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TREFWOORDE

pylone

Kommentaar

Manuel T

Legende

Parlement

Privatisering

Statistiek

Diagramme

Revenue



RESTRUCTURING STATE ASSETS

THE TARGET STELLA HAS TO AIM FOR IS R4bn

But she ought to hit it without really trying

Finance Minister Trevor Manuel's statement that R4bn of the privatisation

proceeds will be used to reduce State debt in the next fiscal year will be of interest only to State debt watchers — not to privatisation groupies. Any further intelligence from this figure is made impossible because Manuel doesn't specify which asset sales he believes are likely during this period and how much of the proceeds, if any, will be put to other uses (for example, addressing Transnet's debt burden).

Certainly, it wouldn't take much for sale proceeds to top R4bn during the year. Barnard Jacobs Mellet economist Chantal Friedman says government is likely to get at least R4bn from the excess reserves of the SA Special Risks Insurance Association (Sasria) alone. "If you add Safcol (SA Forestry Co), SA Airways and the parts of Denel government is talking about, I think we would see at least R6bn coming in from privatisation."

Government has been reluctant to put public prices on these assets. But from what little information there is, these estimates look sound. Water Affairs & Forestry Minister Kader Asmal said earlier this week that he hopes to raise at least R1bn through the sale of State-owned commercial forests and Safcol.

"The results of the local and international soft marketing programme indicate

WHAT'S HAPPENED

	Date of transaction	Stake sold	Proceeds from sale of assets (Rm)	Proceeds paid to exchequer to reduce debt (Rm)
Sun Air	Nov 1997	100%	42,1	21,1
Telkom	May 1997	30%	5 630,5	1 165,4
SABC Radio Stations	Mar 1997	100%	510,4	510,4
Airports Company	Jun 1998	24,2%	991,3	991,3
Total			7 174,4	2 688,2

SOURCE: DEPARTMENT OF FINANCE

a strong interest," Asmal said in a statement issued at the Tuesday briefing.

And Finance director-general Maria Ramos reportedly said that Sasria's portfolio contains R3bn of government bonds, as well as equities, and that once an audit has been completed some or all of this debt could be cancelled to cut obligations.

These figures ignore the expected proceeds from the sale of non-SAA Transnet assets. The Budget Review says: "The sale of Autonet, Transwerk, Protekon, Connex Travel, Apron Services and Production

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INSTITUUT VIR EIETDSE GESKIEDENIS

Die Universiteit van die Oranje-Vrystaat



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House is envisaged".

Equisec economist Dawie Roodt says government should have broken down the expected proceeds from the disposal of various assets in the Budget. There has been much speculation about the prices of some assets, especially the flag-carrier, SAA.

If nothing else, the R45bn figure will provide Public Enterprises Minister Stella Sigcau with a pass mark for her performance in the next year — even if that is only 30%. Sigcau has on several occasions been accused of dragging her heels on privatisation. But the process now seems to be on the verge of taking one step forward.

On Tuesday, Sigcau provided progress

reports on the privatisation of the various entities and specified time-periods for completion. She said the formal sale process of Safcol and 60% of government-owned commercial forest would start before the end of this month and be completed by mid-1999.

On State diamond company Alexkor, government is considering three short-listed bidders for management contracts and will announce a winner by the end of this month. The winner will be awarded shares in the company according to its performance.

The Post Office has four strategic management partners shortlisted — Canada Post, Deutsche Post, New Zealand Post and Britain's Royal Mail — and is expected to pick one by the end of March.

Government is looking for a strategic equity partner to buy a 20% stake in Denel Aerospace by May.

A pre-marketing exercise will be held for SAA from Monday (February 22) for a strategic equity partner to take a stake of up to 20% in the airline. This should be awarded by midyear. Interest has reportedly been expressed by British Airways, KLM, Lufthansa and Virgin.

Finally, Eskom is being restructured into separate regulated and nonregulated business, but is unlikely to be sold off while millions are still without power, according to Sigcau.

That is a tough timetable. If Sigcau can keep to it she will be doing well. And Manuel is likely to be a happy Minister.

Stuart Rutherford

WHAT'S AHEAD

ventura
South African Forestry Company
South Africa Special Risks Insurance Association
Alexcor
Eskom
South African Airways
Transnet
Arms industry restructuring

SOURCE: DEPARTMENT OF FINANCE

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