

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2203 [NW2621E]**

**DATE OF PUBLICATION: 23 AUGUST 2013**

**2203. Mr T W Coetzee (DA) to ask the Minister of Finance:**

- (1) (a) What was the mandate of Deloitte and Touche in their involvement with the Land Bank's Fit for Future (FFF) programme, (b) on what grounds did the Land Bank motivate for their involvement in the programme and (c) what were the (i) findings and (ii) recommendations of Deloitte and Touche in relation to the FFF programme;
- (2) (a) how much did the involvement of Deloitte and Touche cost and (b) what is the breakdown of these costs?

NW2621E

**REPLY:**

1. (a) Following successful implementation of the "clean-up" and "stabilisation" phases of the turnaround, the Land Bank was ready to commence the third and final phase of its turnaround, the "sustainability" phase. The FFF project was conceived as the primary vehicle through which Land Bank's sustainability goals would be achieved. The objectives of the FFF project is to increase the Bank's development impact; to improve service delivery; to enhance customer interaction; and, to grow the bank based on clear, achievable and sustainable targets. The implementation of the FFF project therefore initially focused on the review of the bank's Business and Operating models and moved into other areas of the business including business and corporate support functions. Deloitte was contracted to partner with the Land Bank through the provision of specialist services in this endeavour.

(b) Following a detailed assessment process, it was determined that completion of the journey would require input from specialist service providers in the areas described in 1(a). Following a procurement process prescribed in the Land Bank's Procurement Policy and in line with the provisions of the PFMA, Deloitte was selected as the preferred service provider. The agreement with Deloitte included a bonus and penalty scheme to ensure that the Bank got value for money and to ensure delivery on the

specified service. 1(c)(i) and (ii) below provide an overview of the work carried out and the impact on the operations of the Bank.

(c)(i) The findings were in three broad areas:

1. Strategic coherence – Mandate complexity (Balance between financial sustainability with delivery on development imperatives).
2. Competitiveness – Operating model uncompetitive and expensive; core processes not in place.
3. People and climate – Limited skills base; inadequate accountability in the system.

(c)(ii) Broadly, the recommendations covered the following areas:

- Review of the operating model
- Business process alignment
- Branch network optimisation
- Identification of growth areas
- Leadership development and training
- Executive team integration

These recommendations resulted in the following:

- Established a business division focused on emerging farmers (REM)
- Optimised Land Bank's delivery channel (AFC implementation)
- Implemented core banking process and systems
- Stabilised and enhanced the service capacity and capability of the Business and Corporate Banking Division
- Optimised branch back office activities through technological means and process efficiency (HUBS)
- Optimisation of the Corporate Strategy and Planning Business Unit
- Business processes (Credit mandate and models, legal forms and contracts)
- Established a high performance, people oriented culture
- Leadership alignment.

As a result of the implementation of the above initiatives, the bank has made significant improvements in its processes as follows:

- Standardised processes
- Increased sales focus
- Real-time management reports throughout the application value chain

- Improved turnaround times
- Customer centricity inculcated.

2. (a) R22 064 856.00

(b) The work was carried out in phases between 2010 and 2011.

Phase 1: The focus was on business and operational model design and implementation.

**R 6 656 593.00**

Phase 2: The focus was on organisational design and optimisation processes.

**R11 178 226.00**

Phase 3 was on embedding and evolving of the key initiatives.

**R4 230 037.00**

