

Land Bank assures the Agriculture, Forestry and Fisheries Committee

The Land Bank today informed the Portfolio Committee on Agriculture, Forestry and Fisheries about the impact and response to the current drought. The number of hectares planted this season is lower than last year and there is a decline across all commodities in the agriculture sector. The consequence of lower output in agriculture is an increase in imports and, therefore, an increase in prices.



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The hardest hit provinces are the North West and Free State with dams on average at 44 and 55 percent respectively, with some standing virtually empty. Severely affected are wheat, maize and sugar cane crops, with a low possible effect into the new season. Farmers in the disaster declared areas will be unable to plant into the new season.

The Land Bank has the responsibility of sound lending against good prospects. Both the yields and the quality of crops are likely to be low due to the lack of irrigation. There is a decrease in livestock due to the voluntary slaughter by farmers. Livestock farmers are feeling the pressure on profit margins.

Land Bank provides "breathing space"

Against this backdrop, the Land Bank has assured the Committee that there are interventions in place to assist farmers. The bank provides a "breathing space" which allows the debt to be carried forward. Where there is a risk of defaulting payments, the loan repayment period can be restructured.

Further, the bank provides for a payment holiday where the farmer can pay at a later date and there are relaxed covenants so the farmers do not default. Currently, the Land Bank has lent R38 million to farmers with non-performing loans at approximately R1.9 billion that is a ratio of 5.5 percent, which the bank can accommodate.

The Land Bank is the second largest insurer for farmers, covering 5,500 farmers in the current situation. The key point which the Land Bank requested the Committee to consider is that most countries, including the BRICS countries, assist farmers with subsidies for insurance premiums. However, in South Africa, this is not so. This should be given significant consideration in this volatile economy.

The chairperson welcomed the fact that R35 million has been approved to farmers to cope with the drought for the next three years. The chairperson said "Today I have learnt that we have the capacity to deliver services to our people. However, we need greater synergy and coordination amongst all the role players to ensure that we better the lives of our people."

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