

SOUTH AFRICA

CAPE TOWN— SALE OF PUBLIC LAND OR EQUIVALENT

LAND VALUE
CAPTURE

Sale of public land and real estate assets to finance large infrastructure projects

DESCRIPTION

Sale of Victoria and Albert Waterfront property by Transnet, the parastatal transportation agency.

INSTITUTIONAL AND FINANCIAL FRAMEWORK

Transnet is a parastatal company focusing on transportation infrastructure.

TRACK RECORD OF THE USE OF THIS INSTRUMENT

Transnet is a parastatal agency responsible for investments in transportation infrastructure. Over the years, it expanded to several peripheral businesses and started losing money.

In 2004, the government mandated Transnet to boost investment without granting corresponding government funding, which led among other things to an asset disposal program. The waterfront transaction occurred in 2006 through international bidding.

EVOLUTIONS AND OUTCOMES

US\$1.0 billion, to be used to recapitalize Transnet and support its investment in core transportation infrastructure (Sale proceeds exceeded Transnet's total capital spending in fiscal 2006, equal to 17% of five-year capital investment plan prepared in 2006)