

LAND BANK – WHO WE ARE

- Oldest development finance institution on the continent - 107 years old
- Regulated in terms of Land and Agricultural Development Bank Act, 2002
- Reporting authority – Minister of Finance (National Treasury)
- Dual mandate to support commercial and development agriculture in South Africa
- Funded completely through the debt and capital markets – no government grants

INTEGRATED REPORTING JOURNEY

- Accountability located in Corporate Strategy unit
- 2016 – First attempt – internal resources
- 2017 – Brought in external support, better aligned, reported against material matters
- Created internal awareness of integrated reporting, incorporated elements in annual strategy
- 2018 – Increased alignment, reported against 6 capitals
- Adopted IR structure in quarterly report to shareholder
- 2019 – Able to start comparison to best practice, additional disclosures

#IRCSAConf19

#integratedreporting

IRC Annual Conference 2019

COMPLEXITY FOR AN SOE

- Assurance framework extensive – 7 separate pieces of legislation for Land Bank
- Additional expectations – tabling in Parliament, communication to shareholder and legislature
- More disclosures required for deviations from established frameworks: Example: KING IV CEO succession requirement
- Separate investor requirements and covenants – e.g FutureGrowth
- Represent shareholder view and priorities
- Inconsistent standard of integrated reporting in SOE environment – board experience

PURPOSE FOR A DEVELOPMENT FINANCE INSTITUTION

- Provides a solid framework to communicate development narrative
- Investor expectations – commercial funders
- Creates foundation for other reporting initiatives - enabled Land Bank to start alignment and disclosure in 2019 report:
 - UNEP-FI Principles for Responsible Banking (PRB)
 - Task Force on Climate Related Financial Disclosures (TCFD)

TRANSPARENCY

- Incredibly important – difficult conversations internally to find balance
- Case study: Expropriation without Compensation
- Land Bank used 2018 report to set out detailed implications for organization

BUSINESS INSIDER | BUSINESS

The Land Bank says expropriation without compensation could cost the government R41 billion overnight – or it could be amazing

Phillip de Wet , Business Insider SA
Aug 20, 2018, 03:50 PM

  

MATERIAL MATTERS

- No formalized process yet – will undertake first one later this year
- Combination of issues raised by investors, parliamentary committees, shareholder, clients, employees
- Consistent SOE themes – governance, financial sustainability
- Climate risk much more prominent

CONCLUSION

- Integrated reporting possible and beneficial for SOEs
- Complexity requires understanding of public finance environment when compiling report
- Opportunities to share best practices between SOEs
- SOEs should benchmark against global best practice