

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 3062 [NW3616E]

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

- (1) With reference to his reply to question 2203 on 31 October 2013, how many departments are there in the Land Bank;
- (2) was each department, including the head office, evaluated by Deloitte and Touche; if not, what was the motivation to exclude each department; if so, what were the results of the evaluation of each department;
- (3) (a) how many of the staff are to be found redundant following the evaluation and (b) will they be (i) transferred or (b) retrenched respectively?

NW3616E

REPLY:

- (1) There are six (6) business units as follows:
 - a. Operations (which includes the three banking divisions and the Agri-Finance Centres / branches).
 - b. Finance
 - c. Risk
 - d. Corporate Strategy and Planning
 - e. Human Resources
 - f. Legal
- (2) The focus of Fit for Future was on the revenue generating part of the business and those business units that have a direct linkage to the banking value chain. In that regard, priority was given to Operations, Credit Risk, Legal and Corporate Strategy and Planning. The objective was to enhance revenue flows and shift focus to support functions once work on revenue streams was completed.
 - a. Operations: The operating model was found to be uncompetitive and expensive; core processes not in place and turnaround times too long. The following were implemented in response:
 - i. Enhancing the efficiency and sales focus in branches.
 - ii. Removal of back office activities to newly created administrative hubs.
 - iii. Creation of new banking division – Retail Emerging Markets (REM) to focus purely on emerging farmers.
 - b. Credit: There was insufficient capacity and all of it concentrated at head office. In response, credit skills were distributed to the two hubs to carry out credit assessments and reduce the administrative burden on both the branches and the credit committees.

- c. Legal: There was insufficient legal capacity in the credit value chain. In response, legal skills were distributed to the two hubs to carry out legal related functions in the loan processing chain.
 - d. Corporate Strategy and Planning: There was insufficient input into the loan origination process from economic research, which had a potential impact on the quality of credit decisions. In response, a Business Intelligence section was introduced into the structure and research input was integrated into the credit committee structures.
- (3) (a) There were 27 surplus roles that were identified. The Land Bank made a commitment to all staff that there would be no members of staff who would be retrenched in return for a commitment that staff would escalate the revenue drive and be flexible in the process of role re-allocation and relocations. It was agreed that retrenchments would only be considered if the new business plan failed to generate sufficient revenue.
- (b) Of that 27, one resigned during the consultation period, seven accepted transfers, three opted for early retirement and one employee who qualified for early retirement opted for a retrenchment package instead of transferring to another branch. There are now only 15 individuals, for whom possible alternatives are being sought or negotiated.

The Honourable member is hereby invited to a meeting with the Land Bank, which I will facilitate, in order that all the questions the Honourable member has may be comprehensively addressed.