7,8%
202102	7,5%
202103	7,7%
202104	7,7%
202105	7,7%
202106	7,7%
202107	7,7%
202108	7,7%
202109	7,7%
202110	8,2%
202111	8,3%
202112	8,3%
202201	8,3%
202202	8,3%
202203	8,5%
202204	8,5%
202205	8,9%
202206	9,0%
202207	9,5%

(b) how does the interest compare with the commercial bank loans?

We do not have access to this information and are therefore unable to provide the average interest rates of commercial banks.

(c) what measures has the National Treasury put in place to ensure that the interest rates are affordable for farmers who are struggling and yet provide food security?

- i. National Treasury has not received any request for intervention on this matter for consideration.
- ii. However, part of the R7bn of the capital injection allocated to the Land Bank is meant to support the bank for deployment for the financing of the Bank's new development portfolio, and the use of this capital at nominal cost of funds will enable affordable financing by the Bank.