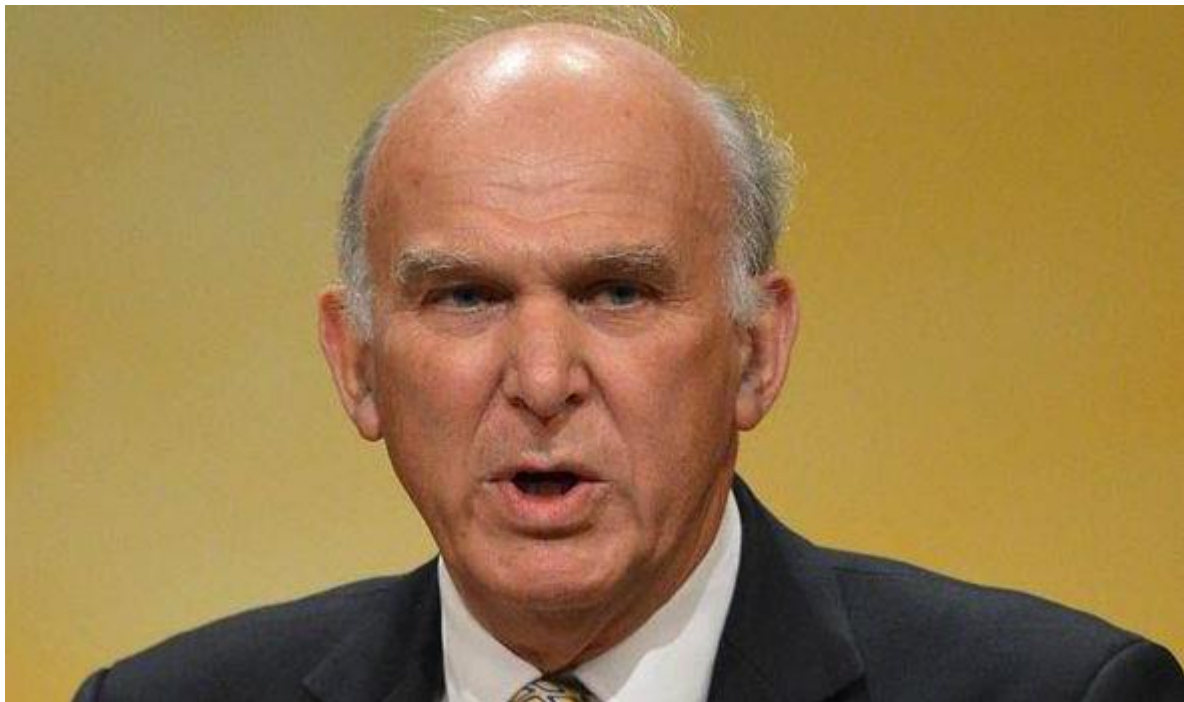


## How taxpayers lost billions on the sale of Royal Mail

By: Nathan Rao  
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**BUSINESS** secretary Vince Cable last night came under fire after new figures showed Royal Mail was valued at £8.6billion months before it was sold for £3.3billion.



Vince Cable 'sold the public short'

Business minister Michael Fallon revealed the estimates of 21 different banks in answers to written Parliamentary questions.

On average they gave a price for the postal service, widely considered the UK's greatest asset, of between £3.9billion and £4.8billion, while some said it could have been much higher.

It fuels repeated claims that ministers undervalued Royal Mail when they sold 60 per cent of the company.

Shares were sold last October at 330p each, raising £2billion for the Government, which retained a 30 per cent stake in the company. The other 10 per cent was sold to staff.

However, the share price went up by more than a third on the first day of trading, and broke through the 550p mark within a week.

Last night they were valued at 598p.

Billy Hayes, general secretary of the CWU union, branded the sell-off “disgraceful” accusing Mr Cable of “selling the public short”.

He said: “Yet again new revelations are coming to the fore about the Government’s failure to sell off Royal Mail at its real value, resulting in a huge financial loss to taxpayers.

“It is utterly disgraceful that so much money has been thrown away by Coalition ministers by selling off Royal Mail.” He said the deal had been made for “political purposes” to boost investors’ profits at the expense of the taxpayer.

He added: “This was a fire-sale package created for political purposes. Vince Cable previously dismissed these claims as ‘froth’ but now it is clear the Government’s priorities lie in topping up investors’ profits at the expense of consumers and taxpayers.

“The industry and the public have been sold short.”

Financial expert Jonathan Davis, of Jonathan Davis Wealth Management, said: “Whoever made the decision did so, I am sure, for political purposes rather than for financial purposes.

“The banks with whom they went were clearly the ones which would help borrowing in the future, rather than deliver the best price.

“It was a decision based on future requirements rather than current requirements.

“The Royal Mail was sold off far too cheaply and it is taxpayers in the end who were badly done by.”

Business minister Michael Fallon defended the sale, saying: “The banks who made these early valuations have admitted they cannot be compared with those reached at the end of any sale process.

“We carried out a successful sale that secured almost £2billion for the taxpayer and long-term investors in Royal Mail.”