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R21-bn loan needed to offset deficit

GOVERNMENT plans to borrow R21,13 billion during 1999/2000, about six billion of which it hopes to raise offshore.

The Budget projects a deficit of R25,13 billion, with R4 billion of this being financed from the sale of state assets.

New domestic long-term loans of R33 billion are planned, while local loan redemptions of R14,55 billion are budgeted for.

Foreign loan redemptions of nearly R2,7 billion have also been planned.

Total government debt is expected to reach R377,4 billion by March 31, rising to R386,8 billion in the year 2000. This is expected to grow to R413,5 billion in 2001 and R438,9 billion in 2002.

Total interest costs for 1999/2000 are expected to be R48,2 billion, or 6,8 percent of GDP.

Average short-term interest rates of 14 percent have been budgeted for.

Finance Director-General Maria Ramos said the R4 billion that government expected to reap from state assets included the proceeds government would realise from its takeover of the assets

of the South African Special Risks Insurance Association (Sasria).

An actuarial evaluation still has to be done to determine what portion of Sasria's more than R10 billion reserves were needed for the association to carry on doing business.

Ms Ramos said it was possible government's take from Sasria could be higher than the amount included in

the Budget.

Government also expects to collect income from the sale of Sun Air, Aventura, and the South African Forestry Company.

The cost of state debt in 1998/99 was R43,3 billion, R888 million higher than budgeted for as a result of higher interest rates.

As at January 31 this year, only R16,15 billion of South Africa's total debt was foreign debt. - Sapa.

TREFWOORDE

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- 4 *Applonog*
- 5 *Lenies*
- 6 *Idark*
- 7 *B.B.P.*
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