



Communication Services

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## CAUTIOUS APPROACH KEY

# SA Banks warn of land policy

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**T**HE Banking Association of South Africa (Basa) has warned against the expropriation of land without compensation, saying it needed to be handled without hurting the sector and economy.

Banks are sitting on more than R160 billion in loans by commercial farmers.

Basa managing director Cas Coovadia said yesterday they were following the process of public hearings on the expropriation of land without compensation, and would be engaging with the constitutional review committee.

"The process is under way, as you know, and we are engaging in that process. We are on record that the banking industry has significant money, which is collateral. We should do this in a manner that does not threaten the sustainability of the financial sector. We do believe that land reform is something we need to do successfully," said Coovadia.

The agriculture sector has also said it contributes 20% to the country's gross domestic product.

President Cyril Ramaphosa said the expropriation of land would be handled in a manner that would not harm the economy or threaten food security.

This was reinforced by the ANC at its conference in Nasrec.

Coovadia said the country needed to attract investment to reignite growth in the economy.

The economy has not grown above 5% since 2008 and the Reserve Bank yesterday revised its growth projection for this year from 1.7% to 1.2%.

Ramaphosa has appointed four senior figures in the country as investment envoys, to attract \$100bn (R1.3trillion) in investment, in the next five years.

Coovadia said investment was a key driver to job creation and growth.

"We need to draw investment in this country, real investment that will create jobs. If there is anything in the public space that says people's property rights are threatened, it is a problem.

"Things in the public space should not say we will violate people's property rights," said Coovadia in reaction to former finance minister Trevor Manuel's comment that South Africa was proving to be a hard sell to investors because of the policy of the expropriation of land without compensation.

He said the country's laws should not threaten investment.

"Any legislation we put on the table will either promote or inhibit investment, and we should promote investment.

"If we don't have investment, we won't grow the economy," said Coovadia.

The constitutional review committee is expected to report back to Parliament on September 28.

This follows Parliament's decision to extend its deadline from August to the following month.