**MEDIA STATEMENT**

**STANDING COMMITTEE ON APPROPRIATIONS CALLS ON NATIONAL TREASURY TO ASSIST LAND BANK IN ITS RESTRUCTURING**

**Parliament, Tuesday, 24 August 2021 –**The Land Bank appeared before the Standing Committee on Appropriations today to present a report on its financial situation, which has been in dire straits for successive financial years.

Giving an overview of the meeting, committee Chairperson Mr S’fiso Buthelezi stated that the committee made an appropriation of R3 billion and R7 billion to the Land Bank, because of the bank’s importance to food security, its role in stimulating the economy and supporting development and transformation.

The committee needs to establish the bank’s financial situation to see if it is still in a position to achieve its objectives. There is naturally an overwhelming interest in the bank being able to carry out its mandate, Mr Buthelezi said.

Presenting to the committee, the Chief Executive Officer of Land Bank, Mr Ayanda Kanana, showed a bank that is mired in default, rising impairments, liabilities and losses in its loan book. This led to major liquidity challenges at the bank and a need for it to restructure its loan book and operational strategy.

Mr Kanana highlighted two critical issues at the heart of the bank’s survival. Firstly, its restructuring process, including the loan book restructuring, which is its current focus, and, secondly, internal audit control to improve its financial status. He told the committee

about the bank’s liquidity challenges and the total value of loan defaults. This in turn has contributed to the Land Bank defaulting on its loans from lenders, which has put its books in a precarious position and its credit profile has been downgraded as a result.

The committee heard that the bank has received a disclaimer audit opinion for the 2020/2021 financial year, which highlighted the lapse in internal controls on audit and risk management as the main factors in its ailing financials. These point to a lack of sound governance culture at the bank.

Mr Buthelezi asked National Treasury how long it will take the bank to recover and heard that this will occur when it is in a position to pay what it owes to lenders. This is currently a work in progress.

On the bank’s ability to fulfil its developmental and transformation mandate, the committee was told that it is hoped that the new strategy, which seeks to prioritise development and transformation in the sector rather than its commercial commitments as in the past, will soon reap benefits in this regard.

Although the committee emphasised the need for more funding for emerging farmers, it is still the bank’s mandate to also fund commercial farmers. The committee was worried about high levels of impairment. The bank said drought in the North West and food-and-mouth among other diseases, were the major contributors. The bank executives assured the committee that they share the committee’s desire for the bank to be sustainable.

Mr Buthelezi said the committee will continue to engage with the bank on its restructuring and called on the National Treasury to also play its role. “You need to have a special focus on the Land Bank. If not, we would not have food security and the country will go hungry. Let us ensure that the bank succeeds in all its endeavours. There is so much that is at stake in it,” emphasised Mr Buthelezi.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON ON APPROPRIATIONS, MR S’FISO BUTHELEZI.**