



Economic Policy Digest 4

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South Africa's State-Owned Enterprises

Over the last few years, a constant theme that has played out at the forefront of the news is the stories of the financial black-hole that many of South Africa's state-owned enterprises and companies are in. There has been a steady flow of reporting that shows the desperate state of prominent SOEs like Eskom and SAA, but there has not been much effort made to shine some light on those SOEs that are doing well; those that provide some light at the end of a dark tunnel. Maybe the successful ones could be used as a blueprint for those that are not doing so well.

This Digest offers links to articles that look beyond the most obvious, doom-and-gloom stories about our state companies; not to minimise the scale of the problems facing us, but to put them in a wider context. It's not all bad news.

Firstly, there are many more SOEs than is commonly understood:

<https://www.gov.za/about-government/contact-directory/soe-s>

<http://www.dpe.gov.za/soc/Pages/default.aspx>

Secondly, there are the questions of what exactly they are, what they do, and the pros and cons of their existence:

<https://www.investopedia.com/terms/s/soe.asp>

<https://www.dailymaverick.co.za/article/2018-02-23-op-ed-taking-charge-of-our-state-owned-enterprises/>

<https://www.thesouthafrican.com/news/state-owned-enterprises-which-one-costs-south-african-taxpayers-the-most-money/>

<https://www.fin24.com/Budget/mboweni-does-sa-really-need-state-owned-enterprises-20190220>

<https://mg.co.za/article/2018-02-28-00-parastatals-privatisation-wont-solve-the-crisis>

<https://www.fin24.com/Budget/5-state-companies-to-watch-in-budget-2019-20190211>

Thirdly, not all SOEs are in dire straits financially; some, such as the Airports Company South Africa (ACSA), have always been well-run, fiscally viable concerns, and others have recently shown improvements. Some commentators are of the opinion that it is not the enterprises or companies themselves that are the issue, but that poor and incompetent leadership has led to bad decisions.

And the fact that some of them have shown improvements suggests that there is a possibility of repeating these successes in those SOEs that are struggling:

<https://businesstech.co.za/news/government/113057/are-sa-state-owned-companies-making-a-profit/>

<https://www.dailymaverick.co.za/opinionista/2019-06-13-not-all-is-rotten-in-the-state-of-our-soes/#.XQNsrLrSs-I.email>

<https://www.moneyweb.co.za/news/south-africa/most-state-owned-companies-show-improvement/>

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