



MEDIA RELEASE

Nedbank calls for a clear and predictable legislative framework to address land reform

JOHANNESBURG, 7 September 2018 – Nedbank proposed in Parliament today that no changes be made to Section 25 of the Constitution with regard to land expropriation without compensation.

Nedbank Group Chief Executive Mike Brown told the Constitutional Review Committee (CRC), which is investigating proposed changes to Section 25 of the Constitution, that an orderly, pragmatic, effective and transparent approach was needed to make sustainable and economically-beneficial land reform implementable.

“The Constitution already strikes a careful and well-considered balance between the need to protect property ownership with the need to ensure land reform while tackling the inequalities caused by our history,” said Brown. “There is no deficit in the legal powers provided to the State by the Constitution and in existing legislation to expropriate property for land reform purposes. However, they have not been adequately promoted and enforced. To date, Section 25 has not been the cause of the lack of progress on land reform and it should not be used as a scapegoat.”

Nedbank, in its submission to the CRC, said it recognised the national imperative for changing the skewed and unequal patterns of land ownership in South Africa. But the bank supported a land reform programme that was constitutionally-based, contributes to and unlocks higher and more inclusive economic growth, and safeguards food security. “We need to guard against creating further economic challenges,” said Brown.

Brown reiterated why Nedbank has added its voice to the debate around land reform: “We realise that business cannot afford to sit back and watch what happens on a matter of national significance. As South Africans, we have a Constitutional duty and obligation to recognise and redress the injustices and inequalities of the past, while simultaneously working to build a society based on the rule of law which aims to improve the quality of life and potential of all citizens.”

Brown noted that the banking sector is a valuable national asset, which contributes to the assessment of the country’s investment ranking, lowers borrowing costs and ensures funding availability for government, companies and individuals alike. “As a commercial bank, we are a key role player in funding the economy and any material impact to property prices would adversely affect confidence in the banking system and could trigger a classic banking crisis with significant negative knock-on effects on the economy,” Brown said. GDP data released this week shows the South African economy has already fallen into a recession.

Maintaining the safety and soundness of the financial system is imperative for depositors/clients/investors to ensure that their money is safe. Nedbank called for the State and private sector to collectively find solutions to land reform.

It proposed a plan of concrete and considered steps along the following lines:

- A comprehensive model for land reform as well as a clear and predictable legislative framework, together with a transparent and effective administrative framework, should be tabled in Parliament. This includes providing details regarding the manner in which land reform will be executed and measures undertaken to mitigate any adverse impact on the economy and food security.
- Parliament, by virtue of the Constitutional powers bestowed on it, should play an oversight role to ensure that State instruments are well resourced and have the necessary capacity to execute on land reform. This includes holding relevant organs of State accountable for implementation and execution of land reform including a proper national land audit.
- The State working with the private sector to explore opportunities to provide improved and holistic support for beneficiaries.

Nedbank, along with other commercial banks, play an important role in transforming the savings and deposits of citizens and institutions into investment and productive consumption to facilitate inclusive economic growth, employment, wealth creation and transformation. Property and land specifically, as a capital asset and basis of security, is a key enabler of this role. It provides security for loans, thereby safeguarding the country's savers and depositors.

"We endorse the need for an inclusive process to sustainably address land reform and build a South Africa that belongs to all," concluded Brown. "But we do not believe a change to Section 25 of the Constitution is necessary or desirable to achieve this."

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About Nedbank Group

Nedbank Group is a bank holding company listed on JSE Limited (JSE) with a market capitalisation of R125 billion as at 30 June 2018. Nedbank Group is one of Africa's largest banking groups. Its principal banking subsidiary is Nedbank Limited and the group is 54% majority owned by Old Mutual Limited (OML), which has a primary listing on the JSE with secondary listings in London, Zimbabwe, Malawi, and Namibia. Nedbank Group owns subsidiaries and banks in Namibia, Swaziland, Malawi, Mozambique, Lesotho and Zimbabwe, and offshore in the Isle of Man, Guernsey and Jersey. It also has representative offices in other Southern Africa countries, including Angola and Kenya, and has key global financial centres to provide international banking services for SA-based multinational and high-net-worth clients in London, Toronto and Dubai (UAE). We are a diversified financial services provider, offering a wide range of wholesale and retail banking services, as well as insurance, asset management and wealth management solutions.