



PRESS RELEASE

The National Treasury wishes to announce changes in the funding strategy for the 2001/02 fiscal year.

These changes are necessitated by the following: -

- The revenue for the current fiscal year is expected to be significantly higher than budgeted;
- The syndicated loan of US\$1.5 billion concluded by the South African Reserve Bank (SARB) and the National Treasury as a co-borrower in July 2001, will be drawn on the 14th of January 2002. The draw-down of this loan will further reduce the net open foreign exchange position (NOFP) of the SARB and ensure that the National Treasury is within its target of eliminating the NOFP by the end of the next fiscal year.
- The sale of Transnet's stake in M-Cell for US\$475million and the declaration of a special dividend by Transnet will contribute to the additional finance available to the National Treasury.

In the light of the strong fiscal position, the National Treasury has reviewed its 2001/02 funding strategy, and is announcing buy-back auctions for Monday 14th and Tuesday 15th January 2002 of the former homeland bonds and the R175 bond to the value of R15 billion.

This buy back is consistent with the National Treasury's debt management strategy which seeks to buy back all the illiquid government bonds and issue into more liquid benchmark bonds. The impact of this will enhance the liquidity and efficiency of the bond market thereby reducing the government's borrowing costs. The reduction in the government debt servicing costs will further release resources for spending in key priority areas such as education, health, security and social welfare to the poor.

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