

# Minister declines to clarify who must settle unpaid bonds in case of EWC

Public works and infrastructure minister Patricia de Lille joined the Banking Association of SA (Basa) in turning down an invitation from the Institute of Race Relations to join a discussion this week on the Expropriation Bill — and, specifically, who will be liable to pay outstanding home loans on expropriated properties.

The government remains tight-lipped on the fate of those who may lose their property under the pending expropriation legislation but still owe funds to financial institutions when this happens.

The IRR has sought clarity from the minister of public works and infrastructure on the matter, but has found the responses unenlightening.

The minister's office has indicated that she has no comment to make since the process is now with parliament.

Given the stakes involved, and the potential for abuse, the IRR finds this response decidedly inadequate.

The livestream event on Thursday was intended to give both the banks and the government the opportunity to clarify this critical issue.

The bill provides for mortgages to be terminated in the event of expropriation, but this will not deal with the matter of outstanding debt.

It further provides that any compensation might be divided between the owner and the financial institution, in a ratio to which they agree or a court determines.

But it is unclear what would happen if the amount owed on a bond exceeded the amount of compensation offered.

The provisions of the pending legislation, existing regulations as well as the pronounce-

ments of various policy documents and political leaders strongly suggest compensation at below the market value of property — sometimes significantly so — and sometimes without compensation at all (hence the commonly used term “expropriation without compensation” or EWC).

Since the purchase of a home is the largest investment that most households will make, its loss would deal a mortal blow to financial planning. Being additionally responsible to service a loan after having lost the asset

would be financially crippling for a lifetime.

The government owes it to its citizens to explain what it envisages in such circumstances.

But De Lille's office confirmed earlier this week that neither she nor a representative was willing to appear on the IRR's livestream to clarify these critical questions.

In its latest communication with the IRR, Basa also declined the invitation, stating that “until the Expropriation Bill is adopted and there is some legislative certainty, we

will not comment further”.

The livestream discussion, however, was set to go ahead on Thursday, with IRR analysts discussing the ramifications of the expropriation drive.

The IRR has argued that the mounting threats against and burdens imposed on South Africans — of which r expropriation without compensation is an egregious example — amount to citizen abuse.

Countering such abuse is the focus of the institute's #StopCitizenAbuse campaign.

**Institute of Race Relations,  
Pretoria**