**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

**“2650. Mr R W T Chance (DA) to ask the Minister of Small Business Development:**

 **With regard to disputes between Small Enterprise Finance Agency SOC Ltd (SEFA) and its clients over non-payment of loans, (a) what number of loans has SEFA referred to its legal team, (b) what is the total amount in Rands owing to SEFA in these disputes, (c) what is the age analysis of these amounts owed, (d) what percentage of the total amount does SEFA expect to write off as bad debt in the current financial year and (e) how many of (i) these disputes have resulted in SEFA attaching clients' assets to settle the debt owed and (ii) its clients have been liquidated resulting from these legal proceedings?”**

 **NW2956E**

**REPLY:**

(a) The number of loans that have been referred to SEFA’s legal team is 284, with 277 from Direct Lending and 7 in Wholesale Lending book.

(b) The total amount in Rands owing to SEFA in these disputes is R534m of which R504 is for direct Lending and R29.5m for wholesale.

(c) The age analysis of the amounts owed is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Period** | **Direct Lending** | **Wholesale Lending** | **Total** |
| **R** | **R** | **R** |
| Current | 4 588 941 |  1 147 431  |  5 736 372  |
| "1-30 | 2 322 195 | 1 203 977  |  3 526 172  |
| 31-60 | 6 750 033 |  1 226 358  |  7 976 391  |
| 61-90 | 2 009 081 |  624 696  |  2 633 777  |
| 91-120 | 2 259 501 |  395 402  |  2 654 903  |
| 121-150 | 2 149 803 |  664 410  |  2 814 213  |
| 151-180 | 3 588 879 |  388 460  |  3 977 339  |
| 180+ | 475 126 945 |  24 966 678  |  500 093 623  |
| **Total Legal Book** | **504 235 869** |  **29 469 981**  |  **533 705 850**  |
|   |   |   |   |
| **Number of loans** | **277** | **7** | **284** |

(d) The total amount SEFA expects to write off as bad debt in the current year is not easy to determine because the write-offs depend on the extent of completeness of the legal process, i.e. the Legal process has to be fully exhausted to a reasonable degree that the debt written of is highly unlikely to be recovered.

(e)(i) The table below shows the number of disputes that have resulted in SEFA attaching clients' assets to settle the debt owed. The categories are outlines as follows:

|  |  |  |
| --- | --- | --- |
| Warrant of Execution | 6 |  R 9 686 424  |
| Attachment of Assets | 9 | R 12 420 884  |
| Sale in Execution | 6 |  R 17 505 095  |

 (ii) SEFA clients that have been liquidated resulting from these legal proceedings:

 There are 5 accounts in liquidation worth R21 million. It has to be noted that SEFA does not initiate liquidation proceedings rather all matters in liquidation are voluntary or ex parte.