Audit shows state owns properties valued at R40bn

Thabo Mokone

A GOVERNMENT-conducted property audit has revealed that the state owns 195 000 properties valued at about R40-billion.

It now plans to tap into this resource as it searches for money to recapitalise state-owned companies (SOCs) that have struggled to stay afloat without the help of the national Treasury.

Finance Minister Malusi Gigaba said the government property audit had been conducted by the Department of Public Works, which manages government buildings and other property assets.

The government was considering using the asset value of these properties to raise money to bail out some SOCs.

"In the coming year, the government may be required to provide financial support to several SOCs, which could be done through a combination of disposing of non-core assets, strategic equity partners or direct capital injections," he said.

> **' We will work to better utilise or dispose of these properties**

"A property audit conducted by the Department of Public Works shows that the national government owns up to 195 000 properties, with an estimated value of more than R40-billion.

"We will work with [the department] on a programme to better use or dispose of these properties in the short to medium term.

"The government is finalising a framework on guarantees aimed at reducing the exposure and improving the quality of the guarantee portfolio."

The move could draw the ire of public sector unions and other stakeholders.

Last year, they criticised Gigaba's plan to sell the government's stake in profit-making Telkom to raise R10-billion to rescue loss-making national carrier South African Airways.

"The government recognises that the business models of some SOCs are unsustainable, and their capital structures too lenient on debt," he said.

"We will assist them to develop and implement robust turnaround plans. Some will require restructuring with equity investment."